

AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR

THIS AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR is made and effective upon signature by and between the CITY OF BEAUMONT (“CITY”) whose address is 550 E. 6th Street, Beaumont, California 92223 and Urban Futures Incorporated whose address is 17821 E. 17th Street, Suite 245, Tustin, CA 92780 (“CONTRACTOR”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

A. CITY desires to engage CONTRACTOR to provide financial advisory and services; and

B. CONTRACTOR has made a proposal (“Proposal”) to the CITY to provide such professional services, which Proposal is attached hereto as Exhibit “A”; and

C. CONTRACTOR agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement, and represents and warrants to CITY that CONTRACTOR possesses the necessary skills, licenses, certifications, qualifications, personnel and equipment to provide such services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, CITY and CONTRACTOR agree as follows:

1. Term of Agreement. This Agreement is effective as of the date first above written and shall continue until terminated as provided for herein. Notwithstanding anything in this Agreement, this Agreement shall automatically terminate after Five (5) years unless extended by the parties with the approval of the City Council of the CITY.

2. Services to be Performed. CONTRACTOR agrees to provide the services (“Services”) as follows: financial advisory and consulting services and any other services which the City may request in writing from time to time. All Services shall be performed in the manner and according to the timeframe set forth in the Proposal.

3. Associates and Subcontractors. CONTRACTOR may, at CONTRACTOR’s sole cost and expense, employ such competent and qualified independent associates, subcontractors and consultants as CONTRACTOR deems necessary to perform the Services; provided, however, that CONTRACTOR shall not subcontract any of the Services without the written consent of CITY.

4. Compensation.

4.01 CONTRACTOR shall be paid at the rates set forth in the Proposal and shall not increase any rate without the prior written consent of the CITY.

4.02 CONTRACTOR shall not be compensated for any Services rendered nor reimbursed for any expenses incurred in excess of those authorized unless approved in advance by the CITY, in writing.

4.03 CONTRACTOR shall submit to CITY, on or before the fifteenth (15th) of each month, itemized invoices for the Services rendered in the previous month. The CITY shall not be obligated to pay any invoice that is submitted more than sixty (60) days after the due date of such invoice. CITY shall have the right to review and audit all invoices prior to or after payment to CONTRACTOR. This review and audit may include, but not be limited to CITY's:

- a. Determination that any hourly fee charged is consistent with this Agreement's approved hourly rate schedule;
- b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;
- c. Determination that each item charged is the usual, customary, and reasonable charge for the particular item. If CITY determines an item charged is greater than usual, customary, or reasonable, or is duplicative, ambiguous, excessive, or inappropriate, CITY shall either return the bill to CONTRACTOR with a request for explanation or adjust the payment accordingly, and give notice to CONTRACTOR of the adjustment.

4.04 If the work is satisfactorily completed, CITY shall pay such invoice within thirty (30) days of its receipt. Should CITY dispute any portion of any invoice, CITY shall pay the undisputed portion within the time stated above, and at the same time advise CONTRACTOR in writing of the disputed portion.

5. Obligations of CONTRACTOR.

5.01 CONTRACTOR agrees to perform all Services in accordance with the terms and conditions of this Agreement and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms other than the Services to be rendered and the price for the Services, the terms of this Agreement shall govern and said additional or conflicting terms shall be of no force or effect.

5.02 Except as otherwise agreed by the parties, CONTRACTOR will supply all personnel, materials and equipment required to perform the Services. CONTRACTOR shall provide its own offices, telephones, vehicles and computers and set its own work hours. CONTRACTOR will determine the method, details, and means of performing the

Services under this Agreement.

5.03 CONTRACTOR shall keep CITY informed as to the progress of the Services by means of regular and frequent consultations. Additionally, when requested by CITY, CONTRACTOR shall prepare written status reports.

5.04 CONTRACTOR is responsible for paying, when due, all income taxes and other taxes, fees and withholding, including withholding state and federal taxes, social security, unemployment and worker's compensation, incurred as a result of the compensation paid under this Agreement. CONTRACTOR agrees to indemnify, defend and hold harmless CITY for any claims, costs, losses, fees, penalties, interest, or damages suffered by CITY resulting from CONTRACTOR's failure to comply with this provision.

5.05 In the event CONTRACTOR is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished in conformance with local, state and federal laws, rules and regulations.

5.06 CONTRACTOR represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement and the Proposal and shall obtain and keep in full force and effect all permits and approvals required to perform the Services herein. In the event CITY is required to obtain an approval or permit from another governmental entity, CONTRACTOR shall provide all necessary supporting documents to be filed with such entity.

5.07 CONTRACTOR shall be solely responsible for obtaining Employment Eligibility Verification information from CONTRACTOR's employees, in compliance with the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a), and shall ensure that CONTRACTOR's employees are eligible to work in the United States.

5.08 In the event that CONTRACTOR employs, contracts with, or otherwise utilizes any CalPers retirees in completing any of the Services performed hereunder, such instances shall be disclosed in advance to the CITY and shall be subject to the CITY's advance written approval.

5.09 Drug-free Workplace Certification. By signing this Agreement, the CONTRACTOR hereby certifies under penalty of perjury under the laws of the State of California that the CONTRACTOR will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code, Section 8350 et seq.) and will provide a drug-free workplace.

5.10 CONTRACTOR shall comply with all applicable local, state and federal laws, rules, regulations, entitlements and/or permits applicable to, or governing the Services authorized hereunder, including, but not limited to California Department of Industrial Relations (Cal/OSHA) regulations; and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act, related to their scope of work and operations. In case of conflict in regulations, the most stringent shall apply.

6. Insurance. CONTRACTOR hereby agrees to be solely responsible for the health and safety of its employees and agents in performing the Services under this Agreement and shall comply with all laws applicable to worker safety including but not limited to Cal-OSHA. Therefore, throughout the duration of this Agreement, CONTRACTOR hereby covenants and agrees to maintain insurance in conformance with the requirements set forth below. Attached hereto as **Exhibit "B"** are copies of Certificates of Insurance and endorsements as required by Section 7.02. If existing coverage does not meet the requirements set forth herein, CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so. CONTRACTOR shall provide the following types and amounts of insurance:

6.01 Commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; CONTRACTOR agrees to have its insurer endorse the general liability coverage required herein to include as additional insured's CITY, its officials, employees and agents. CONTRACTOR also agrees to require all contractors and subcontractors to provide the same coverage required under this Section 6.

6.02 Business Auto Coverage in an amount no less than \$1 million per accident. If CONTRACTOR or CONTRACTOR's employees will use personal autos in performance of the Services hereunder, CONTRACTOR shall provide evidence of personal auto liability coverage for each such person.

6.03 Workers' Compensation coverage for any of CONTRACTOR's employees that will be providing any Services hereunder. CONTRACTOR will have a state-approved policy form providing statutory benefits as required by California law. The provisions of any workers' compensation will not limit the obligations of CONTRACTOR under this Agreement. CONTRACTOR expressly agrees not to use any statutory immunity defenses under such laws with respect to CITY, its employees, officials and agents. . Sole proprietors with no employees, LLCs, or partnerships using the services of members or partners who do not carry workers' compensation acknowledge that they are not subject to the Workers' Compensation Act of the State of California and agree to complete a signed workers compensation exemption form.

6.04 Optional Insurance Coverage. Choose and check one: Required X /Not Required ; Obtain a policy of errors and omissions insurance in a minimum amount of \$2 million per occurrence to cover any negligent acts or omissions committed by CONTRACTOR, its employees and/or agents in the performance of any Services for CITY.

6.05. Cyber Liability Insurance REQUIRED IF CHECKED HERE ONLY [] (Technology Professional Liability – Errors and Omissions), with limits not less than \$2,000,000 per occurrence or claim, and \$2,000,000 aggregate or the full per occurrence limits of the policies available, whichever is greater. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by CONTRACTOR in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark,

trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations. CONTRACTOR will file with DISTRICT, before beginning professional services, certificates of insurance (Acord Form 25 or equivalent) satisfactory to DISTRICT evidencing.

6.06. If Claims Made Policies (applies only to professional liability and cyber liability policies):

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

2. Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONTRACTOR must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.

7. General Conditions pertaining to Insurance Coverage

7.01 No liability insurance coverage provided shall prohibit CONTRACTOR from waiving the right of subrogation prior to a loss. CONTRACTOR waives all rights of subrogation against CITY regardless of the applicability of insurance proceeds and shall require all contractors and subcontractors to do likewise.

7.02. Prior to beginning the Services under this Agreement, CONTRACTOR shall furnish CITY with certificates of insurance, endorsements, and upon request, complete copies of all policies, including complete copies of all endorsements. All copies of policies and endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf.

7.03. All required policies shall be issued by a highly rated insurer with a minimum A.M. Best rating of “A:VII”). The insurer(s) shall be admitted and licensed to do business in California. The certificates of insurance hereunder shall state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to CITY.

7.04 Self-insurance does not comply with these insurance specifications. CONTRACTOR acknowledges and agrees that that all insurance coverage required to be provided by CONTRACTOR or any subcontractor, shall apply first and on a primary, non-contributing basis in relation to any other insurance, indemnity or self-insurance available to CITY.

7.05 All coverage types and limits required are subject to approval,

modification and additional requirements by CITY, as the need arises. CONTRACTOR shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect CITY's protection without CITY's prior written consent.

7.06 CONTRACTOR agrees to provide immediate notice to CITY of any claim or loss against CONTRACTOR or arising out of the Services performed under this Agreement. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

8. Indemnification.

8.01 CONTRACTOR and CITY agree that CITY, its employees, agents and officials should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other costs arising out of or in any way related to the performance of this Agreement by CONTRACTOR or any subcontractor or agent of either as set forth herein. Accordingly, the provisions of this indemnity are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to CITY. CONTRACTOR acknowledges that CITY would not enter into this Agreement in the absence of the commitment of CONTRACTOR to indemnify and protect CITY as set forth herein.

a. To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless CITY, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, damages or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by CITY, court costs, interest, defense costs, including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of, or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. CONTRACTOR's obligation to defend, indemnify and hold harmless shall include any and all claims, suits and proceedings in which CONTRACTOR (and/or CONTRACTOR's agents and/or employees) is alleged to be an employee of CITY. All obligations under this provision are to be paid by CONTRACTOR as they are incurred by CITY.

b. Without affecting the rights of CITY under any provision of this Agreement or this Section, CONTRACTOR shall not be required to indemnify and hold harmless CITY as set forth above for liability attributable solely to the fault of CITY, provided such fault is determined by agreement between the parties or the findings of a court of competent jurisdiction. This exception will apply only in instances where CITY is shown to have been solely at fault and not in instances where CONTRACTOR is solely or partially at fault or in instances where CITY's fault accounts for only a percentage of the liability involved. In those instances, the obligation of CONTRACTOR will be all-inclusive and CITY

will be indemnified for all liability incurred, even though a percentage of liability is attributable to conduct of CITY. CONTRACTOR acknowledges that its obligation pursuant to this Section extends to liability attributable to CITY, if that liability is less than the sole fault of CITY. CONTRACTOR has no obligation under this Agreement for liability proven in a court of competent jurisdiction or by written agreement between the parties to be the sole fault of CITY.

9. Additional Services, Changes and Deletions.

9.01 In the event CONTRACTOR performs additional or different services than those described herein without the prior written approval of the City Manager and/or City Council of CITY, CONTRACTOR shall not be compensated for such services. CONTRACTOR expressly waives any right to be compensated for services and materials not covered by the scope of this Agreement or authorized by the CITY in writing.

9.02 CONTRACTOR shall promptly advise the City Manager and Finance Director of CITY as soon as reasonably practicable upon gaining knowledge of a condition, event or accumulation of events which may affect the scope and/or cost of Services. All proposed changes, modifications, deletions and/or requests for additional services shall be reduced to writing for review and approval by the CITY and/or City Council.

10. Termination of Agreement.

10.01 Notwithstanding any other provision of this Agreement, CITY, at its sole option, may terminate this Agreement with or without cause, or for no cause, at any time by giving twenty (20) days' written notice to CONTRACTOR.

10.02 In the event of termination, the payment of monies due CONTRACTOR for undisputed Services performed prior to the effective date of such termination shall be paid within thirty (30) business days after receipt of an invoice as provided in this Agreement. Immediately upon termination, CONTRACTOR agrees to promptly provide and deliver to CITY all original documents, reports, studies, plans, specifications and the like which are in the possession or control of CONTRACTOR and pertain to CITY.

11. Status of CONTRACTOR.

11.01 CONTRACTOR shall perform the Services in CONTRACTOR's own way as an independent contractor, and in pursuit of CONTRACTOR's independent calling, and not as an employee of CITY. However, CONTRACTOR shall regularly confer with CITY's City Manager as provided for in this Agreement.

11.02 CONTRACTOR agrees that it is not entitled to the rights and benefits afforded to CITY's employees, including disability or unemployment insurance, workers'

compensation, retirement, CalPers, medical insurance, sick leave, or any other employment benefit. CONTRACTOR is responsible for providing, at its own expense, disability, unemployment, workers' compensation and other insurance, training, permits, and licenses for itself and its employees and subcontractors.

11.03 CONTRACTOR hereby specifically represents and warrants to CITY that it possesses the qualifications and skills necessary to perform the Services under this Agreement in a competent, professional manner, without the advice or direction of CITY and that the Services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional rendering the same or similar services. Further, CONTRACTOR represents and warrants that the individual signing this Agreement on behalf of CONTRACTOR has the full authority to bind CONTRACTOR to this Agreement.

12. Ownership of Documents; Audit.

12.01 All draft and final reports, plans, drawings, studies, maps, photographs, specifications, data, notes, manuals, warranties and all other documents of any kind or nature prepared, developed or obtained by CONTRACTOR in connection with the performance of Services performed for the CITY shall become the sole property of CITY, and CONTRACTOR shall promptly deliver all such materials to CITY upon request. At the CITY's sole discretion, CONTRACTOR may be permitted to retain original documents, and furnish reproductions to CITY upon request, at no cost to CITY.

12.02 Subject to applicable federal and state laws, rules and regulations, CITY shall hold all intellectual property rights to any materials developed pursuant to this Agreement. CONTRACTOR shall not such use data or documents for purposes other than the performance of this Agreement, nor shall CONTRACTOR release, reproduce, distribute, publish, adapt for future use or any other purposes, or otherwise use, any data or other materials first produced in the performance of this Agreement, nor authorize others to do so, without the prior written consent of CITY.

12.03 CONTRACTOR shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records and vouchers and all other records with respect to all matters concerning Services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as CITY may deem necessary, CONTRACTOR shall make available to CITY's agents for examination all of such records and shall permit CITY's agents to audit, examine and reproduce such records.

13. Miscellaneous Provisions.

13.01 This Agreement, which includes all attached exhibits, supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of Services by CONTRACTOR for CITY and contains all of the covenants and agreements between the parties with respect to the rendering of such Services in any

manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

13.02 CONTRACTOR shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of CITY. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

13.03 CONTRACTOR shall timely file FPPC Form 700 Conflict of Interest Statements with CITY if required by California law and/or the CITY's conflict of interest policy.

13.04 If any legal action or proceeding, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party may be entitled.

13.05 This Agreement is made, entered into and shall be performed in the County of Riverside in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

13.06 CONTRACTOR covenants that neither it nor any officer or principal of its firm has any interest, nor shall they acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of their Services hereunder. CONTRACTOR further covenants that in the performance of this Agreement, no person having such interest shall be employed by it as an officer, employee, agent, or subcontractor.

13.07 CONTRACTOR has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflicts of interest of public officers and employees. CONTRACTOR agrees that they are unaware of any financial or economic interest of any public officer or employee of the CITY relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the CITY may immediately terminate this Agreement by giving notice thereof. CONTRACTOR shall comply with the requirements of Government Code section 87100 et seq. and section 1090 in the performance of and during the term of this Agreement.

13.08 Improper Consideration. CONTRACTOR shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, services, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the CITY in an attempt to secure favorable treatment regarding this Agreement or any contract awarded by CITY. The CITY, by notice, may immediately terminate this Agreement if it determines that any improper consideration as described in the preceding sentence was offered to any officer, employee or agent of the CITY with respect to the proposal and award process of this Agreement or any CITY contract. This prohibition shall apply to any amendment, extension or evaluation process once this Agreement or any CITY contract has been awarded. CONTRACTOR shall

immediately report any attempt by any CITY officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from CONTRACTOR.

13.09 Severability. If any portion of this Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the entire balance of this Agreement not so affected shall remain in full force and effect.

13.10 Prevailing Wages. If the Services include work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the post-construction phases of construction, CONTRACTOR shall be responsible to comply with applicable prevailing wages laws. As a condition of payment, CONTRACTOR shall show proof of payment of wages under applicable state and federal laws and regulations relating to prevailing wages in accordance with the “General Wage Determination Made By the Director of Industrial Relations Pursuant To California Labor Code, Part 7, Chapter 1, Article 2, Sections 1770, 1773 and 1773.1”, for Riverside County and/or 40 U.S.C. Section 276a, et. seq. Such wage rates shall conform with those posted at DISTRICT offices and the project site. In the event that the CONTRACTOR fails to pay the prevailing wages, the CONTRACTOR shall be solely liable for penalties and for the shortfall in wages and shall indemnify, defend and hold harmless DISTRICT under Section 8.01 against any of the same. The following Labor Code sections are hereby referenced and made a part of this Agreement:

1. Section 1775 - Penalty for Failure to Comply with Prevailing Wage Rates.
2. Section 1777.4 - Apprenticeship Requirements.
3. Section 1777.5 - Apprenticeship Requirements.
4. Section 1813 - Penalty for Failure to Pay Overtime.
5. Sections 1810 and 1811 - Working Hour Restrictions.
6. Section 1775 - Payroll Records.
7. Section 1773.8 - Travel and Subsistence Pay.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereby have made and executed this Agreement to be effective as of the day and year first above-written.

CITY:

CITY OF BEAUMONT

By: _____
Mike Lara, City Mayor

Date: _____

CONTRACTOR:

URBAN FUTURES INC.

By: 

Print Name: Michael Bosch

Title: Chief Strategy Officer

Date: 7/7/25

ATTEST:

By: _____
Nicole Wheelwright, Deputy City Clerk

APPROVED AS TO FORM:

By: _____
John O. Pinkney, City Attorney

EXHIBIT “A”

REQUEST FOR PROPOSAL

(Insert behind this page.)



Website:
www.beaumontca.gov

Address:
550 E. 6th Street
Beaumont, CA 92223

Phone:
951.769.8520

Request for Proposals For Financial Advisor Services

ITEM	DUE DATE
RFP posted	05/15/25
Questions due	05/30/25 3:00 pm PST
Answers posted	06/06/25
Proposals due	06/13/25 12:00 pm PST

Contact:

Raveena Chara, Procurement Contract Specialist
550 E. 6th Street - Beaumont, California 92223
rchara@beaumontca.gov

RFP Available

Planet Bids Portal at
<https://vendors.planetbids.com/portal/66785/bo/bo-search>

Table of Contents

Request Proposal

Introduction.....	3
Background.....	3
Additional responsibilities.....	4
Term.....	4
Proposal Requirements.....	5
Key Milestones for Deliverables.....	7
Response Submittal.....	9
Project Schedule.....	10
Confidentiality.....	10
Amendments to RFP.....	10
City of Beaumont Rights and Options.....	11
Conflict of Interest.....	12
Proposal Evaluation/Selection.....	13
Exhibit A	
Scope of Services.....	15
Exhibit B	
Cost Summary.....	20
Exhibit C	
Professional Services Agreement.....	22



Introduction

The City of Beaumont (the City) is requesting proposals for the purpose of retaining a consulting firm (the firm) to act as the City's Financial Advisor on all items of financing necessary to its operations including, but not limited to bonds, bank loans or direct placements, including but not limited to General Obligation, street and highway, water, sewer, ~~solid waste and aviation special obligation revenue~~, Municipal Property Corporation, Water Infrastructure Finance Innovation Act, Water Infrastructure Finance Authority of California, Community Facilities District, and Improvement District bonds and other related financial debt obligations. The City desires continuous and on-going support and frequent communication between bond sales as well as during bond sales. See attached Exhibits A and B for listing of recent and upcoming bond transactions and current bonds outstanding.

The consultant is encouraged to read the Solicitation documents very carefully, as the City shall not be responsible for errors and omissions on the part of the Consultant. The Consultant is also encouraged to carefully review their final submittal documents, as the Evaluation Committee is not required to make interpretations or correct detected errors in calculations.

Consultant shall familiarize themselves with the nature and extent of the solicitation and contract documents, work to be performed, all local conditions, and federal, and state and local laws, ordinances, rules and regulations that may in any manner affect cost, progress or performance of the work.

All services provided by the Consultant shall be performed by individuals who meet the qualifications, education, and certification/licensing requirements for the position. The successful Consultant shall also have the resources to provide cost-effective and timely services, including providing customer service to the CITY.

Qualified firms that submit a proposal will be evaluated in accordance with the requirements defined within this RFP. The City reserves the right to waive any irregularity in any proposal, withdraw or amend this RFP or reject any proposal that does not comply with this RFP or City policies.

Background

The City of Beaumont is a general law city incorporated in 1912 currently serving a population of approximately 57,000, located in Western Riverside County. The City operates under a council-manager format of government which consists of a Mayor, Mayor Pro-Tem, three Councilmembers and the City Manager. The positions of Mayor and Mayor Pro-Tem are rotated among the elected Councilmembers. A City Clerk and Treasurer are elected positions, each for a four-year term.

In addition to its function as the governing body of the City, the City Council acts as the governing body for other separate entities: Beaumont Financing Authority, Beaumont Public Improvement Authority, Beaumont Parking Authority, Beaumont Transit System, and Beaumont Utility Authority.



1. City Funds and Account Groups are as follows:
 - a. General Fund (1)
 - b. Internal Service Funds (1)
 - c. Special Revenue Funds (14)
 - d. Debt Service Fund (1)
 - e. Other Governmental Funds (14)
 - f. Capital Project Funds (2)
 - g. Enterprise Funds (2)
 - h. Agency Funds (4)
2. The City, organized into ten departments (Administration, Communications, Finance and Budget, IT, Economic Development, Risk and Human Resources, Community Development, Community Services, Public Safety, Public Works), provides a full range of municipal services. In addition, the City has component units including the Beaumont Utility Authority, Beaumont Financing Authority, Beaumont Public Financing Authority, Beaumont Parking Authority, and Beaumont Transit System. Public Safety Fire services are contracted with Cal Fire, but Animal Control, Code Enforcement, Police and Dispatch are performed by City employees.
3. The City's total expected payroll for the year ended June 30, 2025, is approximately \$31.8 million, covering 247 budgeted full-time and part-time positions. The total municipal budget for the 2024-2025 fiscal year is approximately \$96 million.

General Requirements

The City retains the right to select and utilize other financial advisors for those projects which, in the sole opinion of the City, require specialized expertise. The City also reserves the right to select more than one Financial Advisor or to form a municipal advisory team.

The Financial Advisor shall not be permitted to participate directly or indirectly in any manner in the underwriting of any financing of debt or bonds relating to any phase of the project for which Financial Advisor services are provided.

The Financial Advisor shall have an explicit duty of care and duty of loyalty (a fiduciary duty) to the City and be registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

The Financial Advisor shall be in compliance with all applicable Federal, State Local, and OSHA laws, rules and regulations and all other applicable regulations for the term of this contract.

The Financial Advisor is prohibited from engaging in activities on behalf of the City that produce a direct or indirect financial gain for the Financial Advisor, other than the agreed-upon compensation, without the City's informed consent.



The Financial Advisor will only receive compensation for work specifically authorized by the City.

The Financial Advisor shall have a minimum of five (5) years' experience as a government financial advisor.

City of Beaumont Rights and Options

This RFP does not commit the City of Beaumont to award a contract or to pay any cost incurred with the preparation of a proposal or contract for services described herein. The City may, in its sole discretion and without any obligation to act reasonably, reject any and all proposals, waive informalities and minor irregularities in any proposal reviewed, negotiate with any qualified source submitting a proposal, extend deadlines, and/or request additional information.

Subsequent to negotiations, prospective trustees may be required to submit revisions to their proposals. The City may reject any proposal that does not conform to the instructions provided in this RFP. Additionally, the City reserves the right to negotiate all final terms and conditions of any proposal received before entering into final contract.

The City reserves the right to postpone selection for its own convenience, to withdraw this RFP at any time, and to reject any and all proposals without indicating any reason for such rejection. As a function of the RFP process, the City of Beaumont reserves the right to remedy technical errors in response to the RFP and to modify the published scope of services and scope of work. Proposals submitted in response to the RFP will not be returned.

The City of Beaumont reserves the right to reject any or all responses, to waive any informality in any responses, and to select the vendor that best meets the City's needs.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.) unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

All property rights, including publication rights of all reports produced by respondents in connection with services performed under this agreement will be vested in the City. In addition, respondents will not publish or release any of the results of its examination without the express written permission of the City.

Responses must be submitted no later than the date and time stated on this RFP. Responses shall be reviewed and rated as set forth in the Selection Process section of this RFP. The City will then determine which firm best meets the City's requirements.

During the evaluation process, the City reserves the right (where it may serve the City's best interest) to request additional information or clarification from respondents. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.



The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal as submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right to negotiate final pricing with the most qualified firm. The City may invite selected firms to meet with the evaluation team on or around the week of February 10, 2025, at no additional cost to the City.

The City's standard Contract Services Agreement is included as Exhibit C. Upon award of the contract, it is expected that the successful proposer will accept the Agreement terms and conditions "as is" without modification. Any contract modifications are to be stated upfront, at the time of submittal.

Any costs incurred in the preparation of the response, presentation to the City, travel in conjunction with such presentations, or samples of items shall be the responsibility of the respondent. The City assumes no responsibility and no liability for costs incurred by respondents prior to issuance of a contract.

The proposer shall furnish the City with such additional information as the City may reasonably require.

Conflict of Interest

The Consultant shall disclose any personal or professional financial, business, or other relationships with the CITY that may have an impact on the outcome of this contract or any resulting project. The consultant shall also list current clients who may have a financial interest in the outcome of this contract.

Required Services

The firm shall provide financial advisory counseling services including, but not limited to:

A. For Each Debt Issue

1. Recommend, create, and discuss structuring alternatives best suited for the purpose and within the confines of the market, acceptable risk and legal constraints, select other finance professionals, plan the bond sale, and successfully sell and close the bonds.
2. Recommend an amortization schedule to meet the City's goals.
3. Assist in scheduling, drafting and presenting information to the rating agencies including practice presentations.
4. Recommend trustee, registrar, and paying agents and agreement structure.
5. In a competitive sale, market the bid form, recommend the timing of the sale, and evaluate bids.



6. Create a detailed schedule of events for the City's financing transaction.
7. **Assist in preparation** the Preliminary Official Statement and Official Statement and select printer and/or electronic printer.
8. Coordinate necessary activities of a legal nature with the City's internal counsel and designated bond counsel.
9. Call, arrange, and lead working group meetings as appropriate.
10. Provide advice as may be required, and present transactions as may be requested, to the Mayor and Council, staff, committees and others.

B. General Services

1. Routinely monitor and advise the City on refunding opportunities and other financial products that would benefit the City.
2. Evaluate and recommend financing options that do not include the sale of debt obligations.
3. Assist with the evaluation of additional financing team professionals.
4. Evaluate the cost to benefit relationship of credit enhancement products and assist in acquisition of security/credit enhancement products.
5. Coordinate those necessary activities of a legal nature with the City's internal counsel and designated bond counsel.
6. Prepare and file necessary SEC Disclosure documents for the Wastewater revenue bonds within the City and any other future needed disclosures.
7. Assist in the preparation and review of Electronic Municipal Market Access (EMMA) filings.
8. Provide advice on matters relating to the bonds and financings during intervals between bond sales, including without limitation post-issuance compliance, financing options that do not include the sale of debt obligations.

C. Special Consulting Projects

1. Coordinate special consulting projects requested by the City (examples may include financial studies, analysis, research, appraisals, negotiations, etc.).

D. City's Responsibilities

1. The contract administrator for the resulting contract shall be the Finance Director or designee.



Recent Bond Transactions

FY 2023/2024:

\$8,800,000

CITY OF BEAUMONT

COMMUNITY FACILITIES DISTRICT NO. 2016-3 (SUNDANCE)

2023 SPECIAL TAX BONDS

FY 2024/2025

: \$9,400,000

CITY OF BEAUMONT

COMMUNITY FACILITIES DISTRICT NO. 93-1

(IMPROVEMENT AREA NO. 17D)

SPECIAL TAX BONDS, SERIES 2024



Long Term Debt Outstanding, as of

	Balance
	June 30, 2024
Governmental Activities:	
Beaumont Financing Authority	
2015 Revenue Bonds, Series A	9,005,000
2015 Revenue Bonds, Series B	13,530,000
2015 Revenue Bonds, Series C	3,355,000
2015 Revenue Bonds, Series D	4,930,000
Beaumont Public Improvement Authority	
2019 Revenue Bonds, Series A	4,060,000
2019 A Revenue Bond Premium	702,636
2020 Revenue Bonds, Series A	15,670,000
2021 Revenue Bonds, Series A	15,895,000
Total Revenue Bonds	67,147,636
Total Governmental Activities	\$ 67,147,636
Business-Type Activities:	
Revenue Bonds	74,785,000
Bond Premium	6,084,195
Total Business-Type Activities	\$ 80,869,195
TOTAL LONG TERM DEBT	\$ 148,016,831



CFD Bonds	
2015 Revenue Bonds, Series A	9,005,000
2015 Revenue Bonds, Series B	13,530,000
2015 Revenue Bonds, Series C	3,355,000
2015 Revenue Bonds, Series D	4,930,000
2018 Revenue Bonds Series A IA 8C	16,630,000
2018 Revenue Bonds, Series IA 8D	7,550,000
2018 Revenue Bonds, Series IA 17C	8,475,000
2018 Revenue Bonds, IA 7B	1,800,000
2018 Revenue Bonds, IA 7D	3,330,000
2018 Revenue Bonds, IA 8E	12,195,000
2019 Revenue Bonds 2016-1	8,120,000
2019 Revenue Bonds, Series A	4,060,000
2019 A Revenue Bond Premium	702,636
2020 Revenue Bonds, IA 8F	12,555,000
2019 Revenue Bonds, IA 2016-2	9,545,000
2019 Revenue Bonds, IA 2016-4	3,845,000
2020 Revenue Bonds, CFD 2019-1	2,215,000
2020 Revenue Bonds, Series A	15,670,000
2021 Revenue Bonds, Series A	15,895,000
2023 Revenue Bonds, CFD 2016-3	8,800,000
2024 Revenue Bonds, CFD	14,550,000
Total Revenue Bonds	176,757,636
2017 Bonds, Private Placement	69,198,256
Total Private Placement Bonds	69,198,256
Total CFD Fund	\$ 245,955,892



ACCEPTANCE/AGREEMENT

Consultant shall act under the authority and approval of the Contract Administrator for the City, further named herein, to provide the services required by this Contract.

If for any reason the Consultant should fail to accept in writing, any conduct by Consultant which recognizes the existence of a Contract/Agreement pertaining to the subject matter hereof shall constitute acceptance by Consultant of the Contract/Agreement and all of its terms and conditions. Any terms proposed in Consultant's acceptance of City's Contract which adds to, varies from or conflicts with the terms herein are hereby rejected by the City. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the Contract/Agreement between the parties.

ACCURACY OF WORK

The Consultant shall be responsible for the accuracy of the work requested and shall promptly make all necessary revisions or corrections without additional compensation. Acceptance of the work by the Project Manager will not relieve the Consultant of the responsibility for subsequent correction of any errors and the clarification of any ambiguities.

BACKGROUND CHECK

The Consultant acknowledges that the City may require a background and/or criminal records check of Consultant, which may include fingerprinting. If, in the City's sole discretion, the City determines that the Consultant refused to participate in a background and/or criminal records check or the City no longer wishes to contract with the Consultant due to the results of a background and/or criminal records check, the CITY may terminate this agreement effective immediately upon the CITY'S notice to the Consultant.

CITY ASSURANCE

The Contract Administrator shall report to the Consultant in writing, via email, or other written documentation, all deficiencies in the quality of performance of the service. All communication, written or verbal, between the City of Beaumont and the Consultant shall be in English.

All deficiencies in the performance of the Consultant's service shall be corrected promptly by the Consultant as directed by the Contract Administrator.

The Contract Administrator may monitor and review the performance of the Consultant and employees. The outcomes of this oversight may have a direct bearing on the opportunity to negotiate a renewal of the Contract, when applicable.

CITY OBSERVED HOLIDAYS

City holiday time frame to be 6:00 P.M. the eve of the holiday until 6:00 A.M. on the day after the holiday.

City Holidays Include: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day (plus Day after Thanksgiving), Christmas Day.

- a. New Year's Day January 1st
- b. Martin Luther King Day 3rd Monday in January
- c. President's Day 3rd Monday in February
- d. Memorial Day Last Monday in May
- e. Independence Day July 4th



- f. Labor Day 1st Monday in September
- g. Indigenous People's Day 2nd Monday in October
- h. Veteran's Day November 11 (or Friday before or Monday after)
- h. Thanksgiving Day 4th Thursday in November
- i. Day after Thanksgiving 4th Friday in November
- j. Christmas Eve. December 24th
- k. Christmas Day December 25th
- l. Day after Christmas December 26th
- m. New Year's Eve December 31st

COMPLETENESS AND ACCURACY

The Consultant will be responsible for the completeness and accuracy of work prepared by the Consultant and will correct, at its expense, all errors or omissions which may be disclosed. The cost to correct those errors will be chargeable to the Consultant. The City's acceptance of the Consultant's work will not relieve the Consultant of any of its responsibilities. The professional standard to which the Consultant is held will be that of a similar Consultant as practiced in the State of California.

CONTRACT ADMINISTRATION

The Contract Administrator, as identified in the Statement of Need shall audit the billings, approve payments, establish schedules, approve addenda to the contract, and generally be responsible for overseeing the execution of the contract.

DELAYS AND EXTENSIONS

During the course of this Contract, if deemed in the best interest of the City of Beaumont, an extension of time may be granted. However, any time extension so granted shall not constitute or operate as a waiver by the City of Beaumont of any of its rights herein.

INSURANCE REQUIREMENTS

Insurance Representations and Requirements

General

Consultant agrees to comply with all applicable City ordinances and state and federal laws and regulations.

Without limiting any obligations or liabilities of Consultant, must purchase and maintain, at its own expense, this Contract's stipulated minimum insurance with insurance companies properly licensed by the State of California (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of California (non-admitted insurer) with policies and forms satisfactory to City of Beaumont. Failure to maintain insurance as specified may result in termination of this Contract at City of Beaumont's option.

No Representation of Coverage Adequacy

By requiring the insurance stated in this Contract, the City of Beaumont does not represent that coverage and limits will be adequate to protect Consultant. City of Beaumont reserves the right to review any and all of the insurance policies and/or endorsements required by this Contract but have no obligation to do so. Failure to demand any evidence of full compliance with the insurance requirements stated in this Contract or failure to identify any insurance deficiency does not relieve Consultant from, nor may it be construed or considered a waiver of Consultant's obligation to maintain the required insurance at all times during the performance of this Contract.

Coverage Term

All insurance required by this Contract must be maintained in full force and effect until all work or services required to be performed under the terms of this Contract are satisfactorily performed, completed and formally accepted by The City of Beaumont, unless specified otherwise in this Contract.

Claims Made

In the event any insurance policies required by this Contract are written on a “claims made” basis, coverage shall continue uninterrupted throughout the term of this Contract by keeping coverage in force using the effective date of this Contract as the retroactive date on all “claims made” policies. The retroactive date for exclusion of claims must be on or before the effective date of this Contract and can never be after the effective date of this Contract. Upon completion or termination of this Contract, the “claims made” coverage shall be extended for an additional three (3) years using the original retroactive date, either through purchasing an extended reporting option; or by continued renewal of the original insurance policies. Submission of annual Certificates of Insurance, citing the applicable coverages and provisions specified herein, shall continue for three (3) years past the completion or termination of this Contract.

Policy Deductibles and or Self-Insured Retentions

The policy requirements may provide coverage which contains deductibles or self-insured retention amounts. Any deductibles or self-insured retention are not applicable to the policy limits provided to City of Beaumont. Consultant is solely responsible for any deductible or self-insured retention amount. City of Beaumont, at its option, may require Consultant to secure payment of any deductible or self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

Use of Subconsultants

If any work under this Contract is subcontracted in any way, Consultant must execute a written agreement with Subconsultant containing the same Indemnification Clause and Insurance Requirements as stated in this Contract protecting City of Beaumont and Consultant. Consultant will be responsible for executing the agreement with Subconsultant and obtaining Certificates of Insurance verifying the insurance requirements.

Evidence of Insurance and Required Endorsements

Before starting any work or services under this Contract, Consultant must furnish City of Beaumont with Certificate(s) of Insurance, or formal endorsements as required by this Contract, issued by Consultant’s insurer(s) as evidence that policies are placed with acceptable insurers as specified in this Contract and provide the required coverage, conditions, and limits of coverage and that this coverage and the provisions are in full force and effect. If a Certificate of Insurance is submitted as verification of coverage, City of Beaumont will reasonably rely upon the Certificate of Insurance as evidence of coverage, but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this agreement. If any of the above cited policies expire during the life of this Contract, it is Consultant’s responsibility to forward renewal Certificates within ten (10) days after the renewal date containing all the aforementioned insurance provisions. Certificates must specifically cite the following provisions endorsed to the

Consultant’s policy:

1. City of Beaumont, its agents, representatives, officers, directors, officials and employees must be named an Additional Insured under the following policies:
 - a) Commercial General Liability
 - b) Auto Liability
 - c) Excess Liability - Follow Form to underlying insurance as required.



2. Consultant's insurance must be primary insurance as respects performance of subject contract.
3. All policies, except Professional Liability Insurance, if applicable, waive rights of recovery (subrogation) against City of Beaumont, its agents, representatives, officers, directors, officials and employees for any claims arising out of work or services performed by consultant under this Contract.
4. If the Consultant's receives notice that any of the required policies of insurance are materially reduced or cancelled, it will be Consultant's responsibility to provide prompt notice of same to the City, unless such coverage is immediately replaced with similar policies.

Required Coverage

Commercial General Liability

Consultant must maintain "occurrence" form Commercial General Liability Insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate Limit. The policy must cover liability arising from premises, operations, independent Consultants, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this section, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

Vehicle Liability

If any vehicle is used in the performance of the Scope of Work that is the subject of this Contract, the Consultant must maintain Business Automobile Liability Insurance with a limit of \$1,000,000 each occurrence on Consultant's owned, hired, and non-owned vehicles assigned to or used in the performance of the Consultant's work or services under this Contract. If any hazardous material, as defined by any local, state or federal authority, is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage. If any Excess insurance is utilized to fulfill the requirements of this section, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

Workers' Compensation Insurance

Consultant must maintain Workers' Compensation Insurance to cover obligations imposed by federal and state statutes applicable to Consultant's employees engaged in the performance of work or services under this Contract and must also maintain Employers' Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$500,000 disease policy limit. If the Consultant is a sole proprietor or a single member limited liability company with no employees and has elected not to purchase Workers' Compensation Insurance; a completed and signed Workers' Compensation Waiver Form will substitute for the insurance requirement.

Professional Liability

If the Contract is the subject of any professional services or work, or if Consultant engages in any professional services or work adjunct or residual to performing the work under this Contract, Consultant must maintain Professional Liability Insurance covering errors and omissions arising out of the work or services performed by Consultant or anyone employed by Consultant or anyone for whose acts, mistakes, errors and omissions Consultant is legally liable, with a liability insurance limit of \$1,000,000 each claim and \$2,000,000 all claims.

INVOICING

All invoices submitted for work done under the scope of this Contract **MUST BE ITEMIZED**.

Itemized invoices shall contain a **MINIMUM** of the following information:

- Vendor Name
- Remit to Address



- Purchase Order Number
- Invoice Date
- Invoice Number
- Date service/work was completed
- Complete description of work completed
- Location where service/work was performed
- Itemized list of all charges (quantity, description, unit pricing per the contract)
- Tax Amount (if applicable)
- Total Invoice Amount

The Consultant shall submit invoices with all supporting documentation within thirty (30) days after the service/work is completed and approved by the Contract Administrator.

KEY PERSONNEL

The Consultant shall provide an adequate staff of experienced personnel capable of and devoted to the successful accomplishment of Contract work. The Consultant shall assign the specific individuals identified in its proposal to key positions. The Contract is predicated, in part and among other considerations, on the utilization of the specific individual(s) and/or personnel qualification(s) identified and/or described in the Consultant's offer. Therefore, no substitution of such specified individuals and/or personnel shall be made without prior written approval of the CA. Any substitution of personnel under this Contract shall be equal or better than those identified in the Contract. The City's approval of a personnel substitution shall not be construed as an acceptance of the substitution's performance potential. No approval shall be unreasonably withheld of a proposed substitution of personnel. The Consultant shall bear all transitional expenses incurred for any costs associated with removing or replacing Key Personnel who are performing work under the Contract.

MULTIPLE AWARDS

If deemed to be in the City of Beaumont's best interests, the City reserves the right to award multiple Contracts as a result of the solicitation process. While multiple awards are possible, the preferred procedure is to make a single award for each commodity or category of commodity.

OWNERSHIP OF PROJECT DOCUMENTS

All documents, including but not limited to notes, records, data compilations, studies, and reports in any format, including but not limited to, written or electronic media, prepared in the performance of this Contract will remain the property of the City and must be delivered to the Contract Administrator before final payment is made to the Consultant.

When the work detail covers only the preparation of preliminary reports or documents, there will be no limitations upon the City concerning use of the ideas or recommendations in the reports or documents. The City will release the Consultant from any liability for the preparation and use of preliminary reports or documents.

Any use of the project documents for purposes other than intended under this Contract will be at the sole risk of the City, and the Consultant will not be liable for any losses or injuries arising out of that use.

PRICE ESCALATION

Price increases may only be requested by the Consultant, thirty (30) days prior to the anniversary date of the Agreement. Failure to do so may result in the denial of any increase requested.

A requested price increase will become effective only after approval by City Council and/or City Manager. Once approved the price increase will be adjusted into a new base price for the remainder of the contract period. Any future requested price increases to the base price will only be reviewed at annual renewal time and require the approval of the City Council and/or City Manager.



The proposed increased rate shall be based upon presentation by the Consultant and review by the Contract Administrator; however, the Contract Administrator shall evaluate the Consultant's performance, services and records documentation to determine the appropriateness of the increase requested.

The percentage increase in the unit pricing may not exceed the percent in the U.S. City Average "Consumer Price Index" (C.P.I.) All Items, 1982-84=100 for All Urban Consumers for the Percentage Change from the previous twelve (12) months, as published by the U. S. Department of Labor Bureau of Labor Statistics.

PRICING

Pricing shall be listed on the Pricing Proposal Form. Prices quoted by the Consultants shall be applicable during the entire initial term of the Contract.

For reasons of clarity all submissions of pricing shall be priced in the same unit (size, volume, quantity, weight, etc.) as requested on the Pricing Proposal Form herein. Consultants failing to comply with this requirement may be declared non-responsive.

All charges associated with this Contract **MUST** be shown on the Pricing Proposal Form returned by the Consultant or other supporting documentation. Any charges not listed on the Pricing Proposal Form or supporting documentation submitted with the Consultant proposal response shall not be allowed during the Contract period and any applicable extensions.

Unit prices quoted herein shall be all inclusive and include all pertinent additional fees normally associated with this type of service. This shall include, but not be limited to, environmental fees, shop supplies, clean-up, transportation, etc. No additional charges beyond the quoted unit price (except applicable sales tax) shall be allowed, unless authorized by the Contract Administrator before final invoicing.

The Consultant is strongly encouraged to offer additional pricing for related items, products and services, which are not specifically addressed as line items in this solicitation but are directly related to the items and products requested by the City herein and offered by the Consultant. Additional items, products and services proposed pricing should be noted on the Pricing Proposal Form or a separate attachment to Consultant submittal document.

City of Beaumont purchase order number, referenced on the invoice, may remain unpaid.

QUANTITY

The estimated quantities that will be required during the initial term of this Contract are indicated on the Pricing Proposal Form contained herein.

The actual service requests, and service requests for future years may be more or less, and any quantities listed herein should be used for information purposes only.

REVIEW OF CONSULTANT'S WORK

Work performed by the Consultant shall be subject to periodic reviews and partial acceptance at various stages. The Department may make such reviews and pass upon the acceptability of Consultant's work. Partial acceptance shall not relieve the Consultant of its obligation to correct, without charge, any errors in the work on this project.

The City reserves the right to perform background checks on the Consultant and their employees who will be conducting onsite activities and have direct contact with the City's client



TERM OF AGREEMENT

The term of this Contract shall be for a five (5) year period from the effective date of the contract award.

The City and Consultant may mutually agree to extend this Contract for two (2) additional one (1) year periods, upon the recommendation of the Contract Administrator, concurrence of the City Manager and/or City Council, depending on the Contract.

THIRD PARTY BENEFICIARY

Nothing under the Contract Documents will be construed to give any rights or benefits in the Contract Documents to anyone other than the City and the Consultant, and all duties and responsibilities undertaken in accordance with the Contract Documents will be for the sole and exclusive benefit of the City and the Consultant and not for the benefit of any other party.

VALUATION OF CONSULTANT'S PERFORMANCE

The Consultant will be evaluated regarding its performance of this Contract. This evaluation will include, but not be limited to, the following consideration for:

Completeness

Accuracy

Timeliness

Technical Expertise

Organization

Working Relationship with City Staff and Others

Availability

Communication Skills (meetings, correspondence, etc.)

This evaluation will be prepared by the staff and used to evaluate the desirability to proceed with negotiations for additional services.

GENERAL

After receipt of all proposals, each submittal shall be screened to determine if any shall be deemed nonresponsive.

Unsigned proposals, incomplete proposals, non-conformance with mandatory requirements, etc., may result in the determination of non-responsive.

Subsequent to the initial review, all remaining proposals shall be reviewed by the Proposal Evaluation Committee.

Proposal Requirements

Proposals shall clearly address all the information requested and describe the methodology to be used to accomplish each of the project tasks. Please note: this RFP cannot identify each specific, individual task required to successfully and completely implement this project. The CITY relies on the professionalism and competence of the selected firm to be knowledgeable of the general areas identified in the scope of services. The CITY will not approve addenda to the selected firm's agreement which do not involve a substantial change from the general scope of work identified in this RFP.

The proposal shall clearly address all the information requested herein. To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals be organized and contain all information as specified below.



A. Cover Letter: Maximum of two pages serving as an Executive Summary which shall include an understanding of the scope of services. The RFP shall be transmitted with a cover letter that must be signed by an official authorized to bind the consultant contractually. That letter accompanying the RFP shall also provide the name, title, address, and telephone number of individuals with the authority to negotiate and contractually bind the consultant. The cover letter constitutes certification by the consultant, under penalty of perjury, that the consultant complies with nondiscrimination requirements of the State and Federal Government. An unsigned proposal or one signed by an individual unauthorized to bind the consultant may be rejected.

B. Introduction/Information:

Firms must provide the following information regarding the organization:

- Name
- Street Address
- City, State, Zip Code
- Corporate Structure
- State/Country of Incorporation
- Website
- Contact Information

In addition, please include the size of the firm, the size of the firm's governmental consulting staff, and the location of the office from which the work on this engagement will be performed.

C. **Firm Qualifications** – Consultant proposal shall provide the firm's qualifications in summary. This shall illustrate the Consultant understanding of the objectives of this solicitation and demonstrate the Consultant ability to successfully complete the scope of work represented in this solicitation. Include a **MINIMUM** of the following items:

1. Detail the scope of services your firm offers and the years of continuous performance in each Required Service. Provide enough description of experience to indicate the firm's qualifications in a given service.
2. How is the firm organized and how will its resources be put to work for the City? Provide a general description of the firm along with an explanation of how the different areas and strengths of the firm could be beneficial in a financial advisory role with the City.
3. What changes have taken place within your firm's Public Financing Department over the past six months and what changes does your firm foresee in its structure and staffing over the next twelve months that may have even an indirect effect on your firm's ability to service the City of Beaumont?
4. Provide a description of the support capabilities your firm would provide in the areas of training, research and publications, and computer resources.
5. Provide any additional information about your firm which would be informative, such as legislative or lobbying experience, etc.

6. Provide a copy of the firm's most recent annual report.
7. Disclosure of any finder's fees, fee splitting, payments to consultants or other contractual arrangements of the firm that could present a real or perceived conflict of interest.
8. Disclosure of any pending investigation of the firm or enforcement or disciplinary actions taken within the past three years by the SEC, FINRA, MSRB, or other regulatory bodies.

D. Firm Experience – Consultant proposal shall summarize the firm's experience providing governmental financial advisor services. This shall illustrate the Consultant understanding of the objectives of this solicitation and demonstrates the Consultant ability to successfully complete the scope of work represented in this solicitation. Include a **MINIMUM** of the following items:

1. Provide a listing of all the California clients your firm has served in the municipal bond area during the last two years and indicate those that are currently under contract. Indicate whether the bond issues were competitive, negotiated or a combination thereof, and also include the size of the issues.
2. Indicate the number of sales and amounts, if any, of California municipal securities handled by your firm as a financial advisor. Describe how your firm is organized, within and outside California, to provide service to California municipal clients. Describe the experience of your firm in pricing California issues, and include the size of the issues.
3. Please specify the number of bond rating presentations for the last three (3) years. Discuss this experience and its potential applicability to the City of Beaumont.
4. Outline your firm's knowledge of and experience with the latest tax reform laws, changes relating to tax-exempt financing, and your firm's ability to provide tax guidance to the City and City Council.
5. Attach a recent representative example of a municipality's offering statement in which you acted as financial advisor.
6. Outline your firm's experience with Improvement Districts and Community Facilities Districts.
7. Include the name, address and telephone number of three clients for whom services similar to those described in this Request for Proposal have been performed.

E. Strategies/Approach to Work – Consultant proposal shall summarize the firm's strategies/approach to work for providing governmental financial advisor services as specified herein. Include a **MINIMUM** of the following items:

1. Under present market conditions, what would be your strategy for advising the City on planning debt issues and why do you feel that this strategy is appropriate? In your response, include discussion of institutional versus retail sales, structure of underwriting syndicate, use of municipal bond insurance, debt structure, and other

pertinent information.

2. Discuss any innovative financing techniques which you feel the City should consider for future bond issues.
3. Discuss the advantages and disadvantages of competitive, negotiated, and combination bond sales as they relate to the City's proposed issues.
4. Describe the firm's access to sources of current market information to assist in pricing of negotiated sales and information to assist City in planning and executing competitive sales.
5. Describe strategies and material to interface with the City's automated debt portfolio tool such as DebtBook or Sympro to ensure coordination and accuracy.

F. Key Personnel Qualifications and Experience – Consultant proposal shall include the qualifications and experience of the key personnel that will be providing the services required herein. The qualifications provided shall include resumes, academic credentials, applicable training classes, Professional Certifications, Professional Association Memberships, etc. Include a **MINIMUM** of the following items:

1. List the individuals who would be responsible for providing financial advisory services to the City and indicate which offices they will be based out of; an organization chart of the project team with each person's title and responsibility; what are their qualifications; their availability over the Contract period and with regard to prior engagements, what have been their specific responsibilities related to financial advising for various financing techniques?
2. Provide brief resumes for the individuals and list other individuals which could be available to provide service to the City.
3. Provide information on the government financial advisory experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of the requirements requested herein.
4. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to these services. Indicate how the quality of staff over the term of the agreement will be assured.

G. Exceptions – Consultant shall include all exceptions taken in regard to the terms and conditions as specified in this solicitation document, any award documents, or attached contracts. All exceptions taken by the Consultant shall be clearly defined and the changes requested clearly identified in their submittal document. Exceptions taken by the Consultant shall be used in the evaluation process. If the Consultant does not indicate exceptions in their submittal document this will signify to the City that the Consultant is in full agreement with all areas of the solicitation document, attached award documents and contracts, and agree to all terms as stated.



Proposal-Per proposal requirements above

Pricing Proposal – Fully completed Pricing Proposal Form.

General Disclosure Form – Fully completed General Disclosure Form, signed in ink.

Litigation Disclosure Form – Fully completed Litigation Disclosure Form, signed in ink.

References – Fully completed Reference Form.



Response Submittal

All questions or requests for clarifications regarding this RFP shall be submitted on planetbids by 3:00 p.m. PST May 30, 2025. Responses to all questions will be posted on the same website to allow all users to review the City's responses to all questions within one (1) week of the question due date.

****DUE DATE FOR QUESTIONS IS, MAY 30, 2025 BY 3:00 P.M.****

Submit one (1) digital copy of proposal and one (1) digital copy of the cost proposal in PDF format on Planetbids in accordance with the proposal submission deadline, which is **12:00 pm PST on JUNE 13, 2025**. Proposal must be titled "Proposal for Financial Advisory Services" and the cost proposal must be titled "Cost proposal for Financial Advisory Services" All costs associated with preparation of any proposal shall be the sole responsibility of the proposer.

****DUE DATE FOR PROPOSALS IS JUNE 13, 2025 BY 12:00 P.M.****

By proposing on this project, you are indicating that you agree to all terms and conditions of the City's Professional Services Agreement, which is attached to this RFP as Exhibit A.

No RFC or questions will be accepted after 3:00 p.m. on **May 30, 2025**. All RFC responses will be posted on the CITY's Planet Bids Portal by June 06, 2025.

No postmarked proposals will be accepted. Once submitted, proposals, including the composition of the consulting staff, cannot be altered without prior written consent of the CITY.

If prior to the date fixed for submission of Proposals, a prospective Company discovers any ambiguity, conflict, discrepancy, omission or other errors in this RFP or any of its appendices, exhibits or attachments, the Company shall immediately notify the City of such error in writing and request modification or clarification of the document. Modifications shall be made by written Addenda to the RFP.

If a Company fails to notify the City, prior to the date fixed for submissions of Proposals, of an error in the RFP known to the Company, or an error that reasonably should have been known to the Company, the Company shall submit its Proposal at its own risk, and if the Company is awarded a Contract, it shall not be entitled to additional compensation or time by reason of the error or its later correction.

All communications regarding technical, scope, and/or project related questions and requests for clarifications, changes, exceptions, and deviations to the terms and conditions set forth in this RFP shall be submitted via "Q&A" through the City's Electronic Bidding System, Planetbids, before the deadline and according to these specifications herein. Any and all other bidding communications shall only be with Raveena Chara, Procurement Contract Specialist, rchara@beaumontca.gov

The Final day for receipt of questions from the Proposer shall be on or before the due date indicated in the RFP event schedule section below. To ensure fairness and avoid misunderstandings, all communications must be in written format and submitted only in the format set forth above. Any



verbal communications will not be considered or responded to. All questions received by the due date will be logged and reviewed

RFP Project Schedule

ITEM	DUE DATE
RFP posted	05/15/25
Questions due	05/30/25 3:00 pm PST
Answers posted	06/06/25
Proposals due	06/13/25 12:00 pm PST

Confidentiality

Prior to the proposal submittal deadline, all proposals will be designated confidential to the extent permitted by the California Public Records Act. After the proposal submittal deadline, all responses will be regarded as public records and will be subject to review by the public. Any language purported to render confidential all or portions of the proposals will be regarded as non-effective and will be disregarded.

Amendments to Request for Proposals

The CITY reserves the right to amend the RFP by addendum prior to the final proposal submittal date. The addenda will be posted on the CITY's Planet Bids Portal:

<https://vendors.planetbids.com/portal/66785/bo/bo-search>



PROPOSAL EVALUATION

All responsive proposals shall be evaluated by the Proposal Evaluation Committee using the criteria listed below. The recommendation for contract award will be made to the responsible Consultant whose proposal is determined to be the most advantageous to the City when applying the following criteria.

DESCRIPTION	PERCENTAGE
Firm Qualifications	25%
Firm/Staff Experience / Key Personnel	15%
Strategies / Approach	30%
Compensation (Pricing)	20%
Exceptions, References, SubConsultants List	10%

The following items may be used by the Proposal Evaluation Committee to evaluate each proposal submitted:

1. Cost factors associated with performing the work required by the contract.
2. The returned satisfaction surveys from the Consultant submitted references.
3. The Consultant demonstrated experience on similar types of projects, including satisfactory reference checks relating to past work relationships, past performance on projects of similar scope and size, level of knowledge, reliability, flexibility and ability to meet project deadlines.
4. The ability and willingness of the Consultant to meet or exceed the specifications and standards of this solicitation and Consultant understanding and perceived perception of the scope of work contained herein.
5. The content and quality of the Consultant proposal and other presentation materials.

Consultant may be invited to make a presentation, but Consultant should not rely on a possible presentation to present their qualifications and offered services. If invited, the Consultant will be notified of the date and time of the presentation by the Contract Administrator. Results of any presentation may be used to determine the contract award.

The evaluation committee may establish a short list of those proposals considered most advantageous to the City of Beaumont.

- Short-listed Consultants may be invited to make presentation. At the presentation, the evaluation committee will score each Consultant.
- At the conclusion of all presentations, an overall ranking of proposals will be performed, combining the results of the proposal evaluations and the presentations.

The City of Beaumont intends to enter into negotiations with the top ranked Consultant determined to provide the most advantageous combination of product and services as determined by the proposal and presentation.

Should negotiations with the top ranked Consultant fail to reach a satisfactory conclusion, the City of Beaumont may at its sole discretion enter into negotiations with the second ranked vendor, or the City of Beaumont may determine that no further negotiations will be conducted.



PRICING PROPOSAL

Please explain the firm's proposed fee schedule for the work proposed and the various financing alternatives. Explain how fees may differ in the cases of a competitive versus a negotiated sale. If the firm proposes that the City bear the costs of incidental (out-of-pocket) expense associated with a financing, clearly state what type of incidental expenses the City will be expected to bear and the expected cost of these incidental expenses. What controls will be used to keep costs to a minimum? Incidental expenses shall be subject to a negotiated expense cap for the term of the contract. The City would prefer a fee schedule with an all-inclusive flat price per sale of bonds regardless of issue size to be paid from bond proceeds. Please summarize your schedule of fees be in the following format. Please attach to this cost proposal and submit entire cost proposal separate from the rest of the proposal.

A. Debt Issuances

DESCRIPTION	NEW MONEY COMPETITIVE	NEW MONEY NEGOTIATED	REFUNDING COMPETATIVE	REFUNDING NEGOTIATED
GO Bonds	\$	\$	\$	\$
Revenue Bonds (Voter Authorized or Non- voter authorized):	\$	\$	\$	\$
Sewer	\$	\$	\$	\$
WIFIA	\$	\$	\$	\$
MPC or Certificates of Participation (COPS)	\$	\$	\$	\$
Special District Bonds	\$	\$	\$	\$
CFD (General Obligation Bonds)	\$	\$	\$	\$
CFD (Special Assessment Bonds)	\$	\$	\$	\$
Other	\$	\$	\$	\$



PRICING PROPOSAL

B. Identify which fees proposed are on a not-to-exceed basis.

C. Describe any conditions attached to the fee proposal.

D. State which costs are included in the proposed fees and what costs are to be reimbursed.

E. Other Financial Advisory Services:

For other financial advisory services that are pre-authorized by the City and provided outside the requested Scope of Services (except those fees for Special Consulting service outlined below.):

Advisory Fee: \$_____ per hour (state individual hourly rates, i.e., Partner, Associate, etc.)

F. Special Consulting Projects:

Fees for Special Consulting Projects will be negotiated and pre-approved by the City.

Special Consulting Fee: \$_____ per hour

G. Fees for services that do not result in a bond issuance or financing closing.

Special Fee: \$_____ per hour

****TAXES**

1. Do not include any use, or federal excise tax in your bid. The City is exempt from the payment of federal excise tax and will add use tax as applicable.



GENERAL DISCLOSURE FORM

Bidder shall respond to each of the questions below by checking the appropriate box and provide supplemental information as needed. Failure to fully and truthfully disclose the information required by this disclosure form may result in the disqualification of your submittal from consideration or termination of the contract, once awarded.

Debarment / Suspension Information – Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity?

☐ YES

☐ NO

If “YES”, in an attachment to this form identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.

Surety Information – Has the Respondent or any of its principals ever had a bond or surety cancelled or forfeited?

☐ YES

☐ NO

If “YES”, in an attachment to this form identify the name of the bonding company, date, amount of bond and reason for such cancellation or forfeiture.

Bankruptcy Information – Has the Respondent or any of its principals ever been declared bankrupt or filed for protection from creditors under State or Federal proceeding in the last seven (7) years?

☐ YES

☐ NO

If “YES”, in an attachment to this form identify the date, court, jurisdiction, case number, amount of liabilities and amount of assets.

Signature

Title

Printed Name

Date

COMPANY NAME: _____



LITIGATION DISCLOSURE FORM

Bidder shall respond to each of the questions below by checking the appropriate box and provide supplemental information as needed. Failure to fully and truthfully disclose the information required by this disclosure form may result in the disqualification of your submittal from consideration or termination of the contract, once awarded.

Have you or any member of your Firm or Team to be assigned to this contract ever been indicted or convicted of a felony or a misdemeanor involving theft or moral turpitude in the last five (5) years?

☐ YES

☐ NO

Have you or any member of your Firm or Team to be assigned to this contract ever been terminated (for cause or otherwise) from any work being performed for the City of Beaumont or any other Federal, State or Local Government?

☐ YES

☐ NO

Have you or any member of your Firm or Team to be assigned to this contract ever been involved in any claim or litigation with the City of Beaumont or any other Federal, State or Local Government during the last ten (10) years?

☐ YES

☐ NO

If you answered "YES", to any of the above questions, in an attachment to this form, please indicate the name(s) of the person(s), the nature, and status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable.

Signature

Title

Printed Name

Date

COMPANY NAME: _____



REFERENCES

List minimum of (3) California customers, excluding the City of Beaumont, for whom your company has provided service(s) of a similar scope as this Request for Proposal, during the past three years. Include the length of any contracts listed. Consultants may make multiple copies of this document as needed.

The following questions are asked to enable the evaluation team to assess the qualifications of Consultants under consideration for final award. This information may or may not be a determining factor in award of this solicitation.

Company Name: _____

Company Address: _____

City/State/Zip: _____

Contact Person: _____ **Telephone #:** _____

Email: _____ **Date of Service:** _____

Name of Project: _____

Type of Service Provided: _____

Company Name: _____

Company Address: _____

City/State/Zip: _____

Contact Person: _____ **Telephone #:** _____

Email: _____ **Date of Service:** _____

Name of Project: _____

Type of Service Provided: _____

Company Name: _____

Company Address: _____

City/State/Zip: _____

Contact Person: _____ **Telephone #:** _____

Email: _____ **Date of Service:** _____

Name of Project: _____

Type of Service Provided: _____



Exhibits Attached

- A. Sample Professional Services Agreement (PSA)

----- END OF REQUEST FOR PROPOSAL -----
EXHIBITS TO FOLLOW



EXHIBIT “B”

VENDOR’S PROPOSAL

(Insert behind this page.)



City of Beaumont

*Proposal for
Financial Advisory Services*

Urban Futures, Inc.
June 13, 2025



Table of Contents

Cover Letter	1
B. Introduction	1
C. Firm Qualifications	1
D. Firm Experience	7
E. Strategies/Approach to Work	13
F. Key Personnel Qualifications and Experience	17
G. Exceptions	20
Appendix A: Professional Resumes – UFI Team Members	21
Appendix B: Client List	27
Appendix C: Required Forms	28
Appendix D: SEC Form MA	29
Appendix E: Official Statement Example	30

June 13, 2025

Raveena Chara, Procurement Contract Specialist
550 E. 6th Street
Beaumont, California 92223
rchara@beaumontca.gov

Re: Urban Futures, Inc. – Request for Proposals - Municipal Financial Advisory Services

Dear Ms. Chara:

Urban Futures, Inc. (UFI) is pleased to submit this proposal to the City of Beaumont (the City) for the purpose of providing objective and independent municipal financial advisory services to the City. As one of California's leading municipal advisory firms, we believe we are uniquely positioned to provide the City with a high level of service from an experienced team of California-based professionals.

We feel privileged to have had a long-standing relationship with the City since 2015, and we are proud of the important progress the City has made during that time. No other municipal advisory firm brings the same depth of knowledge or familiarity with the City's financial landscape. Our team understands the City's goals, financing needs, and operational priorities, and we are excited to build on that foundation in support of the City's next chapter of growth.

Over the past ten years, we have provided the City with tailored, strategic guidance across a range of financing tools and policy issues. Looking ahead, our commitment remains the same: to serve as an extension of City staff, deliver sound financial strategies, and support the City's long-term vision.

The following is a summary of our distinguishing expertise and services:

- **#1 Ranked California Municipal Advisor:** UFI has been a leader in providing financial advisory services since 1972 to over 300 public agencies throughout California. ***UFI is ranked as the top financial advisory firm in California over the last 5-year period as measured by the number of transactions completed¹.*** UFI is in the market virtually every week, **advising on more bond sales than any other firm.**
- **Relevant and Local Experience:** Our experience assisting cities in and around Riverside County gives us a firm grasp on the local economic landscape as well as the unique challenges and opportunities faced by Beaumont. We regularly engage with cities in the County to advise on large and diverse CFD programs, public facilities financings, often bridging municipal advisory activities and analysis with in-house consulting engagements leading to successful economic development. Through these assignments, we have gained experience with many large residential and commercial real estate developers and their consultant teams.
- **Experienced Personnel:** The team assigned to the City includes professionals with deep expertise in special district formation, CFD financings, enterprise and general fund credits, credit analysis, and pricing execution for bond sales. UFI's municipal advisors and consultants include a former city finance director/assistant city manager, special district general counsel, public finance investment bankers, and a rating agency analyst, which allows us to offer the City a comprehensive blend of qualifications and resources. With advisors based in Southern California, we are available to meet with the City as often as is necessary to complete upcoming assignments.

¹ Source: SDC Platinum (Thomson Reuters)

- **Technical Competence:** Providing our clients with responsive and high-quality analytical services is central to our corporate mission. Our advisors have extensive financial modeling and credit analysis experience directly related to the types of debt issued by the City. In addition, UFI has extensive experience advocating for our clients through preparing best-in-class rating presentations. Our priority is to help the City execute future financings at the lowest possible cost while maintaining its strong credit position.

Working with the City is very important to us. UFI is committed to dedicating as much of the firm's resources to the City as is necessary, and to completing assignments in a comprehensive and timely fashion. We have read and will comply with all the terms and conditions of the RFP. Further, UFI complies with nondiscrimination requirements of the State and Federal Government. Thank you very much for your consideration.

Sincerely,



Michael Busch, Chief Strategy Officer
Office: (714) 923-3541
E-mail: michaelb@urbanfuturesinc.com



Branden Kfoury, Director
Office: (714) 923-3560
Email: brandenk@urbanfuturesinc.com

1470 Maria Creek Lane
Walnut Creek, CA 94596

B. Introduction

Firms must provide the following information regarding the organization:

- Name
- Street Address
- City, State, Zip Code
- Corporate Structure
- State/Country of Incorporation
- Website
- Contact Information

In addition, please include the size of the firm, the size of the firm's governmental consulting staff, and the location of the office from which the work on this engagement will be performed.

Urban Futures, Inc. (UFI) is registered as an Independent Registered Municipal Advisor (IRMA) with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission (SEC). UFI is structured as a C-Corporation and is headquartered in Walnut Creek, California.

Our firm has 22 employees, 18 of whom are Series-50 licensed municipal advisors, including 7 remote employees based in Southern California. Our firm is 100% focused on providing services to California public agencies. For the scope of services outlined in the RFP, **Michael Busch** and **Branden Kfoury** from our **Public Finance Group** will serve as the core day-to-day municipal advisory team for the City. Mr. Busch has served the City continuously since 2015, and Mr. Kfoury has worked on the City's account since joining the firm in 2019. Provided below is contact information for the firm and principal contacts:

Primary Contacts: Michael Busch, Chief Strategy Officer
Office: (714) 923-3541
E-mail: michaelb@urbanfuturesinc.com

Branden Kfoury, Director
Office: (714) 923-3560
E-mail: brandenk@urbanfuturesinc.com

Urban Futures, Inc.

- ✓ 53 years in business
- ✓ 18 registered MAs
- ✓ 100% focus on California public agencies
- ✓ #1 ranked CA firm since 2017*

1470 Maria Creek Lane | Walnut Creek, CA 94596
<https://www.urbanfuturesinc.com/>

**Source: SDC Platinum, Equal to each manager*

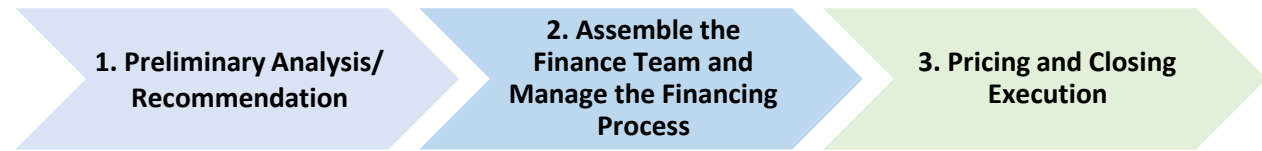
C. Firm Qualifications

1. Detail the scope of services your firm offers and the years of continuous performance in each Required Service. Provide enough description of experience to indicate the firm's qualifications in a given service.

Since 1972, UFI has provided municipal advisory services to hundreds of California cities, special districts, redevelopment agencies, counties, schools, community colleges, and non-profits. UFI combines a top-ranked municipal advisory practice with a financial consulting practice that has decades of public finance and executive-level government experience.

MUNICIPAL ADVISORY SERVICES FOR BOND FINANCINGS

UFI has continuously provided municipal advisory services for 53 years to hundreds of California public agency clients, closing thousands of transactions. Every financing undertaken by UFI begins with proper planning and extensive due diligence and ends with ongoing monitoring and administration. We are able to tailor our approach to fit the City's needs on each and every engagement. The scope of municipal advisory services we offer on transactions is built on three core phases, as summarized below.



Activity 1: Preliminary Analysis/Recommendation

In order to formulate effective and pragmatic recommendations, UFI takes the time to perform extensive due diligence, research, and preliminary analyses in order to understand the goals and priorities of our clients, as well as the economic and political challenges and opportunities our clients face in achieving those goals. Activity 1 involves a complete assessment of the client's needs and financial constraints. Where appropriate and requested by the client, this preliminary work may include preparation of a detailed finance plan for the capital project(s) involved in the financing (see below for details). During this period, UFI staff performs the following tasks:

- Schedule meetings or calls with staff to request all necessary data and discuss the needs and goals of the City.
- Undertake a funding analysis for the identified capital project(s) and **prepare a finance plan**.
- Identify and assist with strategies to mitigate risks of large public facilities projects.
- Analyze existing outstanding debt to determine parity test requirements, feasibility of refunding certain outstanding series of Bonds, and debt affordability.
- Review City policies, including reserve policies, and Local Goals and Policies for land secured financings.
- Review pension liabilities and existing policies.
- Assist with comprehensive credit analysis to determine the anticipated rating, preferred structure, and interest rate scale for the Bonds.
- Prepare a summary of cost of issuance
- Independently structure the financing and present results to the City.

Activity 2: Assemble the Finance Team and Manage the Financing Process

After an evaluation of financing options/alternatives, should it be determined that financing targets will be met through a bond issuance, UFI will begin work on the financing schedule and the implementation of the agreed upon financing strategy. UFI's scope of work during Activity 2 includes, but is not limited to, the following tasks:

- Assist in the selection of additional service providers, including, but not limited to, underwriter, bond counsel, disclosure counsel, appraiser, or trustee.
- Call, arrange, and lead working group meetings as appropriate.
- Develop the financing timetable.
- Monitor financing process and coordinate all activities of the financing team.
- Review all legal and financing documents on behalf of the City.
- Provide support to the City relating to financing documents, including preparation of staff reports and presentations.
- Compute Sizing and Structure of Debt Issue and verify cash flows from underwriters.
- Plan and Coordinate Presentations to Ratings Agencies
- Monitor market conditions to advise on timing of bond offering.

Activity 3: Pricing and Closing Execution

UFI offers extensive expertise in the pricing and marketing of municipal securities. Our team includes former public finance investment bankers with direct experience underwriting and distributing municipal bonds, allowing us to provide informed and strategic guidance throughout the pricing process. Generally, our approach is to recommend that the underwriter employ an aggressive pricing strategy (aiming for approximately 2 times oversubscription) to achieve the best possible pricing for our clients. We will work to ensure the best possible result for the City, without risk of diminishing investor participation, and provide post issuance analysis. UFI's scope of work during Activity 3 includes, but is not limited to, the following tasks:

- Monitor and track comparable transactions
- Analyze alternative couponing and optional redemption strategies
- Evaluate use of bond insurance
- In a competitive sale, prepare and market bid documents, advise on timing of sale and evaluate bids
- Assist with negotiated sale, including advice regarding retail order periods and institutional marketing, analysis of comparable bonds and secondary market data, verify cash flow calculations, and serve as Pricing Advisor
- Prepare and coordinate bond closings

GENERAL SERVICES

UFI is committed to supporting the City of Beaumont not only during active financings, but on a continuous basis. Our goal is to serve as a long-term partner to the City and act as a strategic advisor across a broad range of financial topics. In addition to transaction-based work, UFI offers both municipal advisory and non-municipal advisory services through our three core divisions. These services include, but are not limited to, the following:

- Monitor the City's debt portfolio and advise on refunding and other opportunities that would benefit the City
- Serve as a resource on outstanding debt obligations, offering real-time support to staff on reporting, compliance, and structuring questions
- Evaluate new money financing options, including comparative analyses of various debt instruments, terms, and repayment structures
- Prepare capital funding analyses, including financing options as well as options that do not include the sale of debt
- Assist in the selection and evaluation of financing team professionals, including underwriters, trustees, appraisers, and others. Support includes preparing and administering RFPs, reviewing proposals, and advising on team composition
- Support the formation of CFDs and related special district financing mechanisms to fund new development or infrastructure
- Advise the City on economic development opportunities
- Provide analysis related to:
 - Pension liabilities
 - Financial forecasting
 - Tax and revenues
 - Capital funding
 - Fiscal strategies
- Project delivery analysis and assistance
- Assist with financial policy development

POST ISSUANCE COMPLIANCE SERVICES

Since 2018, we have provided post-issuance compliance and continuing disclosure services for the City's wastewater revenue bonds. UFI provides clients with a full suite services, tailored to the reporting requirements of each covered security, debt, loan, or other outstanding obligation. We have been providing these services since 1994, when the reporting requirements were first mandated. To ensure we deliver accurate and timely services, UFI has developed

a proprietary, in-house database and tracking system. The details of our client's issuances and debt obligations are entered into the database (applicable disclosure requirements, filings, deadlines, etc.) enabling us to work closely with clients to keep them in compliance. Our proposed continuing disclosure and post-issuance compliance services include the following:

- **Annual Disclosure Reporting:** UFI will annually prepare and post the required Continuing Disclosure Annual Report (CDAR) on the MSRB's Electronic Municipal Market Access (EMMA) data portal. Each year we will send a request for client-provided information and financial documents, assemble required third-party data, update the corresponding analytical tables, and review the documents necessary to ensure the report complies with the requirements and deadlines of the applicable Continuing Disclosure Certificate or Agreement. We will provide the City a copy of the disclosure report to review before filing. After filing the disclosure report and associated financial documents on EMMA, we will transmit a copy of the report and the electronic posting confirmation to the City.
- **Material Event Filings:** For Listed Events in the applicable Continuing Disclosure Certificate or Agreement, UFI will prepare and post the requisite Material Event Notice on the EMMA data portal. To ensure notice of material events are posted in a timely manner, we work closely with trustees and clients to receive updated information, monitor Bloomberg's market data for various event alerts, and stay up-to-date on any changes in SEC/MSRB regulations. Please note, the City is required to timely report to UFI the occurrence of Listed Events of which the City is made aware.
- **Annual CDIAC Filings:** For all debt obligations issued after January 21, 2017, and for pre-2017 debt obligations that used a Marks-Roos financing authority, UFI will annually assemble the required data and file the Annual Debt Transparency Reports and/or Marks-Roos Yearly Fiscal Status Reports with the California Debt and Investment Advisory Commission (CDIAC). If required, we will request through the City information from the trustee on bond fund balances. We have developed expertise on the reporting requirements and tracking of affiliated filings using CDIAC's online reporting system.

CLIENT SERVICE PHILOSOPHY

We are committed to upholding the highest standards of integrity, professionalism, and transparency in every aspect of our work. Our philosophy centers on a client-focused approach that prioritizes the long-term fiscal health of the cities we serve. We understand the critical role our advisory services play in helping cities execute their financing objectives, and we approach each project with the utmost responsibility and care.

As your municipal advisor, UFI will serve in a fiduciary capacity—providing objective, unbiased advice based solely on the City's best interests. We actively seek to avoid conflicts of interest, ensure that all relevant information is shared openly, and hold ourselves accountable for the outcomes of our work. Our municipal advisors undergo annual compliance training to ensure we are well-versed in best practices and current regulatory requirements. ***In our 53 years of providing municipal advisory services, successfully closing thousands of transactions with hundreds of California public agency clients, UFI has never been subject to litigation by one of its clients or subject to an audit finding by the SEC or MSRB.*** The trust we have built over five decades of honorable service has provided many of our staff with opportunities to serve in leadership roles of several professional associations, non-profit boards and we remain the go-to firm for clients with the greatest need for strong financial advisory services and transactional leadership.

We are driven by our passion for making a positive impact in California local communities, and it is rewarding to play a supporting role in serving the essential missions of our clients and finance critical infrastructure. ***We deliver results by taking a deep dive into the complexity of financial challenges and opportunities cities face, developing innovative strategies that are rooted in data-driven analysis, and providing value-added analysis across multiple scenarios.*** While we respect legacy practices, we never take a "that's how it's always been done" viewpoint, since we consider every transaction as an opportunity to improve on legal and financing terms that, in turn, strengthen the fiscal sustainability of our clients.

2. How is the firm organized and how will its resources be put to work for the City? Provide a general description of the firm along with an explanation of how the different areas and strengths of the firm could be beneficial in a financial advisory role with the City.

Our firm is intentionally structured to support cities like Beaumont—not just during bond issuance, but throughout the full spectrum of financial decision-making. We provide services through our three core divisions: **Public Finance**, **Public Management** and **Analytics and Compliance**, described below:

Public Finance Group (“PFG”) provides municipal advisory services, debt analysis, financing plans, and access to capital markets for various transaction types, including Community Facility Districts, Enterprise Revenue Bonds, General Obligation Bonds, Tax Increment financings, Real Property Leases, Equipment Leases, and Pension Obligation Bonds, as well as Public Private Partnerships (P3), and Enhanced Infrastructure Financing Districts (EIFDs). We help staff evaluate and implement various financing options for priority projects (including bonds, revolving lines of credit, and State and Federal loan programs) and refinancing opportunities. This group includes Isom Advisors, a division of UFI, that specializes in education financing.

Public Management Group² (“PMG”) provides in-depth and insightful analysis of our client's financial history and current position, revenue and expense structures, long-term liabilities and risks, and fiscal outlook through the use of custom financial models, long-term forecasts, and fiscal assessment tools that integrate a wide variety of econometric, financial and demographic data with key metrics, benchmarks and best practices. More importantly, the diversity and experience of our PMG team enables UFI to transform the financial data and analysis into actionable management information, reports and plans that provide specific recommendations, and strategies supported by the analytics that help our clients achieve their goals and objectives.

Analytics and Compliance Group² provides services related to post-issuance compliance, including continuing disclosure, arbitrage rebate, and CDIAAC reporting compliance. UFI has been providing continuing disclosure services since 1994, when the reporting requirements were first mandated. We currently serve over 200 California cities, enterprise districts, successor agencies, joint powers and financing authorities, school districts, and charter schools.

Resources Dedicated to the City

For the scope of services outlined in the RFP, UFI will assign a dedicated team of senior professionals from our Public Finance Group to provide municipal advisory services to the City. Our lead municipal advisors will serve as the City's primary point of contact. We will provide strategic guidance on capital improvement planning, debt management, financial policy development, evaluation of financing alternatives, analysis of debt structures, and other assignments as requested.

As needed, additional resources from our Public Management Group and Analytics and Compliance Group will be deployed to support the City's broader fiscal and operational needs. Our Public Management team assists clients in developing long-range financial and capital planning models. The City could utilize these tools to assess the affordability of planned capital projects, evaluate the viability of a sales tax measure, and prepare multi-year budget scenarios to support strategic decision-making. Further, our Analytics and Compliance Group stays current on SEC and MSRB regulations and can help the City meet disclosure obligations and adhere to best practices.

UFI has the depth of experience and staff capacity to continue delivering responsive, high-quality service across all areas of engagement. We remain committed to supporting the City with forward-looking, dependable, and high-quality advisory services as it navigates both current initiatives and future challenges.

3. What changes have taken place within your firm's Public Financing Department over the past six months and what changes does your firm foresee in its structure and staffing over the next twelve months that may have even an indirect effect on your firm's ability to service the City of Beaumont?

² Non-Municipal Advisory Service

There have been no changes within the firm's Public Finance Group over the past six months. We do not anticipate any changes in structure or staffing over the next twelve months that may have any impact on our ability to serve the City.

4. Provide a description of the support capabilities your firm would provide in the areas of training, research and publications, and computer resources.

UFI is committed to enhancing the City's internal capacity through training, access to research, and advanced analytical tools.

Training and Professional Development

UFI regularly provides customized training sessions for City staff and City Councils to promote understanding of public finance topics. We tailor training sessions to the City's audience, whether finance staff, or elected officials. Training can be delivered in-person or virtually and may cover:

- Fundamentals of municipal debt issuance and management
- Capital planning and alternative project delivery methods
- Overview of Community Facilities District (CFD) financing and compliance
- Pension and OPEB funding strategies
- Best practices in continuing disclosure and post-issuance compliance

Research and Public Finance Trends

UFI maintains up-to-date expertise in municipal finance trends, legislative developments, and credit rating agency methodologies. We have a strong track record of advocating on behalf of our clients and ensuring they remain informed about public finance innovations, interest rate movements, and emerging State and Federal programs.

Our team actively participates in key industry forums, including the California Society of Municipal Finance Officers (CSMFO), the California Municipal Treasurers Association (CMTA), and the League of California Cities, allowing us to stay at the forefront of best practices and policy changes. We regularly translate these insights into actionable strategies for our clients, enabling our clients to make informed, forward-looking financial decisions in a dynamic regulatory and economic environment.

Computer Resources and Analytical Tools

UFI leverages a comprehensive suite of proprietary and commercial tools to deliver advanced analysis, forecasting, and compliance services. We subscribe to leading information systems such as Urbics tax roll analytics, Bloomberg, TM3, and publications such as BondBuyer, ensuring our team remains well-informed on market developments, legislative changes, and financing trends.

In addition, UFI deploys in-house tools designed to provide meaningful, actionable insights. A key example is the work of our Public Management Group, which specializes in constructing 10-year general fund forecast models. These models incorporate macroeconomic variables, revenue trends, expenditure assumptions, and scenario-based stress testing. This modeling process is collaborative and iterative—typically involving several working sessions with City staff to align assumptions and tailor the model to each client's unique fiscal environment. Once completed, the model can be transferred to City staff, along with training to ensure its ongoing use and refinement. We have successfully implemented this approach with numerous California cities.

5. Provide any additional information about your firm which would be informative, such as legislative or lobbying experience, etc.

As previously noted, UFI brings together a multidisciplinary team of municipal advisors and consultants with deep, real-world experience. Our professionals include a former city finance director/assistant city manager, special district general counsel, public finance investment bankers, and a former rating agency analyst. This unique combination

enables UFI to deliver informed, practical, and comprehensive advice that goes well beyond bond structuring. Having worked within municipal organizations ourselves, we recognize the operational, policy, and political pressures that affect decision-making. Our firm is intentionally structured to bring that perspective to every engagement.

While UFI does not engage in direct lobbying, we maintain a strong awareness of legislative and regulatory developments at both the State and Federal levels. Our team regularly monitors proposed legislation that may impact public finance tools, including CFDs, Assessment Districts, pension and OPEB funding strategies, and disclosure and compliance requirements. When appropriate, we advocate for policies and practices that support fiscal sustainability and transparency for local agencies.

6. Provide a copy of the firm's most recent annual report.

A copy of UFI's Form MA-Annual Amendment for the period ending June 30, 2024 is enclosed in Appendix D.

7. Disclosure of any finder's fees, fee splitting, payments to consultants or other contractual arrangements of the firm that could present a real or perceived conflict of interest.

UFI does not have any finder's fees, fee splitting, payments to consultants or other contractual arrangements that could present a real or perceived conflict of interest.

8. Disclosure of any pending investigation of the firm or enforcement or disciplinary actions taken within the past three years by the SEC, FINRA, MSRB, or other regulatory bodies.

UFI has not had any legal events or disciplinary actions over the last three years or through its history. This is reflected on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The City may electronically access our firm's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

D. Firm Experience

1. Provide a listing of all the California clients your firm has served in the municipal bond area during the last two years and indicate those that are currently under contract. Indicate whether the bond issues were competitive, negotiated or a combination thereof, and also include the size of the issues.

We have attached in Appendix B a listing of all transactions completed for the two-year period beginning May 1, 2023. UFI is currently under contract with all City and special district clients included on this list.

2. Indicate the number of sales and amounts, if any, of California municipal securities handled by your firm as a financial advisor. Describe how your firm is organized, within and outside California, to provide service to California municipal clients. Describe the experience of your firm in pricing California issues, and include the size of the issues.

UFI is among the most active municipal advisory firms in California.

Since 2020, we have completed 627 municipal advisory transactions—more than any other firm in the State, as shown in the table to the right. Over that same period, we have served as municipal advisor to hundreds of public agencies and currently maintain active advisory relationships with 47 cities and special districts across California.

As noted previously, UFI is a California based firm with 100% focus on providing services to California public agencies. For a discussion on the firm's organization please see response above in Section C. - Firm Qualifications.

**Top Municipal Advisors for CA Municipal Bonds
(January 1, 2020 - Present)**

Rank	Firm	No. of Issues
1	Urban Futures Inc	627
2	Fieldman Rolapp & Associates	479
3	KNN Public Finance	364
4	PFM Financial Advisors LLC	290
5	Public Resources Advisory Group	206

Source: SDC Platinum (Thomson Reuters)

Our advisory team has deep experience with all the financing structures previously used by the City of Beaumont, including CFD special tax bonds, Marks-Roos pooled financings, and wastewater revenue bonds. Furthermore, we have extensive experience advising on general fund obligations, including lease revenue bonds. This deep level of activity provides us with up-to-date insight into market trends, challenges, and opportunities—insight that we believe significantly enhances the services we offer to cities like Beaumont.

Our Experience with the City and in the Region

UFI was engaged by the City in the wake of officials discovering financial mismanagement and fraud that masked a multimillion-dollar structural operating deficit. Less than two years after emerging from the SEC investigation, UFI was engaged by the City to serve as financial advisor on a \$100M CFD refinancing and its first rated bond transaction for the 2018 Wastewater Revenue Bonds. **Since 2018, we are honored to have served as the City's municipal advisor on over \$337 million of transactions, including the upcoming refunding transactions expected to price later this month.** Our transaction work with the City during this time has spanned a multitude of credits, ranging from new money non-rated CFDs for 93-1 and Sundance to larger transactions for the City's wastewater utility and tax-exempt and taxable pooled CFD refundings.

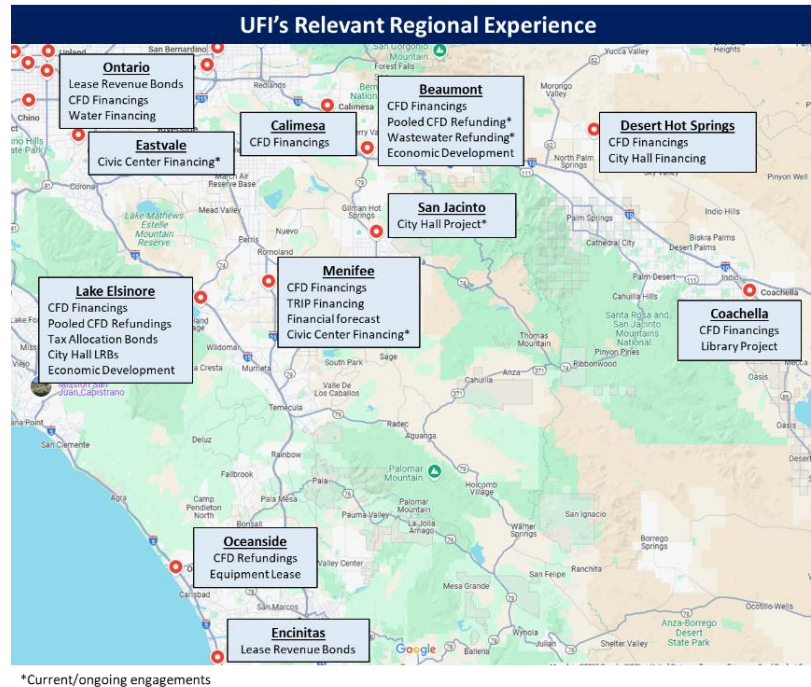
In addition to our work with the City, we are very active in the surrounding areas. **Within Riverside County alone, the firm has executed over \$750 million in financing transactions since 2018.** UFI has a deep

understanding of the regional economic landscape, developed through our role as municipal advisor to numerous neighboring jurisdictions, including the Cities of Menifee, Lake Elsinore, Eastvale, Coachella, and Desert Hot Springs, among others, as shown on the map below. In neighboring San Bernardino County, UFI works closely with the Cities of Ontario and Chino, assisting with CFD formations and financings. Our local experience directly informs our approach, enabling us to deliver tailored, value-added solutions that reflect each city's unique priorities and fiscal landscape.

UFI's Experience with the City of Beaumont (Jan 2018 - Present)

Bond Issue	Sale Date	Par Amount
2025 Wastewater Refunding Bonds	June 2025	\$73,490,000 *
2025 CFD 93-1 Pooled Refunding	June 2025	26,315,000 *
CFD No 2016-3 (Sundance)	3/25/2025	6,580,000
CFD 93-1 IA 17D	10/22/2024	9,400,000
CFD No 2016-3 (Sundance)	5/9/2023	8,800,000
CFD 93-1 Pooled IA Taxable Ref.	6/15/2021	18,675,000
CFD No 2019-1	9/9/2020	2,355,000
CFD 93-1 Pooled IA Taxable Ref.	7/30/2020	17,200,000
CFD No 93-1 IA No 8F	6/3/2020	12,780,000
CFD No 2016-4	10/23/2019	4,185,000
CFD 93-1 Pooled IA Ref.	7/24/2019	5,375,000
CFD No 2016-2 (Sundance)	7/17/2019	10,285,000
CFD No 2016-1 (Fairway Canyon)	3/5/2019	9,045,000
CFD No 93-1 IA 8E	12/4/2018	12,680,000
CFD No 93-1 IA 7B	10/25/2018	2,370,000
CFD No 93-1 IA 7D	10/25/2018	3,725,000
2018 Wastewater Rev. Bonds	9/11/2018	81,105,000
CFD No 93-1 IA 8D	6/6/2018	7,675,000
CFD No 93-1 IA 17C	6/6/2018	8,730,000
CFD No 93-1 IA 8C	5/31/2018	16,915,000
Total		\$337,685,000

*Preliminary par amounts and estimated sale dates



We have provided below some examples of specific project experience that we believe best underscore our range of capabilities. ***It is worth noting that all of the projects below were completed by staff assigned to the City's account.***



City of Menifee—UFI has been municipal advisor to the City of Menifee since 2011. As one of California's fastest-growing cities—with 84% population growth since 2008 and currently ranked the fifth fastest growing city in the state—Menifee faces complex infrastructure and capital planning needs. UFI has supported the City through its inaugural CFD bond issuances and continues to provide strategic guidance as the City plans for significant public improvements, including a new City Hall and Police Station.

Most recently, UFI advised on the successful issuance of \$4.625 million in non-rated CFD special tax bonds for CFD No. 2023-2, Improvement Area No. 1 (Cimarron Ridge), which includes 424 market-rate single-family homes. A Real Estate Investment Trust ("REIT"), is under contract to purchase 127 homes in the improvement area, and intends to maintain ownership and rent the homes it is acquiring to individuals. UFI coordinated with the underwriter and bond counsel to update the POS disclosure to discuss this unique financing characteristic. We also participated in an additional finance committee meeting to brief City officials on the REIT's development plans and potential implications. The bonds priced on April 29, 2025 and were met with strong demand despite challenging market conditions and unique characteristics of the transaction, receiving \$7.75 million of total orders.



City of Lake Elsinore – UFI has served as municipal advisor to the City of Lake Elsinore since 2014. During that time, UFI has provided Municipal Advisory Services to the City on approximately \$287 million of land secured financings, lease revenue bonds, tax allocation bonds, and private placements.

UFI is currently working with the City on an \$80 million Marks Roos pooled CFD to refund 11 underlying CFDs. The bonds recently received a very strong "A+" rating from Standard & Poor's and secured an attractive bond insurance bid from AGM, which included a 100% surety. As part of the transaction, the City intends to reduce special taxes for homeowners in the underlying districts and generate an estimated \$10 million of new money proceeds for capital projects. The financing team anticipates closing the transaction in June 2025.

In 2022, UFI served as the municipal advisor on the City's issuance of \$23.7 million of lease revenue bonds to finance construction costs of a new City Hall, which will further enhance the City's historic downtown and house City Council chambers, administrative office space, multi-purpose and retail space, and outdoor amenities with connection to the existing City Hall building. UFI worked with the City to explore various funding options and ultimately it was decided that issuing lease revenue bonds was the optimal method of financing. Because of inflationary fears as well as expected increases in interest rates, the City accelerated the financing. UFI worked expeditiously to put together a financing schedule and coordinate next steps. On 6/1, S&P upgraded the City's lease revenue bonds to "A+" from "A" as a result of the City's consistent economic growth and strong reserve levels. The lease revenue bonds closed in June 2022 at a favorable true interest cost of 4.57%. The timing of the transaction proved to be advantageous to the City, as yields rose by as much as 150 basis points across the curve in the following months.



City of Ontario

UFI was engaged by the City of Ontario in 2023 via a competitive RFP process. Since January 2024, we have served as the City's MA on a lease revenue financing, three CFD financings, a water revenue financing, and four CFD formations. Through our work on the 2024 Water Revenue Bonds, we helped the City achieve an S&P rating upgrade to "AA+" from "AA." In addition, UFI is actively working with the City on four additional CFD formations for residential and industrial development projects. As part of our work with the City, we engage with various developer teams to ensure that the City's needs and objectives are met in forming districts in the Ontario Ranch area, which is expected to include 24,000 homes at buildout.

Most recently, UFI served as municipal advisor to the City on a \$192.4 million lease revenue financing to fund various capital improvements, including offsite improvements for a new professional baseball stadium. Starting late last year, UFI began working with City staff and the financing team to evaluate various structuring options to minimize borrowing costs for the project, including reducing the need for capitalized interest, and maximizing the use of tax-exempt proceeds. Leading up to the bond issuance, UFI's Public Management Group was hired to prepare a financial forecast to help the City in assessing its overall fiscal health and to assist with determining cash flow capacity to fund its \$1 billion CIP program over the next several years. The baseball stadium will be one component of the Ontario Regional Sports Complex, which is planned for 190 acres of top-tier athletic facilities, including 20 long fields, 14 youth diamond fields, 8 full-size diamonds, 4 football/rugby fields and 2 championship diamond fields. The sports complex will be the largest of its kind west of the Rocky Mountains.

The 2025 Lease Revenue Bonds priced on April 29, 2025 and generated extremely strong demand, with over \$1 billion in orders. As a result of the strong demand, the underwriter was able to reduce spreads on most maturities, resulting in an attractive true interest cost of 4.60%.

3. Please specify the number of bond rating presentations for the last three (3) years. Discuss this experience and its potential applicability to the City of Beaumont.

Over the past three years, UFI has priced more than 275 bond transactions for which we provided a credit presentation and obtained at least one credit rating. UFI has extensive experience presenting municipal credits to rating agencies and crafting compelling rating presentations that highlight the unique strengths of each issuer. Our deep involvement in Southern California has given us a thorough understanding of local economies, allowing us to effectively position our clients' credit profiles. By combining regional insight with a strong grasp of rating agency methodologies, we consistently help our clients achieve favorable rating outcomes.

Most recently, UFI worked alongside the City's financing team to secure a credit upgrade to "AA-" on the City's outstanding wastewater bonds, a significant milestone that reflects the City's fiscal discipline and improved financial health. In addition, the City recently received an "A+" rating on its pooled CFD refunding that is expected to come to market in June 2025. This represents the highest ever underlying rating the City has obtained on its CFD credits.

Beyond enterprise and CFD credits, UFI maintains significant experience with general fund-backed transactions. For example, we are currently advising the City of Eastvale on its first-ever lease revenue financing to fund its Civic Center

project. We believe this type of experience working with first-time issuers is relevant as the City considers funding and financing options for its proposed police facility project.

We are proud of our track record and remain committed to continuing to advocate for the City in future credit evaluations, ensuring that Beaumont's financial progress is clearly communicated and well-recognized by the rating agencies.

4. Outline your firm's knowledge of and experience with the latest tax reform laws, changes relating to tax-exempt financing, and your firm's ability to provide tax guidance to the City and City Council.

Our firm maintains a deep understanding of current tax laws and regulatory developments impacting municipal finance, including the latest federal tax reform measures and IRS guidance relating to tax-exempt financing. We closely monitor proposed and enacted legislation, such as the Inflation Reduction Act, and any changes to IRS arbitrage rebate rules or advance refunding limitations.

We routinely collaborate with leading municipal bond counsel and tax specialists to ensure our financing strategies comply with all applicable tax laws and optimize tax-exempt status. Our team has significant experience structuring and executing a wide range of tax-exempt financings, including CFD special tax bonds, enterprise revenue credits, lease revenue bonds, and certificates of participation, ensuring ongoing compliance with IRS rules and best practices.

While we do not provide legal tax opinions, we will work proactively with the City and coordinate with bond counsel on tax due diligence, and explain tax implications to City staff and City Council in a clear and actionable manner.

5. Attach a recent representative example of a municipality's offering statement in which you acted as financial advisor.

We have included in Appendix E a recent representative example of an offering statement for which we acted as financial advisor.

6. Outline your firm's experience with Improvement Districts and Community Facilities Districts.

UFI has extensive experience working with both Improvement Districts (IDs) and Community Facilities Districts (CFDs), particularly in the planning, formation, and execution of land secured financings. Our team brings deep technical expertise and a collaborative approach to every stage of the process—from pre-formation planning through post-issuance monitoring.

Over the past five years, UFI has closed more than \$440 million in CFD bonds, ranking us as the third most active firm in California for this type of financing. Our experience spans a wide variety of developer types—from national builders to master-planned community and merchant builders. Our work includes evaluating special tax formulas, policy development, and engaging the appropriate financing team members. We also help determine appropriate debt sizing and structuring based on value-to-lien ratios and market conditions.

We are particularly proud of our long-standing work with the City. Going back to 2017, we've served as the City's advisor on over \$265 million of CFD bonds across various improvement areas in 93-1, as well as CFDs 2016-1, 2016-2, 2016-3, 2016-4. This history has given us unique familiarity with the City's developers, financing practices, and consultant teams. Our support includes active post-issuance monitoring, identifying refunding opportunities, removal of escalators, and helping to execute transactions that reduce borrowing costs—such as the City's upcoming pooled CFD refunding.

A complete listing of CFD transactions completed by the firm since January of 2023 is provided below. Additionally, we have included a discussion of specific CFD project experience in and around Riverside County above in our response to D – 2.

Recent CFD Transactions since January 2023			
Issuer	Issue Name	Sale Date	Principal Amt
Lake Elsinore Facilities Financing Authority	Local Agency Revenue Refunding Bonds, Series 2025A	5/29/2025	77,580,000
Menifee CFD No 2023-2	Improvement Area No. 1 Special Tax Bonds, Series 2025A	4/29/2025	4,625,000
Beaumont CFD No 2016-3	2025 Special Tax Bonds	3/25/2025	6,580,000
Manteca CFD No 2023-1	CFD 2023-1 (Villa Ticino West Facilities) Special Tax Bonds, Series 2025	3/12/2025	5,515,000
Moorpark CFD No 2004-1	CFD No. 2004-1 (Moorpark Highlands) 2025 Special Tax Refunding Bonds	1/8/2025	5,570,000
Ontario CFD No 64	CFD No. 64 (Sunset Ranch) Special Tax Bonds, Series 2024	11/14/2024	27,860,000
Beaumont CFD No 93-1	Special Tax Bonds, Series 2024	10/22/2024	9,400,000
Manteca CFD No 2023-1	CFD 2023-1 (Villa Ticino West Facilities) Special Tax Bonds, Series 2024	10/9/2024	10,110,000
Lake Elsinore CFD No 2019-2	CFD No. 2019-2 (Nichols Ranch) Special Tax Bonds, Series 2024	9/4/2024	7,815,000
Menifee CFD No 2022-1	CFD No. 2022-1 (Quartz Ranch) Special Tax Bonds, Series 2024A	9/4/2024	9,465,000
Fullerton CFD No 2	CFD No. 2 (Amerige Heights), 2024 Special Tax Refunding Bonds	7/25/2024	5,840,000
Ontario CFD No 66	CFD No. 66 (Olive and Oleander Facilities) Special Tax Bonds, Series 2024	6/27/2024	10,345,000
Ontario CFD No 35	CFD No. 35 Special Tax Bonds, Series 2024	6/18/2024	11,225,000
Chino CFD No 2003-3	Improvement Area No. 10 2024 Special Tax Bonds	4/25/2024	18,450,000
Manteca CFD No 2023-1	CFD 2023-1 (Villa Ticino West Facilities) IA 1 Special Tax Bonds, Series 2024	4/16/2024	5,825,000
Lake Elsinore CFD 2006-4 (Rosetta Hills)	Special Tax Bonds, Series 2024	1/23/2024	5,090,000
Beaumont CFD No 2021-1 (Fairway Canyon)	2024 Special Tax Bonds	1/9/2024	14,550,000
Desert Hot Springs CFD No 2006-1	Improvement Area 1 Special Tax Bonds, Series 2023	12/13/2023	1,970,000
Chino CFD No 2021-1	2023 Special Tax Bonds	11/2/2023	7,085,000
Lake Elsinore CFD No 2006-8	Special Tax Bonds Series 2023	8/29/2023	3,615,000
Menifee CFD No 2021-2	Sumac Ridge Series A2	8/23/2023	10,050,000
Menifee CFD No 2021-1	(Banner Park) Special Tax Bonds, Series 2023A	8/8/2023	6,435,000
Menifee CFD No 2022-1	Quartz Ranch 2023 Special Tax Bonds	6/28/2023	11,525,000
Upland CFD No 2022-1	Enclave at Upland 2023 Special Tax Bonds	5/10/2023	4,305,000
Beaumont CFD No 2016-3	2023 Special Tax Bonds (Sundance)	5/9/2023	8,800,000
Menifee CFD No 2020-1	CFD No. 2020-1 (McCall Mesa)	1/26/2023	3,580,000
Alameda CFD No 22-1	CFD No. 22-1 (Alameda Marina) 2022 Special Tax Bonds	1/25/2023	17,500,000
Menifee CFD No 2021-1	(Banner Park) 2022 Special Tax Bonds, Series 2022A	10/27/2022	5,375,000
Menifee CFD No 2020-2	(Del Oro) Special Tax Bonds, Series 2022A	9/28/2022	2,640,000
Lake Elsinore CFD No 2006-6	Special Tax Bonds, Series 2022	8/18/2022	3,535,000
Upland CFD No 2003-2	2022 Special Tax Ref Bonds	6/1/2022	14,595,000
Lake Elsinore CFD No 2016-2	2022 Sub Special Tax Bonds	5/27/2022	1,411,480
Upland CFD No 2015-1	2022 Special Tax Bonds	4/21/2022	3,935,000
Upland CFD No 2015-1	2022 Special Tax Bonds	4/21/2022	5,295,000
Altadena Library District CFD No 2020-1	2022 Special Tax Bonds	2/17/2022	21,125,000
Menifee CFD No 2020-1	2022 Special Tax Bonds (McCall Mesa)	1/11/2022	11,330,000
Menifee CFD No 2019-1	2022 Special Tax Bonds (Meadow Run)	1/6/2022	2,750,000

7. Include the name, address and telephone number of three clients for whom services similar to those described in this Request for Proposal have been performed.

We encourage you to contact any of our recent clients listed below to discuss their experience and satisfaction with UFI. We have provided contact information for three references below as well as on the attached Reference form in Appendix C.

City of Lake Elsinore
Jason Simpson, City Manager
Phone: (951) 674-3124 Ext. 211 Email: jsimpson@lake-elsinore.org
130 S. Main Street, Lake Elsinore, CA
Services provided: MA services for LRBs, CFD and TABs; Forecast, Affordable Housing/AB 341 analysis, Economic Development, EIFD, Pension Study
Number of Years of Service: 11
Most recent engagement: \$80 million Marks-Roos pooled CFD refunding (expected closing: June 2025)

City of Ontario
Armen Harkalyan, Executive Director of Finance
Phone: (909) 395-2355 E-mail: aharkalyan@ontarioca.gov
200 North Cherry Avenue, Ontario, CA 91764
Scope of Work: MA services for 2025 Lease Revenue Bonds, 2024 Water Revenue Bonds, Various CFD Bond Issues and CFD Formations
Number of Years of Service: 1.5
Most recent engagement: \$192 million 2025 lease revenue bonds

City of Desert Hot Springs
Doria Wilms, City Manager
Phone: (760) 329-6411 Ext 260 Email: dwilms@cityofdhs.org
65950 Pierson Blvd., Desert Hot Springs, CA 92240
Services provide: MA services for lease revenue bonds, CFDs, COPs, TABs; financial forecast, pension study, economic development proposal analysis
Number of Years of Service: 17
Most recent engagement: \$2 million CFD issuance for Skyborne project (closed December 2023)

E. Strategies/Approach to Work

1. Under present market conditions, what would be your strategy for advising the City on planning debt issues and why do you feel that this strategy is appropriate? In your response, include discussion of institutional versus retail sales, structure of underwriting syndicate, use of municipal bond insurance, debt structure, and other pertinent information.

Since being engaged by the City in 2015, UFI has remained focused on delivering the lowest possible borrowing cost, while preserving financial flexibility and protecting the City's long-term credit profile. At the time of our initial engagement, the City was recovering from the impacts of a Securities and Exchange Commission (SEC) investigation tied to prior financial mismanagement and fraud. UFI was asked to overhaul the City's long-term financial forecast, which had previously been rendered ineffective due to its complexity and lack of usability. The revised forecast allowed the City to reconcile inconsistencies between the City's previous labor costing data and budgeted personnel expenses and to identify opportunities for strengthening its general fund.

Shortly thereafter, UFI supported the City's return to the public bond markets with the issuance of the 2018 Wastewater Revenue Bonds, which received an "A+" rating from Standard & Poor's. The City has made tremendous financial progress since that time, recently securing a rating upgrade on its wastewater bonds, and the highest credit rating in the City's history on a recent CFD bond issuance

Strategy for 2025 Wastewater and CFD Refundings

As of mid-2025, the market is characterized by elevated but stabilizing interest rates, market volatility, ongoing Federal Reserve caution around inflation, and strong investor demand for high-quality, tax-exempt bonds. In response to these dynamics, UFI recommended a flexible and proactive approach to both the City's pooled CFD refunding and the Wastewater Revenue Bond refunding.

Beginning in 2024, we conducted an evaluation of the City's CFD bonds, and identified specific candidates for possible refunding. After several discussions with City staff, we presented the CFD opportunity to City Council, and took their direction to establish specific thresholds for the refunding of a minimum of 3% NPV savings or \$200 annual savings per parcel.

Following the City Council meeting in March 2025, the municipal market experienced heightened volatility triggered by the announcement of new tariffs and the rising threat of a global trade war. Interest rates increased by as much as 50 basis points, significantly reducing projected savings across several refunding candidates.

At the June 2025 Council meeting, UFI and the financing team delivered a comprehensive market update and analyzed the impact of market movements on the previously identified refunding opportunities. For the pooled CFD refunding, one underlying district had fallen below the 3% NPV or \$200-per-parcel threshold. However, removing the CFD from

the pool would have weakened the overall credit profile, triggered a potential rating downgrade, and increased the cost of bond insurance. In light of these risks, the City Council opted to amend the resolution to allow for a lower annual savings threshold for the specific CFD, thus preserving the viability and benefits of the overall pooled transaction.

UFI's recommended strategy moving forward is to remain nimble and continue monitoring the market on a day-to-day basis and position the City to enter the market quickly when conditions are favorable. With ratings in hand and Council approvals secured, we are now prepared to post the Preliminary Official Statement (POS) and proceed to pricing as early as mid-June 2025 should conditions remain favorable. This approach balances fiscal prudence with market opportunity, and reflects our long-term commitment to protecting the City's financial standing while maximizing savings and flexibility.

Underwriter Selection Strategy

With regards to underwriter selection on future transactions, we recommend the City continue to engage an underwriter with a strong retail distribution desk, solid institutional relationships, and demonstrated performance in pricing comparable California credits. The book-running senior manager should have a robust track record in the sector and the capacity to underwrite the full transaction. Co-managers may be added based on specific distribution strengths; however, we believe that continuing to work with a sole managing underwriter with strong retail capabilities will continue to produce positive results for the City.

Investor Marketing Strategy

We recommend the underwriter employ a diversified investor marketing strategy that includes both institutional and retail investors to maximize demand and price efficiency. Retail participation, particularly for strong issuers like the City, can enhance pricing in the short/intermediate range of the yield curve, as we have seen time and again on the City's non-rated CFD issuances. Institutional investors remain critical for longer maturities and larger block sizes, providing depth and pricing feedback during the book-building process.

Use of Municipal Bond Insurance

We assess the value of bond insurance and surety reserves on a case-by-case basis. In collaboration with underwriters, we will model insured vs. uninsured scenarios to determine if insurance delivers net present value savings after premiums. For the City's upcoming refunding transactions, we are currently observing a favorable benefit for use of bond insurance. In addition, the use of a surety policy in place of a cash-funded debt service reserve on the pooled CFD refunding will enable the City to increase cash flow savings to individual homeowners.

2. Discuss any innovative financing techniques which you feel the City should consider for future bond issues.

Provided below is a sampling of some innovative and alternative financing and capital funding techniques the City could choose to consider for future bond issues.

Alternative Project Delivery Methods

As the City continues to evaluate funding plans for its proposed police station project, UFI can assist not only with capital planning and financial strategy, but also with the evaluation of alternative project delivery methods, including public-private partnership (P3) structures such as design-build or progressive design-build. Selecting the most appropriate project delivery method involves risk management, quality control, and long-term operational goals. UFI leverages its experience and relationships with construction management firms, public finance counsel, and facility operators to help cities evaluate and implement the most effective delivery model for their needs. Most recently, UFI advised the City of Rialto on a design-build P3 approach for a new \$80 million police facility, which was successfully financed through a combination of cash contributions and lease revenue bonds.

General Obligation Bonds

A General Obligation Bond authorization would enable the City to secure a voter-approved additional source of revenues for the funding of projects, such as the police station, as opposed to financing with General Fund revenues. GO Bond Authorizations are typically an effective financing tool for projects that have broad-based community

support. While the City faces some headwinds for a potential GO passage given existing special taxes paid by residents, we can assist the City with the evaluation of such a measure. First, we can run multiple scenarios using the City's existing assessed values to determine the amount of funds that can be generated for different tax rates. Further, UFI can assist the City with the GO ballot process, including facilitating community surveys and leveraging our past experience with surrounding areas. For example, we could work with the City to develop a survey strategy to determine the level of community support for GO Bond Measures at varying amounts and projects. We could determine what portion of the public facilities financing, if any, would be feasible under this structure.

Sales Tax Measure Evaluation

UFI works with a number of cities in Riverside County that have successfully implemented transaction and use taxes, such as the Cities of Menifee and Lake Elsinore. A locally controlled sales tax provides cities with a stable source of unrestricted General Fund revenue, which can be used to address critical needs such as public safety, infrastructure, and core services. UFI can assist the City with an evaluation of the sales tax and evaluate different revenue structures, including revenue projections based on historical taxable sales. In addition, we can model financing scenarios that demonstrate how projected sales tax revenues could be leveraged to support capital investments through the issuance of lease revenue bonds or similar financing mechanisms. We recently provided such analysis for the City of Pomona, helping them assess the impact of a new local sales tax and align the structure with long-term capital planning goals.

Green Bonds



Issuing bonds with a designated green, social, or sustainability label can attract a broader investor base, particularly as ESG mandates become more prevalent among institutional investors. If the City has eligible capital projects, formalizing a Green Bond Framework can enhance marketability. This may be something the City could explore for a potential financing for its police station, to the extent it is LEED certified and meets the criteria for such designation. UFI has worked with several issuers

on Green Bond transactions, including the Cities of Monterey Park, Alameda and Rowland Water District.

Investment of Bond Proceeds

Given the current elevated short-term interest rates in 2025 and a slower-than-anticipated path of Federal Reserve rate cuts, the City should consider exploring a Guaranteed Investment Contract (GIC) to enhance interest earnings on its project fund proceeds. As of early 2025, we are still seeing GIC providers offering competitive rates, particularly for project funds with defined draw schedules. While the Federal Reserve has begun modest rate cuts, rates remain attractive relative to historical norms, and the GIC market continues to present opportunities for strong investment earnings. Where appropriate, the City may want to consider pursuing a GIC or Treasury ladder to improve project fund performance and reduce net borrowing costs.

Bank Direct Placements / Private Placements

For smaller transactions with a shorter term, private placements with banks or institutional investors may offer lower issuance costs, faster execution, and less disclosure burden. These are often advantageous for lease obligations, equipment financings, or interim financing where a public offering may not be cost-effective. Most recently, UFI advised the City of Monterey Park on an equipment lease financing to fund HVAC and fire apparatus equipment. Additionally, we have worked with a number of Cities on energy efficiency capital financings including Fullerton, Coachella and Oceanside.

3. Discuss the advantages and disadvantages of competitive, negotiated, and combination bond sales as they relate to the City's proposed issues.

Over the past several years, the City has issued bonds on a negotiated basis and has consistently experienced positive outcomes, including favorable pricing, investor participation, and transaction flexibility. Looking ahead, we recommend continuing with a negotiated sale approach, particularly given the City's credit profile, market conditions, and the structure of the proposed financings. A negotiated sale offers several strategic advantages for the City, including:

- Tailored structuring of maturities, couponing, and redemption provisions

- Pre-sale marketing to investors familiar with land-secured credits
- Real-time pricing adjustments based on investor demand and market movement
- Flexibility in timing, allowing the City to delay or accelerate pricing in response to market volatility

CFD Bonds

Given the unique credit features of the City's non-rated CFD Bonds as well as the Marks Roos pooled CFD refundings, which consist of multiple underlying districts, a negotiated sale remains the most effective strategy to reach the appropriate investor base, optimize execution, and achieve the lowest cost of financing.

Wastewater Revenue Refunding Bonds

For the City's upcoming wastewater revenue bond refunding, which is rated, we believe a negotiated sale approach has offered a number of benefits. Recent market volatility has impacted refunding efficiency, with net present value (NPV) savings declining to below 3%. As a result, our recommendation is to monitor market conditions and prepare the Preliminary Official Statement to be posted during a favorable window. The City can then go day-to-day on pricing, enabling quick entry into the market when savings thresholds can be met. A competitive sale would not provide this level of flexibility and would have limited the City's ability to strategically time the transaction.

When Competitive or Combination Sales May Be Appropriate

While we believe negotiated sales are generally more effective for the City's current needs, there are situations where a competitive sale is appropriate. For example, UFI recently advised the City of Pasadena on a competitively offered \$195 million General Obligation Bond issuance to finance a library project. The sale, rated AAA, received 10 competitive bids and achieved a true interest cost of 4.33% for a 30-year financing. The highly rated, general obligation structure and broad investor appeal made a competitive sale the optimal method in that case.

The City could consider competitive sales in the future for highly rated lease revenue bond issues or other general credit financings where the credit is well known and broadly marketable and timing is not sensitive to market volatility. UFI will continue to assess each proposed issuance on a case-by-case basis and provide tailored recommendations that prioritize pricing efficiency, investor engagement, and the City's long-term financial goals.

4. Describe the firm's access to sources of current market information to assist in pricing of negotiated sales and information to assist City in planning and executing competitive sales.

UFI maintains robust access to a wide range of current market data and pricing intelligence to support both negotiated and competitive bond sales. Our firm leverages multiple sources of real-time market information to ensure that clients receive the most favorable terms and transparent guidance when accessing the capital markets.

UFI actively monitors municipal bond market conditions through industry-standard platforms including Bloomberg, Refinitiv (formerly Thomson Reuters), EMMA, and S&P Global. These tools allow us to track primary market pricings, visible supply and forward calendars, underwriter pricing trends, credit spreads, and MMD data.

On a negotiated transaction, we use this data to evaluate proposed pricing by underwriters, ensure spreads are within fair market ranges, and negotiate tighter pricing when justified. For competitive sales, we use our various in-house tools to strategically advise on the optimal timing of the bond sale by evaluating the economic calendar, municipal supply, and conducting outreach to municipal underwriting desks. UFI also provides strategic support for competitive bond sales by recommending bid parameters and preparing and distributing detailed pre-sale market updates.

Our municipal advisors have relationships with a wide network of underwriting desks and we maintain a very high level of activity in the municipal market. Our access to this market intelligence ensures that the City will benefit from accurate, up-to-date pricing information and strategic guidance. We remain committed to protecting the City's interests by securing the most cost-effective financing solutions possible.

5. Describe strategies and material to interface with the City's automated debt portfolio tool such as DebtBook or Sympro to ensure coordination and accuracy.

We are well-positioned to support the City in both the ongoing maintenance and effective use of automated debt portfolio tools. We maintain the originating documents for each of the City's transactions over the past ten years. In addition, we leverage industry resources such as EMMA, Bloomberg, and TM3 to monitor and verify current data for each financing.

UFI can assist the City by providing key information and documentation, including:

- Debt service schedules
- CUSIP information
- Detailed sources and uses of funds
- Call structures and redemptions
- Ratings history

For CFD bonds specifically, we can monitor special tax prepayments, track changes in outstanding par amounts, and provide regular updates to ensure the debt management tool reflects accurate balances and amortizations.

UFI can also provide the City with hands-on training and support materials for staff who use automated debt portfolio tools. The training can cover bond basics and walkthroughs on how to read and interpret disclosure documents, payment schedules, amortizations and optional redemption information. We are prepared to meet with the City and conduct regular reviews and reconciliations of debt information as needed.

Our objective is to ensure the City's automated debt management tools remain a reliable, accurate, and fully integrated resource. By coordinating closely with City staff, the trustee, and other financing team members, UFI provides the technical expertise and proactive support needed to maintain a high-functioning debt portfolio system.

F. Key Personnel Qualifications and Experience

1. List the individuals who would be responsible for providing financial advisory services to the City and indicate which offices they will be based out of; an organization chart of the project team with each person's title and responsibility; what are their qualifications; their availability over the Contract period and with regard to prior engagements, what have been their specific responsibilities related to financial advising for various financing techniques?

For the scope of services outlined in the RFP, **Michael Busch** will serve as the primary contact and will have overall responsibility for client service delivery; **Branden Kfoury** will serve as transaction manager, and will provide day-to-day coverage to the City team. Mr. Busch and Mr. Kfoury have extensive experience assisting cities in Southern California with the execution of large scale CFD programs, general fund financings, enterprise fund financings, and other economic development assignments. Cumulatively, Mr. Busch and Mr. Kfoury have 16 years' experience advising the City, and will be available to meet with the City as often as needed to complete City assignments. In addition, **Wing-See Fox**, the firm's Series 54 Principal, and **Gabrielle Dawson**, Associate, will be available to provide additional municipal advisory support and resources, as needed. Ms. Fox previously advised the City on its issuance of 2018 wastewater



revenue bonds, leading the credit rating process that helped the City secure a positive result from S&P. For additional services outside of traditional municipal advisory work, **James Morris**, Managing Director, will be available to offer expertise in financial forecasting and fiscal sustainability studies; additionally Mr. Morris leads UFI's post-issuance compliance practice and will assist on disclosure matters related to the City's wastewater bonds. Provided below is a summary of the assigned team, qualifications and prior experience.

UFI Team – Municipal Advisory Team Biographies

Day-to-day Coverage Team

Michael Busch, Chief Strategy Officer | (714) 923-3541

Role: *Financing Strategy/Primary Contact*

Office Location: *Southern California*

Experience: Michael is an accomplished municipal executive and public finance professional who has helped manage several public agencies as an assistant city manager and finance director. Through his leadership of UFI and engagement with professional organizations, Michael helps cities, special districts, and nonprofits across the State of California identify emerging trends, engage in critical policy issues, exchange proven practices, and advance their missions through sound fiscal and operational policy. During his 18-year tenure with UFI, numerous public agencies have engaged Michael as both a strategic consultant and municipal advisor based on his public finance expertise and broad understanding of fiscal and economic development issues affecting the public sector. Michael has worked on over \$5 billion in tax-exempt and taxable debt, including lease revenue bonds/COPs, water/wastewater revenue bonds, TABs, CFD and assessment district bonds, and New Market Tax Credits. In addition, Michael has extensive expertise linking sound fiscal management practices with economic development objectives resulting in the delivery of high priority projects.



Branden Kfoury, Director | (714) 923-3560

Role: *Transaction Manager/Day-to-day coverage*

Office Location: *Southern California*

Experience: Branden Kfoury joined Urban Futures in 2019. He has worked on a variety of debt offerings for cities and special districts in California including, but not limited to utility revenue bonds, general obligation bonds, lease revenue bonds, CFD and assessment district bonds, as well as tax allocation bonds. Mr. Kfoury has extensive experience in all aspects of the bond financing process and excels at providing value-added debt structuring, credit and quantitative analysis. Since joining UFI, Mr. Kfoury has assisted with financing and consulting assignments for the Cities of Encinitas, Ontario, Oceanside, Azusa, Fullerton, Pasadena, and Menifee. Previously, Mr. Kfoury worked as a Senior Associate at Fieldman, Rolapp & Associates where he supported the firm's city and special district clients. Mr. Kfoury has held prior roles in public finance investment banking, bond insurance, as well as in the technology industry. Mr. Kfoury is currently a candidate for the CFA Level 1 program.



Additional Municipal Advisory Resources

Wing-See Fox, Managing Director | (650) 503-1500

Role: *Series 54 Principal*

Office Location: *Northern California*

Experience: Wing-See Fox is the Series 54 Municipal Advisor Principal of UFI and leads the Public Finance Group. Wing-See has over a decade of experience in the fields of municipal advising, public finance, and municipal securities. She has worked on over \$3 billion in municipal debt offerings for various credits, including general obligation bonds for cities and special districts. Wing-See focuses on California cities and excels in transaction management, credit analysis, developing funding alternatives, and structuring bond transactions to meet the needs of the issuer while maximizing credit strength and marketability to investors. Prior to joining UFI in 2017, Wing-See worked as a public finance investment banker. She is an active member of the Northern California Chapters of Women in Public Finance (WIP) and Asian Americans in Public Finance (AAPF) as well as CSMFO. Wing-See received an MBA from Columbia Business School, MSW from Columbia University School of Social Work, and BA from Stanford University. Her current and recent clients include the Cities of Victorville, Oceanside, Goleta, Watsonville, Cosumnes CSD, Atascadero, and Manteca.



Gabrielle Dawson, Associate | (650) 503-1500

Role: Quantitative and Transaction Execution

Office Location: Northern California

Experience: Gabrielle Dawson joined Urban Futures in 2024. Gabrielle's responsibilities include providing general client support for cities, special districts, and water districts. Before joining the firm, Ms. Dawson worked as an Analyst on the Infrastructure Public Finance Investment Banking team at Morgan Stanley and at Montague DeRose and Associates. She has worked on a variety of debt offerings for states, cities, water and wastewater districts, school districts, and transportation on the West Coast. Her experience includes taxable and tax-exempt general obligation bonds, lease revenue bonds, and water revenue bonds in California. She graduated from Northeastern University with a Bachelor of Science degree in Business Administration with a major in Finance and a minor in Law and Public Policy.



PMG Group – Financial Forecasting/Consulting Services

James P. Morris, Managing Director

Role: PMG Financial Forecasting/Consulting Lead

Office Location: Southern California

Experience: Jim Morris has over twenty years of experience working in the fields of financial analysis, municipal law and public agency governance. He specializes in assisting cities and special districts in the areas of long-term forecasting, fiscal stabilization and financial sustainability planning. His recent engagements include engagements for the Cities of Alameda, Culver City, Pomona and South San Francisco. Prior to joining UFI, Jim worked with the City of San Bernardino where he was tasked with successfully winding-down San Bernardino's former redevelopment agency, acknowledged as one of the most complex redevelopment dissolutions in the State of California. He was also a key advisor and strategist for the city's bankruptcy team on various organizational and fiscal restructuring matters, and drafted the strategic plan component for San Bernardino's municipal bankruptcy plan of adjustment. Jim began his professional career as a public law attorney with Best & Krieger LLP, where he served as Assistant City Attorney for the cities of Corona and Ontario, and General Counsel for Western Municipal Water District. He is a graduate of Dartmouth College and received both a Juris Doctorate and Master of Urban Planning from UCLA.



2. Provide brief resumes for the individuals and list other individuals which could be available to provide service to the City.

Professional resumes for the primary assigned staff and additional support staff available to assist the City are included in Appendix A.

3. Provide information on the government financial advisory experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of the requirements requested herein.

Information related to the government financial advisory experience of assigned staff members is provided above and in Appendix A. All staff maintain active engagement in industry learning and compliance training. As part the Series 50 licensing requirements, each municipal advisor is required to complete annual continuing education, which includes compliance training that covers a comprehensive range of MSRB best practices and industry trends. Furthermore, all assigned staff are active with professional organizations such as CSMFO, CMTA, League of Cities, and Women in Public Finance. We regularly attend and sponsor annual conferences and local chapter meetings for these organizations. Ms. Fox serves as Chair of the Commercial Partner Committee for CSMFO and recently participated in a panel presentation at the 2025 Conference. Additionally, Mr. Busch frequently speaks at conferences and industry events, most recently participating in a panel discussion on debt issuance at the 2025 CTMA annual conference.

4. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to these services. Indicate how the quality of staff over the term of the agreement will be assured.

Information regarding the qualifications, experience, training and education of individuals is provided in the responses to questions 1 and 3 above, as well as in the attached resumes.

We are committed to delivering consistent, high-quality service from a senior team of qualified municipal advisors throughout the term of the agreement. For each financing engagement, UFI assigns a minimum of two municipal advisors to ensure both strategic oversight and day-to-day responsiveness. The core municipal advisory team is supported by a broader bench of professionals who are well-versed in all financing mechanisms utilized by the City, including CFD special tax bonds, enterprise revenue bonds, and other public finance structures. This scalable staffing approach ensures that the City consistently receives a high level of service throughout the term of the engagement.

The team that has served the City has remained consistent since UFI was first engaged by the City in 2015, reflecting our emphasis on continuity and institutional knowledge. Staff continuity is a top priority going forward, and UFI is fully committed to maintaining the depth and availability of resources necessary to support the City's account.

G. Exceptions

Consultant shall include all exceptions taken in regard to the terms and conditions as specified in this solicitation document, any award documents, or attached contracts. All exceptions taken by the Consultant shall be clearly defined and the changes requested clearly identified in their submittal document. Exceptions taken by the Consultant shall be used in the evaluation process. If the Consultant does not indicate exceptions in their submittal document this will signify to the City that the Consultant is in full agreement with all areas of the solicitation document, attached award documents and contracts, and agree to all terms as stated.

UFI has reviewed the terms and conditions in this solicitation and attached contract and takes no exceptions.

Appendix A: Professional Resumes – UFI Team Members



MICHAEL BUSCH

Chief Strategy Officer

CONTACT

1470 Maria Lane, Suite 315,
Walnut Creek, CA 94596
TEL: (714) 923-3541
Michaelb@urbanfuturesinc.com

EDUCATION

M.P.A. – Finance and Public
Works
Cal State University, Long Beach

B. A., Urban and Regional
Planning
*Cal State Polytechnic University,
Pomona*

PROFESSIONAL AFFILIATIONS

Innovating Commerce Serving
Communities (ICSC)
California Society of Municipal Finance
Officers (CSMFO)
Past President – Municipal Management
Association of Southern California
(MMASC)
Past Chair – Cal-ICMA

Profile

Michael Busch is an accomplished municipal executive and public finance professional who has helped manage several public agencies as an assistant city manager and finance director. Through his leadership of UFI and engagement with professional organizations, Michael helps cities, counties, special districts, and nonprofits across the State of California identify emerging trends, engage in critical policy issues, exchange proven practices, and advance their missions through sound fiscal and operational policy. During his 18-year tenure with UFI, numerous public agencies have engaged Michael as both a strategic consultant and municipal advisor based on his public finance expertise and broad understanding of fiscal issues affecting the public sector. Michael has worked on over \$5 billion in tax-exempt and taxable debt, including lease revenue bonds/COPs, water/wastewater revenue bonds, POBs, TABs, CFD and assessment district bonds, and New Market Tax Credits. He has executed lease transactions for the Cities of Lake Elsinore, Desert Hot Springs, Coachella, Orange, and is currently assisting the Cities of Menifee, Eastvale, Ontario, and San Jacinto on the evaluation of lease revenue bonds to finance public facilities.

Relevant Project Experience

- City of Menifee – Various CFD Bonds; City Hall Project
- City of Beaumont – CFD Bonds, Wastewater Bonds
- City of Ontario – CFD Bonds, Lease Revenue Bonds, Water Revenue Bonds, Private Activity Financing
- Lake Elsinore – CFD Bonds, City Hall Project, Joint Venture Economic Development Financing
- Desert Hot Springs 2022 Lease Revenue Bonds (City Hall and Police Station Expansion Project)
- City of Eastvale - Project Planning & MA Services for Civic Center Facility



BRANDEN KFOURY

Director

CONTACT

1470 Maria Lane, Suite 315,
Walnut Creek, CA 94596
Tel: (714) 923-3560
brandenk@urbanfuturesinc.com

EDUCATION

BS, Finance
New York University

PROFESSIONAL AFFILIATIONS

California Society of Municipal Finance
Officers (CSMFO)

Profile

Branden Kfoury joined Urban Futures in 2019. He has worked on a variety of debt offerings for cities and special districts in California including, but not limited to utility revenue bonds, general obligation bonds, lease revenue bonds, CFD and assessment district bonds, as well as tax allocation bonds. Mr. Kfoury has extensive experience in all aspects of the bond financing process and excels at providing value-added debt structuring, credit and quantitative analysis. Previously, Mr. Kfoury worked as a Senior Associate at Fieldman, Rolapp & Associates where he supported the firm's city and special district clients. Mr. Kfoury has held prior roles in public finance investment banking, bond insurance, as well as in the technology industry. He graduated Cum Laude from New York University with a Bachelor of Science degree in Finance and a minor in Politics.

Relevant Project Experience

- City of Encinitas – Lease Revenue Bonds
- City of Pasadena – General Obligation Bonds (Historic Library Renovation Project)
- City of Orange – 2020 Lease Revenue Bonds (Fire Station Project)
- City of Eastvale - Project Planning & MA Services for Civic Center Facility
- City of Beaumont - Project Planning & MA Services for New Police Facility
- City of Fullerton – CFD Refundings, tax allocation bonds, and CFD Formation
- City of Oceanside – Pooled CFD Refunding



WING-SEE FOX

Managing Director

CONTACT

1470 Maria Lane, Suite 315,
Walnut Creek, CA 94596
TEL: (650) 503-1500
wingseef@urbanfuturesinc.com

EDUCATION

MBA
Columbia Business School

MSW
*Columbia University School of
Social Work*

BA, Psychology
Stanford University

PROFESSIONAL AFFILIATIONS

Women in Public Finance (WIP)
Asian Americans in Public Finance (AAPF)
California Society of Municipal Finance
Officers (CSMFO) Communications
Committee
Class of 2015 LeaderSpring Fellow

Profile

Wing-See Fox is the Series 54 Municipal Advisor Principal of UFI and leads the Public Finance Group. Wing-See has over a decade of experience in the fields of municipal advising, public finance, and municipal securities. She has worked on over \$3 billion in municipal debt offerings for cities and special districts in California including lease revenue bonds and certificates of participation. She has recently executed lease transactions for the Cities of Claremont, South San Francisco, Orange, Atherton, the Town of Apple Valley and Cosumnes Community Services District. Wing-See excels in gaining a thorough understanding of credits, validating assumptions in financial projections, and structuring bond transactions to meet the needs of the issuer while maximizing credit strength and marketability to investors. She has extensive experience developing credit presentations geared towards the criteria of rating agencies in order to achieve the highest possible ratings. Prior to becoming a municipal advisor, Wing-See was a public finance investment banker, having worked at Raymond James Public Finance in San Francisco and UBS Investment Bank in New York.

Relevant Project Experience

- City of Alameda – 2023 CFD Bonds
- City of Goleta – 2025 Lease Revenue Bonds & Transportation Sales Tax Bonds
- Cosumnes Community Services District – 2022 Certificates of Participation
- City of South San Francisco – 2022 Lease Revenue Bonds
- City of Pismo Beach – 2024 Lease Revenue Bonds (Public Safety Facility Project)
- City of Manteca – 2025 CFD Bonds



GABRIELLE DAWSON

Associate

CONTACT

1470 Maria Lane, Suite 315,
Walnut Creek, CA 94596
Tel: (301) 395-8246
gabrielled@urbanfuturesinc.com

EDUCATION

BS, Business Administration
(Finance)
Northeastern University

Gabrielle Dawson joined Urban Futures this year. Gabrielle's responsibilities include providing general client support for cities, special districts, and water districts. Before joining the firm, Ms. Dawson worked as an Analyst on the Infrastructure Public Finance Investment Banking team at Morgan Stanley and at Montague DeRose and Associates. She has worked on a variety of debt offerings for states, cities, water and wastewater districts, school districts, and transportation on the West Coast. Her experience includes taxable and tax-exempt general obligation bonds, lease revenue bonds, and water revenue bonds in California. She graduated from Northeastern University with a Bachelor of Science degree in Business Administration with a major in Finance and a minor in Law and Public Policy.

Relevant Project Experience

- City of Manteca – 2025 CFD Bonds
- City of Goleta – 2025 Lease Revenue Bonds & Transportation Sales Tax Bonds
- Water Replenishment District 2025 Bonds



JAMES MORRIS

Managing Director

CONTACT

1470 Maria Lane, Suite 315,
Walnut Creek, CA 94596
Tel: (714) 923-3542
jamesm@urbanfuturesinc.com

EDUCATION

Juris Doctorate and Master of
Urban Planning
UCLA

Bachelors Degree
Dartmouth College

Jim Morris has over twenty years of experience working in the fields of financial analysis, municipal law and public agency governance. He specializes in assisting cities and special districts in the areas of long-term forecasting, fiscal stabilization and financial sustainability planning. His recent engagements include engagements for the Cities of Alameda, Culver City, Pomona and South San Francisco. Prior to joining UFI, Jim worked with the City of San Bernardino where he was tasked with successfully winding-down San Bernardino's former redevelopment agency, acknowledged as one of the most complex redevelopment dissolutions in the State of California. He was also a key advisor and strategist for the city's bankruptcy team on various organizational and fiscal restructuring matters, and drafted the strategic plan component for San Bernardino's municipal bankruptcy plan of adjustment. Jim began his professional career as a public law attorney with Best & Krieger LLP, where he served as Assistant City Attorney for the cities of Corona and Ontario, and General Counsel for Western Municipal Water District. He is a graduate of Dartmouth College and received both a Juris Doctorate and Master of Urban Planning from UCLA.

Appendix B: Client List

UFI Transactions Since May 1, 2023 (Response to D-1)

Issuer	Issue Name	Sale Date	Principal Amt	Sale Type
Lake Elsinore CFD No 2005-6	2025 Special Tax Refunding Bonds	5/29/2025	2,500,000	Negotiated
Lake Elsinore CFD No 2006-2	2025 Special Tax Refunding Bonds	5/29/2025	4,500,000	Negotiated
Lake Elsinore CFD No 2004-3	Improvement Area No. 2 2025 Special Tax Refunding Bonds	5/29/2025	21,500,000	Negotiated
Lake Elsinore CFD No 2004-3	Improvement Area No. 1 2025 Special Tax Refunding Bonds	5/29/2025	13,000,000	Negotiated
Lake Elsinore CFD No 2003-2	Improvement Area C 2025 Special Tax Refunding Bonds	5/29/2025	5,500,000	Negotiated
Lake Elsinore CFD No 2003-2	Improvement Area A 2025 Special Tax Refunding Bonds	5/29/2025	7,500,000	Negotiated
Lake Elsinore CFD No 2003-2	Improvement Area B 2025 Special Tax Refunding Bonds	5/29/2025	11,500,000	Negotiated
Lake Elsinore CFD No 2005-1	2025 Special Tax Refunding Bonds	5/29/2025	5,500,000	Negotiated
Lake Elsinore CFD No 2005-2	Improvement Area A 2025 Special Tax Refunding Bonds	5/29/2025	15,500,000	Negotiated
Lake Elsinore Facilities Financing Authority	Local Agency Revenue Refunding Bonds, Series 2025A	5/29/2025	87,000,000	Negotiated
McKinleyville Union School District	General Obligation Bonds, Election of 2024, Series A	5/15/2025	4,300,000	Negotiated
Buttonwillow Union School District	General Obligation Bond, Election of 2024, Series 2025	5/1/2025	4,000,000	Negotiated
Sunol Glen Unified School District	General Obligation Bonds, Election of 2022, Series B (Bank Qualified)	4/30/2025	3,900,000	Negotiated
Owens Valley Unified School District	General Obligation Bonds, Election of 2024, Series 2025	4/30/2025	2,500,000	Negotiated
Pasadena	General Obligation Bonds (Central Library Project) Series 2025	4/29/2025	195,000,000	Competitive
Ontario Public Financing Authority	2025A Lease Revenue Bonds	4/29/2025	192,435,000	Negotiated
Lone Pine Unified School District	General Obligation Bonds, Election of 2024, Series 2025	4/29/2025	3,800,000	Negotiated
Menifee CFD No 2023-2	Improvement Area No. 1 Special Tax Bonds, Series 2025A	4/29/2025	4,625,000	Negotiated
Chico Unified School District	2025 General Obligation Refunding Bonds	4/24/2025	15,750,000	Negotiated
Encinitas Union School District	General Obligation Bonds, Election of 2024, Series A	4/24/2025	60,000,000	Negotiated
Snowline Joint Unified School District	General Obligation Bonds, Election of 2024, Series A	4/22/2025	30,000,000	Negotiated
Hayward Unified School District	General Obligation Refunding Bonds, Series 2025B	4/22/2025	112,980,000	Negotiated
Guadalupe Union School District	2025 Lease and Sublease Agreement	4/16/2025	4,100,000	Negotiated
Campbell Union School District	2025 General Obligation Refunding Bonds	4/15/2025	31,405,000	Negotiated
Redondo Beach Unified School District	Election of 2024 General Obligation Bonds, Series A	4/14/2025	80,000,000	Negotiated
Laton Joint Unified School District	2025 General Obligation Bond Anticipation Notes (Bank Qualified)	4/14/2025	3,235,000	Negotiated
Laton Joint Unified School District	General Obligation Bonds, Election of 2024, Series A (Bank Qualified)	4/14/2025	3,000,000	Negotiated
Thermalito Union Elementary School District	General Obligation Bonds, Election of 2024, Series A	4/14/2025	4,995,000	Negotiated
Mountain View School District (Los Angeles County)	General Obligation Bonds, Election of 2020, Series C	4/10/2025	13,000,000	Negotiated
Briggs Elementary School District	General Obligation Bonds (Election of 2024, Series A) (Bank Qualified)	4/10/2025	2,500,000	Negotiated
Chico Unified School District	General Obligation Bonds, Election of 2024, Series A	4/10/2025	80,000,000	Negotiated
Chico Unified School District	General Obligation Bonds, Election of 2012, Series C	4/10/2025	33,000,000	Negotiated
West Sonoma County Union High School District	General Obligation Bonds, Election of 2018, Series D	4/10/2025	23,000,000	Negotiated
Walnut Creek School District	General Obligation Bonds, Election of 2022, Series B	4/10/2025	32,000,000	Negotiated
Paradise Unified School District	2025 Certificates of Participation	4/7/2025	30,230,000	Negotiated
Morongo Unified School District	General Obligation Bonds, Election of 2024, Series 2025	4/3/2025	32,000,000	Negotiated
Carmichael Recreation and Park District	Election of 2022 General Obligation Bonds, Series 2025B	4/3/2025	12,200,000	Negotiated
Cottonwood Union School District	General Obligation Bonds, Election of 2024, Series 2025	4/1/2025	2,900,000	Negotiated
Cutten School District	General Obligation Bonds, Election of 2024, Series 2025	3/27/2025	2,500,000	Negotiated
Healdsburg Unified School District	General Obligation Bonds, Election of 2024 Series A	3/26/2025	14,500,000	Negotiated
Beaumont CFD No 2016-3	2025 Special Tax Bonds	3/25/2025	6,580,000	Negotiated
Wright Elementary School District	General Obligation Bonds, Election of 2024, Series A	3/25/2025	9,500,000	Negotiated
Corning Union Elementary School District	2025 General Obligation Bonds, 2024 Election	3/25/2025	4,250,000	Negotiated
Bonny Doon Union Elementary School District	Election of 2024 General Obligation Bonds	3/20/2025	3,500,000	Negotiated
Gateway Unified School District	General Obligation Bonds, Election of 2024, Series 2025	3/13/2025	22,000,000	Negotiated
Cotati-Rohnert Park Unified School District	2025 General Obligation Bonds, Election of 2024, Series A	3/13/2025	25,000,000	Negotiated
Manteca CFD No 2023-1	Improvement Area No. 3 Special Tax Bonds, Series 2025	3/12/2025	5,515,000	Negotiated
Delhi Unified School District	General Obligation Bonds, 2024 Election, 2025 Series A	3/11/2025	5,250,000	Negotiated
Cambria Community Healthcare District	General Obligation Bonds, Election of 2024, Series A (Bank Qualified)	3/5/2025	5,900,000	Negotiated
Mission Union Elementary School District	General Obligation Bonds, Election of 2024 Series A (Bank Qualified)	3/3/2025	1,500,000	Negotiated
Oxnard Union High School District	2025 General Obligation Bond Anticipation Notes	2/26/2025	75,000,000	Negotiated
Goleta	Lease Agreement	2/25/2025	18,735,000	Negotiated
Goleta Facilities Financing Authority	Goleta Facilities Financing Authority Lease Revenue Bonds, Series 2025A	2/25/2025	18,735,000	Negotiated
Goleta	Installment Sale Agreement	2/25/2025	14,655,000	Negotiated
Goleta Facilities Financing Authority	Local Measure A Transportation Sales Tax Revenue Bonds, Series 2025	2/25/2025	14,655,000	Negotiated
Chualar Union School District	General Obligation Bonds, Election of 2024, Series A	2/25/2025	2,900,000	Negotiated
Lake Tahoe Unified School District	General Obligation Bonds, 2024 Election, 2025 Series A	2/25/2025	35,000,000	Negotiated
Brawley Elementary School District	General Obligation Bonds, Election of 2024, Series A (Bank Qualified)	2/25/2025	5,000,000	Negotiated
Soquel Union Elementary School District	General Obligation Bonds, 2024 Election, Series 2025	2/20/2025	20,000,000	Negotiated
Palos Verdes Peninsula Unified School District	General Obligation Bonds, Election of 2024, Series 2025	2/20/2025	75,000,000	Competitive
Muroc Joint Unified School District	Election of 2022 General Obligation Bonds	2/20/2025	5,000,000	Negotiated
Black Oak Mine Unified School District	General Obligation Bonds, Election of 2024, Series 2025	2/19/2025	6,000,000	Negotiated
Pacific Elementary School District	General Obligation Bonds, Election of 2024, Series B (Measure I) (Bank Qualified)	2/13/2025	759,563	Negotiated
Keyes Union School District	General Obligation Bonds, Election of 2024, Series A (Bank Qualified)	2/13/2025	4,000,000	Negotiated
Loma Prieta Joint Union Elementary School District	Election of 2018 General Obligation Bonds, Series C (Bank Qualified)	2/11/2025	3,000,000	Negotiated
Bayshore Elementary School District	2025 General Obligation Bonds Election of 2016, Series C (Bank Qualified)	2/6/2025	2,660,000	Negotiated
Gridley Unified School District	General Obligation Bonds, Election of 2022, Series B	1/29/2025	4,900,000	Negotiated
Piner-Olivet Union School District	General Obligation Bonds Election of 2024, Series 2025	1/28/2025	10,000,000	Negotiated
Lemoore Union High School District	2025 Equipment Lease Financing	1/22/2025	2,601,000	Negotiated
Santa Monica-Malibu Unified School District	2025 Certificates of Participation	1/22/2025	13,400,000	Negotiated
Westmorland Union Elementary School District	2025 Energy Lease	1/16/2025	1,650,000	Negotiated
Kingsburg Elementary Charter School District	2025 Certificates of Participation	1/15/2025	5,825,000	Negotiated
Moorpark CFD No 2004-1	2025 Special Tax Refunding Bonds	1/8/2025	5,570,000	Negotiated
Imperial Unified School District	2024 Equipment Lease Agreement (Energy Improvement Projects)	12/30/2024	10,728,000	Negotiated
San Luis Coastal Unified School District	2024 General Obligation Refunding Bonds	12/11/2024	21,325,000	Negotiated
San Luis Coastal Unified School District	General Obligation Bonds, 2022 Election 2024 Series B	12/11/2024	90,000,000	Negotiated
Enterprise Elementary School District	General Obligation Bonds, Election of 2008, Series D	12/10/2024	4,677,417	Negotiated

UFI Transactions Since May 1, 2023 (Response to D-1)

Issuer	Issue Name	Sale Date	Principal Amt	Sale Type
Fort Bragg Unified School District	2024 General Obligation Bonds, Election of 2020, Series C	12/4/2024	11,000,000	Negotiated
South Bay Union School District (Humboldt County)	2024 General Obligation Bonds, Election of 2020, Series B (Bank Qualified)	12/3/2024	2,500,000	Negotiated
Bellevue Union School District	Bellevue Union School District Judgment Obligation Bonds, Series 2024	11/27/2024	4,650,000	Negotiated
Menifee CFD No 2023-1	Special Tax Bonds, Series 2024A	11/21/2024	17,275,000	Negotiated
Meadows Union Elementary School District	2024 Equipment Lease	11/20/2024	1,697,000	Negotiated
Oceanside CFD No 2001-1	Improvement Area No. 1 2024 Special Tax Refunding Bonds	11/14/2024	2,630,000	Negotiated
Oceanside CFD No 2001-1	2024 Special Tax Refunding Bonds	11/14/2024	6,440,000	Negotiated
Oceanside Public Financing Authority	Local Agency Revenue Refunding Bonds, Series 2024	11/14/2024	9,070,000	Negotiated
Ontario CFD No 64	Special Tax Bonds, Series 2024	11/14/2024	27,860,000	Negotiated
Planada Elementary School District	Lease and Sublease Agreement dated as of November 1, 2024	11/5/2024	1,137,330	Negotiated
Monterey County Office of Education	2024 Certificates of Participation	11/5/2024	32,255,000	Negotiated
Upper Lake Unified School District	2024 Certificates of Participation	10/29/2024	4,820,000	Negotiated
Pacifica School District	General Obligation Bonds, 2024 Election 2024 Series	10/24/2024	10,000,000	Negotiated
Pacifica School District	General Obligation Bonds, Election of 2018, Series 2024	10/24/2024	12,000,000	Negotiated
Beaumont Library District	2024 Certificates of Participation (Library Facilities Project)	10/23/2024	8,390,000	Negotiated
Beaumont CFD No 93-1	Special Tax Bonds, Series 2024	10/22/2024	9,400,000	Negotiated
Madera Unified School District	2024 General Obligation Bonds, Election of 2018, Series 2024	10/17/2024	50,000,000	Negotiated
Torrance Unified School District	General Obligation Refunding Bonds, Series 2024	10/17/2024	106,125,000	Negotiated
Torrance Unified School District	General Obligation Bonds, Election of 2014 (Measure T), Series 2024	10/17/2024	5,000,000	Negotiated
Hillsborough City School District	General Obligation Bonds, Election of 2022, Series B	10/17/2024	40,000,000	Negotiated
National School District	General Obligation Bonds, Election of 2016, Series C	10/17/2024	18,000,000	Negotiated
Winters Joint Unified School District	General Obligation Bonds, 2020 Election, 2024 Series B	10/16/2024	12,000,000	Negotiated
Manteca CFD No 2023-1	Improvement Area No. 2, Special Tax Bonds, Series 2024	10/9/2024	10,110,000	Negotiated
Moraga Elementary School District	General Obligation Bonds, Election of 2024, Series A	10/2/2024	18,000,000	Negotiated
San Lorenzo Valley Unified School District	General Obligation Bonds, Election of 2020, Series C	10/2/2024	25,000,000	Negotiated
Calistoga Joint Unified School District	General Obligation Bonds, Election of 2010, Series 2024	10/1/2024	8,880,000	Negotiated
Mill Valley School District	2024 General Obligation Bonds, Election of 2022, Series B	9/26/2024	74,900,000	Negotiated
Kenwood Elementary School District	General Obligation Bonds, Election of 2022, Series B (Bank Qualified)	9/25/2024	7,000,000	Negotiated
Garvey School District	General Obligation Bonds, Election of 2024, Series A	9/19/2024	15,000,000	Negotiated
Hamilton Unified School District	GENERAL OBLIGATION BONDS 2018 ELECTION, 2024 SERIES B	9/12/2024	4,800,000	Negotiated
Culver City Unified School District	General Obligation Bonds, Election of 2024 Series A	9/11/2024	80,000,000	Competitive
Franklin-McKinley School District	Election of 2020 General Obligation Bonds, Series C	9/10/2024	23,000,000	Negotiated
Lake Elsinore CFD No 2019-2	Special Tax Bonds, Series 2024	9/4/2024	7,815,000	Negotiated
Menifee CFD No 2022-1	Special Tax Bonds, Series 2024A	9/4/2024	9,465,000	Negotiated
Washington Union School District	2024 Certificates of Participation	8/29/2024	3,335,000	Negotiated
Pajaro Valley Health Care District	General Obligation Bonds (Social Bonds) Series 2024A and Series 2024B	8/27/2024	53,350,000	Negotiated
San Rafael City Elementary School District	Election of 2022 General Obligation Bonds, Series B	8/21/2024	45,000,000	Negotiated
Paradise Unified School District	General Obligation Bonds, 2018 Election, 2024 Series D	8/21/2024	3,200,000	Negotiated
Santa Monica-Malibu Unified School District	General Obligation Bonds of School Facilities Improvement District No. 2	8/13/2024	80,000,000	Negotiated
Pomona Unified School District	2024 Refunding General Obligation Bonds	8/13/2024	27,435,000	Negotiated
Pomona Unified School District	General Obligation Bonds, 2016 Election, Series H	8/13/2024	13,400,000	Negotiated
Ontario Public Financing Authority	Water Revenue Bonds, Series 2024A	8/7/2024	43,955,000	Negotiated
Benicia Unified School District	2024 Refunding General Obligation Bonds	7/30/2024	6,090,000	Negotiated
Fullerton CFD No 2	2024 Special Tax Refunding Bonds	7/25/2024	5,840,000	Negotiated
Sunnyvale School District	General Obligation Bonds, 2018 Election, 2024 Series C	7/23/2024	40,000,000	Negotiated
Live Oak School District	General Obligation Bonds, Election of 2024, Series A	7/18/2024	15,000,000	Negotiated
La Mesa-Spring Valley School District	General Obligation Bonds, 2020 Election, 2024 Series C	7/17/2024	38,000,000	Negotiated
Successor Agency to the Lompoc Redevelopment Agency	Tax Allocation Refunding Bonds, Series 2024	7/9/2024	4,890,000	Negotiated
Harmony Union Elementary School District	General Obligation Bonds, Election of 2024, Series 2024	7/2/2024	4,500,000	Negotiated
Pismo Beach Public Financing Agency	2024 Lease Revenue Bonds	7/2/2024	39,475,000	Negotiated
Ontario CFD No 66	Special Tax Bonds, Series 2024	6/27/2024	10,345,000	Negotiated
Los Altos School District	General Obligation Bonds, Election of 2014, Series B-2 (Federally Taxable)	6/26/2024	79,000,000	Negotiated
Los Altos School District	General Obligation Bonds, Election of 2014, Series B-1	6/26/2024	6,000,000	Negotiated
Arcata Elementary School District	2024 General Obligation Bonds, Election of 2024, Series A (Bank Qualified)	6/25/2024	4,200,000	Negotiated
Successor Agency to the Dinuba Redevelopment Agency	Tax Allocation Refunding Bonds	6/18/2024	9,235,000	Negotiated
Pacific Elementary School District	General Obligation Bonds, Election of 2024, Series A-2 (Measure J)	6/18/2024	675,000	Negotiated
Pacific Elementary School District	General Obligation Bonds, Election of 2024, Series A-1 (Measure I)	6/18/2024	540,000	Negotiated
Ontario CFD No 35	Special Tax Bonds, Series 2024	6/18/2024	11,225,000	Negotiated
Puente Basin Water Agency	Water Revenue Bonds, Series 2024A	6/13/2024	30,740,000	Negotiated
Santa Ana Financing Authority	Water Revenue Bonds, Series 2024	6/11/2024	44,160,000	Negotiated
Hope Elementary School District	General Obligation Bonds, Election of 2020, Series 2024C	6/6/2024	10,400,000	Negotiated
Los Gatos-Saratoga Joint Union High School District	2024 General Obligation Refunding Bonds	6/4/2024	33,755,000	Negotiated
Benicia Unified School District	General Obligation Bonds, Election of 2024, Series A	5/22/2024	45,000,000	Negotiated
Hueneme Elementary School District	General Obligation Bonds, 2024 Election, Series A	5/22/2024	16,800,000	Negotiated
South Whittier School District	General Obligation Bonds, Election of 2024, Series A	5/21/2024	12,000,000	Negotiated
New Haven Unified School District	2024 General Obligation Refunding Bonds	5/16/2024	36,290,000	Negotiated
Pleasant Valley School District	General Obligation Bonds, Election 2018, Series C	5/15/2024	39,000,000	Negotiated
Lawndale Elementary School District	2024 General Obligation Bonds, Election of 2020, Series A	5/15/2024	17,000,000	Negotiated
San Bruno Park School District	General Obligation Bonds, 2018 Election, 2024 Series D	5/14/2024	14,000,000	Negotiated
Shasta-Tehama-Trinity Joint Community College District	2024 General Obligation Refunding Bonds	5/7/2024	11,520,000	Negotiated
El Monte Union High School District	Election of 2008 General Obligation Bonds, Series F	5/7/2024	14,008,582	Negotiated
El Monte Union High School District	Election of 2018 General Obligation Bonds, Series C	5/7/2024	20,000,000	Negotiated
Cabrillo Unified School District	2024 General Obligation Refunding Bonds	5/2/2024	11,265,000	Negotiated
Cabrillo Unified School District	Election of 2018 Series C	5/2/2024	21,995,000	Negotiated
Whittier City School District	2024 General Obligation Refunding Bonds	5/1/2024	13,735,000	Negotiated
Monterey Park Financing Authority	Water Revenue Bonds, Series 2024	4/30/2024	20,555,000	Negotiated
Chino CFD No 2003-3	Improvement Area No. 10 2024 Special Tax Bonds	4/25/2024	18,450,000	Negotiated

UFI Transactions Since May 1, 2023 (Response to D-1)

Issuer	Issue Name	Sale Date	Principal Amt	Sale Type
Encinitas Public Financing Authority	2024 Lease Revenue Bonds	4/24/2024	5,690,000	Negotiated
Martinez Unified School District	General Obligation Refunding Bonds, Series 2024	4/22/2024	13,610,000	Negotiated
Shasta Union High School District	2024 General Obligation Bonds, Election of 2016, Series 2024	4/16/2024	7,900,000	Negotiated
Manteca CFD No 2023-1	Improvement Area No. 1 Special Tax Bonds, Series 2024	4/16/2024	5,825,000	Negotiated
Successor Agency to Atascadero RDA	Taxable Tax Allocation Refunding Bonds, Series 2024B	3/27/2024	1,405,000	Negotiated
Successor Agency to Atascadero RDA	Tax Allocation Refunding Bonds, Series 2024A	3/27/2024	15,430,000	Negotiated
Fairfield-Suisun Unified School District	2024 General Obligation Bond Anticipation Notes	3/27/2024	49,996,931	Negotiated
Heber Elementary School District	General Obligation Bonds, Election of 2018, Series B	3/27/2024	1,500,000	Negotiated
Lincoln Unified School District	2024 General Obligation Refunding Bonds	3/27/2024	14,680,000	Negotiated
Heber Elementary School District	2024 Lease Financing	3/21/2024	3,075,000	Negotiated
Madera Unified School District	2024 Refunding Certificates of Participation	3/13/2024	63,045,000	Negotiated
Old Adobe Union School District	2024 General Obligation Bonds, Election of 2018, Series C (Taxable)	3/7/2024	1,440,000	Negotiated
Old Adobe Union School District	2024 General Obligation Bonds, Election of 2018, Series C	3/7/2024	12,060,000	Negotiated
Sequoia Union High School District	2024 General Obligation Refunding Bonds	3/6/2024	61,020,000	Negotiated
Sequoia Union High School District	General Obligation Bonds, Election of 2022, Series 2024	3/6/2024	80,000,000	Negotiated
Sebastopol Union School District	2024 General Obligation Bonds, Election of 2020, Series B (Bank Qualified)	2/22/2024	6,000,000	Negotiated
Greenfield Union School District (Monterey County)	2024 Certificates of Participation	2/8/2024	11,445,000	Negotiated
San Rafael City High School District	General Obligation Bonds, Election of 2022, Series B	2/7/2024	55,000,000	Negotiated
Dos Palos-Oro Loma Joint Unified School District	2024 Lease Financing	2/1/2024	2,325,000	Negotiated
Oceanside	Lease Purchase Agreement	1/30/2024	20,939,222	Negotiated
Roseland Elementary School District	General Obligation Bonds, Election of 2020, Series B	1/30/2024	3,000,000	Negotiated
Lake Elsinore CFD 2006-4 (Rosetta Hills)	Special Tax Bonds, Series 2024	1/23/2024	5,090,000	Negotiated
San Juan Unified School District	General Obligation Refunding Bonds	1/18/2024	105,935,000	Negotiated
Guadalupe Union School District	General Obligation Bonds, Election of 2022, Series A (Measure W2022)	1/18/2024	6,562,247	Negotiated
Guadalupe Union School District	General Obligation Bonds, Election of 2022, Series A ((Measure V2022)	1/18/2024	6,672,794	Negotiated
San Juan Unified School District	General Obligation Bonds, Election of 2016, Series 2024	1/18/2024	125,000,000	Negotiated
Geyserville Unified School District	General Obligation Bonds, Election of 2020, Series C (Bank Qualified)	1/17/2024	7,000,000	Negotiated
Reef-Sunset Unified School District	General Obligation Bonds, Election of 2012, Series C (Bank Qualified)	1/10/2024	1,778,682	Negotiated
Beaumont CFD No 2021-1 (Fairway Canyon)	2024 Special Tax Bonds	1/9/2024	14,550,000	Negotiated
McCabe Union Elementary School District	2023 Lease Financing (Energy Efficiency Projects)	12/21/2023	7,619,000	Negotiated
Alameda Public Financing Authority	2023 Lease Revenue Bonds	12/14/2023	14,565,000	Negotiated
Desert Hot Springs CFD No 2006-1	Improvement Area 1 Special Tax Bonds, Series 2023	12/13/2023	1,970,000	Negotiated
Rialto Public Financing Authority	Lease Revenue Bonds, 2023 Series A	12/12/2023	56,525,000	Negotiated
Meadows Union Elementary School District	2023 Lease Financing	12/12/2023	1,399,000	Negotiated
Bellevue Union School District	2023 General Obligation Bonds, Election of 2020, Series C	12/12/2023	10,525,000	Negotiated
Windsor Unified School District	2023 General Obligation Refunding Bonds (Bank Qualified)	12/5/2023	6,470,000	Negotiated
Parlier Unified School District	General Obligation Bonds, Election of 2020, Series C (Bank Qualified)	11/29/2023	3,000,000	Negotiated
Ukiah Unified School District	General Obligation Bonds, Election of 2020, Series C	11/28/2023	25,000,000	Negotiated
Oakland Unified School District	General Obligation Bonds (Election of 2020), Series 2023B (Federally Taxable)	11/9/2023	12,100,000	Negotiated
Oakland Unified School District	General Obligation Refunding Bonds, Series 2023B (Federally Taxable)	11/9/2023	5,340,000	Negotiated
Oakland Unified School District	General Obligation Refunding Bonds, Series 2023A	11/9/2023	76,545,000	Negotiated
Coachella	2023 Equipment Lease Financing	11/9/2023	7,257,601	Negotiated
Oakland Unified School District	General Obligation Bonds (Election of 2020), Series 2023A	11/9/2023	172,900,000	Negotiated
Scotts Valley Unified School District	2023 Certificates of Participation	11/8/2023	6,950,000	Negotiated
Chino CFD No 2021-1	2023 Special Tax Bonds	11/2/2023	7,085,000	Negotiated
Taft City School District	General Obligation Bonds, Election of 2012, Series C (Bank Qualified)	10/26/2023	8,599,121	Negotiated
Santa Monica-Malibu Unified School District	General Obligation Bonds of SFID No. 1 Election of 2018, Series C	10/12/2023	175,000,000	Negotiated
Muroc Joint Unified School District	Election of 2022 General Obligation Bonds	10/4/2023	6,500,000	Negotiated
Modoc Joint Unified School District	2023 Certificates of Participation	10/1/2023	6,070,000	Negotiated
Ojai Unified School District	General Obligation Bonds, Election of 2020, Series B	9/27/2023	20,000,000	Negotiated
Inglewood	Pension Obligation Bonds, Series 2023 (Federally Taxable)	9/26/2023	42,295,000	Negotiated
Franklin-McKinley School District	Election of 2020 General Obligation Bonds Series B	9/26/2023	30,000,000	Negotiated
Simi Valley Unified School District	General Obligation Bonds, Election of 2016, Series D	9/12/2023	49,000,000	Negotiated
Lemoore Union Elementary School District	General Obligation Bonds, Election of 2018, Series 2023	9/7/2023	4,230,000	Negotiated
Pacheco Union School District	2023 Certificates of Participation (Bank Qualified)	9/7/2023	4,255,000	Negotiated
Piner-Olivet Union School District	General Obligation Bonds, Election of 2010, Series 2023	9/6/2023	5,965,000	Negotiated
Successor Agency to the Redding Redevelopment Agency	Tax Allocation Refunding Bonds, Series 2023	8/29/2023	7,545,000	Negotiated
Lake Elsinore CFD No 2006-8	Special Tax Bonds Series 2023	8/29/2023	3,615,000	Negotiated
Wheatland Union High School District	General Obligation Bonds, Election of 2022, Series A (Bank Qualified)	8/29/2023	5,000,000	Negotiated
Menifee CFD No 2021-2	(Sumac Ridge) Special Tax Bonds, Series 2023A	8/23/2023	10,050,000	Negotiated
San Lucas Union Elementary School District	General Obligation Bonds, Election of 2023, Series A (Bank Qualified)	8/15/2023	2,000,000	Negotiated
Menifee CFD No 2021-1	(Banner Park) Special Tax Bonds, Series 2023A	8/8/2023	6,435,000	Negotiated
La Mesa-Spring Valley School District	General Obligation Bonds, 2020 Election, 2023 Series B	8/8/2023	50,000,000	Negotiated
Orange Center School District	2023 General Obligation Bonds, Election of 2022, Series A (Bank Qualified)	7/20/2023	5,000,000	Negotiated
Red Bluff Union Elementary School District	Certificates of Participation (2023 Energy Efficiency Projects)	7/19/2023	7,495,000	Negotiated
Inglewood	Pension Obligation Bond Anticipation Notes, Series 2023 (Federally Taxable)	7/18/2023	12,742,000	Negotiated
Newport Beach	Limited Obligation Improvement Bonds 2023 Series A	7/18/2023	23,625,000	Negotiated
Newport Beach	Limited Obligation Improvement Bonds 2023 Series A	7/18/2023	2,505,000	Negotiated
Fremont Union High School District	2024 General Obligation Refunding Bonds (Forward Delivery)	7/18/2023	32,605,000	Negotiated
Mill Valley School District	General Obligation Bonds, 2022 Election, Series A	6/29/2023	22,600,000	Negotiated
Rio Elementary School District	2023 Bond Anticipation Notes	6/29/2023	14,996,769	Negotiated
Rio Elementary School District	General Obligation Bonds, Election of 2022, Series A	6/29/2023	12,995,538	Negotiated
Rio Elementary School District	General Obligation Bonds, Election of 2018, Series G	6/29/2023	2,860,000	Negotiated
Menifee CFD No 2022-1	Quartz Ranch 2023 Special Tax Bonds	6/28/2023	11,525,000	Negotiated
McFarland	Water and Wastewater Revenue Refunding Bonds, Series 2023	6/15/2023	5,076,000	Negotiated
Hanford Joint Union High School District	Election of 2016 General Obligation Bonds, Series C	6/13/2023	9,000,000	Negotiated
Los Alamitos Unified School District	2018 General Obligation Bonds	6/8/2023	20,000,000	Competitive

UFI Transactions Since May 1, 2023 (Response to D-1)

Issuer	Issue Name	Sale Date	Principal Amt	Sale Type
Le Grand Union High School District	General Obligation Bonds, Election of 2020, Series B (Bank Qualified)	6/6/2023	2,000,000	Negotiated
Shasta-Tehama-Trinity Joint Community College District	Election of 2016 General Obligation Bonds	6/6/2023	19,000,000	Negotiated
Hueneme Elementary School District	General Obligation Bonds, 2018 Election, Series C	5/31/2023	2,000,000	Negotiated
Ocean View School District (Ventura Co)	2023 General Obligation Refunding Bonds	5/26/2023	3,323,439	Negotiated
Fremont Union High School District	General Obligation Bonds (Election of 2022), Series 2023	5/23/2023	100,000,000	Negotiated
Fremont Union High School District	General Obligation Bonds (Election of 2018), Series 2023	5/23/2023	110,000,000	Negotiated
Terra Bella Union Elementary School District	2023 Certificates of Participation	5/16/2023	6,455,000	Negotiated
Farmersville Unified School District	General Obligation Bonds, Election of 2022, Series A	5/11/2023	3,000,000	Negotiated
Upland CFD No 2022-1	Enclave at Upland 2023 Special Tax Bonds	5/10/2023	4,305,000	Negotiated
Beaumont CFD No 2016-3	2023 Special Tax Bonds (Sundance)	5/9/2023	8,800,000	Negotiated
New Haven Unified School District	General Obligation Bonds, Election of 2014, Series D	5/9/2023	20,000,000	Negotiated
Kings River-Hardwick School District	2023 Certificates of Participation	5/4/2023	3,955,000	Negotiated
West Sonoma County Union High School District	General Obligation Bonds, Election of 2018, Series C	5/2/2023	24,000,000	Negotiated

Appendix C: Required Forms



GENERAL DISCLOSURE FORM

Bidder shall respond to each of the questions below by checking the appropriate box and provide supplemental information as needed. Failure to fully and truthfully disclose the information required by this disclosure form may result in the disqualification of your submittal from consideration or termination of the contract, once awarded.

Debarment / Suspension Information – Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity?

☐ YES

☒ NO

If “YES”, in an attachment to this form identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.

Surety Information – Has the Respondent or any of its principals ever had a bond or surety cancelled or forfeited?

☐ YES

☒ NO

If “YES”, in an attachment to this form identify the name of the bonding company, date, amount of bond and reason for such cancellation or forfeiture.

Bankruptcy Information – Has the Respondent or any of its principals ever been declared bankrupt or filed for protection from creditors under State or Federal proceeding in the last seven (7) years?

☐ YES

☒ NO

If “YES”, in an attachment to this form identify the date, court, jurisdiction, case number, amount of liabilities and amount of assets.



Signature
Michael Busch

Printed Name

Chief Strategy Officer

Title
6/13/2025

Date

COMPANY NAME: Urban Futures, Inc.



LITIGATION DISCLOSURE FORM

Bidder shall respond to each of the questions below by checking the appropriate box and provide supplemental information as needed. Failure to fully and truthfully disclose the information required by this disclosure form may result in the disqualification of your submittal from consideration or termination of the contract, once awarded.

Have you or any member of your Firm or Team to be assigned to this contract ever been indicted or convicted of a felony or a misdemeanor involving theft or moral turpitude in the last five (5) years?

☐ YES

☒ NO

Have you or any member of your Firm or Team to be assigned to this contract ever been terminated (for cause or otherwise) from any work being performed for the City of Beaumont or any other Federal, State or Local Government?

☐ YES

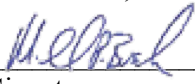
☒ NO

Have you or any member of your Firm or Team to be assigned to this contract ever been involved in any claim or litigation with the City of Beaumont or any other Federal, State or Local Government during the last ten (10) years?

☐ YES

☒ NO

If you answered "YES", to any of the above questions, in an attachment to this form, please indicate the name(s) of the person(s), the nature, and status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable.



Signature
Michael Busch

Printed Name

Chief Strategy Officer

Title
6/13/2025

Date

COMPANY NAME: Urban Futures, Inc.



REFERENCES

List minimum of (3) California customers, excluding the City of Beaumont, for whom your company has provided service(s) of a similar scope as this Request for Proposal, during the past three years. Include the length of any contracts listed. Consultants may make multiple copies of this document as needed.

The following questions are asked to enable the evaluation team to assess the qualifications of Consultants under consideration for final award. This information may or may not be a determining factor in award of this solicitation.

Company Name: City of Lake Elsinore
Company Address: 130 S. Main Street
City/State/Zip: Lake Elsinore, CA, 92530
Contact Person: Jason Simpson, City Manager **Telephone #:** (951) 674-3124 Ext. 211
Email: jsimpson@lake-elsinore.org **Date of Service:** 2014 - Present
Name of Project: Various municipal advisory and consulting assignments since 2014
Type of Service Provided: MA services for LRBs, CFD and TABs; Forecast, Affordable Housing/
AB 341 analysis, Economic Development, EIFD, Pension Study

Company Name: City of Ontario
Company Address: 200 North Cherry Avenue
City/State/Zip: Ontario, CA 91764
Contact Person: Armen Harkalyan, Executive
Director of Finance **Telephone #:** (909) 395-2355
Email: aharkalyan@ontarioca.gov **Date of Service:** 2024 - Present
Name of Project: Most recent: \$192 million 2025 lease revenue bonds
Type of Service Provided: MA services for 2025 Lease Revenue Bonds, 2024 Water Revenue Bonds,
Various CFD Bond Issues and CFD Formations

Company Name: City of Desert Hot Springs
Company Address: 65950 Pierson Blvd.
City/State/Zip: Desert Hot Springs, CA 92240
Contact Person: Doria Williams, City Manager **Telephone #:** (760) 329-6411 Ext 260
Email: dwilms@cityofdhs.org **Date of Service:** 2008 - present
Name of Project: Most Recent: Skyborne CFD Special Tax Revenue Bonds
Type of Service Provided: MA services for lease revenue bonds, CFDs, COPs, TABs; financial
forecast, pension study, economic development proposal analysis

Appendix D: SEC Form MA

Form MA Applicant's Information

CIK CCC

Submission Contact Information

Contact Person for this Filing Contact Phone Contact Email Address Contact Email Address

Please read the General Instructions for this form and other forms in the MA series, as well as its subsection, "Specific Instructions for Certain Items in Form MA," before completing this form. All *italicized* terms herein are defined or described in the Glossary of Terms appended to the General Instructions.

Part I

This form must be completed by *municipal advisors* that are organized entities, including sole proprietors (referred to herein as "*municipal advisory firms*" or "firms," unless the context indicates otherwise).

WARNING:

Complete this form truthfully. False statements or omissions may result in denial of application, revocation of registration, administrative or civil action, or criminal prosecution. Form MA must be amended promptly upon the occurrence of certain material events, and updated at least annually, within 90 days of the end of the *municipal advisor's* fiscal year, or, if a sole proprietor, the *municipal advisor's* calendar year. See *General Instruction 8*.

Type of Filing:

This is an:

Check the appropriate box.

☐ Initial application to register as a *municipal advisor* with the SEC.Execution Page: After completing this form, you must complete the Execution Page.Supporting Documentation: If you are required to make reportable disclosures in the Disclosure Reporting Pages, you must attach the supporting documentation.

Non-Resident Applicants: If you are a non-resident of the United States, certain additional requirements must be met at the time of filing your application, ***or processing of your application may be delayed.*** See General Instruction 2.c. and subsection "General Instructions to Form MA-NR" of the General Instructions.

☒ Annual update of *municipal advisor's* Form MA, for fiscal year ended , or, if a sole proprietor, for calendar year ended December 31, .

Execution Page: After completing this form, you must complete the Execution Page.

Changes: Are there any changes in this *annual update* to information provided in the *municipal advisor's* most recent Form MA, other than the updated Execution Page? ☒ Yes ☐ No

☐ Amendment (other than *annual update*) to any part of the *municipal advisor's* most recent Form MA.Execution Pages: After completing this form, you must complete the Execution Page.

Item 1 Identifying Information

A. Full Legal Name of the Firm

(1) Firm Name: Organization CRD No., if any: (2) Sole Proprietor: If the applicant is a sole proprietor, check here, and ☐ Yes ☒ No

provide full last name, first name, middle name, and suffix, if any:

(3) Name Change: If full legal name ☐ Yes ☒ No has changed since the *municipal advisor's* most recent Form MA, check here and provide the previous full legal name.

(specify)

B. Doing-Business-As (DBA) Name

(1) If the name under which *municipal advisor-related* business is primarily conducted is different from Item 1-A., check here and provide the DBA name. ☐ Yes ☒ No

(2) Previous DBA Name: If name under which *municipal advisor-related* business is primarily conducted has changed since the *municipal advisor's* most recent Form MA, check here and provide the previous name under which the *municipal advisor-related* business was primarily conducted. ☐ Yes ☒ No

(3) Additional Names:

(a) Is *municipal advisor-related* business conducted under any additional names? ☒ Yes ☐ No

(b) List any additional names on Section 1-B of Schedule D.

C. (1) IRS Employer Identification Number:

D. Registrations

(1) **Form MA-T Registration:** Was the ☒ Yes ☐ No applicant previously registered on Form MA-T as a *municipal advisor*?

If "Yes", enter the SEC File No. MA-T:

(2) **Other Registrations:** Is the applicant registered as or with any of the following?

Check all that apply. For each registration box you checked, provide the requested file number(s). *An applicant firm should NOT provide the organization CRD number, or other specified number, of any of its organizational affiliates, or the individual CRD number of its officers, employees, or natural person affiliates.*

☒ *Municipal Advisor* SEC File No.:

☐ Municipal Securities Dealer SEC File No.:

☐ Broker-Dealer SEC File No.:
Organization CRD No.:

☐ *Investment Adviser*

☐ SEC -Registered SEC File No.:
Organization CRD No.:

☐ Exempt Reporting Adviser SEC File No.:
Organization CRD No.:

☐ Registered in US State or Other US Jurisdiction Organization CRD No.:

Investment Adviser Registration in a US State or Other US Jurisdiction: If predecessor *municipal advisory firm* is registered in a US state or other jurisdiction as an *investment adviser*, enter the organization CRD Number above. In the table below, select each US state or jurisdiction in which the predecessor *municipal advisory firm* is so registered.

Check All That Apply:

US State or Jurisdiction (Code)

US State or Jurisdiction (Code)

☐ Montana (MT)

☐ Alabama (AL)
☐ Alaska (AK)
☐ Arizona (AZ)
☐ Arkansas (AR)
☐ California (CA)
☐ Colorado (CO)
☐ Connecticut (CT)
☐ Delaware (DE)
☐ District of Columbia (DC)
☐ Florida (FL)
☐ Georgia (GA)
☐ Guam (GU)
☐ Hawaii (HI)
☐ Idaho (ID)
☐ Illinois (IL)
☐ Indiana (IN)
☐ Iowa (IA)
☐ Kansas (KS)
☐ Kentucky (KY)
☐ Louisiana (LA)
☐ Maine (ME)
☐ Maryland (MD)
☐ Massachusetts (MA)
☐ Michigan (MI)
☐ Minnesota (MN)
☐ Mississippi (MS)
☐ Missouri (MO)

☐ Nebraska (NE)
☐ Nevada (NV)
☐ New Hampshire (NH)
☐ New Jersey (NJ)
☐ New Mexico (NM)
☐ New York (NY)
☐ North Carolina (NC)
☐ North Dakota (ND)
☐ Ohio (OH)
☐ Oklahoma (OK)
☐ Oregon (OR)
☐ Pennsylvania (PA)
☐ Puerto Rico (PR)
☐ Rhode Island (RI)
☐ South Carolina (SC)
☐ South Dakota (SD)
☐ Tennessee (TN)
☐ Texas (TX)
☐ Utah (UT)
☐ Vermont (VT)
☐ Virgin Islands (VI)
☐ Virginia (VA)
☐ Washington (WA)
☐ Wisconsin (WI)
☐ West Virginia (WV)

☐ Government Securities Broker-Dealer

SEC File No.:

Bank Identifier:

☐ Other SEC Registration (Specify):

SEC File No. (if any):

EDGAR CIK (if any):

☐ Another federal or state regulator(Specify):

Registration No. (if any):

(3) Additional Registrations:

(a) Does the applicant have any additional registrations that are not listed in subsection (2)?

☐ Yes ☒ No

(b) List any such additional registrations on **Section 1-D of Schedule D.**

E. Principal Office and Place of Business

(1) Address: Do not use a P.O. Box.

Street Address 1:	1470 Maria Lane
Street Address 2:	SUITE 315
City:	Walnut Creek
State/Country:	CALIFORNIA
Postal Code:	94596
Telephone Number at this location:	925-478-7450
Fax Number (if any) at this location:	925-478-7697

For non-US telephone and fax numbers, include country code with area code and local number.

Is this address a private residence? A private residential address will not be included in publicly available versions of this registration form. ☐ Yes ☐ No

(2) Additional Offices:

(a) Is *municipal advisor-related* business conducted at any office(s) other than applicant's principal office and place of business listed above? ☒ Yes ☐ No

(b) If "Yes," list the five largest such additional offices on **Section 1-E of Schedule D.**

(3) Mailing Address: Is the mailing address different from principal office and place of business address in Item 1-E(1)? ☐ Yes ☒ No

If "Yes," complete this item.

Is this address a private residence? A private residential address will not be included in publicly available versions of this registration form. ☐ Yes ☐ No

F. Website

(1) Provide the address of the applicant's principal website (if any):

(specify)

(2) Does the applicant have any additional websites? ☐ Yes ☒ No

(3) Total number of additional websites

(specify)

(4) List all additional website addresses on **Section 1-F of Schedule D.**

G. If the applicant has a *Chief Compliance Officer*, provide his or her name and contact information

Please note that the applicant must provide name and contact information for either a *Chief Compliance Officer* in Question 1.G., or another contact *person* in Question 1.H below. Both may be provided.

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:	McManus
First Name:	Kimberly
Middle Name:	Marie
Other title(s), if any:	President ARS

Street Address 1:	101 Eisenhower Parkway
Street Address 2:	Suite 107

City:

State/Country:

Postal Code:

For non-US telephone and fax numbers, include country code with area code and local number.

Telephone Number:

Fax Number:

E-mail Address of *Chief Compliance Officer*:

H. Contact Person

If a *person* other than the *Chief Compliance Officer* is authorized to receive information and respond to questions about this form, provide the name and contact information for that *person* :

Please note that the applicant must provide name and contact information for either a *Chief Compliance Officer* in Question 1.G., or another contact *person* in Question 1.H below. Both may be provided.

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:

First Name:

Middle Name:

Other title(s), if any:

Street Address 1:

Street Address 2:

City:

State/Country:

Postal Code:

For non-US telephone and fax numbers, include country code with area code and local number.

Telephone Number:

Fax Number:

E-mail Address of Contact *Person*:

I. Location of Books and Records

(1) Does the applicant maintain, or intend to maintain, some or all of the books and records required to be kept under *MSRB* rules and *SEC* rules at a location other than the *principal office* and *place of business* address listed in Item 1-E? ☐ Yes ☒ No

(2) If "Yes," list all such locations in Section 1-I of Schedule D.

J. Foreign Financial Regulatory Authorities

(1) Is the applicant registered with a *foreign financial regulatory authority*? Answer "no" even if *affiliated* with a business that is registered with a *foreign financial regulatory authority*. ☐ Yes ☒ No

(2) If "Yes," list all such registrations in Section 1-J of Schedule D.

K. Business Affiliates of the Applicant

(1) Is the applicant *affiliated* with any other domestic or foreign business entities? ☐ Yes ☒ No

(2) If "Yes," provide the names of all such *affiliates* and any applicable registrations in Section 1-K of Schedule D.

Item 2 Form of Organization

A. Applicant's form of organization

If this is not an initial application, and the applicant's form of organization has changed since the applicant's most recent Form MA, see Instruction 8 of the General Instructions.

- ☒ Corporation ☐ Sole Proprietorship ☐ Limited Liability Partnership (LLP)
☐ Partnership ☐ Limited Liability Company (LLC) ☐ Limited Partnership (LP)
☐ Other (specify)

B. Month of Applicant's Annual Fiscal Year End

(Sole proprietors are not required to complete this subpart B.)

June

C. State, Other US Jurisdiction, or Foreign Jurisdiction Under Which Applicant is Organized

If the applicant is a corporation or limited liability company, indicate the state or jurisdiction where the applicant is incorporated. If the applicant is a partnership, indicate the name of the state or jurisdiction under the laws of which the partnership was formed. If applicant is a sole proprietor, indicate the state or jurisdiction in which applicant resides.

If this is not an initial application for registration, and the applicant's information has changed since the applicant's most recent Form MA, see General Instruction 8.

Enter the full name of the U.S. jurisdiction, or the full name, in English, of the foreign jurisdiction:

CA

D. Date of Organization:

08-22-1972

E. Public Reporting Company

(1) Is the applicant a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934? ☐ Yes ☒ No

Item 3 Successions

A. Is the applicant, at the time of this filing, succeeding to the business of a registered *municipal advisor*?

If this succession was previously reported on Form MA, do not report the succession again. Instead, check "No." See Instruction 1 of the Specific Instructions for Form MA included in the General Instructions.

☐ Yes ☒ No

If "Yes" enter the Date of Succession:

B. If "Yes," in Item 3.A., complete Section 3 of Schedule D.

If "Yes," in Item 3.A., complete Section 3 of Schedule D.

Item 4 Information About Applicant's Business

Note: Instruction 2 of the Specific Instructions for Certain Items in Form MA included in the General Instructions provides guidance for newly formed municipal advisors completing this Item 4.

Employees

If the applicant is organized as a sole proprietorship, include the sole proprietor as an employee.

A. Number of Employees:

Approximate number of *employees* of applicant. Include full- and part-time *employees*, but do not include clerical, administrative, or support workers (or workers performing similar functions): (If none, enter a zero.):

17

B. Municipal Advisory Activities:

Approximately how many of these *employees* engage in *municipal advisory activities*? (Include such *employees* even if they perform other functions in addition to engaging in municipal advisory activities.) If none, enter a zero.

16

C. Registered Representatives

(1) Approximately how many of the *employees* who are included in the response to part B are registered representatives of a broker-dealer? If none, enter a zero.

0

(2) Approximately how many are *investment adviser* representatives? If none, enter a zero.

0

D. Firms and Other *Persons* that *Solicit* on Behalf of the Applicant

Approximately how many firms and other *persons* who are not employed by the applicant and who are not otherwise *associated persons* of the applicant *solicit clients* on the applicant's behalf? (If none, enter a zero. Count a firm only once; do not count each of the firm's *employees* that *solicits* on the applicant's behalf.)

0

Please list the names of these firms and other *persons* on **Section 4-D of Schedule D**.

E. Employees Also Acting as *Affiliates* of the Applicant

(1) Does the applicant have any *employees* that also do business independently on the applicant's behalf as *affiliates* of the applicant?

☐ YES ☒ NO

(2) Total number of such *employees*:

(3) List the names of these *employees* on **Section 4-E of Schedule D**.

Clients

F. Types of *Clients*

Approximately how many *clients* did the applicant serve in the context of its *municipal advisory activities* during its most-recently completed fiscal year? (If none, enter a zero and check box 5 below).

360

The applicant has the following types of *clients*:

Check all that apply.

- ☒ (1) *Municipal Entities*
☒ (2) Non-profit organizations (e.g., 501(c)(3) organizations) who are *obligated persons*
☐ (3) Corporations or other businesses not listed above who are *obligated persons*
☐ (4) Other: (specify)
☐ (5) Not applicable - applicant engages only in *solicitation*; does not serve *clients* in the context of its *municipal advisory activities*

G. *Solicitations Of Municipal Entities and Obligated Persons*

Approximately how many *municipal entities* and *obligated persons* were *solicited* by the applicant on behalf of a third-party during its most-recently completed fiscal year? (If the applicant *solicits its clients in addition to serving these clients in the context of its municipal advisory activities, the clients should be counted in the response to this Part G even if counted in Part F*.)

(1) *Municipal Entities*:

0

If none, enter a zero.

(2) *Obligated Persons*:

0

If none, enter a zero

(3) Total:

0

H. Types of *Persons Solicited*

The applicant *solicits* the following types of *persons*:

Check all that apply.

- ☐ (1) Public pension funds
☐ (2) 529 Plans
☐ (3) Local government investment pools
☐ (4) State government investment pools
☐ (5) Hospitals
☐ (6) Colleges
☐ (7) Other: (specify)
☒ (8) Not applicable – applicant only serves *clients*; does not engage in *solicitation* in the context of its *municipal advisory activities*

Compensation Arrangements

I. Applicant is compensated for its advice to or on behalf of *municipal entities* or *obligated persons* with respect to *municipal financial products* or the issuance of municipal securities by:

Check all that apply.

- ☒ (1) Hourly *charges*
☒ (2) Fixed fees (not contingent on the issuance of municipal securities)
☒ (3) *Contingent fees*
☐ (4) Subscription fees (for a newsletter or other publications)
☐ (5) Other: (specify)
☐ (6) Not applicable – applicant engages only in *solicitation*; does not serve *clients* in the context of its *municipal advisory activities*

J. Applicant is compensated for its *solicitation* activities by:

Check all that apply.

- ☐ (1) Hourly *charges*
- ☐ (2) Fixed fees (not contingent on the success of *solicitations*)
- ☐ (3) *Contingent fees*
- ☐ (4) Subscription fees (for a newsletter or other publications)
- ☐ (5) Other: (specify)
- ☒ (6) Not applicable; applicant only serves *clients*; does not engage in *solicitation* as part of its *municipal advisory activities*

K. Does the applicant receive compensation, in the context of its *municipal advisory activities*, from anyone other than *clients*?

☐ YES ☒ NO

If "Yes", please explain:

Applicant's Business Relating to Municipal Securities

L. Applicant is engaged in the following types of activities:

Check all that apply.

- ☒ (1) Advice concerning the issuance of municipal securities (including, without limitation, advice concerning the structure, timing, terms and other similar matters, such as the preparation of feasibility studies, tax rate studies, appraisals and similar documents, related to an offering of municipal securities)
- ☒ (2) Advice concerning the investment of the proceeds of municipal securities (including, without limitation, advice concerning the structure, timing, terms and other similar matters concerning such investments)
- ☒ (3) Advice concerning municipal escrow investments (including, without limitation, advice concerning their structure, timing, terms and other similar matters)
- ☒ (4) Advice concerning the investment of other funds of a *municipal entity* (including, without limitation, advice concerning the structure, timing, terms and other similar matters concerning such investments)
- ☒ (5) Advice concerning *guaranteed investment contracts* (including, without limitation, advice concerning their structure, timing, terms and other similar matters)
- ☐ (6) Advice concerning the use of *municipal derivatives* (including, without limitation, advice concerning their structure, timing, terms and other similar matters)
- ☐ (7) *Solicitation* of investment advisory business from a *municipal entity* or *obligated person* (including, without limitation, municipal pension plans) on behalf of an *unaffiliated* broker, dealer, *municipal advisor* or *investment adviser* (e.g., third party marketers, placement agents, *solicitors*, and finders)
- ☐ (8) *Solicitation* of business other than investment advisory business from a *municipal entity* or *obligated person* on behalf of an *unaffiliated* person or firm (e.g., third party marketers, placement agents, *solicitors*, and finders)
- ☒ (9) Advice or recommendations concerning the selection of other *municipal advisors* or underwriters with respect to *municipal financial products* or the issuance of municipal securities
- ☐ (10) Brokerage of municipal escrow investments
- ☒ (11) Other: (specify)

Item 5 Other Business Activities

A. Applicant is actively engaged in business in or as a:

	Is Applicant Actively Engaged? Check all that apply.	Is this Applicant's Primary Business(es)? Check all that apply.
1. Broker-dealer, municipal securities dealer or government securities broker or dealer	☐	☐
2. Registered representative of a broker-dealer	☐	☐
3. Commodity pool operator (whether registered or exempt from registration)	☐	☐
4. Commodity trading advisor (whether registered or exempt from registration)	☐	☐
5. Futures commission merchant	☐	☐
6. Major swap participant	☐	☐
7. Major security-based swap participant	☐	☐
8. Swap dealer	☐	☐
9. Security-based swap dealer	☐	☐
10. Trust company	☐	☐

11. Real estate broker, dealer, or agent	☐	☐
12. Insurance company, broker, or agent	☐	☐
13. Banking or thrift institution (including a separately identifiable department or division of a bank)	☐	☐
14. <i>Investment adviser</i> (including financial planners)	☐	☐
15. Attorney or law firm (Jurisdiction(s) where licensed)	☐	☐

Jurisdiction(s) where licensed (specify)

16. Accountant or accounting firm (Jurisdiction(s) where licensed)	☐	☐

Jurisdiction(s) where licensed (specify)

17. Engineer or engineering firm	☐	☐

Jurisdiction(s) where licensed

18. Other financial product advisor	☐	☐

(specify)

B. Other Business

(1) Is applicant actively engaged in any other business not listed in Part A of this Item (other than engaging in *municipal advisory activities*)? ☒ Yes ☐ No

(2) If "Yes" to **Part B-1.**, is this other business applicant's primary business? ☐ Yes ☒ No

(3) If "Yes" to **Part B-2.**, describe the other business on **Section 5-B of Schedule D.**

Item 6 Financial Industry and Other Activities of Associated Persons

A. Applicant has one or more *associated persons* that is a:

Check all that apply.

"Associated Person" herein refers to a person who is an associated person of a municipal advisor. Note that "associated person" includes employees and persons with control over the municipal advisor that do not themselves engage in municipal advisory activities, but does not include employees that are performing solely clerical, administrative, support or other similar functions. Note also that more than one box may be applicable to any such associated person. For example, if an associated person is both a swap dealer and security-based swap adviser, check both boxes (4) and (5) below.

- ☐ (1) Broker-dealer, municipal securities dealer, or government securities broker or dealer
- ☐ (2) Investment company (including mutual funds)
- ☐ (3) *Investment adviser* (including financial planners)
- ☐ (4) Swap dealer
- ☐ (5) Security-based swap dealer
- ☐ (6) Major swap participant
- ☐ (7) Major security-based swap participant
- ☐ (8) Commodity pool operator (whether registered or exempt from registration)
- ☐ (9) Commodity trading advisor (whether registered or exempt from registration)
- ☐ (10) Futures commission merchant
- ☐ (11) Banking or thrift institution
- ☐ (12) Trust company
- ☐ (13) Accountant or accounting firm
- ☒ (14) Attorney or law firm
- ☐ (15) Insurance company or agency
- ☐ (16) Pension consultant
- ☐ (17) Real estate broker or dealer
- ☐ (18) Sponsor or syndicator of limited partnerships

- ☐ (19) Engineer or engineering firm
☐ (20) Other *municipal advisor*

Total Associated Persons:

Provide the total number of such *associated persons*:

1

Provide the total number of such associated persons, not the number of boxes checked. For example, if the applicant's associated persons are 2 broker-dealers, 1 investment company, and 2 pension consultants, then 3 boxes would be checked in Item 6-A.1 to 20, while the total number of such associated persons entered in Item 6-A., Total Associated Persons, would be 5. If there are no associated persons, enter 0 (zero).

B. Applicant must list all such *associated persons*, including foreign *associated persons*, on Section 6 of Schedule D.

If Item 6-A. Total Associated Persons, is 2 or more, the applicant must complete a separate Section 6 of Schedule D for each associated person.

Item 7 Participation or Interest of Applicant, or of Associated Persons of Applicant, in Municipal Advisory Client or Solicitee Transactions

Proprietary Interest in Municipal Advisory Client or Solicitee Transactions

A. Does applicant or any associated person:

(1) buy securities or other investment or derivative products for itself from *clients* or *solicitees* in the context of its *municipal advisory activities*, or sell securities it owns to such *clients* or *solicitees*? ☐ Yes ☒ No

(2) buy or sell for itself securities (other than shares of mutual funds) or other investment or derivative products that the applicant also recommends to such *clients* or *solicitees*? ☐ Yes ☒ No

(3) enter into derivatives contracts with such *clients* or *solicitees*? ☐ Yes ☒ No

(4) recommend securities or other investment or derivative products to such *clients* or *solicitees* in which applicant or any *associated person* has some other proprietary (ownership) interest (other than those mentioned in Items 7-A(1), (2) or (3) above)? ☐ Yes ☒ No

Sales Interest in Client or Solicitee Transactions

B. Does applicant or any associated person:

(1) recommend purchases of securities or derivatives to *clients* or *solicitees* that are served by the applicant or *associated person*, for which the applicant or any *associated person* serves as underwriter, general or managing partner, or purchaser representative? ☐ Yes ☒ No

(2) recommend purchases or sales of securities or derivatives to such *clients* or *solicitees* in which applicant or any *associated person* has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? ☐ Yes ☒ No

Investment or Brokerage Discretion

C. Does applicant or any associated person have *discretionary authority* to determine the:

(1) securities or other investment or derivative products to be bought or sold for the account of a *client* or *solicitee*? ☐ Yes ☒ No

(2) amount of securities or other investment or derivative products to be bought or sold for the account of such a *client* or *solicitee*? ☐ Yes ☒ No

(3) (a) broker or dealer to be used for a purchase or sale of securities or other investment or derivative products for the account of such a *client* or *solicitee*? ☐ Yes ☒ No

(b) If "Yes," are any of the brokers or dealers *associated persons*? ☐ Yes ☒ No

(4) commission rates or other fees to be paid to a broker or dealer for such a *client's* or *solicitee's* securities transactions or transactions in other investment or derivative products? ☐ Yes ☒ No

D.

(1) Does applicant or any *associated person* recommend brokers, dealers or *investment advisers* to *clients* or *solicitees* in the context of its *municipal advisory activities*? ☒ Yes ☐ No

(2) If "Yes," is any such broker, dealer, or *investment adviser* an *associated person*? ☐ Yes ☒ No

In responding to Items 7-E and 7-F below, consider all cash and non-cash compensation that the applicant or an associated person gave or received from any person in exchange for referrals of such clients or solicitees, including any bonus that is based, at least in part, on the number or amount of such referrals.

E. Does the applicant or any associated person, directly or indirectly, compensate any person for referrals of clients or solicitees in connection with *municipal advisory activities*?

☐ Yes ☒ No

F. Does the applicant or any associated person, directly or indirectly, receive compensation from any person for referrals of *clients* or *solicitees* in connection with *municipal advisory activities*?

☐ Yes ☒ No

Item 8 Owners, Officers and Other Control Persons

A. Identifying Owners, Officers and Other Control Persons

(1) In this Item, identify every *person* that, directly or indirectly, *controls* the applicant, or that the applicant directly or indirectly *controls*.

(a) If this is an initial application, the applicant must complete Schedule A and Schedule B.

Schedule A asks for information about direct owners and executive officers.

Schedule B asks for information about indirect owners.

(b) If this is an amendment updating information reported on either the Schedule A or Schedule B (or both) filed with the applicant's initial application, the applicant must also complete Schedule C.

(2) Does any *person* not named in Item 1-A or Schedules A, B, or C, directly or indirectly, *control* the applicant's management or policies?

☐ Yes ☒ No

(3) If "Yes" to Item 8-A.2. above, complete **Section 8-A of Schedule D**.

B. Public Reporting Companies

(1) Is any *person* in Schedules A, B, or C, or in Section 8-A of Schedule D a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934?

☐ Yes ☒ No

(2) If "Yes" to Item 8-B.1. above, complete **Section 8-B of Schedule D**.

Item 9 Disclosure Information

In this Item, provide information about the criminal, regulatory, and judicial history, if any, of the applicant and each associated person of the applicant.

This information is used to determine whether to approve an application for registration, to decide whether to revoke registration, or to place limitations on the applicant's activities as a municipal advisor, and to identify potential problem areas on which to focus during on-site examinations. One event may result in the requirement to answer "Yes" to more than one question below.

Refer to the Glossary of Terms for explanations of italicized terms, such as associated person.

Criminal Action Disclosure

*If the answer is "Yes" to any question below in Part A or B below, complete a **Criminal Action DRP**.*

Disclosure of any event listed in this Criminal Action Disclosure Section is not required if the date of the event was more than ten years ago. For purposes of calculating this ten-year period, the date of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments, or decrees lapsed.

Check all that apply.

A. In the past ten years, has the applicant or any associated person:

(1) been convicted of any *felony*, or pled guilty or nolo contendere ("no contest") to any *charge* of a *felony*, in a domestic, foreign, or military court?

☐ Yes ☒ No

(2) been *charged* with any *felony*?

☐ Yes ☒ No

The response to Item 9-A(2) may be limited to charges that are currently pending.

B. In the past ten years, has the applicant or any associated person:

(1) been convicted of any *misdemeanor*, or pled guilty or nolo contendere ("no contest"), in a domestic, foreign, or military court to any *charge* of a *misdemeanor* in a case *involving: municipal advisor-related business, investments or an investment-related business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?*

☐ Yes ☒ No

(2) been *charged* with a *misdemeanor* of the kind listed in Item 9-B(1)?

☐ Yes ☒ No

The response to Item 9-B(2) may be limited to charges that are currently pending.

Regulatory Action Disclosure

If the answer is "Yes" to any question in Parts C-G below, complete a **Regulatory Action DRP**.

Check all that apply.

C. Has the SEC or the CFTC ever:

(1) *found* the applicant or any *associated person* to have made a false statement or omission?

☐ Yes ☒ No

(2) *found* the applicant or any *associated person* to have been *involved* in a violation of any *SEC* or *CFTC* regulation or statute?

☐ Yes ☒ No

(3) *found* the applicant or any *associated person* to have been a cause of the denial, suspension, revocation, or restriction of the authorization of a *municipal advisor-related* or an *investment-related* business to operate?

☐ Yes ☒ No

(4) entered an *order* against the applicant or any *associated person* in connection with *municipal advisor-related* or *investment-related* activity? ☐ Yes ☒ No

(5) imposed a civil money penalty on the applicant or any *associated person*, or *ordered* the applicant or any *associated person* to cease and desist from any activity? ☐ Yes ☒ No

D. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority ever:

(1) *found* the applicant or any *associated person* to have made a false statement or omission, or been dishonest, unfair, or unethical? ☐ Yes ☒ No

(2) *found* the applicant or any *associated person* to have been *involved* in a violation of *municipal advisor-related* or *investment-related* regulations or statutes? ☐ Yes ☒ No

(3) *found* the applicant or any *associated person* to have been the cause of a denial, suspension, revocation, or restriction of the authorization of a *municipal advisor-related* or an *investment-related* business to operate? ☐ Yes ☒ No

(4) entered an *order* against the applicant or any *associated person* in connection with a *municipal advisor-related* or *investment-related* activity? ☐ Yes ☒ No

(5) denied, suspended, or revoked the registration or license of the applicant or that of any *associated person*, or otherwise prevented the applicant or any *associated person*, by *order*, from associating with a *municipal advisor-related* or *investment-related* business or restricted the activities of the applicant or any *associated person*? ☐ Yes ☒ No

E. Has any self-regulatory organization or commodities exchange ever:

(1) *found* the applicant or any *associated person* to have made a false statement or omission? ☐ Yes ☒ No

(2) *found* the applicant or any *associated person* to have been *involved* in a violation of its rules (other than a violation designated as a "*minor rule violation*" under a plan approved by the SEC)? ☐ Yes ☒ No

(3) *found* the applicant or any *associated person* to have been the cause of a denial, suspension, revocation or restriction of the authorization of a *municipal advisor-related* or an *investment-related* business to operate? ☐ Yes ☒ No

(4) disciplined the applicant or any *associated person* by expelling or suspending the applicant or the *associated person* from membership, barring or suspending the applicant or the *associated person* from association with other members, or by otherwise restricting the activities of the applicant or the *associated person*? ☐ Yes ☒ No

F. Revocation or Suspension:

Has the applicant or any *associated person* ever had an authorization to act as an attorney, accountant, or federal contractor revoked or suspended? ☐ Yes ☒ No

G. Regulatory Proceedings:

Is the applicant or any *associated person* currently the subject of any regulatory proceeding that could result in a "Yes" answer to any part of Item 9-C, 9-D, or 9-E.? ☐ Yes ☒ No

Civil Judicial Disclosure

If the answer is "Yes" to a question below, complete a Civil Judicial Action DRP.

Check all that apply.

H. (1) Has any domestic or foreign court ever:

(a) *enjoined* the applicant or any *associated person* in connection with any *municipal advisor-related* or *investment-related* activity? ☐ Yes ☒ No

(b) *found* that the applicant or any *associated person* was *involved* in a violation of any *municipal advisor-related* or *investment-related* statute(s) or regulation(s)? ☐ Yes ☒ No

(c) dismissed, pursuant to a settlement agreement, a *municipal advisor-related* or *investment-related* civil action brought against the applicant or any *associated person* by a state or other US jurisdiction or a *foreign financial regulatory authority*? ☐ Yes ☒ No

(2) Current Proceedings:

Is the applicant or any *associated person* the subject of any currently pending civil proceeding that could result in a "Yes" answer to any part of Item 9-H(1)? ☐ Yes ☒ No

Item 10 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, the SEC needs to determine whether you meet the Small Business Administration's definition of "small business" for purposes of entities that provide investment and

related activities. Accordingly, answer "Yes" or "No," as appropriate, to the questions below:

A. Did the applicant have annual receipts of less than \$7 million during its most recent fiscal year (or during the time the applicant has been in business, if it has not completed its first fiscal year in business)?

☐ Yes ☒ No

B. Is the applicant *affiliated* with any business or organization that had annual receipts of \$7 million or more during its most recent fiscal year (or during the time it has been in business, if it has not completed its first fiscal year in business)?

☐ Yes ☒ No

Form MA APPLICATION FOR MUNICIPAL ADVISOR REGISTRATION

DOMESTIC MUNICIPAL ADVISOR EXECUTION

You must complete the following execution page to Form MA. This execution page must be signed and attached to your initial application for *SEC* registration and all amendments to registration.

Appointment of Agent for Service of Process

By signing this Form MA, you, the undersigned advisor, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business*, as your agents to receive service, and agree that such *persons* may be served any process, pleadings, subpoenas, or other papers in (a) any *investigation* or administrative *proceeding* conducted by the *Commission* that relates to the applicant or about which the applicant may have information; and (b) any civil suit or action brought against the applicant or to which the applicant has been joined as defendant or respondent, in any appropriate court in any place subject to the jurisdiction of any state or of the United States of America or of any of its territories or possessions or of the District of Columbia, where the *investigation*, *proceeding* or cause of action arises out of or relates to or concerns *municipal advisory activities* of the *municipal advisor*. The applicant stipulates and agrees that any such civil suit or action or administrative *proceeding* may be commenced by the service of process upon, and that service of an administrative subpoena shall be effected by service upon the above-named Agent for Service of Process, and that service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

Signature

I, the undersigned, sign this Form MA on behalf of, and with the authority of, the *municipal advisor*. The *municipal advisor* and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this Form MA, including exhibits and any other information submitted, are true and correct, and that I am signing this Form MA as a free and voluntary act.

I certify that the advisor's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal regulatory representatives.

Signature:

Date:

Printed Name:

Advisor *CRD* Number (if any):

Title:

FORM MA APPLICATION FOR "MUNICIPAL ADVISOR REGISTRATION"

NON-RESIDENT MUNICIPAL ADVISOR EXECUTION

Instructions: If you are a *non-resident*, you must complete these steps:

- Execution Page:** You must complete the following *non-resident* execution page to Form MA. This execution page must be signed and attached to your initial application for *SEC* registration and all amendments to registration.
- Opinion of Counsel:** You must also attach to Form MA an Opinion of Counsel. See General Instructions.
- Form MA-NR:** You must also attach to Form MA one or more executed Form MA-NR(s) for the *non-resident municipal advisor* applicant, and, if any, the *non-resident* general partner(s) and/or *non-resident managing agents*. See General Instructions for Form MA-NR.

Non-Resident Municipal Advisor Undertaking Regarding Books and Records

By signing this Form MA, you agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the *Commission*, or at any one of its offices in the United States, as specified by the *Commission*, correct, current, and complete copies of any or all records that you are required to maintain by law. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form MA on behalf of, and with the authority of, the *non-resident municipal advisor*. The *municipal advisor* and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this Form MA, including exhibits and any other information submitted, are true and correct, and that I am signing this Form MA as a free and voluntary act.

I certify that the *municipal advisor's* books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal regulatory representatives. Further, attached to this Form MA as an exhibit is an opinion of counsel that the *municipal advisor* can, as a matter of law, provide the *Commission* with access to the books and records of such *municipal advisor*, as required by law, and that the *municipal advisor* can, as a matter of law, submit to inspection and examination by the *Commission*. Finally, attached as an exhibit to this Form MA is one or more executed Form MA-NR(s) for the *non-resident municipal advisor* applicant, and, if any, the *non-resident* general partner(s) and/or *non-resident managing agents*.

Signature:

Date:

Printed Name:

Advisor *CRD* Number (if any):

Title:

SCHEDULE A Direct Owners and Executive Officers of the Applicant

1. **Complete Schedule A only if submitting an initial application.** Schedule A asks for information about the applicant's direct owners and executive officers. Use Schedule C to amend this information.
- Guidance: To determine direct ownership and executive officer status, see instruction 2 below.
- Separate subparts of Schedule A must be completed for: (1) direct owners that are business entities, and (2) direct owners and executive officers who are natural persons, as follows:
- **Complete Schedule A-1: "Direct Owners of Applicant - Business Entities,"** for owners that are organized as a business or other legal entity, such as a corporation, partnership, trust, or limited liability company.
 - **Complete Schedule A-2: "Direct Owners and Executive Officers of Applicant - Natural Persons,"** for owners who are individuals, including sole proprietors, and for executive officers.
2. **List in either Schedule A-1 or Schedule A-2 below, or both, as applicable, the full names of:**
- (a) **If applicant is organized as a corporation,** each shareholder that is a direct owner of 5% or more of a class of the applicant's voting securities, unless applicant is a public reporting company (a company subject to Sections 12 or 15(d) of the *Exchange Act*). Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of the applicant's voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security;
- (b) **If the applicant is organized as a partnership,** all general partners and each limited and special partner that has the right to receive upon dissolution, or has contributed, 5% or more of the applicant's capital;
- (c) **In the case of a trust,** a *person* that directly owns 5% or more of a class of the applicant's voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of the applicant's capital, the trust and each trustee;
- (d) **If the applicant is organized as a limited liability company ("LLC"),** (i) each member that has the right to receive upon dissolution, or has contributed, 5% or more of the applicant's capital, and (ii) if managed by elected managers, all elected managers; and
- (e) **Each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, director and any other individuals with similar status or functions (applies in Schedule A-2 only).**
3. **In the DE/FE column of Schedule A-1 below,** enter "DE" if the owner is a domestic entity, or "FE" if the owner is an entity organized, incorporated or domiciled in a foreign country.
4. **Complete the Title or Status column** by entering *board/management* titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member. For shareholders or members, indicate the class of securities owned (if more than one is issued). In the next column indicate the date that the title or status was acquired.
5. **Ownership Codes are:**
- NA - less than 5%
 - A - 5% but less than 10%
 - B - 10% but less than 25%
 - C - 25% but less than 50%
 - D - 50% but less than 75%
 - E - 75% or more
6. (a) **In the Control Person column,** enter "Yes" in the first sub-column if the *person* has *control* as defined in the Glossary of Terms to Form MA, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
- (b) **In the PR sub-column (Schedule A-1 only)** enter "PR" if the owner is a public reporting company under Section 12 or 15(d) of the *Exchange Act*.
7. (a) **For Schedule A-1,** enter the organization *CRD* number. If not registered with the *CRD*, then enter the IRS Tax Number, Employer Identification Number ("EIN"), or Foreign Business Number.
- (b) **For Schedule A-2,** enter the individual *CRD* number. If not registered with the *CRD*, then enter 0000000.
8. **Does applicant have any indirect owners to be reported on Schedule B?** ☐ Yes ☒ No

Schedule A-1: Direct Owners of Applicant - Business Entities

Schedule A-2: Direct Owners and Executive Officers of Applicant – Natural Persons

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:	First Name:	Middle Name:
Busch	Michael	Paul

Title or Status:
President

Date Title or Status Acquired: 03-01-2014

Ownership Code:

- ☒ NA - less than 5% ☐ B - 10% but less than 25% ☐ D - 50% but less than 75%
- ☐ A - 5% but less than 10% ☐ C - 25% but less than 50% ☐ E - 75% or more

Control Person: ☐ YES ☒ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:

McManus

First Name:

Kimberly

Middle Name:

Marie

Title or Status:

Chief Compliance Officer

Date Title or Status Acquired: 03-01-2016

Ownership Code:

- ☒ NA - less than 5% ☐ B - 10% but less than 25% ☐ D - 50% but less than 75%
- ☐ A - 5% but less than 10% ☐ C - 25% but less than 50% ☐ E - 75% or more

Control Person: ☐ YES ☒ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:

Isom

First Name:

Jonathan

Middle Name:

T

Title or Status:

Managing Principal

Date Title or Status Acquired: 01-31-2023

Ownership Code:

- ☐ NA - less than 5% ☐ B - 10% but less than 25% ☒ D - 50% but less than 75%
- ☐ A - 5% but less than 10% ☐ C - 25% but less than 50% ☐ E - 75% or more

Control Person: ☒ YES ☐ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:

Isom

First Name:

Gregory

Middle Name:

Scott

Title or Status:

Managing Principal

Date Title or Status Acquired: 01-31-2023

Ownership Code:

- ☐ NA - less than 5% ☐ B - 10% but less than 25% ☐ D - 50% but less than 75%
- ☐ A - 5% but less than 10% ☒ C - 25% but less than 50% ☐ E - 75% or more

Control Person: ☒ YES ☐ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

SCHEDULE B

Indirect Owners of the Applicant

Guidance: To determine indirect ownership, see instructions 2 and 3 below.

1. **Complete Schedule B only if applicant is submitting an initial application.** Schedule B asks for information about the applicant's indirect owners. The applicant must first complete Schedule A, which asks for information about direct owners. For purposes of Schedule B, an "indirect owner" includes any owner of 25% or more of any direct owner listed in Schedule A, and any owner of 25% or more of each such indirect owner going up the chain of ownership. Use Schedule C to amend the information in this schedule.

Separate subparts of Schedule B must be completed for: (1) indirect owners that are business entities, and (2) indirect owners who are natural persons, as follows:
 - **Complete Schedule B-1: "Indirect Owners of Applicant - Business Entities,"** for owners who are organized as business or other legal entities, such as a corporation, partnership, trust, or limited liability company.
 - **Complete Schedule B-2: "Indirect Owners of Applicant - Natural Persons,"** for individuals and sole proprietors.
2. **With respect to each direct owner listed on Schedule A 1 (business entities), list in either Schedule B-1 or Schedule B-2 below, as applicable:**
 - (a) **in the case of a direct owner listed on Schedule A-1 that is a corporation**, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;
For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
 - (b) **in the case of a direct owner listed on Schedule A-1 that is a partnership**, all general partners and each limited and special partner that has the right to receive upon dissolution, or has contributed, 25% or more of the partnership's capital;
 - (c) **in the case of a direct owner listed on Schedule A-1 that is a trust**, the trust and each trustee; and
 - (d) **in the case of a direct owner listed on Schedule A-1 that is a limited liability company ("LLC")**, (i) each member that has the right to receive upon dissolution, or has contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, each elected manager.
3. **Continue up the chain of indirect ownership listing all 25% shareholders at each level.** Once a public reporting company (a company subject to Sections 12 or 15(d) of the *Exchange Act*) is reached, no further ownership information need be given.
4. **In the DE/FE column in Schedule B-1 below**, enter "DE" if the indirect owner is a domestic entity, or "FE" if the owner is an entity organized, incorporated or domiciled in a foreign country. Complete the next column by indicating the entity in the chain of ownership in which this indirect owner has an interest.
5. **Complete the Status column** by entering the indirect owner's status as partner, trustee, elected manager, shareholder, or member. For shareholders or members, indicate the class of securities owned (if more than one is issued).
6. **Ownership Codes are:**
 - C - 25% but less than 50%
 - D - 50% but less than 75%
 - E - 75% or more
 - F - Other (general partner, trustee, or elected manager)
7. (a) **In the Control Person column**, enter "Yes" in the first sub-column if the *person* has *control* as defined in the Glossary of Terms to Form MA, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) **In the PR sub-column, for Schedule B-1 only**, enter "PR" if the indirect owner is a public reporting company under Sections 12 or 15(d) of the *Exchange Act*.
8. (a) **For Schedule B-1**, enter the organization CRD number. If not registered with the CRD, then enter the IRS Tax Number, Employer Identification Number ("EIN"), or Foreign Business Number.

(b) **For Schedule B-2**, enter the individual CRD number. If not registered with the CRD, then enter 0000000.

Schedule B-1: Indirect Owners of Applicant – Business Entities

Schedule B-2: Indirect Owners of Applicant – Natural Persons

SCHEDULE C

Amendments to Schedules A and B

1. **Use Schedule C only to amend information requested on either Schedule A or Schedule B.** Refer to instructions in Schedule A and Schedule B, which also apply for this Schedule C.
2. **In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).**
3. **Ownership Codes are:**
 - NA - less than 5%
 - A - 5% but less than 10%
 - B - 10% but less than 25%
 - C - 25% but less than 50%
 - D - 50% but less than 75%
 - E - 75% or more
 - F - Other (general partner, trustee, or elected member)
4. **List below all changes to Schedule A:**

Schedule A-1: Direct Owners of Applicant - Business Entities

Schedule A-2: Direct Owners and Executive Officers of Applicant – Natural Persons

Deleted Entry

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:	First Name:	Middle Name:	
Busch	Michael	Paul	

Type of Amendment:

☐ A (addition) ☒ D (deletion) ☐ C (change in information)

Title or Status:

President

Date Title or Status Acquired: 03-01-2014

Ownership Code:

- ☒ NA - less than 5% ☐ A - 5% but less than 10% ☐ B - 10% but less than 25%
☐ C - 25% but less than 50% ☐ D - 50% but less than 75% ☐ E - 75% or more
☐ F - Other (general partner, trustee, or elected manager)

Control Person: ☐ YES ☒ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

5. List below all changes to Schedule B:

Amended Entry

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:	First Name:	Middle Name:	
Isom	Jonathan	T	

Type of Amendment:

☐ A (addition) ☐ D (deletion) ☒ C (change in information)

Title or Status:

Chief Executive Officer

Date Title or Status Acquired:

Ownership Code:

- ☐ NA - less than 5% ☐ A - 5% but less than 10% ☐ B - 10% but less than 25%
- ☐ C - 25% but less than 50% ☒ D - 50% but less than 75% ☐ E - 75% or more
- ☐ F - Other (general partner, trustee, or elected manager)

Control Person: ☒ YES ☐ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

5. List below all changes to Schedule B:

Amended Entry

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:	First Name:	Middle Name:	
Isom	Gregory	Scott	

Type of Amendment:

- ☐ A (addition) ☐ D (deletion) ☒ C (change in information)

Title or Status:

Chief Financial Officer

Date Title or Status Acquired:

Ownership Code:

- ☐ NA - less than 5% ☐ A - 5% but less than 10% ☐ B - 10% but less than 25%
- ☒ C - 25% but less than 50% ☐ D - 50% but less than 75% ☐ E - 75% or more
- ☐ F - Other (general partner, trustee, or elected manager)

Control Person: ☒ YES ☐ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

5. List below all changes to Schedule B:

Add Entry

NATURAL PERSON FULL LEGAL NAME

Enter all the letters of each name and not initials or other abbreviations. If no middle name, enter NMN on that line.

Last Name:	First Name:	Middle Name:	
Merrit	Randall	Scott	

Type of Amendment:

- ☒ A (addition) ☐ D (deletion) ☐ C (change in information)

Title or Status:

Chief Operating Officer

Date Title or Status Acquired:

Ownership Code:

- ☒ NA - less than 5% ☐ A - 5% but less than 10% ☐ B - 10% but less than 25%
- ☐ C - 25% but less than 50% ☐ D - 50% but less than 75% ☐ E - 75% or more
- ☐ F - Other (general partner, trustee, or elected manager)

Control Person: ☒ YES ☐ NO

Individual CRD No. (If none: enter 0000000):

CRD No.:

4296140

5. List below all changes to Schedule B:

Schedule B-1: Indirect Owners of Applicant - Business Entities

Schedule B-2: Indirect Owners of Applicant - Natural Persons

SCHEDULE D

Certain items in Part I of Form MA require additional information on Schedule D. Use this Schedule D to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an: ☐ INITIAL or ☐ AMENDED Schedule D or ☐ ANNUAL UPDATE

SECTION 1-B Other Names under which *Municipal Advisor-Related Business* is Conducted

List the applicant's other business names and the jurisdictions in which they are used. A separate Schedule D must be completed for each business name, and the jurisdictions where that name is used.

Select only one: ☒ Add ☐ Delete ☐ Amend

Name:

Isom Advisors, A Division of Urban Futures Incorporated

Jurisdictions: CALIFORNIA

Select only one: ☒ Add ☐ Delete ☐ Amend

Name:

UFI Financial Solutions

Jurisdictions: CALIFORNIA

SECTION 1-D Additional Registrations of the Applicant

Indicate any additional registrations with federal or state regulators, and the relevant registration number. A separate Schedule D must be completed for each such registration.

SECTION 1-E Additional Offices at which the Applicant's *Municipal Advisor-Related Business* is Conducted

Provide the location of the largest five additional offices (in terms of numbers of *employees*) at which the applicant's *municipal advisor-related* business is conducted other than applicant's *principal office and place of business*. A separate Schedule D must be completed for each such office.

Select only one: ☒ Add ☐ Delete ☐ Amend

Street Address 1:

Street Address 2:

City:

State/Country:

Postal Code:

Is this address a private residence? ☐

A private residential address will not be included in publicly available versions of this registration form.

Telephone number at this location:

661-587-2727

Fax number (if any) a this location:

Select only one: ☒Add ☐Delete ☐Amend

Street Address 1:

Street Address 2:

City:

State/Country:

Postal Code:

Is this address a private residence? ☐

A private residential address will not be included in publicly available versions of this registration form.

Telephone number at this location:

714-283-9334

Fax number (if any) a this location:

Select only one: ☒Add ☐Delete ☐Amend

Street Address 1:

Street Address 2:

City:

State/Country:

Postal Code:

Is this address a private residence? ☐

A private residential address will not be included in publicly available versions of this registration form.

Telephone number at this location:

925-478-7450

Fax number (if any) a this location:

Select only one: ☒Add ☐Delete ☐Amend

Street Address 1:

Street Address 2:

City:

State/Country:

Postal Code:

Is this address a private residence? ☐

A private residential address will not be included in publicly available versions of this registration form.

Telephone number at this location:

925-478-7450

Fax number (if any) a this location:

SECTION 1-F Additional Website Addresses

List any additional website addresses of the applicant. A separate Schedule D must be completed for each such website address.

SECTION 1-I Location of Books and Records

Complete the following information for each location at which the applicant keeps books and records, other than its *principal office and place of business*. A separate Schedule D must be completed for each location.

SECTION 1-J Registration with Foreign Financial Regulatory Authorities

List the full name, in English, of each *foreign financial regulatory authority*, provide the foreign registration number (if any), and list the full name, in English, of the country with which the applicant is registered. A separate Schedule D must be completed for each *foreign financial regulatory authority* with whom the applicant is registered.

SECTION 1-K Business Affiliates of the Applicant

Provide the name of any domestic or foreign business *affiliate* of the applicant and any federal, state, or foreign registration of such *affiliate* and the registration number. A separate Schedule D must be completed for each such *affiliate*.

SECTION 3 Successions

Complete the following information if succeeding to the business of a currently-registered *municipal advisor*. If the applicant succeeded more than one *municipal advisory firm* in the succession being reported on this Form MA, a separate Schedule D must be completed for each predecessor firm. See Instruction 1 of the Specific Instructions for Certain Items in Form MA included in the General Instructions.

SECTION 4-D Firms and Other Persons that Solicit Municipal Advisor Clients on the Applicant's Behalf

Provide the name, address, and phone number of any firm or other *person* that is not otherwise an *associated person* of the applicant that *solicits municipal advisor clients* on the applicant's behalf. A separate Schedule D must be completed for each such firm or natural person.

SECTION 4-E Employees That Also Do Business Independently on the Applicant's Behalf as Affiliates of the Applicant

SECTION 5-B Description of Primary Business (for businesses not listed in Part A of Item 5)

If you checked Item 5-B.2 describe the applicant's primary business (not the applicant's *municipal advisor-related* business):

SECTION 6 Financial Industry and Other Activities of Associated Persons

The following information must be completed for each *associated person* in every category you checked in Item 6-A. A separate Schedule D must be completed for each such *associated person*.

Select only one: ☒ Add ☐ Delete ☐ Amend

Legal Name of *Associated Person*:

James Morris

Primary Business Name of *Associated Person*:

Urban Futures, Inc.

A. *Associated person* is a: Check all that apply.

- ☐ (1) Broker-dealer, municipal securities dealer, or government securities broker or dealer
- ☐ (2) Investment company (including mutual funds)
- ☐ (3) *Investment adviser* (including financial planners)
- ☐ (4) Swap dealer
- ☐ (5) Security-based swap dealer
- ☐ (6) Major swap participant
- ☐ (7) Major security-based swap participant
- ☐ (8) Commodity pool operator (whether registered or exempt from registration)
- ☐ (9) Commodity trading advisor (whether registered or exempt from registration)
- ☐ (10) Futures commission merchant
- ☐ (11) Banking or thrift institution
- ☐ (12) Trust company
- ☐ (13) Accountant or accounting firm
- ☒ (14) Attorney or law firm
- ☐ (15) Insurance company or agency
- ☐ (16) Pension consultant
- ☐ (17) Real estate broker or dealer
- ☐ (18) Sponsor or syndicator of limited partnerships
- ☐ (19) Engineer or engineering firm
- ☐ (20) Other *municipal advisor*

B. Control Relationships and Foreign Relations

(1) Control Relationships

(a) Does the applicant *control* or is it *controlled* by the *associated person*?

☐ Yes ☒ No

(b) Are the applicant and the *associated person* under common

control? ☒ Yes ☐ No

(2) Foreign Financial Regulatory Authority Registration

(a) Is the *associated person* registered with a *foreign financial regulatory authority*? ☐ Yes ☒ No

(b) List the name, in English: the name of each *foreign financial regulatory authority*, the *associated person's* registration number with that authority (if any), and the country in which the authority has jurisdiction.

SECTION 8 Control Persons (on a basis other than 25% ownership or executive officer status)

Section 8-A. A separate Schedule D must be completed for each *control person* not named in Item 1-A. or Schedules A, B, or C that directly or indirectly *controls* the applicant's management or policies.

Section 8-B. If any *person* named in Schedules A, B, or C or in Section 8-A of this Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, provide the information below. A separate Schedule D must be completed for each public reporting company.

Schedule D: MISCELLANEOUS

The space below may be used to explain a response to an Item or to provide any other information.

CRIMINAL ACTION DISCLOSURE REPORTING PAGE (MA)

REGULATORY ACTION DISCLOSURE REPORTING PAGE (MA)

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (MA)

Appendix E: Official Statement Example

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in “TAX MATTERS” herein, interest on the 2023A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. It is also the opinion of Bond Counsel that under existing law interest on the 2023A Bonds is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.



\$56,525,000
RIALTO PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, 2023 SERIES A
(POLICE STATION PROJECT)

Dated: Date of Delivery**Due: June 1, as shown on the inside cover**

The Rialto Public Financing Authority (the “Authority”) is issuing its \$56,525,000 Lease Revenue Bonds, 2023 Series A (Police Station Project) (the “2023A Bonds”) to provide funds to: (i) finance the acquisition, construction and improvement of a new police station (the “Police Station Project”) in the City of Rialto, California (the “City”), as described herein, (ii) fund a portion of interest for the 2023A Bonds, and (iii) pay the related costs of issuing the 2023A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Interest on the 2023A Bonds is payable on June 1 and December 1 of each year (each an “Interest Payment Date”), commencing June 1, 2024. The 2023A Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The 2023A Bonds, if issued, will be issued in denominations of \$5,000 or any integral multiple thereof. DTC will act as securities depository of the 2023A Bonds. Individual purchases of 2023A Bonds will be made in book-entry form only. Payments of principal of and interest on the 2023A Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the 2023A Bonds purchased by them. See APPENDIX F – “BOOK-ENTRY SYSTEM.”

The 2023A Bonds are subject to extraordinary, mandatory and optional redemption prior to their stated maturities, as described herein. See “DESCRIPTION OF THE 2023A BONDS – Redemption” herein.

The 2023A Bonds are special limited obligations of the Authority secured by and payable from Revenues pledged to the 2023A Bonds under the Indenture, as hereinafter described. Such Revenues primarily consist of Base Rental Payments to be made by the City to the Authority under the Lease, as hereinafter described. Pursuant to the Lease, the City will lease certain property described herein (the “Leased Property”) from the Authority. The City is required under the Lease to make Base Rental Payments each year in consideration for the use of the Leased Property, as described herein, from any source of legally available funds, in an amount sufficient to pay the annual principal of and interest on the 2023A Bonds. The City’s obligation to make Base Rental Payments is subject to abatement in the event of substantial interference with the use and possession of all or a part of the Leased Property supporting the 2023A Bonds, as described herein. See “RISK FACTORS – Abatement” herein. The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental Payments in its budget and to make the necessary appropriations therefor, subject to such abatement.

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the 2023A Bonds. The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City 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. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State of California or any of its political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2023A Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, as Bond Counsel to the Authority. Certain legal matters will be passed on by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel for the Authority and the City, for the Authority and the City by its counsel Burke, Williams & Sorensen, LLP, and for the Underwriter by its counsel Orrick, Herrington & Sutcliffe LLP, Sacramento, California. It is anticipated that the 2023A Bonds will be available for delivery through the facilities of DTC on or about December 20, 2023.

Citigroup

Dated: December 12, 2023

MATURITY SCHEDULE

\$56,525,000
Rialto Public Financing Authority
Lease Revenue Bonds, 2023 Series A
(Police Station Project)

(Base CUSIP No.† 76246E)

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2027	\$1,030,000	5.00%	2.57%	107.966	AA1
2028	1,085,000	5.00	2.55	110.237	AB9
2029	1,140,000	5.00	2.57	112.277	AC7
2030	1,195,000	5.00	2.62	114.032	AD5
2031	1,255,000	5.00	2.66	115.713	AE3
2032	1,320,000	5.00	2.71	115.348 ^C	AF0
2033	1,385,000	5.00	2.73	115.202 ^C	AG8
2034	1,455,000	5.00	2.79	114.766 ^C	AH6
2035	1,525,000	5.00	2.90	113.973 ^C	AJ2
2036	1,600,000	5.00	3.06	112.830 ^C	AK9
2037	1,680,000	5.00	3.26	111.421 ^C	AL7
2038	1,765,000	5.00	3.36	110.724 ^C	AM5
2039	1,855,000	5.00	3.47	109.963 ^C	AN3
2040	1,945,000	5.00	3.53	109.551 ^C	AP8
2041	2,045,000	5.00	3.60	109.072 ^C	AQ6
2042	2,145,000	5.00	3.72	108.257 ^C	AR4
2043	2,255,000	5.00	3.77	107.919 ^C	AS2

\$13,075,000 5.00% Term Bonds due June 1, 2048 Yield: 4.08%; Price: 105.855^C
CUSIP†: 76246EAT0

\$16,770,000 5.25% Term Bonds due June 1, 2053 Yield: 4.24%; Price: 106.389^C
CUSIP†: 76246EAU7

^C Priced to optional redemption date of June 1, 2031 at par.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Authority, the Underwriter or the Municipal Advisor and are included solely for the convenience of investors. None of the City, the Authority, the Underwriter or the Municipal Advisor is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2023A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023A Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023A Bonds.

CITY OF RIALTO
RIALTO PUBLIC FINANCING AUTHORITY

CITY COUNCIL/BOARD OF DIRECTORS

Deborah Robertson, *Mayor*
Andy Carrizales, *Mayor Pro Tem*
Ed Scott, *Councilmember*
Rafael Trujillo, *Councilmember*
Joe Baca, *Councilmember*

CITY OFFICIALS

Henry Garcia, *Interim City Manager*
Arron Brown, *Assistant City Manager*
Katherine I. Stevens, *Director of Finance*
Edward J. Carrillo, *Treasurer*
Barbara McGee, *City Clerk*
Eric Vail, *City Attorney*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Municipal Advisor

Urban Futures, Inc.

Trustee

U.S. Bank Trust Company, National Association
Los Angeles, California

Dissemination Agent

Willdan Financial Services

No dealer, broker, salesperson or other person has been authorized by the Rialto Public Financing Authority (the “Authority”), the City of Rialto, California (the “City”) or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the 2023A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2023A Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been furnished by the Authority and the City and includes information from sources that are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, or other matters described herein since the date hereof.

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 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, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (“EMMA”) website. Unless otherwise expressly stated, references to Internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including any content on the City’s website) is incorporated in this Official Statement by reference. The City and the Authority make no representation regarding the accuracy or completeness of the information presented on such websites.

IN CONNECTION WITH THE OFFERING OF THE 2023A BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2023A BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that 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. Except as otherwise noted, neither the City nor the Authority plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

INTRODUCTION	1
Purpose of the 2023A Bonds	1
Security for the 2023A Bonds.....	1
No Reserve Fund	2
The City	2
Continuing Disclosure	2
DESCRIPTION OF THE 2023A BONDS	2
Redemption.....	3
Selection of Bonds for Redemption.....	4
Notice of Redemption.....	4
Partial Redemption of Bonds.....	4
Effect of Redemption.....	5
Book-Entry System.....	5
SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS	5
2023A Bonds	5
Additional Rental Payments	5
Covenant to Budget and Appropriate.....	6
Limited Obligations	6
Abatement of Base Rental Payments.....	6
Maintenance, Utilities, Taxes and Assessments	7
Insurance Coverages	7
Substitution and Release of Property	8
PLAN OF FINANCE.....	9
General.....	9
The Police Station Project.....	9
LEASED PROPERTY	13
ESTIMATED SOURCES AND USES OF FUNDS	13
DEBT SERVICE REQUIREMENTS.....	14
THE AUTHORITY	14
THE CITY	15
General.....	15
Audited Financial Statements	15
General Fund Revenue Sources	20
Certain City Policies and Practices.....	22
City Budget.....	22
Appropriations Limit	24
Assessed Valuation	24
Largest Secured Taxpayers	25
Direct and Overlapping Debt.....	26
General Fund Long-Term Obligations.....	28
Labor Contracts.....	28
Pension Plans	28
Other Post-Employment Benefits	31
STATE OF CALIFORNIA BUDGET INFORMATION.....	32
State Budget.....	32

Future State Budgets	34
RISK FACTORS	34
Base Rental Payments Are Not Debt; 2023A Bonds are Limited Obligations	34
Additional General Fund Obligations	35
Abatement	35
Police Station Project Completion	35
Risk of Uninsured Loss.....	36
City General Fund.....	36
Public Health Emergencies	36
Bankruptcy.....	37
State Finances	38
No Liability of Authority to the Owners.....	39
No Limitation on Incurring Additional Obligations	39
Natural Disasters.....	39
Hazardous Substances.....	40
Cybersecurity	40
Climate Change.....	41
Future Initiatives	41
Limitations on Remedies	41
Remedies on Default.....	41
Substitution of Property	42
Secondary Market Risk.....	42
LIMITATIONS ON REVENUES AND APPROPRIATIONS	42
Property Tax Limitations – Article XIII A, XIII B, XIII C (Proposition 218)	42
Article XIII A Implementing Legislation	43
Challenges to Article XIII A.....	44
Statutory Revenue Limitations – Proposition 62	44
Proposition 1A	45
Proposition 22	46
Proposition 26	46
Unitary Property	46
TAX MATTERS.....	47
General.....	47
Tax Accounting Treatment of Premium on Certain 2023A Bonds.....	48
LITIGATION.....	48
FINANCIAL STATEMENTS	49
MUNICIPAL ADVISOR.....	49
RATING	50
UNDERWRITING	50
CONTINUING DISCLOSURE.....	50
APPROVAL OF LEGAL PROCEEDINGS.....	51
EXECUTION AND DELIVERY	52

APPENDIX A –	SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY	A-1
APPENDIX B –	AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR THE FISCAL YEAR ENDED JUNE 30, 2022.....	B-1
APPENDIX C –	SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS	C-1
APPENDIX D –	FORM OF CONTINUING DISCLOSURE AGREEMENT	D-1
APPENDIX E –	FORM OF OPINION OF BOND COUNSEL	E-1
APPENDIX F –	BOOK-ENTRY SYSTEM	F-1
APPENDIX G –	FORM OF DEVELOPMENT AGREEMENT	G-1

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OFFICIAL STATEMENT

\$56,525,000

**RIALTO PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, 2023 SERIES A
(POLICE STATION PROJECT)**

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and attached appendices, provides certain information in connection with the sale and delivery of the \$56,525,000 Rialto Public Financing Authority Lease Revenue Bonds, 2023 Series A (Police Station Project) (the “2023A Bonds”). Capitalized terms used and not otherwise defined herein shall have the meanings given in the Indenture or the Lease (each as hereinafter defined). See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

Purpose of the 2023A Bonds

The 2023A Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the “Bond Law”). The 2023A Bonds are being issued pursuant to an Indenture, dated as of December 1, 2023 (the “Indenture”), by and between the Rialto Public Financing Authority (the “Authority”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The Authority is issuing the 2023A Bonds, to provide funds to: (i) finance the acquisition, construction and improvement of a new police station (the “Project”) in the City of Rialto, California (the “City”), as described herein, (ii) fund a portion of interest for the 2023A Bonds, and (iii) pay the related costs of issuing the 2023A Bonds. The City will contribute certain other funds to finance the Project. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Security for the 2023A Bonds

The 2023A Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues, including all of the moneys in the 2023 Interest Account and the 2023 Principal Account, including all amounts derived from the investment of such moneys. “Revenues” means (i) all Base Rental Payments payable by the City pursuant to the Lease (defined below) (including prepayments), (ii) any proceeds of Bonds deposited with the Trustee and all moneys on deposit in the funds and accounts established under the Indenture, except the Rebate Fund, (iii) investment income with respect to such moneys held by the Trustee, (iv) certain amounts payable to the City by the Developer (as defined below) as liquidated damages or damages due to delay in construction pursuant to the Development Agreement (as defined below) and (v) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS.”

Pursuant to a Site and Facility Lease, dated as of December 1, 2023 (the “Site Lease”), by and between the City and the Authority, the Authority will lease from the City certain real property, constituting the land and improvements of the City’s current police station (collectively, the “Leased Property”). Pursuant to the Lease Agreement, dated as of December 1, 2023 (the “Lease”), by and between the Authority and the City, the Authority will sublease the Leased Property to the City. See “LEASED PROPERTY.”

Pursuant to the Lease, the City will pay to the Trustee, as the assignee of the Authority, base rental payments (collectively, the “Base Rental Payments”) in amounts equal to scheduled debt service on the 2023A Bonds, as set forth in the base rental payment schedule for the 2023A Bonds. The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City 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. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. Pursuant to the Lease, the City has covenanted to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its annual budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments required to be made under the Lease, subject only to abatement as provided therein. See “RISK FACTORS – Base Rental Payments Are Not Debt; 2023A Bonds are Limited Obligations” and “– Abatement.” See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS.”

No Reserve Fund

No reserve fund supporting the 2023A Bonds is being funded under the Indenture.

The City

The City was incorporated in 1911 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services. As of January 1, 2023, the City had a population of 102,985. For additional information regarding the City and surrounding area, see APPENDIX A – “SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY.”

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2023A Bonds and as such, the Authority will not provide any such information.

The City has agreed to provide, with respect to the 2023A Bonds, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), certain annual financial information and operating data relating to the City and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12, as amended (the “Rule 15c2-12”) adopted by the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” for a description of the annual reports and notices of enumerated events to be provided by the City.

DESCRIPTION OF THE 2023A BONDS

The 2023A Bonds will be dated their date of delivery and issued in the aggregate principal amount and bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest on the 2023A Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2024 (each an “Interest Payment Date”). Each 2023A Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is executed after the fifteenth calendar day of the month immediately preceding an Interest Payment Date, in which case interest will bear from such Interest Payment Date, or (ii) it is authenticated on or before May 15,

2023, in which event interest will accrue from the date of initial delivery of the 2023A Bonds. If, at the date of authentication of any 2023A Bond, interest thereon is in default, such 2023A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on such outstanding 2023A Bond, or if no interest has been paid, from the date of initial delivery of the 2023A Bonds. Interest on the 2023A Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption

Optional Redemption of Bonds. The 2023A Bonds maturing on or after June 1, 2032 shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after June 1, 2031, in any order deemed reasonable by the Authority, and by lot within a maturity, from prepayments of Base Rental Payments made at the option of the City pursuant to the Lease, at a redemption price equal to the principal amount of the 2023A Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption of 2023A Bonds. The 2023A Bond maturing on June 1, 2048 (the “2023A Term Bond (2048)”) will be subject to mandatory redemption, in part by lot, from sinking account payments as described in the following schedule commencing on June 1 in each year to and including June 1, 2048 at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Redemption Date (June 1)	Principal Amount To be Redeemed
2044	\$2,365,000
2045	2,485,000
2046	2,610,000
2047	2,740,000
2048*	2,875,000

* Maturity.

The 2023A Bond maturing on June 1, 2053 (the “2023A Term Bond (2053)”) and together with the 2023A Term Bond (2048), the “2023A Term Bonds”) will be subject to mandatory redemption, in part by lot, from sinking account payments as described in the following schedule commencing on June 1 in each year to and including June 1, 2053 at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Redemption Date (June 1)	Principal Amount To be Redeemed
2049	\$3,020,000
2050	3,180,000
2051	3,345,000
2052	3,520,000
2053*	3,705,000

* Maturity.

If some but not all of the 2023A Term Bond of a maturity has been redeemed pursuant to extraordinary or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of such 2023A Term Bond so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as

practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the 2023A Term Bond being redeemed pursuant to extraordinary or optional redemption, the Authority shall provide the Trustee with a revised schedule reflecting such reductions.

Extraordinary Redemption. The 2023A Bonds will be subject to redemption prior to their respective maturity dates, upon notice as provided in the Indenture, as a whole or in part on any date, from prepayments of Base Rental Payments made by the City pursuant to the Lease from funds received by the City due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed in the Indenture and in the Lease. Redemption of 2023A Bonds shall be made at a redemption price equal to the sum of the principal of the 2023A Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the 2023A Bonds, the Trustee shall select the 2023A Bonds to be redeemed from all 2023A Bonds not previously called for redemption, in such maturities as the Authority shall designate (and by lot within any maturity). For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate 2023A Bonds, which may be separately redeemed.

Notice of Redemption

The Trustee on behalf and at the expense of the Authority shall send (by first class mail or other means acceptable to the recipient thereof) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least twenty (20) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed or otherwise delivered nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the 2023A Bond numbers and the maturity or maturities (except in the event of redemption of all of the 2023A Bonds) of the 2023A Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to the Indenture may be conditional and/or rescinded by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to the Indenture.

Partial Redemption of Bonds

If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense

of the Authority, a new 2023A Bond or Bonds, interest rate and maturity date, in aggregate principal amount equal to the unredeemed portion of the 2023A Bond being redeemed.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the 2023A Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date. All 2023A Bonds redeemed pursuant to the Indenture shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

Book-Entry System

The 2023A Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The 2023A Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Individual purchases of 2023A Bonds will be made in book-entry form only. Payments of principal of and interest on the 2023A Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the 2023A Bonds purchased by them. See APPENDIX F – “BOOK –ENTRY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS

2023A Bonds

General. The 2023A Bonds will be secured by a first lien on and pledge of the Revenues, which consist substantially of the Base Rental Payments payable by the City pursuant to the Lease. The Base Rental Payments will be paid by the City in an amount sufficient to pay the principal of and interest on the 2023A Bonds on each Interest Payment Date. On or before the fifteenth (15) Business Day preceding each Interest Payment Date, the City is required to pay to the Trustee the Base Rental Payments coming due on the next succeeding Interest Payment Date, respectively, from any legally available sources.

Pursuant to an Assignment Agreement, dated as of December 1, 2023 (the “Assignment Agreement”), by and between the Authority and the Trustee, relating to the 2023A Bonds, the Authority has and will assign, as further security for its obligations to make timely payment of principal of and interest on the 2023A Bonds to the Trustee for the benefit of the Owners certain of the Authority’s rights under the Lease and Site Lease, including the right to receive all Base Rental Payments.

Additional Rental Payments

Under the Lease, in addition to Base Rental Payments, the City has agreed to pay Additional Rental Payments in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the 2023A Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority’s or the Trustee’s interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants,

attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the 2023A Bonds or of the Indenture. Such Additional Rental Payments shall be billed to the City by the Authority or the Trustee from time to time. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City.

Covenant to Budget and Appropriate

The City has covenanted in the Lease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments, subject only to abatement as provided in the Lease.

The City will furnish to the Authority and the Trustee annually a certificate stating that it has complied with this covenant, as set forth in the Lease. The covenants on the part of the City contained in the Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

Limited Obligations

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the 2023A Bonds. The 2023A Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City 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. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State of California or any of its political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

Abatement of Base Rental Payments

General. The obligation of the City to pay Base Rental Payments and Additional Rental Payments is subject to abatement during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the City of the Leased Property or any portion thereof. See “RISK FACTORS – Abatement.” Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the City’s use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation, taking or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed.

An abatement will continue for the period commencing with the date on which the Leased Property is not available for use and occupancy and ending with the date on which the Leased Property is available for use and occupancy by the City. The term of the Lease will be extended by the period during which Base Rental Payments or Additional Rental Payments is abated, except that the term may in no event be extended beyond ten years following the stated term thereof.

Maintenance, Utilities, Taxes and Assessments

During such time as the City or any assignee or sublessee thereof is in possession of the Leased Property, all maintenance and repair, ordinary or extraordinary, of the Leased Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of (a) all utility services supplied to the Leased Property, (b) the cost of operation of the Leased Property, and (c) the costs of maintenance of and repair to the Leased Property resulting from ordinary wear and tear or want of care on the part of the City. The City shall at the City's sole cost and expense keep and maintain the Leased Property clean and in a safe and good condition and repair. The Authority shall have no obligation to alter, remodel, improve, repair, decorate, or paint the Leased Property or any part thereof, and the parties hereto affirm that the Authority has made no representations or warranties to the City respecting the condition of the Leased Property. The City shall comply with all statutes, ordinances, regulations, and other requirements of all governmental entities that pertain to the occupancy or use of the Leased Property. The Authority has no responsibility or obligation whatsoever to construct any improvements, modifications or alterations to the Leased Property. The City waives the right to make repairs at the Authority's expense under Subsection 1 of Section 1932 and Section 1942 of the California Civil Code, or any other such law, statute, or ordinance now or hereafter in effect. The Leased Property will be used for public purposes by the City and, therefore, the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. If the use, possession or acquisition by the Authority or the City of the Leased Property is found to be subject to taxation in any form, the City will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as the Lease is in effect.

Insurance Coverages

Pursuant to the Lease, the City shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Leased Property on which improvements are constructed required by the Lease. Such insurance shall consist of (i) comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Leased Property. Such insurance shall afford protection with a combined single limit of not less than \$1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the City's risk management officer or an independent insurance consultant retained by the City for that purpose, subject to a deductible clause of not to exceed \$500,000. The City's obligations under this clause (i) may be satisfied by self-insurance; (ii) casualty insurance, throughout the term of the Lease, against loss or damage to any or all of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and against loss of Leased Property by theft. Such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The insurance required by this paragraph shall be in an amount not less than the principal amount of the Outstanding Bonds. The City's obligations under this clause (ii) may be satisfied by self-insurance; (iii) workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this clause (iii) may be satisfied by self-insurance.

Rental interruption insurance will also be maintained in an amount not less than the maximum remaining scheduled Base Rental Payments in any twenty-four (24) month period, by an insurance provider rated at least "A" by A.M. Best & Company, to insure against loss of use of the Leased Property caused by perils covered by the comprehensive general liability coverage insurance). Such insurance may be maintained as part of or in conjunction with any other rental interruption insurance carried by the City and must list the Authority and the Trustee as additional insured parties. The net proceeds of such insurance shall be paid to the Trustee and credited toward the payment of the Base Rental Payments in the order in which such Base Rental Payments come due and payable.

Builders' risk insurance in an amount equal to the lesser of the Outstanding principal amount of the Bonds, or the replacement cost of the Project, which insurance shall be outstanding until Final Completion of the Project.

All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Authority and the Trustee. Certificates of comprehensive general liability and workers' compensation insurance shall be furnished by applicable insurers to the City, and, at least ten days prior to the expiration dates of such policies, if any, evidence of renewals shall be deposited with the Trustee. If the City elects to provide self-insurance pursuant to clauses (i), (ii) and/or (iii) above, the City shall annually cause to be delivered to the Trustee, upon request, a certificate of an Insurance Consultant certifying to the adequacy of the City's reserves for such insurance. All policies or certificates of insurance provided for in the Lease shall name the City as a named insured and the Trustee as an additional insured. All proceeds of insurance maintained under clauses (i) and (ii) shall be deposited with the City and under clause (2) shall be deposited with the Trustee. Notwithstanding the generality of the foregoing, the City shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market.

Substitution and Release of Property

Pursuant to the Lease, the City and the Authority specifically acknowledge that the annual fair rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. The City shall have, so long as the Lease is in effect, and is granted under the Lease, the option at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Leased Property (the "Former Property") or release any identifiable real property and/or improvements currently constituting the Leased Property (in such case, Substitute Property shall mean the Former Property less any portion released pursuant to the Lease); provided, that the City must satisfy all of the following requirements, which are conditions precedent to such substitution:

(a) No default under the Lease or Event of Default shall have occurred and be continuing;

(b) The City shall file with the Authority and the Trustee, and cause to be recorded in the office of the County Recorder, sufficient memorialization of amendments to the Lease and the Site Lease which replaces Exhibit A to the Lease and Exhibit A to the Site Lease with a description of such Substitute Property which deletes therefrom the description of the Former Property;

(c) The City shall obtain an extended California Land Title Association ("CLTA") policy of title insurance insuring the City's fee or leasehold estate in such Substitute Property, the City's leasehold estate under the Lease, and the Authority's leasehold estate under the Site Lease in such Substitute Property, subject only to Permitted Encumbrances, in an amount not less than the aggregate principal

amount of the Outstanding Bonds; provided, however, that this requirement shall not apply to Substitute Property that consists only of Former Property less any released portion;

(d) The City shall provide a Certificate of the City to the Authority and to the Trustee that such Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the City to violate any of its covenants, representations and warranties made in the Lease;

(f) The City shall file with the Authority and the Trustee a Certificate of the City or other evidence which establishes that the annual fair rental value of the Substitute Property after substitution or release will be at least equal to 100% of the maximum amount of the Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year and the useful economic life of the Substitute Property shall be at least equal to the maximum remaining term of the Lease; and

(g) The City shall furnish to the Trustee an opinion of Bond Counsel addressed to the Trustee, the City and the Authority to the effect that the substitution or release is permitted under the Lease.

Upon the satisfaction of all such conditions precedent, and upon the City delivering to the Authority and the Trustee a Certificate of the City certifying that the conditions set forth in subsections (a), (c) and (e) outlined above have been satisfied, the Term of the Lease shall thereupon end as to the Leased Property and shall thereupon commence as to the Substitute Property, and all references to the Leased Property shall apply with full force and effect to the Substitute Property. The City shall not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of any substitution or removal under the Lease.

PLAN OF FINANCE

General

The Authority is issuing the 2023A Bonds, to provide funds to: (i) finance the acquisition, construction and improvement of the Project, (ii) fund a portion of interest for the 2023A Bonds, and (iii) pay the related costs of issuing the 2023A Bonds.

The City has approved expenditure of up to \$30 million of available City funds for the Project. Currently, approximately \$26 million of such funds remain unexpended. The City will contribute \$26 million of such remaining approved City funds to the 2023 Project Fund under the Indenture.

See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Police Station Project

General. The Project is located at 128 N. Willow Avenue, Rialto, California 92376 and consists of a two-story concrete police administration building of approximately 50,814 square feet, a support building of approximately 11,403 square feet, and approximately 230 spaces of on-site parking. The Project’s expected total capital cost is approximately \$83 million, with completion expected in July 2026. The Police Station Project site is fully entitled and has satisfied all environmental requirements. No hazardous substances that would impair the Project have been identified on the site. An underground fuel tank with suspected leakage will be remediated as part of the Project.

Substantial completion of the Project and beneficial use and occupancy by the City is expected to occur by July 2026, subject to unexpected delays. Upon substantial completion, the City will maintain and operate the Project.

Project Team. The Project will be designed and constructed by the Project Team comprised of Griffin Structures Inc. (the “Developer”), LPA, Inc. (the “Architect”) and Swinerton Builders (the “General Contractor”). See APPENDIX G – “FORM OF DEVELOPMENT AGREEMENT” hereto. Following are brief descriptions of the Project Team. The Developer, Architect, and the General Contractor have successfully collaborated on 25 public-sector projects over more than 20 years including the recent public-private partnership for the Salinas Police Services Headquarters, the delivery of the Quartz Hill Library project for the County of Los Angeles and the Orange County Civic Center buildings.

Developer. Griffin Structures, Inc. is the developer for the Project. The Developer’s website is: www.griffinstructures.com. Information set forth on such website is not incorporated herein by reference. The Developer is a California-based, award-winning, development, program, design and construction management organization providing strategic project delivery solutions to public, non-profit, and private sector clients since 1981. Headquartered in Irvine, California, the Developer also maintains a Northern California office in Santa Clara. For more than four decades Griffin has worked with California cities and counties to plan, design, build, and finance facilities needed to serve their communities. The Developer provides a team of highly experienced and proven professionals in the design, development, and construction fields. The firm’s professionals deliver complex projects-managing projects from planning, design, development, and construction, to entitlements through post-occupancy. Several of the firm’s professionals are Certified Construction Managers, LEED certified, and/or Design-Build Institute of America (DBIA) Associates. The Developer has provided services in connection with a wide range of project delivery methods, including public-private partnerships, progressive design-build, and related project financings.

The Developer has completed over 250 projects for the public sector. The Developer’s experience includes administrative complexes, police, fire and public safety facilities, city halls, libraries, community/senior centers, parking structures, corporation yards, parks and trail systems, sports and recreational complexes, zoos, non-profit facilities, commercial buildings, healthcare facilities, and related infrastructure.

In addition to its current portfolio of public projects (e.g. \$1 billion Irvine Great Park Facilities Framework Plan, \$400 million San Bernardino County Downtown Government Campus and Master Plan, \$135 million San Bernardino County Valley Communication Center, \$190 million Eastvale Civic Center the Developer also recently completed the award-winning \$400 million County of Orange Civic Center, including both Administration North and Administration South as the key component of the County’s 20-year Facilities Strategic Plan. This project was delivered utilizing Public-Private Partnership (P3) form of project delivery).

Representative examples of projects that have received awards and reputable distinctions include: the County of Orange Civic Center (LEED Silver, APWA Project of the Year), the Environmental Nature Center (LEED Platinum, Net Zero Energy, Top 10 AIA COTE), Burlingame Community Center (Net Zero Energy, Clean Peninsula Award), MidPen Housing (Best Housing Community Award), Salinas Police Services Headquarters (ENR Best Project, APWA Project of the Year), Quail Hill Community Center (LEED Gold), Quartz Hill Library (LEED Gold), Westminster Police Department Headquarters (LEED Platinum), Newport Beach Marina Park Community & Sailing Center (APWA National Project of the Year), Great Park Ice & FivePoint Arena (LEED Silver), and government campuses for the County of San Bernardino, the City of Hesperia and the City of Fullerton (LEED Certified).

General Contractor. Swinerton Builders, the general contractor for the Project, was founded in 1888 and undertakes construction projects throughout California and other states. The General Contractor’s

website is: www.swinerton.com. Information set forth on such website is not incorporated herein by reference. Swinerton currently has the oldest active California General Contractor's License, #92. For the last three years the General Contractor has been ranked as the largest general contractor in California by the Engineering News Record. The General Contractor completed approximately \$5 billion "put in place" construction in 2022. The firm currently employs approximately 4,300 professionals throughout 20 offices across the nation. The General Contractor has an aggregate bonding limit of over \$6 billion, available bonding capacity of \$2.3 billion, and a maximum bonding limit of \$750 million per project.

Representative Southern California projects completed by the General Contractor include the following: Delta Airlines Sky Club, Bank of New York Mellon, High Desert Health System Multi-Service Ambulatory Care Center, Turner Riverwalk, UCSD Charles David Keeling Apartments, the Carlyle, Sunroad Centrum, a LEED certified office structure, and NASA Jet Propulsion Laboratory Flight Projects Center. The General Contractor has completed more than 200 LEED projects, valued at more than \$4.2 billion. The firm's experience includes civic infrastructure projects, many of them in collaboration with the Developer.

Architect. LPA, Inc. (the "Architect"), the architect for the Project has been in business for more than fifty years. Architect's website is: www.lpadesignstudios.com. Information set forth on such website is not incorporated herein by reference. The Architect has approximately 400 employees: 70% LEED Accredited Professionals and 47% licensed professionals (Architect, PE, CID, etc.). As one of the largest integrated design firms in California and Texas, the Architect provides architecture, planning, landscape architecture, interior design, engineering, and graphic/signage services from early program development to project closeout. Representative projects completed by the Architect include the following: NASA Jet Propulsion Laboratory Flight Projects Center, Capital Group Companies, Premier Automotive Group, 200 Spectrum Center, 520 Newport Center, Santa Clara Gateway, Edwards Lifescience, Brentwood Civic Center, Hesperia Civic Center and San Bernardino County Public Safety Operations Center. The Architect has won more than 700 major design awards, and completed over 200 LEED certified projects in California.

Development Agreement and General Contractor Contract. Prior to issuance of the 2023A Bonds, the City and the Developer will enter into a Development Agreement in connection with the Project; see APPENDIX G hereto (the "Development Agreement"). The Development Agreement will be the primary document governing development and construction management services in connection with the construction of the Project. The Developer will not personally perform any design or construction services, but has or will contract directly and separately with (i) the General Contractor who is to be engaged to construct the Project, (ii) the Architect and engineers and related design consultants designing the Project, and (iii) such other contractors or consultants who may be engaged to perform discrete elements of design or construction work on the Project to the extent not covered by the construction management contract for the Project (the "General Contractor Contract") between the City and the General Contractor or the Architect Agreement, between the Developer and the Architect.

Pursuant to the Development Agreement, the Developer will require that the General Contractor to include in all Construction Contracts recitations or provisions requiring the following:

- Labor Code §1700: Provisions requiring all Contractors employed on the Project to be responsible to pay the prevailing rate of wages as defined in California Labor Code Sections 1700 et seq. (but expressly excluding the Davis-Bacon Act and any rules and regulations

promulgated thereunder), and to indemnify the City, the Developer and the Trustee for claims arising out of failure to pay proper wages;

- Safety: Provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project;
- Indemnity: Provisions for indemnifying the City, the Developer and Trustee for claims arising out of the negligence or willful misconduct of such Contractor and its employees and agents; and
- Assignment: Provisions for assignment to the Trustee upon an Event of Default under the Indenture for which the Developer has received written notice from the Trustee.

Liquidated Damages. As the City's sole remedy for delay, the Developer will agree to forfeit and pay to the City the sum of \$12,000 per day as liquidated damages, and not as a penalty ("Liquidated Damages"), for each calendar day that Substantial Completion of the Project is delayed beyond the Developer Obligation Date, as that date may be adjusted pursuant to the terms of the Development Agreement. The City may deduct such sum from any payments due to or to become due to the Developer. See APPENDIX G – "FORM OF DEVELOPMENT AGREEMENT" hereto. Developer will have a claim for (and be able to deduct from amounts owing the General Contractor or otherwise collect from the General Contractor) the actual damages that the Developer suffers as a result of the General Contractor's failure to achieve Substantial Completion as provided in the General Contractor Contract, including Liquidated Damages. Pursuant to the Facility Lease, the City will assign and transfer to the Authority all right, title, and interest in, to, and under any payments received pursuant to the Liquidated Damages provisions of the Development Agreement for deposit in the Lease Revenue Fund.

Payment and Performance Bonds. Under the General Contractor Contract, the Developer will require the General Contractor to furnish a payment bond for 100% of the amount of the construction portion of the Guaranteed Maximum Construction Price, in accordance with Civil Code Section 9554, and a performance bond for 100% of the amount of the construction portion of the Guaranteed Maximum Construction Price, guaranteeing the faithful performance of the General Contractor Contract.

Capitalized Interest. A portion of the proceeds of the 2023A Bonds will fund interest on the 2023A Bonds through December 1, 2026. See "RISK FACTORS – Police Station Project Completion" herein.

Insurance During Construction. During construction of the Project, the Developer will be required to procure and maintain, at a minimum, for the duration of the Development Agreement the insurance coverages set forth in Exhibit G to the Development Agreement. See APPENDIX G – "FORM OF DEVELOPMENT AGREEMENT" hereto.

Insurance Following Construction. Following delivery of the Certificate of Substantial Completion pursuant to the Lease, the City will maintain the insurance coverages described in the Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" herein.

Assignment of Documents on Event of Default. Upon written notice from the Trustee to the Developer of the occurrence of an Event of Default under the Indenture, the Developer will assign the Development Agreement, the Architect's Agreement and the General Contractor Contract, together with such other Construction Contracts as the Trustee may request, to Trustee for such time as the Event of Default in the sole judgment of the Trustee remains uncured.

LEASED PROPERTY

General. The Leased Property consists of the land and improvements of the City’s current police station, which will also be the site for the Project. Once the Project is completed and the City has beneficial use and occupancy of the site and building, it is expected that the existing police station structure will be demolished and removed from the site. The City may substitute other real property for any portion of the Leased Property described above, or release any identifiable real property and/or improvements currently constituting the Leased Property, provided the City satisfies the provisions of the Lease. See “SECURITY AND SOURCES OF PAYMENT OF THE 2023A BONDS – Substitution and Release of Property.”

No Remedy of Foreclosure. The City has not granted any security interest in the Leased Property for the benefit of the owners of the 2023A Bonds, and there is no deed of trust or mortgage or remedy of foreclosure on the Leased Property upon the occurrence of an Event of Default under the Indenture or the Lease.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds:

Sources:

Par amount of the 2023A Bonds	\$56,525,000.00
Original Issue Premium	4,874,231.50
City Contribution	26,000,000.00
Total Sources	\$87,399,231.50

Uses:

2023 Project Fund Proceeds Account	\$52,918,578.00
2023 Project Fund City Contribution Account	26,000,000.00
2023 Interest Account ⁽¹⁾	7,843,647.29
Costs of Issuance ⁽²⁾	637,006.21
Total Uses	\$87,399,231.50

⁽¹⁾ Interest funded (net of expected investment earnings) through December 1, 2026. See “PLAN OF FINANCE” and “RISK FACTORS - Police Station Project Completion.”

⁽²⁾ Costs of issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Trustee, printing expenses, rating fee, underwriter’s discount and other miscellaneous costs.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the 2023A Bonds, assuming no optional or extraordinary redemptions.

<u>Year Ending</u> <u>(June 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$1,282,711.60	\$1,282,711.60
2025	-	2,868,175.00	2,868,175.00
2026	-	2,868,175.00	2,868,175.00
2027	1,030,000	2,868,175.00	3,898,175.00
2028	1,085,000	2,816,675.00	3,901,675.00
2029	1,140,000	2,762,425.00	3,902,425.00
2030	1,195,000	2,705,425.00	3,900,425.00
2031	1,255,000	2,645,675.00	3,900,675.00
2032	1,320,000	2,582,925.00	3,902,925.00
2033	1,385,000	2,516,925.00	3,901,925.00
2034	1,455,000	2,447,675.00	3,902,675.00
2035	1,525,000	2,374,925.00	3,899,925.00
2036	1,600,000	2,298,675.00	3,898,675.00
2037	1,680,000	2,218,675.00	3,898,675.00
2038	1,765,000	2,134,675.00	3,899,675.00
2039	1,855,000	2,046,425.00	3,901,425.00
2040	1,945,000	1,953,675.00	3,898,675.00
2041	2,045,000	1,856,425.00	3,901,425.00
2042	2,145,000	1,754,175.00	3,899,175.00
2043	2,255,000	1,646,925.00	3,901,925.00
2044	2,365,000	1,534,175.00	3,899,175.00
2045	2,485,000	1,415,925.00	3,900,925.00
2046	2,610,000	1,291,675.00	3,901,675.00
2047	2,740,000	1,161,175.00	3,901,175.00
2048	2,875,000	1,024,175.00	3,899,175.00
2049	3,020,000	880,425.00	3,900,425.00
2050	3,180,000	721,875.00	3,901,875.00
2051	3,345,000	554,925.00	3,899,925.00
2052	3,520,000	379,312.50	3,899,312.50
2053	3,705,000	194,512.50	3,899,512.50
Total	\$56,525,000	\$55,807,711.60	\$112,332,711.60

THE AUTHORITY

The Authority is a joint powers authority, organized under an Amended and Restated Joint Exercise of Powers Agreement, dated as of October 10, 2023 (the “Joint Powers Agreement”), with the Rialto Housing Authority and the City as the Authority’s members. The Joint Powers Agreement was entered into pursuant to the provisions of the Act. The Authority is governed by a five-member Board of Directors that comprises the members of the City Council. The Authority has no separate staff, but operates using City staff members.

THE CITY

General

The City is located in the western portion of the County of San Bernardino (the “County”), approximately 60 miles east of the City of Los Angeles and just west of the City of San Bernardino. The City was incorporated in 1911, and is organized as a general law city with a Council-Manager form of government. The City is approximately four miles wide and eight and one-half miles long. The City is served by Interstate Freeways 210, 215, 10 and 15. See APPENDIX A – “SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY” and APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

Audited Financial Statements

The following table sets forth the City’s General Fund Balance Sheet information for Fiscal Years ended June 30, 2018 through June 30, 2022 and preliminary, unaudited information for Fiscal Year ended June 30, 2023.

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TABLE 1
CITY OF RIALTO
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2023

	2018	2019	2020	2021	2022	Preliminary 2023
Assets						
Cash and investments ⁽¹⁾	\$ 87,751,932	\$ 84,002,253	\$50,769,459	\$ 68,197,287	\$ 39,710,974	\$ 83,186,770
Accounts receivable, Net	4,316,413	3,456,795	5,782,661	4,952,342	10,092,206	18,300,766 ⁽²⁾
Interest receivable	184,223	214,419	79,484	176	65,074	398,351
Prepaid costs	142,765	4,810	5,753	29,311	60,778	67,717
Deposits	4,037,165	4,678,056	4,817,803	4,828,059	4,791,464	5,803,833
Due from other governments	4,303,422	5,774,535	8,544,137	12,957,524	11,206,829	478,145
Due from other funds ⁽¹⁾	3,220,138	1,425,581	4,732,147	1,829,553	16,090,214	1,604,355
Due from Successor Agency	137,503	220,390	141,480	-	-	-
Advances to other funds	1,300,000	18,799,195	18,799,195	18,799,195	18,799,195	12,192,605
Inventory	52,184	50,365	56,754	59,398	84,817	185,514
Property held for development	719,969	719,969	719,969	719,969	719,969	719,968
Restricted assets: Cash and Investments	182,806	185,383	251,221	251,221	251,221	251,220
Total assets	\$106,348,520	\$119,531,751	\$94,700,063	\$112,624,035	\$101,872,741	\$123,189,244
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 5,570,262	\$ 3,658,021	\$ 5,449,510	\$ 5,894,905	\$ 7,747,916	\$ 25,614,268 ⁽³⁾
Deposits	90,361	102,694	99,801	135,461	185,181	1,643,021
Unearned Revenues	27,390,708	32,992,278	1,541,052	1,132,726	2,681,842	638,970
Due to Other Funds ⁽⁴⁾	269,435	230,364	-	-	4,873,105	-
Total Liabilities	\$ 33,320,766	\$ 36,983,357	\$ 7,090,363	\$ 7,163,092	\$ 15,488,044	\$27,896,259
Total Liabilities and Deferred Inflows of Resources	\$ 46,967	\$ 49,211	\$ 88,187	\$ 873,969	\$ 4,716,513	\$ 72,781
Total Fund Balances	\$ 72,980,787	\$ 82,499,183	\$87,521,513	\$104,586,974	\$ 81,668,184	\$95,220,204
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$106,348,520	\$119,531,751	\$94,700,063	\$112,624,035	\$101,872,741	\$123,189,244

Source: City of Rialto.

⁽¹⁾ Fiscal Year ended June 30, 2022 amounts reflect a required \$16.2 million dollar deficit cash clearing adjustment to balance negative cash balances in other funds and an unrealized net loss of \$8.3 million dollars. Fiscal Year ended June 30, 2023 is pending a required deficit cash clearing adjustment. To date, the current amount required from the General fund is approximately \$1,500,000, which will decrease cash and increase due from other funds. Additional increases in cash and investments are due to cashflow timing of investments and accrued liabilities.

⁽²⁾ Increased due to timing. Revenues that are received for Fiscal Year ended June 30, 2023, between the City's accrual period of July 1, 2023, and August 31, 2023, are reflected in Accounts Receivable.

⁽³⁾ Increased due to timing. Accounts Payable invoices that are received for Fiscal Year ended June 30, 2023, between the City's accrual Period of July 1, 2023 and August 31, 2023, are reflected in Accounts Payable and Accrued Liabilities.

⁽⁴⁾ Fiscal Year ended June 30, 2022 amount reflects transfer to the City's Water Fund for rate stabilization purposes.

The following table summarizes the City’s General Fund Statement of Revenues, Expenditures, and Changes in General Fund Balance for the Fiscal Years ended June 30, 2018 through June 30, 2023. This information has been derived from the audited financial statements of the City for the fiscal years shown, except for Fiscal Year ended June 30, 2023. This information should be read in conjunction with APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022.”

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TABLE 2
CITY OF RIALTO
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCE
FOR FISCAL YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2023

	2018	2019	2020	2021	2022	Preliminary 2023
REVENUES						
Taxes ⁽¹⁾	\$58,442,946	\$ 66,888,344	\$68,600,527	\$ 89,826,689	\$111,985,260	\$119,260,413
Licenses and permits	5,324,291	5,489,889	5,751,170	5,354,961	5,840,694	6,646,718
Fines and forfeitures	690,784	542,765	504,431	567,929	938,527	998,279
Use of Money and Property ⁽²⁾	(368,577)	3,296,456	1,613,398	(237,931)	(7,600,400)	3,090,995
Revenue from other agencies	9,973,520	5,758,792	7,581,247	7,481,318	5,787,852	6,040,297
Charges for services	8,750,006	11,671,434	9,316,984	9,111,405	12,250,587	11,056,843
Rialto Utility Authority Lease Payments ⁽³⁾	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	-
Reimbursement from Successor Agency	978,716	-	-	-	-	-
Other revenue ⁽³⁾	1,589,197	4,438,756	2,090,505	1,742,259	1,665,288	3,045,944
Total Revenues	\$87,380,883	\$100,086,436	\$97,458,262	\$115,846,630	\$132,867,808	\$150,139,489
EXPENDITURES						
Current:						
General government	\$16,549,072	\$15,068,819	\$16,665,951	\$ 17,233,935	\$ 35,985,643	\$ 43,975,041
Public safety	53,280,014	54,270,094	58,704,099	63,068,172	68,319,553	67,868,220
Community development	7,911,202	9,643,504	9,414,121	12,286,809	15,105,609	21,052,318
Capital Outlay	4,867,692	6,984,689	366,554	109,401	45,925	-
Debt Service						
Principal retirement	122,029	133,413	-	162,835	245,684	271,642
Interest and Fiscal Charges	195,524	300,946	-	289,588	284,058	282,146
Total expenditures	\$82,925,533	\$86,401,465	\$85,150,725	\$ 93,150,740	\$119,986,472	\$133,449,367
Excess of Revenues Over (Under) Expenditures	\$ 4,455,350	\$13,684,971	\$12,307,537	\$ 22,695,890	\$ 12,881,336	\$ 16,690,122
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	\$ 21,791	\$ 19,002	\$ 16,112	\$ 308,727	\$ 3,422,727	\$ -
Transfers in	8,492,760	66,092,173	1,865,036	3,709,729	9,950,403	8,192,809
Transfers out	(9,360,366)	(70,277,750)	(9,166,355)	(3,104,532)	(49,173,256)	(11,330,911)
Total Other Financing Sources (Uses)	\$ (845,815)	\$(4,166,575)	\$(7,285,207)	\$913,924	\$(35,800,126)	\$ (3,138,102)
Net Change in Fund Balances	\$ 3,609,535	\$ 9,518,396	\$ 5,022,330	\$ 23,609,814	\$(22,918,790)	\$ 13,552,020
Fund Balances – Beginning of Year	\$69,371,252	\$72,980,787	\$82,499,183	\$ 80,977,160⁽⁵⁾	\$104,586,974	\$ 81,668,184
Fund Balances – End of Year	\$72,980,787	\$82,499,183	\$87,521,513	\$104,586,974	\$ 81,668,184	\$ 95,220,204

Source: City of Rialto.

⁽¹⁾ A change in the method of tax reporting by a prominent sales tax producer in the City resulted in a shift in the tax allocation from a statewide allocation through the County sales tax pool to a local sales tax allocation based upon the businesses' point-of-sale or fulfillment of the sale, resulting in a significant increase in sales tax revenues. See " – Distribution Center in the City" below.

⁽²⁾ Fiscal years ended June 30, 2022 and 2023 amounts reflect unrealized net losses. The unrealized net loss for Fiscal Year ended June 30, 2022 is approximately \$8.3 million and for Fiscal Year ended June 30, 2023 the unrealized net loss is approximately \$1.5 million.

⁽³⁾ The City currently expects a Rialto Utility Authority Lease Payment for Fiscal Year ended June 30, 2023, but the amount has not yet been determined.

⁽⁴⁾ Other revenue represents various one-time funds that may arise in a given year.

⁽⁵⁾ The General Fund balance at July 1, 2020 was restated to reflect implementation of Governmental Accounting Standards Board Statement No. 84.

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General Fund Revenue Sources

The table below provides the amount of General Fund revenues that each source represents for the fiscal years shown.

**TABLE 3
CITY OF RIALTO
GENERAL FUND REVENUES**

Revenue Source	Actual FY 2020	Actual FY 2021	Actual FY 2022	% of General Fund Revenues (FY 2022) ⁽¹⁾	Projected Actual FY 2023	% of General Fund Revenues (FY 2023) ⁽¹⁾
Property Tax	\$27,005,679	\$29,542,220	\$ 32,700,353	21%	\$ 37,446,473	25%
Sales Tax ⁽²⁾	22,172,254	39,384,990	55,080,619	35	58,428,973	39
Other	19,495,138	20,899,500	24,204,285	15	23,384,967	16
Totals	\$68,673,071	\$89,826,710	\$111,985,257	71%	\$119,260,413	80%

Source: City of Rialto.

⁽¹⁾ Rounded.

⁽²⁾ A change in the method of tax reporting by a prominent sales tax producer in the City resulted in a shift in the tax allocation from a statewide allocation through the County sales tax pool to a local sales tax allocation based upon the businesses' point-of-sale or fulfillment of the sale, resulting in a significant increase in sales tax revenues. See " – Distribution Center in the City" below.

Property Taxes. Taxes are levied by the County for each Fiscal Year on taxable real and personal property which is situated in the City as of the preceding January 1. Effective July 1, 1983, real property which changes ownership or is newly constructed is reassessed at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and if unpaid become delinquent on December 10 and April 10, respectively, subject to a penalty of ten percent. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and, in general, become delinquent on August 31, subject to a ten percent penalty. If unsecured taxes are unpaid on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The City has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain

a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and Recorder's office in order to obtain a lien on certain property of the taxpayer, and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the entity assessed.

Economic and other factors beyond the City's control, such as economic recession, deflation of land values, or the complete or partial destruction of taxable property caused by, among other things, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City. See also "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Property Tax Limitations – Article XIII A, XIII B, XIII C (Proposition 218)" and "– Article XIII A Implementing Legislation."

Sales Taxes. A sales tax is imposed on the privilege of consuming personal property in California. California does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the City). The State's actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution. In addition, many of California's cities, counties, and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. These district taxes can vary up to 1%, and more than one district tax may be in effect for a particular location. Sales taxes represent the largest revenue source for the City's General Fund.

E-commerce. During the past ten years, E-commerce retail sales have increased rapidly. In June 2018, the United States Supreme Court published its landmark decision in *South Dakota v. Wayfair* (the "Wayfair Decision"), holding that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have a physical nexus in a state for the seller to be liable for the collection of that state's sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state. Thus, prior to the Wayfair Decision, states had much more limited means to collect sales tax revenue from E-commerce.

Following the Wayfair Decision, the State of California enacted Assembly Bill No. 147 on April 25, 2019, pursuant to which California Department of Tax and Fee Administration (the "CDTFA") has developed policies and procedures to govern the administration, collection and allocation of sales and use taxes for E-commerce retail sales. Among the factors that determine the allocation of sales and use tax revenue from E-commerce retail sales among California local jurisdictions such as the City, are the location from which the E-commerce order was placed, the location of the goods at the time of sale, the location of the fulfillment center.

Distribution Center in the City. Part of the increase in sales tax revenue reflects a change in tax reporting by a prominent sales tax producer in the City. This reporting change shifted the tax allocation from a statewide allocation through the County sales tax pool, where the tax was distributed pro-rata throughout the State, to a local sales tax allocation based upon the businesses' point-of-sale or fulfillment of the sale. The City was notified of the reporting change in mid-2021, though retroactive re-allocations were made for prior quarters including in 2021 and a portion of 2020. There can be no assurance that future reporting changes will not alter the allocation of sales taxes attributable to distribution centers in a way that reduces the City's allocation. The allocation of sales taxes have from time to time been the subject of legislative change. There can be no assurances that the current allocation of sales tax revenues (including but not limited to the allocation of sales tax revenues from online sales) among the relevant tax-recipient agencies will continue in the future. See Table 3 herein.

Teeter Plan. Certain counties in the State operate under a statutory program entitled the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Each participating local agency levying property taxes receives from its county the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuation or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuation from two-thirds of the participating revenue local agencies in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The City does not participate in the County’s Teeter Plan.

Future Financings. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments, or which the City, in its discretion, may determine to pay prior to the Base Rental Payments. See “RISK FACTORS – Additional General Fund Obligations.”

Certain City Policies and Practices

Debt Management Policy. The City adopted a Debt Management Policy on August 8, 2017 (the “Debt Policy”) to establish guidelines and parameters for the effective governance, management, internal control and administration of debt and other financing obligations of the City or issued by the City. The Debt Policy was prepared to comply with Section 8855(i) of the California Government Code.

Investment Policy. In accordance with California Government Code, Sections 53600 et seq., the City maintains an Investment Policy, which was most recently adopted on December 13, 2022 (the “Investment Policy”). The Investment Policy’s primary objectives are to ensure the safety of principal, maintain a sufficiently liquid investment portfolio to ensure that the City has adequate cash to meet reasonably anticipated operating requirements and earn a reasonable yield consistent with the objectives of safety and liquidity. These objectives reflect the City’s investment philosophy, as expressed in the Investment Policy, to invest conservatively in order to minimize risk. The fundamental principles of the investment philosophy are: diversification of the portfolio by investment type, quality standards for securities issuers, limits on the maximum maturity of investments, passive investment strategy of purchasing investments with the intent to hold them until maturity.

Cybersecurity. The City provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat or breach. See “RISK FACTORS – Cybersecurity.” Staff is currently developing a standard operating procedure that will include cybersecurity related matters specifically.

City Budget

Budget Process. The City prepares an annual budget consistent with Generally Accepted Accounting Principles (“GAAP”) for all governmental funds on a modified accrual basis where revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recorded when the goods or services are received, and the liabilities are incurred.

The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the fiscal year. Public meetings are conducted prior to the adoption by City Council. It is the City Council's goal to adopt an annual balanced budget, a budget in which current revenues equal recurring expenditures. Once the annual budget is adopted, department directors are responsible, not only to accomplish particular goals within each program, but also to monitor budget allocations consistent to the funding levels adopted by the City Council prior to July 1 of the budget year.

Adopted Budgets. The following table sets forth the City's adopted budget and actual General Fund revenues, expenditures and changes in fund balance for the Fiscal Year shown. The adopted budget is the original budget at the start of the new Fiscal Year. Throughout the year, budget changes may be authorized by City Council which increase or decrease the City's spending authority. Therefore, variances between the adopted budget and actual expenditures are common.

TABLE 4
CITY OF RIALTO GENERAL FUND
COMPARISON OF ADOPTED BUDGET TO ACTUAL RESULTS

	Final Fiscal Year 2022 Budget	Fiscal Year 2022 Actual	Variance	Final 2023 Budget
Revenues				
Taxes	\$99,782,615	\$111,985,257	\$13,787,425	\$107,751,830
Licenses and permits	5,641,235	5,915,192	189,257	5,508,100
Fines and forfeitures	652,000	958,019	303,019	588,000
Use of money and property	1,015,600	1,077,868	(195,232)	2,261,070
Revenue from other agencies	4,575,436	5,663,457	688,617	4,977,840
Charges for services	11,047,727	10,966,103	1,703,553	10,284,777
Rialto Utility Authority Lease Payments	2,000,000	3,141,212	680	3,140,530
Other	3,375,000	14,826,502	12,248,970	2,185,892
Total Revenues	\$132,067,707	\$154,533,610	\$28,726,389	\$136,698,039
Expenditures				
Current:				
General government	\$41,117,636	\$35,985,643	\$5,131,993	\$39,643,988
Public safety	69,246,482	68,319,553	926,929	75,879,388
Community Development	15,998,743	15,105,609	893,134	20,202,558
Capital Outlay:	323,584	45,925	277,659	-
Total Expenditures	\$126,686,445	\$119,986,472	\$7,229,715	\$135,725,934
Excess (deficiency) of revenues over (under) expenditures	\$5,381,262	\$12,881,336	-	\$972,105
Other Financing Sources (Uses):				
Transfers in	\$10,125,931	\$9,950,403	(\$175,528)	\$1,364,092
Transfers out	49,173,256	49,173,256	-	8,289,761
Total Other Financing Sources (Uses)	(\$39,047,325)	(\$35,800,126)	(\$175,528)	(\$6,925,669)
Net Change in Fund Balances	(\$33,666,063)	(\$22,918,790)	(\$10,747,273)	(\$5,953,564)
Fund Balances at Beginning of Year	\$104,586,970	\$104,586,974		\$81,668,184
Fund Balances at End of Year	\$ 70,030,194	\$ 81,668,184		\$75,714,620

Source: City of Rialto.

Appropriations Limit

Section 7910 of the Government Code of the State requires the City to adopt a formal appropriations limit for each fiscal year. The City's appropriations limit for Fiscal Year 2023-24 is \$101,845,889. The appropriations limit is not expected to have any impact on the ability of the City to budget and appropriate the Base Rental Payments and Additional Rental Payments as required by the Lease. See "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Property Tax Limitations – Article XIII A, XIII B, XIII C (Proposition 218)" herein.

Assessed Valuation

The City's second largest revenue source, property tax, is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (moveable property) located within the City. The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the CDTFA. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution. See "– Limitations on Taxes and Appropriations" below. Certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Economic and other factors beyond the City's control, such as economic recession, deflation of land values, or the complete or partial destruction of taxable property caused by, among other things, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City. See "RISK FACTORS."

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The following table sets forth the historical assessed valuations for secured and unsecured property within the City for the fiscal years shown.

TABLE 5
CITY OF RIALTO
ASSESSED VALUE OF ALL TAXABLE PROPERTY

Fiscal Year	Secured	Unsecured	Total
2013-14	\$ 5,401,174,087	\$ 517,585,920	\$ 5,918,760,007
2014-15	5,885,950,406	578,031,980	6,463,982,386
2015-16	6,291,791,896	646,168,256	6,937,960,152
2016-17	6,678,303,556	659,303,329	7,337,606,885
2017-18	7,105,753,435	801,999,612	7,907,753,047
2018-19	8,277,896,333	868,370,316	9,146,266,649
2019-20	9,109,789,228	912,396,270	10,022,185,498
2020-21	9,589,967,275	1,240,843,552	10,830,810,827
2021-22	10,618,492,673	1,338,753,843	11,957,246,516
2022-23	11,628,914,895	1,486,672,063	13,115,586,958

Source: City of Rialto.

The following table sets forth property tax levies and collections for the City for the fiscal years shown.

TABLE 6
CITY OF RIALTO
TAX LEVIES AND COLLECTIONS
(Fiscal Year Ended June 30)

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2013	\$22,604,425	\$22,503,375	99.55%	\$101,049	\$22,604,425	100.00%
2014	21,095,830	20,913,162	99.13	182,668	21,095,830	100.00
2015	24,231,424	24,045,621	99.23	185,803	24,231,424	100.00
2016	23,902,218	23,750,424	99.36	151,765	23,902,189	100.00
2017	23,719,160	23,608,043	99.53	110,730	23,718,773	100.00
2018	31,445,680	31,292,569	99.51	152,743	31,445,312	100.00
2019	34,643,458	34,544,095	99.71	99,342	34,643,437	100.00
2020	37,223,333	37,079,154	99.61	144,179	37,223,333	100.00
2021	39,826,549	39,708,855	99.70	117,694	39,826,549	100.00
2022	44,085,823	43,804,013	99.36	281,810	44,085,823	100.00

NOTE: Amounts exclude debt service levies and former redevelopment agency property tax increments.

Source: County of San Bernardino Auditor-Controller; City of Rialto.

Largest Secured Taxpayers

The following table sets forth the largest 2021-22 local secured taxpayers in the City by taxable assessed value.

TABLE 7
CITY OF RIALTO
LARGEST 2021-22 LOCAL SECURED TAXPAYERS

	<u>Property Owner</u>	<u>Primary Land Use</u>	2021-22 <u>Assessed Valuation</u>	% of <u>Total</u> ⁽¹⁾
1.	Target Corporation	Commercial	\$ 496,815,045	4.15%
2.	Prologis-Macquarie US LLC	Industrial	490,746,651	4.10
3.	El Rivino Industrial I LLC	Industrial	335,688,815	2.81
4.	Amazon Com Service Inc.	Industrial	242,788,604	2.03
5.	Niagra Bottling LLC	Industrial	196,066,809	1.64
6.	Liberty Property LP	Industrial	186,461,939	1.56
7.	Fedex Ground Package System Inc.	Industrial	175,896,858	1.47
8.	GPT BTS Linden Avenue Owner	Industrial	135,584,513	1.13
9.	B9 Kline Ranch Owner LLC	Industrial	123,719,453	1.03
10.	MRE Propco LP	Industrial	113,950,968	0.95
	TOTAL		\$2,497,719,655	20.87%

⁽¹⁾ 2021-22 Assessed Valuation: \$12,226,951,239.

Source: HdL Coren & Cone; City of Rialto ACFR Fiscal Year 2021-22.

Direct and Overlapping Debt

Set forth on the following table is a direct and overlapping debt report (the “Debt Report”) for the City prepared by California Municipal Statistics, Inc., dated as of November 1, 2023. The Debt Report is included for general information purposes only.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable from the general fund or other revenues of such public agency. The City has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

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TABLE 8
CITY OF RIALTO
Statement of Direct and Overlapping Debt
As of November 1, 2023

2023-24 Assessed Valuation: \$14,908,243,043

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/23</u>
The Metropolitan Water District of Southern California	4.680%	\$ 899,262
Chaffey Community College District	1.159	3,361,448
San Bernardino Community College District	12.874	88,071,712
Colton Joint Unified School District	19.749	34,223,318
Fontana Unified School District	7.100	18,412,064
Rialto Unified School District	74.512	114,620,225
San Bernardino City Unified School District	0.016	50,494
City of Rialto Community Facilities District No. 2006-1	100.	3,885,000
City of Rialto Community Facilities District No. 2019-2	100.	4,850,000
City of Rialto Community Facilities District No. 2020-1	100.	16,840,000
California Statewide Communities Development Agency Assessment District No. 22-01	100.	<u>1,435,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$286,648,523
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
San Bernardino County General Fund Obligations	4.680%	\$ 6,157,242
San Bernardino County Flood Control District General Fund Obligations	4.680	1,745,406
Chaffey Community College District Certificates of Participation	1.159	287,780
Fontana Unified School District Certificates of Participation	7.100	1,217,295
Rialto Unified School District Certificates of Participation	74.512	5,461,666
San Bernardino City Unified School District Certificates of Participation	0.016	8,964
City of Rialto General Fund Obligations	100.	<u>10,150,852</u> (1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$25,029,205
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100. %	\$101,645,000
 COMBINED TOTAL DEBT		\$413,322,728 (2)

(1) Excludes 2023A Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.92%
Total Direct Debt (\$10,150,852).....	0.07%
Combined Total Debt	2.77%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$8,281,383,342):

Total Overlapping Tax Increment Debt	1.23%

Source: California Municipal Statistics, Inc.

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General Fund Long-Term Obligations

The following obligations payable from the City's General Fund are identified as governmental activities in the City's audited financial statements for the Fiscal Year ended June 30, 2022.

Long-Term Debt	Beginning at June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More than One Year
Certificates of Participation	\$ 270,000	-	\$ (270,000)	-	-	-
Leases	240,339		(57,004)	\$ 183,335	\$ 58,959	\$ 124,376
Direct Borrowings:		-				
Financed Purchases	11,128,200	-	(389,389)	10,738,811	480,666	10,258,145
Notes payable	2,200,000	-	(410,000)	1,790,000	84,000	1,706,000
Subtotal	13,328,200	-	(799,389)	12,528,811	564,666	11,964,145
Total	\$13,838,539	-	\$(1,126,393)	12,712,146	\$623,625	\$12,088,521

Source: City of Rialto and APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR THE FISCAL YEAR ENDING JUNE 30, 2022 – Note 9 Long-Term Obligations."

Labor Contracts

The following table sets forth the current status of the employment contracts, as applicable, for the City's employee groups. The City has not experienced a labor stoppage during the past thirty-seven years and has generally experienced good relations with each employee group.

Unit	Budgeted Number of Employees	Date of Contract Expiration
RCEA	124	06/30/2023
TMMU	39	06/30/2023
RFMA	7	06/30/2023
RPBA Management	27	06/30/2023
RPBA General	160	06/30/2023
3688	80	06/30/2023
Total	437	

Source: City of Rialto.

Pension Plans

Pension Funding Policy. Like most municipalities, the City is facing rising pension costs and growing unfunded pension liabilities. On June 14, 2022, the City Council of the City adopted a pension funding policy. The pension funding policy, among other things, provides guidance in making annual budget decisions and creating sustainable and affordable budgets for pension obligations.

General. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans. The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System ("CalPERS"), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding

benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided. CalPERS 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 fulltime employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

General Information for the Pension Plans. The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous Plan	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 55	52 – 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates	22.87%	12.79%
	Safety Plan	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 – 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	14.25%
Required employer contribution rates	35.43%	25.23%

Employees Covered. At June 30, 2022, the following employees were covered by the benefit terms of each Plan:

	Miscellaneous Plan	Safety Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits	397	268
Inactive Employees entitled to but not Yet Receiving Benefits	216	98
Active Employees	176	152
Total	789	518

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 the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Assumptions. A summary of actuarial assumptions and methods used to determine the net pension liability for each Plan is as follows:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15
Inflation	2.50
Projected Salary Increase	Varies ⁽¹⁾
Investment Rate of Return	7.65
Mortality Rate Table	CalPERS’ membership data ⁽²⁾
Post Retirement Benefit Increase	See footnote ⁽³⁾

Source: APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022” at Note 12.

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on the table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

⁽³⁾ Contract COLA up to 2% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

For further information see APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022” at Note 12.

Funding Status. The Unfunded Accrued Liability (“UAL”) is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The City’s required UAL payment contributions for 2024-25 for its Miscellaneous Plan is \$6,626,107 and \$14,410,802 for its Safety Plan.

The funded status is an assessment of the need for future employer contributions based on the actuarial cost method used to fund the Plans. The following tables set forth the valuation results as of June 30, 2022, in reports by CalPERS dated July 2023. The valuation results are based on an investment return assumption of 6.8%. Other assumptions used in valuation reports are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions November 2021 report available on the CalPERS website.

Miscellaneous Plan		<u>June 30, 2021</u>	<u>June 30, 2022</u>
1.	Present Value of Projected Benefits	\$177,394,336	\$191,025,036
2.	Entry Age Normal Accrued Liability	156,516,893	164,948,683
3.	Market Value of Assets	<u>121,070,728</u>	<u>109,605,934</u>
4.	Unfunded Accrued Liability (UAL) [(2) – (3)]	\$35,446,165	\$55,342,749
5.	Funded Ratio [(3) / (2)]	77.4%	66.4%

Source: July 2022 CalPERS Annual Valuation.

Safety Plan		<u>June 30, 2021</u>	<u>June 30, 2022</u>
1.	Present Value of Projected Benefits	\$399,502,756	\$428,594,830
2.	Entry Age Normal Accrued Liability	337,567,559	362,656,244
3.	Market Value of Assets	<u>274,165,461</u>	<u>251,786,618</u>
4.	Unfunded Accrued Liability (UAL) [(2) – (3)]	\$63,402,098	\$110,869,626
5.	Funded Ratio [(3) / (2)]	81.2%	69.04%

Source: July 2022 CalPERS Annual Valuation.

Public Employees’ Pension Reform Act (“PEPRA”). On September 12, 2012, Governor Brown signed Assembly Bill 340, creating PEPRA. Among other things, PEPRA creates a new benefit tier for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013. The new tier has a single general member benefit formula and three safety member benefit formulas that must be implemented by all public agency employers unless the formula in existence on December 31, 2012 has both a lower normal cost and a lower benefit factor at normal retirement age. PEPRA requires that all new employees/members, hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. The normal cost contribution is the contribution set by the retirement system’s actuary to cover the cost of a current year of service.

Other Post-Employment Benefits

The City provides postemployment healthcare benefits through the CalPERS healthcare program entitled Public Employees’ Medical and Hospital Care Act (“PEMHCA”) to eligible employees and any qualified family members under the authority of a Memorandum of Understanding with the employee bargaining units. The City contributes toward the health premium based on the Memorandum of Understanding. The City does not provide a retiree contribution for dental, vision, or life insurance benefits.

Upon attainment of a minimum age of 50 (or age 52, if a new miscellaneous employee was hired on or after January 1, 2013) and completion of a minimum State or public agency service requirement of five years, an employee may retire and remain covered at the City’s expense for period depending on employment classification. The City is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued. Benefits continue to dependents so long as they remain eligible for coverage. The City contributes 100% of medical premiums for the retiree and his or her covered dependents, but not more than the maximum monthly premiums as follows: \$279.25 for single, \$558.49 for two-party, and \$726.04 for family. Insurance provided by the City will be supplemental to Medicare upon the retiree reaching the age of 65. In addition, the City will not contribute less than the

PEMHCA minimum employer contribution of \$149 for 2022 and so on. In fiscal year ended June 30, 2022, the City made contributions of \$10,000,000 and \$848,268 implied subsidy benefit payments.

The City established a trust account with Public Agency Retirement Services (“PARS”) to hold assets that are legally restricted for use in administering the City’s OPEB health plan. The OPEB Trust’s specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City. The City generally makes an annual contribution to the Trust and currently pays benefits either directly to retirees or through PEMHCA during the year as pay-as-you-go expenses.

As of June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active Employees	338
Inactive Employees or Beneficiaries Currently Receiving Benefits	239
Inactive Employees entitled to, but not Yet Receiving Benefits	91
Total	668

For a further description of the OPEB plan, the City’s net liability, actuarial assumptions and other information, see APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022” at Note 12.

STATE OF CALIFORNIA BUDGET INFORMATION

State Budget

General. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” An nonpartisan analysis of each State budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. A summary of the May Revision related to the State budget described below is located at www.ebudget.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at www.emma.msrb.org. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Authority, and the City and the Authority can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references. Actions by the State, including through its budget process may have material impacts on the City’s operations and finances.

2023-24 State Budget. On June 27, 2023, Governor Newsom signed into law the Fiscal Year 2023-24 State Budget (as amended effective July 10, 2023, the “2023-24 Budget”). The 2023-24 Budget totals approximately \$310.8 billion while closing a shortfall of more than \$30 billion. The 2023-24 Budget does not draw from budgetary reserves to close the projected shortfall, but rather includes building up these reserve accounts by \$600 million more than in the May Revision. The 2023-24 Budget includes \$37.8 billion in budgetary reserves, which include: \$22.3 billion in the Budget Stabilization Account (the “Rainy Day Fund”) for fiscal emergencies; \$10.8 billion in the Public School System Stabilization Account (“PSSSA”) (used to lessen the impact of State revenue volatility on K-12 schools and community colleges); \$900 million in the Safety Net Reserve Fund (used to maintain benefits and services for CalWORKs and Medi-Cal participants during economic downturns); and \$3.8 billion in the State’s operating reserve. The Rainy Day Fund is now at its constitutional maximum (10 percent of General Fund revenues).

Due to severe winter storms during fiscal year 2022-23 the Internal Revenue Service extended certain federal tax filing and payment deadlines (first to October 16, 2023 and then on such date extending them again to November 16, 2023. The Franchise Tax Board extended certain state tax filing and payment deadlines in line with the federal tax relief extensions). The extensions applied to over 99 percent of the State's tax filers in 55 of the State's 58 counties. The 2023-24 Budget projected a shift in State revenue collections (based on the initial delay to October 16, 2023), from earlier months to October 2023 of \$42 billion in tax receipts – \$28.4 billion from personal income tax and \$13.3 billion from corporation tax – representing nearly one-fourth of the 2022-23 Fiscal Year's total projected personal income tax, and nearly one-third of the 2022-23 Fiscal Year's corporation tax. The 2023-24 Budget closes the \$31.7 billion shortfall through fund shifts (\$9.3 billion), reductions and pullbacks (\$8.1 billion), funding delays (\$7.9 billion), revenue and internal borrowing (\$6.1 billion) and trigger reductions (\$340 million).

Significant features of the 2023-24 Budget affecting cities in California include the following:

- ***Climate.*** The 2021 and 2022 budget acts allocated approximately \$54.3 billion over five years and delivered a climate agenda to fully integrate climate solutions with equity and economic opportunity. The 2023-24 Budget maintains approximately \$51.4 billion (approximately \$2.9 billion reduction, or 5% reduction) of these investments.
- ***Homelessness.*** The Homeless Housing, Assistance, and Prevention (“HHAP”) program was created in 2019 and has since provided large cities, counties, and continuums of care (“CoCs”) with \$2.95 billion General Fund monies in one-time flexible aid, through several rounds of multi-year grants, to address homelessness in their communities. The 2023-24 Budget includes an additional \$1 billion in one-time General Fund monies for a fifth round of HHAP grants. The 2023-24 Budget provides for new accountability measures that hold cities, counties, and CoCs more accountable by requiring coordinated regional plans – identifying each jurisdiction's role, outcome goals, and how local entities are using various state, local and federal funding resources to reduce homelessness.
- ***Affordable Housing.*** The 2022 budget act included \$500 million one-time General Fund monies to the California Housing Finance Agency for the Dream for All program, which provides shared-appreciation loans to help low and moderate-income first-time homebuyers achieve homeownership. The 2023-24 Budget maintains this investment of \$500 million one-time General Fund monies. The 2022 budget act included \$350 million one-time General Fund monies (\$250 million in the 2022 budget act and \$100 million committed for fiscal year 2023-24) for the Department of Housing and Community Development's CalHome program, to provide local agencies and nonprofit agencies with grants to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The 2023-24 Budget withdraws \$50 million one-time General Fund monies in fiscal year 2023-24, leaving \$300 million for this program.
- ***Healthcare.*** The 2023-24 Budget reflects a new Managed Care Organization (“MCO”) Provider Tax effective April 1, 2023 through December 31, 2026. The MCO tax provides a benefit of \$19.4 billion in funding to the state over the period of the tax, resulting in a total of \$8.3 billion to support the Medi-Cal Program and achieve a balanced budget and \$11.1 billion Medi-Cal Provider Payment Reserve Fund to support investments in Medi-Cal that maintain and expand access and quality of care. Further, with respect to Covered California, the 2023-24 Budget ensures that \$361.7 million in revenues in fiscal year 2023-24, and increasing in future years, from penalty collections will be deposited into the Health Care Affordability Reserve Fund (“HCARF”), instead of the General Fund. The 2023-24 Budget also commits \$82.5 million in fiscal year 2023-24 and \$165 million ongoing of new HCARF spending for healthcare affordability. The 2023-24 Budget provides for a

\$600 million budgetary loan from the HCARF to the General Fund to help address the state's shortfall, which will be repaid in fiscal year 2025-26.

- **Public Transportation.** The 2023-24 Budget includes a total of \$5.1 billion over four years, restoring the full \$4 billion for construction and adding the \$1.1 billion from cap-and-trade, with complete flexibility for transit operators to use the money for operations as well as construction, subject to accountability measures and state oversight.
- **Infrastructure.** The 2023-24 Budget includes proposals to facilitate and streamline project approval and completion to maximize California's share of the federal infrastructure spending opportunity and expedite the implementation of projects that meet our social, climate, and economic goals. The State has received about \$50.9 billion in federal infrastructure funding so far.

Future State Budgets

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including any future economic downturn, over which the City has no control.

RISK FACTORS

Purchase of the 2023A Bonds will constitute an investment subject to certain risks, including the risk of nonpayment of principal and interest. Before purchasing any of the 2023A Bonds, prospective investors should carefully consider, among other things, the risk factors described below and otherwise referenced herein. However, the following is not meant to be an exhaustive listing of all the risks associated with the purchase of the 2023A Bonds. Moreover, the order of presentation of the risk factors does not necessarily reflect the order of their importance.

Base Rental Payments Are Not Debt; 2023A Bonds are Limited Obligations

The obligation of the City to make the Base Rental Payments under the Lease does not constitute an obligation of the City 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. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments constitutes a debt of the City, the State or any political subdivision thereof (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The 2023A Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues and amounts held in the funds and accounts created under the Indenture, consisting primarily of applicable Base Rental Payments. The Authority has no taxing power.

The 2023A Bonds are being issued by the Authority pursuant to the Act. The Supreme Court of the State in its 1998 decision of *Rider v. City of San Diego*, 18 Cal. 4th 1035, upheld the validity of a joint powers agency financing and found that bonds issued pursuant to the Act and payable from lease payments made pursuant to a lease with the City of San Diego were not subject to the State constitutional provisions

that require two-thirds voter approval of indebtedness incurred by a city, county or school district. No voter approval of the 2023A Bonds or the Lease has been sought.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease to pay the Base Rental Payments from any source of legally available funds and the City has covenanted in the Lease that, for so long as the Leased Property is available for its use, it will make the necessary annual appropriations within its budget for the Base Rental Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments, or which the City, in its discretion, may determine to pay prior to the Base Rental Payments.

Additional General Fund Obligations

The City has the capacity to enter into other obligations payable from the City's General Fund, without the consent of or prior notice to the Owners of the 2023A Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. If the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease. The same result could occur if state constitutional expenditure limitations were to prohibit the City from appropriating and spending all of its otherwise available revenues.

Abatement

The obligation of the City to pay Base Rental Payments and Additional Rental Payments shall be abated during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the City of the Leased Property or any portion thereof. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the City's use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation, taking or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of the Lease shall be extended as provided in the Lease. Notwithstanding the foregoing, to the extent that moneys are available for the payment of base rental payments in any of the funds and accounts established under the Indenture, such base rental payments shall not be abated but shall be payable by the City as a special obligation payable solely from such funds and accounts. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease – Abatement of Rental."

Police Station Project Completion

There can be no assurance that the Project will be completed for the costs and within the time described in this Official Statement. A delay in the completion or damage to the Project during construction could have an adverse effect on the costs of the Project. Contractor and subcontractor performance and integrity, availability and cost of labor, equipment and materials, and weather conditions, among other unexpected factors, could cause such a failure of timely on-budget construction.

If the Project is not delivered and installed by July 2026, and if there are no amounts on deposit in the Lease Revenue Fund, and the City determines that the fair rental value of the site for the Project and any completed improvements on the Project site is less than the Base Rental Payment then due, the Lease

remains in effect, but the Base Rental Payments are abated so as to equal the then-current fair rental value of completed improvements of the Project and the fair rental value of the site for the Project, but not more, until the Project or portion thereof is completed. The combination of the unabated Base Rental Payments plus other funds held by the Trustee may not be sufficient to pay the full amount of principal and interest due with respect to the 2023A Bonds.

Risk of Uninsured Loss

The City covenants under the Lease to maintain certain insurance policies on the Leased Property. These insurance policies do not cover all types of risk. The Leased Property could be damaged or destroyed due to earthquake or other casualty for which the Leased Property is uninsured. The Lease does not require earthquake insurance. Additionally, the Leased Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Base Rental Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Leased Property will be sufficient to repair the Leased Property or to redeem the 2023A Bonds secured by Base Rental Payments.

City General Fund

In General. The Base Rental Payments and other payments due under the Lease are payable from funds lawfully available to the City. If the amounts which the City is obligated to pay in a fiscal year exceed the revenues for such year, the City may choose to make some payments rather than making other payments, including Base Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare. For more information regarding California Constitutional limits on expenditures see "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Property Tax Limitations – Article XIII A, XIII B, XIII C (Proposition 218)."

Risk of Increased Expenditures. Under the Lease, provided the City is not currently in default thereunder, the City is permitted to expend for any municipal purpose or otherwise incur other evidences of indebtedness or other obligations payable from the City's General Fund without the consent of Owners of the 2023A Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Base Rental Payments could decrease.

Risk of Decreased Revenues. A variety of national, state or regional factors, which are beyond the control of the City's fiscal policies, as well as the City's fiscal policies could reduce the amount of the City's General Fund revenues. To the extent that City revenues decrease, the funds available to pay Base Rental Payments could decrease.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. The spread of COVID-19 had adverse health and financial impacts throughout the City. From time to time since the onset of the COVID-19 pandemic, in California local authorities implemented and revised restrictions on mass gatherings and widespread closings or other limitations of the operations of government, commercial, educational, and other institutions. While significant portions of the population of the State of California have been vaccinated, COVID-19 variants have resulted, and may continue to result, in increased infection rates and the imposition of certain restrictions on commercial

and other activities in the future. The City cannot predict what impact future public health emergencies will have on the City's operations and finances or the regional economy.

Bankruptcy

General. A bankruptcy petition may be filed by the City. In particular, the City may file a petition under Chapter 9 ("Chapter 9") of Title 11 of the United States Code (the "Bankruptcy Code"), provided that it complies with requirements of Section 53760 *et seq.* of the Government Code of the State. Under the Government Code, a local public entity, including the City, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

The adjustment plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations substantially identical or similar to the 2023A Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any adjustment plan if it were to file for bankruptcy.

City Bankruptcy. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of the Base Rental Payments under the Lease as they relate to Revenues due to Owners of 2023A Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of 2023A Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease or assume the Lease despite any provision of the Lease which makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Lease, the Trustee, on behalf of the Owners of the 2023A Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the 2023A Bonds. Moreover, such rejection would terminate the Lease and the City's obligations to make payments thereunder.

Authority Bankruptcy. Further, the Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt

which may have priority of payment superior to that of the Owners of the 2023A Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the 2023A Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Trustee's rights under the Lease. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the 2023A Bonds could be required to litigate these issues in order to protect their interests.

Opinion Qualifications. The various legal opinions to be delivered concurrently with the 2023A Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the 2023A Bonds by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

State Finances

According to the State Constitution, the Governor is required to propose a budget to the State Legislature by no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been breached in the past. In November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

The State's financial condition and budget policies affect communities and local public agencies throughout California. State budgets are affected by regional, national or even international economic conditions and a multitude of other factors over which the City has no control. The City cannot give any assurances regarding the financial conditions of the State during any period of time. The City also cannot predict what measures the State will adopt to respond to any future financial difficulties. The City can provide no guarantees regarding the outcome of future State budget negotiations, the actions that will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures, or the impact that such budgets or actions will have on the City's finances and operations. Some of the State's budget solutions have caused in the past, and may cause in the future, increased financial stress to cities, counties and other local governments by: (i) decreasing local revenues (for example, the property tax, road improvement funding, public safety or other categorical funded initiatives), or (ii) increasing directly or indirectly demand for local programs (such as public safety or indigent health programs).

Information about the State budget and State spending is available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance, www.dof.ca.gov. An analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various official statements for State-issued bonds, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. None of the websites referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The City makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites by the respective entities.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the 2023A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

No Limitation on Incurring Additional Obligations

Neither the Lease nor the Indenture contains any limitations on the ability of the City to enter into other obligations that may constitute additional claims against its General Fund revenues. To the extent that the City incurs additional obligations, the funds available to make Base Rental Payments may be decreased. The City is currently liable on other obligations payable from General Fund revenues and expects to enter into other such obligations in the future. Such obligations may impose significant additional burdens on the City's General Fund.

Natural Disasters

General. From time to time, the City is subject to natural calamities which could result in the substantial interference with the use and occupancy of the Leased Property, which could result in Base Rental Payments being subject to abatement or an adverse impact on the City's General Fund. Under such circumstances, no assurance can be given that the City would have insurance or other resources available to make repairs to the Leased Property or to make Base Rental Payments under the Lease.

Geological and Seismic. Rialto, like most cities in California, is located in a seismically active region. The timing and magnitude of any particular seismic event cannot be predicted by the City. There are three major faults within the City: The San Jacinto, Glen Helen, and Lytle Creek Faults. These faults are included in the San Jacinto Fault System, an extension of the San Andreas Fault System. The San Jacinto Fault Zone is considered one of the most active in Southern California. Unless proven otherwise, the area within 50 feet of an active fault is presumed to be underlain by that fault. The fault system parallels Lytle Creek Wash, north of Riverside Avenue and then enters the City limits slightly south of El Rancho Verde Golf Course; it then traverses and cuts through Frisbie Park, runs along the bench area and leaves the City at the intersection of Baseline and Meridian Avenues. The Glen Helen Fault, part of the San Jacinto Fault System, is located in the extreme northeastern section of the planning area. This fault has been relatively inactive with no major ground displacement occurring along its path. The Lytle Creek Fault, also part of the San Jacinto Fault System, runs along the northernmost section of the planning area and merges with the San Jacinto Fault northwest of the Country Club area. Because of this fault's close relationship to the San Jacinto System, the possibility of major ground displacement occurring along its path is likely.

The Rialto-Colton Fault System is an ancient fault system that runs between the Rialto and Chino Water Basins. This fault, though inactive for a long period of time, has a maximum credible earthquake magnitude of 6.5 on the Richter Scale. The fault is 16 miles in length and is considered relatively stable. Liquefaction is unlikely to occur in most portions of Rialto.

Liquefaction is a process whereby strong earthquake shaking causes sediment layers that are saturated with groundwater to lose strength and behave as fluid. This subsurface process can lead to near-surface or surface ground failure that can result in property damage and structural failure. Liquefaction is a concern in the Lytle Creek Wash area where there are sand soils and a high water table, and in the areas near the Santa Ana River due to an extremely high water table.

The City makes no representation regarding the impact that a future seismic event may have on the Leased Property. The City is not required to, and currently does not, maintain earthquake insurance with respect to the facilities. Therefore, the damage from earthquakes may not be insured in future years.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund to make Base Rental Payments would be likely to occur and therefore, Revenues available to pay debt service on the Bonds could be materially adversely affected. Seismic activity may also reduce or eliminate the use and occupancy of the Leased Property by the City. There is no assurance that, in the event of a natural disaster, sufficient City reserves or Federal Emergency Management Agency assistance would be available for the repair or replacement of any Leased Property.

Should an earthquake occur that results in substantial interference with the use of the Leased Property, under the abatement provisions of the Lease, the City would not be obligated to make the Base Rental Payments. See “RISK FACTORS – Abatement” above.

Wildfires. There are three categories of interface fire: The classic wildland/urban interface exists where well-defined urban and suburban development presses up against open expanses of wildland areas; the mixed wildland/urban interface is characterized by isolated homes, subdivisions and small communities situated predominantly in wildland settings; and the occluded wildland/urban interface exists where islands of wildland vegetation occur inside a largely urbanized area. Certain conditions must be present for significant interface fires to occur. The most common conditions include: hot, dry and windy weather; the inability of fire protection forces to contain or suppress the fire; the occurrence of multiple fires that overwhelm committed resources; and a large fuel load (dense vegetation). Once a fire has started, several conditions influence its behavior, including fuel topography, weather, drought and development. Although major fire conflagrations have spread over flat areas of communities, because of wind driven flames spotting from roof to roof, most communities are at highest risk of wildland fires in their hillside areas.

If such events described above occur, the City’s emergency response to such an event may add unanticipated expenditures to the General Fund budget, some or all of which may not be reimbursed by federal or state disaster funding, and, if reimbursed, may not be received by the City in a timely manner. This could lead to reduced ability by the City to make Base Rental Payments and therefore, Revenues available to pay debt service on the Bonds could be materially adversely affected. Such event could also result in substantial damage to properties in the City, which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their property taxes or of businesses to operate and generate sales tax.

Hazardous Substances

The public works activities of the City may, from time to time, result in the use of hazardous substances on the facilities owned and operated by the City, including, but not limited, to the Leased Property. Accordingly, it is possible that spills, discharges or other adverse environmental consequences of such use in the future could cause an adverse effect on the fair rental value of the Leased Property and lead, in an extreme case, to abatement, in whole or in part, of all or a portion of the Base Rental Payments. See “RISK FACTORS – Abatement” above.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other

electronic sensitive information, the City is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The City provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat or breach. A ransomware or other cyber-attack could result in the disruption of City operations and a material financial liability.

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, wildfires will become more common and intense, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. The City cannot predict what impacts climate change will ultimately have on its finances and operations in the future. Such impacts could be material and adverse.

Future Initiatives

From time to time, other initiative measures may be adopted, which may affect the City's revenues and its ability to expend said revenues. The above-mentioned measures and any future measures could restrict the City's ability to raise additional funds for its General Fund.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2023A Bonds and the Trustee, and the obligations incurred by the Authority and the City, respectively, may be subject to the following, among others: the limitations on legal remedies against joint powers authorities and cities in California; the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; principles of equity that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the U.S. 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 proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2023A 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. See also, "– Bankruptcy" above.

Remedies on Default

If an Event of Default occurs and is continuing under the Lease, the Authority at its option may terminate the Lease and re-lease all or any portion of the Leased Property. The City irrevocably appoints the Authority under the Lease as the agent and attorney-in-fact of the City and the City will allow the Trustee to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default, other than as described in the preceding paragraph. The Authority may take whatever action at law or in equity may appear necessary or desirable, to collect each Base Rental Payment as it becomes due

under the Lease, if the Lease is not terminated in accordance with its terms. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

Substitution of Property

Pursuant to the Lease, the City will have, so long as the Lease is in effect, the option at any time and from time to time, to substitute other real property for any portion of the Leased Property or release any identifiable real property and/or improvements constituting the Leased Property, provided that the City shall satisfy all of the requirements set forth in the Lease. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease – Substitution and Release of Property.”

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the 2023A Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

LIMITATIONS ON REVENUES AND APPROPRIATIONS

There are a number of provisions in the State of California Constitution that limit the ability of the City to raise and expend revenues. Contained below is a description of some of these limitations. In addition to the ones discussed in this section below, other initiative measures could be adopted from time to time further affecting the City’s revenues and finances.

Property Tax Limitations – Article XIII A, XIII B, XIII C (Proposition 218)

Article XIII A of the California Constitution limits the amounts of *ad valorem* tax on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the City Assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or thereafter the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period.” Furthermore, all real property valuation may be increased to reflect the inflation rate, as shown by the consumer price index, not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voters voting on the proposition approving such bonds, and requires a vote of two-thirds of the qualified electorate to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State legislature to change any State tax law resulting in increased tax revenues.

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the

cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds \$100,000. As a result of this amendment, the appropriations to pay the lease payments on the City’s long term General Fund lease obligations are generally excluded from the City’s appropriations limit. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. See “THE CITY – Appropriations Limit” herein. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency’s actual appropriations be tested against its limit every two years. If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years. While the City recently experienced additional sales tax revenues attributable to a distribution center located in the City, the additional revenues did not cause the City to exceed its appropriation limit. See “THE CITY – General Fund Revenue Sources – Distribution Center in the City” herein.

On November 5, 1996, California voters approved an initiative to amend the California Constitution known as the Right to Vote on Taxes Act (“Proposition 218”), which added Article XIII C and XIII D to the California Constitution. Among other provisions, Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include cities. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 will continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. Proposition 218 also provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. This extension of the initiative power is not limited by the terms of Proposition 218 to impositions after November 6, 1996 and absent other legal authority, could result in retroactive reduction in any existing taxes, assessments, fees and charges. In addition, Proposition 218 limits the application of assessments, fees and charges and requires certain existing, new and increased assessments, fees and charges to be submitted to property owners for approval or rejection, after notice and public hearing. Neither the City nor the Authority expects the provisions of Proposition 218 to have any immediate material effect on the revenues from which Base Rental Payments are expected to be appropriated.

Article XIII A Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and

that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for Fiscal Year 1978-79 only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

Future assessed valuation growth allowed under Article XIII A (i.e., new construction, change of ownership, and 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The Authority is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

Challenges to Article XIII A

There have been many challenges to Article XIII A of the California Constitution. The United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. Neither the Authority nor the City can predict whether there will be any future challenges to California’s present system of property tax assessment.

Statutory Revenue Limitations – Proposition 62

Proposition 62 is a statewide statutory initiative adopted by the voters at the November 4, 1986 general election. It added Sections 53720 to 53730 to the Government Code to require that all new local taxes be approved by the voters. The statute provides that all local taxes are either general taxes or special taxes. General taxes are imposed for general governmental purposes. Special taxes are imposed for specific purposes only. General taxes may not be imposed by local government unless approved by a two-thirds vote of the entire legislative body and a majority of the voters voting on the proposed general tax. Special taxes may not be imposed by local government unless approved by a majority of the entire legislative body and by two-thirds of the voters voting on the special tax. Soon after Proposition 62 was adopted by the voters, legal challenges to taxes adopted contrary to its provisions were filed. In 1991, in the most significant case, *City of Woodlake v. Logan*, the California Court of Appeal held that the statutory voter approval requirement for general taxes was unconstitutional. The California Supreme Court refused to review *Woodlake*.

On September 28, 1995, the California Supreme Court, on a 5-2 vote, in a decision entitled *Santa Clara County Local Transportation Authority v. Guardino* (Case No. S036269), “disapproved” *Woodlake* and held that the voter approval requirements of Proposition 62 are valid. On December 14, 1995, the Supreme Court made minor nonsubstantive changes to its written opinion and denied the petition for rehearing. The decision provides that the voter approval requirements of Proposition 62 for both general and special taxes are valid. The *Guardino* case fails to say (1) whether the decision is retroactively applicable to general taxes adopted prior to the decision; (2) whether taxpayers have any remedies for refund of taxes paid under a tax ordinance that was not voter approved; (3) what statute of limitations applies to taxes adopted without voter approval prior to *Guardino*; (4) whether Proposition 62 applies only to new taxes or to tax increases as well.

The Court of Appeals in a December 15, 1997 decision entitled *McBearty v. City of Brawley* (Case No. D027877) addressed some of these issues. In Brawley, a taxpayer challenged the city's utility tax that was passed by the city council in 1991 without a vote of the electorate. The Court of Appeals held that (i) a three year statute of limitations applies to challenges to a tax ordinance subject to Proposition 62; and (ii) the statute of limitations did not begin to run until September 1995 when the *Guardino* case determined that Proposition 62 was constitutional. The effect of the holding in Brawley is that any tax ordinances passed between November 1986 and December 1995 that were not approved by the electorate would be subject to a challenge until December 1998. The court ordered the city to either cease collecting the tax or seek voter approval to continue levying the tax. However, in *Howard Jarvis Taxpayers Association v. City of La Habra*, decided on June 4, 2001, the California Supreme Court overruled part of *McBearty*, finding that the three year statute of limitations applicable to such taxes does not run from the date of the *Guardino* decision, but rather the continued imposition and collection of such tax is an ongoing violation, upon which the limitations period begins with each new collection.

Several questions raised by the *Guardino* decision remain unresolved. Proposition 62 provides that if a jurisdiction imposes a tax in violation of Proposition 62, the portion of the one percent general *ad valorem* tax levy allocated to that jurisdiction is reduced by \$1 for every \$1 in revenue attributable to the improperly imposed tax for each year that such tax is collected. The practical applicability of this provision has not been fully determined. Potential future litigation and legislation may resolve some or all of the issues raised by the *Guardino* decision.

Neither the Authority nor the City can predict the outcome of any pending or future litigation concerning the validity of Proposition 62, nor can either predict the scope of the *Guardino* or *McBearty* decisions discussed above. Proposition 62 could affect the ability of the City to continue the imposition of, or to retain, certain taxes, and restrict the City's ability to raise revenue.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004/05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such a shift may not occur more than twice in any ten-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A provides that if the State reduces the vehicle license fee ("VLF") rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 22

On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for state-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26

On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIC 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: (1) 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; (2) 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; (3) 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; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) 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; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 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. Neither the City nor the Authority expects provisions of Proposition 26 to materially impede the City’s ability to pay Base Rental Payments when due.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the CDTFA (“Unitary Property”), commencing with the 1988-89 fiscal year, will be allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the CDTFA. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

TAX MATTERS

General

The delivery of the 2023A Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the 2023A Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the 2023A Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The delivery of the 2023A Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State, that interest on the 2023A Bonds is exempt from personal income taxes of the State. A form of Bond Counsel’s anticipated opinion is included as APPENDIX E – FORM OF OPINION OF BOND COUNSEL. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Authority and the City made in a certificate of even date with the initial delivery of the 2023A Bonds (the “Tax Certificate”) pertaining to the use, expenditure and investment of the proceeds of the 2023A Bonds and will assume continuing compliance with the provisions of the Indenture and the Lease by the Authority and the City subsequent to the issuance of the 2023A Bonds. The Indenture, the Lease and the Tax Certificate contain covenants by the Authority and the City with respect to, among other matters, the use of the proceeds of the 2023A Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2023A Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2023A Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the 2023A Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2023A Bonds. Prospective purchasers of the 2023A Bonds should be aware that the ownership of tax-exempt obligations such as the 2023A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the City described above. No ruling has been sought from the Internal Revenue Service (the “Service”) or the State with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel’s opinions are not binding on the Service or the State. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2023A Bonds is commenced, under current procedures, the Service is likely to treat the Authority as the “taxpayer,” and the owners of the 2023A Bonds would have no right to participate in the

audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2023A Bonds, the Authority may have different or conflicting interests from the owners of the 2023A Bonds. Public awareness of any future audit of the 2023A Bonds could adversely affect the value and liquidity of the 2023A Bonds during the pendency of the audit, regardless of its ultimate outcome.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the 2023A Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the 2023A Bonds.

Existing law may change to reduce or eliminate the benefit to owners of the 2023A Bonds of the exclusion of interest on the 2023A Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2023A Bonds. Prospective purchasers of the 2023A Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Premium on Certain 2023A Bonds

The purchase price of certain 2023A Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such 2023A Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable 2023A Bond, the yield based on a call date that results in the lowest yield on the 2023A Bond). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LITIGATION

General. There is no controversy of any nature now pending against the City or the Authority or, to the knowledge of their respective officers threatened, seeking to restrain or enjoin the sale, execution, issuance or delivery of the 2023A Bonds or in any way contesting or affecting the validity of the 2023A Bonds or any proceedings of the City or the Authority taken with respect to the sale, execution, issuance or delivery thereof or the pledge or application of any moneys or security provided for the payment of the 2023A Bonds or the use of the 2023A Bond proceeds or contesting the corporate existence of the City or the Authority, or the title of the officers thereof to their respective offices.

Bridgette Angulo v. City of Rialto and Does 1-50. This case involves allegations of failure to perform mandatory duties, gross negligence/bad faith pre-hospital care and wrongful death/negligence relating to the death of Plaintiff's father. The Complaint in Case No. CIV SB 2218619 alleges that City first

responders with the Rialto Fire Department failed to render assistance to Plaintiff's father in a timely manner resulting in his demise. Allegedly, such first responders refused to enter the Rialto Post Acute Center to assist Plaintiff's father and transport him from the center to a local hospital because of COVID-19 related restrictions. The initial demand from the Plaintiff is \$100 million. The City has been advised that its excess and reinsurance coverages may apply for all or a portion of an adverse judgment, if any. No trial date has been set for the matter and the City cannot predict the outcome or potential uninsured exposure to the City at this time.

Claims of Lelia Deborah Robertson. Lelia Deborah Robertson (also known as Deborah Robertson, the current Mayor of the City) has filed three claims for damages with the City (dated in February, March and May 2023, respectively) under California Government Code section 900 et seq. (the "Government Claims Act"). Claims under the Government Claims Act are not court proceedings, but often precede lawsuits. Under the claims, Ms. Robertson alleges that the City (i) impermissibly accessed her personal information through the State of California's criminal justice information systems without a permitted law enforcement purpose (with a \$1 million claim of damages), (ii) made a calculation error regarding in-lieu health retirement system reimbursements (with a claim of damages of up to approximately \$480,000) and (iii) violated regulations under the Americans with Disabilities Act and Fair Employment and Housing Guidelines (with a claim of damages of \$5 million). The City denied such claims. Ms. Robertson has filed and served on the City a lawsuit regarding the alleged calculation error regarding in-lieu health retirement system reimbursements and a separate lawsuit regarding the alleged impermissible access to her personal information through the State of California's criminal justice information systems without a permitted law enforcement purpose. The City has been advised that its excess and reinsurance coverages may apply for all or a portion of an adverse judgment, if any. No trial dates have been set for the matters and the City cannot predict the outcome or potential uninsured exposure to the City at this time.

Other Lawsuits and Claims. There are currently some lawsuits and claims pending against the City for which the City is either self-insured or insured in varying degrees by commercial insurance, or which in the aggregate, if determined adversely to the City, could have a material adverse impact on the City's finances in the future. However, the City does not expect any such suits or claims to have a material adverse effect on the City's ability to make Base Rental Payments under the Lease.

FINANCIAL STATEMENTS

The City's financial statements for the Fiscal Year ended June 30, 2022, included in APPENDIX B hereto, have been audited by Lance, Soll & Lunghard, LLP (the "Auditor"). The Auditor was not requested to consent to the inclusion of its report in APPENDIX B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in the Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., as Municipal Advisor in connection with the authorization and delivery of the 2023A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

S&P Global Ratings (“S&P”) has assigned its rating of “AA-” to the 2023A Bonds. Such rating reflects only the view of S&P. Any explanation of the significance of such rating may only be obtained from S&P. The information set forth on such website is not incorporated by reference herein. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any rating will continue for any given period of time or that any of them will not be revised downward, suspended or withdrawn entirely by the rating agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the 2023A Bonds.

UNDERWRITING

Citigroup Global Markets Inc. (the “Underwriter”) has agreed, subject to certain customary conditions precedent to closing, to purchase the 2023A Bonds from the Authority at a price equal to \$61,074,212.75 (which equals the principal amount of the 2023A Bonds, plus an original issue premium of \$4,874,231.50, and less an underwriting discount of \$325,018.75). The Underwriter intends to offer the 2023A Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the 2023A Bonds to the public.

In connection with the offering of the 2023A Bonds, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the 2023A Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, the Underwriter may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may in the future perform various investment banking services for the Authority and/or the City for which they would receive customary fees and expenses.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2023A Bonds and the Authority will not provide any such information.

The City has covenanted for the benefit of the holders and beneficial owners of the 2023A Bonds pursuant to a Continuing Disclosure Agreement, dated as of December 1, 2023 (the “Continuing Disclosure Agreement”), by and between the City and Willdan Financial Services, as Dissemination Agent, to provide certain financial information and operating data relating to the City (the “Annual Report”) no later than March 31 following the end of each fiscal year, commencing with the report for Fiscal Year 2022-23, and to provide notices of the occurrence of certain enumerated events through the EMMA System. The specific nature of the information to be contained in the Annual Report and the enumerated events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2023A Bonds is subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, to be delivered in substantially the form set forth in APPENDIX E. Norton Rose Fulbright US LLP in its role as Bond Counsel has undertaken no responsibility to the owners of the 2023A Bonds or any other party for the accuracy, completeness or fairness of this Official Statement or any other offering material related to the 2023A Bonds, and expresses no opinion to the Owners with respect thereto. Certain legal matters also will be passed upon for the City and the Authority by Burke, Williams & Sorensen, LLP and for the Underwriter by its counsel Orrick, Herrington & Sutcliffe LLP, Sacramento, California.

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EXECUTION AND DELIVERY

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

RIALTO PUBLIC FINANCING AUTHORITY

By: /s/ Henry Garcia
Interim Executive Director

CITY OF RIALTO, CALIFORNIA

By: /s/ Henry Garcia
Interim City Manager

APPENDIX A

SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY

The following information relating to the City of Rialto, California (the “City”) and the County of San Bernardino (the “County”) is provided for informational purposes only. The 2023A Bonds (as defined in the front part of this Official Statement) are payable solely as described in the body of this Official Statement and are not payable or secured by a pledge of the faith and credit or taxing power of the City.

General

The City. The City is located in the western portion of the County of San Bernardino (the “County”), approximately 60 miles east of the City of Los Angeles and just west of the City of San Bernardino. The City was incorporated in 1911 and is organized as a general law city with a Council-Manager form of government. The City is approximately four miles wide and eight and one-half miles long, encompassing 22 square miles. The City is served by Interstate Freeways 210, 215, 10 and 15.

The County. The County is located in Southern California and was established by an act of the State Legislature on April 23, 1853, which formed the County over an area formerly composing the eastern part of the County of Los Angeles. The County encompasses an area of over 20,000 square miles and includes twenty-four incorporated cities. It is bordered on the west by Los Angeles County, on the east by the State of Arizona and the State of Nevada, on the north by Inyo and Kern Counties, and on the south by Orange and Riverside Counties. The County is the largest county in the State of California in terms of geographical area.

Municipal Government

The City provides general government services either with its own employees or through contracts. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments. The Mayor is elected at large to serve a four-year term. The four Council Members are elected to serve staggered four-year terms. The City Council is composed of five members elected biannually at large to four-year staggered terms.

The current members of the City Council, term expiration and their current Council position are as follows:

<u>City Council</u>	<u>Term Expires</u>	<u>Position</u>
Deborah Robertson	November 2024	Mayor
Andy Carrizales	November 2026	Mayor Pro Tem
Rafael Trujillo	November 2024	Councilmember
Ed Scott	November 2026	Councilmember
Joe Baca	November 2024	Councilmember

Current City Management Staff includes the following:

Henry T. Garcia – Interim City Manager. Mr. Garcia has over 30 years of professional public administration, where he served as City Manager for the cities of Azusa, Colton, Rialto, and Moreno Valley, and worked in other managerial capacities for the cities of Fontana, Riverside, and San Jacinto. Mr. Garcia has served as a professor of public policy at California State University teaching a variety of undergraduate

and graduate level courses. With Mr. Garcia's broad background, he has served as a consultant to cities and organizations in areas of Consensus Building, Strategic Planning and Goal Setting; City Manager and City Council Evaluation Process; Executive Coaching and Leadership Development; Team building and Conflict Resolution; Economic Development; and Management Problem Solving.

Mr. Garcia received his Master's degree from the University of California, Los Angeles, in Political Science and his Bachelor's degree from the University of California, Riverside in Political Science. He is a graduate of Berkeley's Executive Institute of Public Policy, Harvard's Leadership and Strategic Planning Program, and University of Virginia's Public Policy Program. Mr. Garcia is also a distinguished author of two major publications with the League of California Cities.

Arron Brown – Assistant City Manager. Mr. Brown has 20 years of various government experience working for municipalities, a joint powers agency, the County of Riverside, and the State of California. Mr. Brown started his public service career with four years in the military and is an honorably discharged disabled veteran of the United States Marine Corps. Mr. Brown has a multifaceted background in information technology, marketing, project management, public procurement, and human resources. He came to the City from the City of Palm Springs where he was the Deputy City Manager and managed numerous capital improvement projects such as the \$36 million Palm Springs International Airport ticket wing expansion project.

Mr. Brown earned a Bachelor of Science degree in Business Administration with a concentration in Information Systems and a Master of Business Administration degree with a concentration in Management, both from California Baptist University. Mr. Brown also holds numerous certifications such as Certified Government Chief Information Officer (CGCIO) and the Society for Human Resources Management Senior Certified Professional (SHRM-SCP).

Katherine I. Stevens – Finance Director. Katherine I. Stevens is the Director of Finance for the City of Rialto. Prior to her current position, she has served as the Deputy Director of Finance for the City of Rialto, the Accounting Manager for the City of Loma Linda, the Finance Manager for the City of Calimesa, and a Senior Accountant for the City of Rancho Cucamonga. Ms. Stevens has over 19 years of experience in the finance and accounting sector. She has worked in for-profit accounting, manufacturing accounting, non-profit accounting, and governmental accounting. Ms. Stevens has a Master of Business Administration concentrated in Accounting and a Bachelor of Science in Business Administration concentrated in Finance. She is currently an active member of the California Society of Municipal Finance Officers and the Government Finance Officers Association. Ms. Stevens holds a Local Government Supervisory Program Certification through the Local Government Supervisory Program offered at the California State Polytechnic University, Pomona. Throughout her career she has been instrumental in updating policies and procedures, implementing city-wide/department financial software, and monitoring city-wide internal controls.

Municipal Services

The City provides a full range of services to its residents with 452 full-time employees as of June 30, 2023. Major services such as attorney, library, transit, street sweeping, and landscape maintenance are provided through contractual arrangements. The City provides services such as fire, police, affordable housing, economic development, planning, community compliance, recreation programs, humane services, park and facilities maintenance, street maintenance, city engineering, and administrative management services with city employees.

Population

The following table shows a historical comparison of the respective populations of the City, the County and the State for the last five years.

Table A-1
City of Rialto, San Bernardino,
and the State Of California
Population Comparison⁽¹⁾

<u>Year</u>	<u>City of Rialto</u>	<u>San Bernardino County</u>	<u>State of California</u>
2019	102,733	2,165,876	39,605,361
2020	102,813	2,175,424	39,648,938
2021	103,760	2,179,007	39,286,510
2022	103,406	2,180,777	39,078,674
2023	102,985	2,182,056	38,940,231

⁽¹⁾ As of January 1.

Source: State Department of Finance, 2010 Benchmark for Years 2019-2020 and 2020 Benchmark for Years 2021-2023.

Income

The U.S. Census Bureau *American Community Survey* reports that the median income of households in the City for 2021 is \$69,982 compared to \$84,907 for the State and \$69,717 for the nation.

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Employment and Industry

The following table summarizes the annual average civilian labor force, employment and unemployment in the County for the calendar years 2018 through 2022.

Table A-2
San Bernardino
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Civilian Labor Force ⁽¹⁾	955,100	967,100	974,700	992,200	1,008,500
Employment	915,800	929,800	880,900	918,600	967,200
Unemployment	39,200	37,400	93,800	73,600	41,300
Unemployment Rate	4.1%	3.9%	9.6%	7.4%	4.1%
Wage and Salary Employment: ⁽²⁾					
Total Farm	2,200	2,500	2,300	2,300	2,400
Mining and Logging	800	700	900	1,000	1,100
Construction	37,800	39,000	38,100	39,200	40,900
Manufacturing	56,600	55,400	52,200	52,500	54,600
Wholesale Trade	40,500	41,500	41,100	41,800	42,500
Retail Trade	88,300	87,000	81,800	85,600	88,200
Transportation, Warehousing, Utilities	87,100	96,300	110,800	127,700	136,100
Information	5,300	5,000	4,100	4,400	5,100
Finance and Insurance	12,700	13,600	13,400	33,500	13,210
Real Estate and Rental and Leasing	9,000	9,800	9,700	10,300	11,200
Professional and Business Services	80,900	85,000	83,900	92,100	99,300
Educational and Health Services	124,500	135,000	129,100	129,700	135,600
Leisure and Hospitality	76,900	78,100	63,700	71,600	79,300
Other Services	23,000	22,900	20,300	21,800	24,100
Federal Government	13,500	13,800	14,400	6,300	6,100
State Government	13,100	13,500	13,500	13,400	13,200
Local Government	<u>100,400</u>	<u>101,700</u>	<u>96,100</u>	<u>95,100</u>	<u>101,400</u>
Total, All Industries ⁽³⁾	772,700	801,000	775,400	808,200	854,200

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽³⁾ Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department, March 2022 Benchmark.

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Permits

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table.

Table A-3
City of Rialto
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Total Retail and Food Services	Total All Outlets	
	Taxable Transactions	Number of Permits	Taxable Transactions
2018	\$ 804,442	1,791	\$1,759,274
2019	882,892	1,943	1,880,217
2020	916,844	2,311	1,972,235
2021	3,385,629	2,179	4,653,920
2022	3,569,656	2,245	5,015,008

Sources: California Department of Tax and Fee Administration, Taxable Sales – Cities by Type of Business.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table.

Table A-4
San Bernardino
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Number of Permits	Taxable Transactions
2018	61,838	\$40,554,024
2019	64,771	41,768,748
2020	71,145	43,265,512
2021	66,585	55,378,097
2022	68,480	59,992,846

Source: California Department of Tax and Fee Administration, Taxable Sales – By County (2018- 2022 data).

Housing

As of January 1, 2023, the California Department of Finance reported that there were 20,239 single family detached units in the City, 788 single family attached units, 5,515 multifamily housing units and 1,688 mobile home units. The vacancy rate is approximately 2.4%.

Construction Activity

The following tables show a five year summary of the valuation of building permits issued in the City and the County.

Table A-5
City of Rialto
Building Permit Valuation

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
Single-family dwelling	\$3,401,547	\$15,054,141	\$ 54,522	\$5,067,290	\$ 943,087
Multi-family	0	0	0	0	0
Res. Alterations/Additions	<u>801,827</u>	<u>1,143,213</u>	<u>267,602</u>	<u>31,645</u>	<u>175,300</u>
Total Residential	\$4,203,374	\$16,197,354	\$322,124	\$5,098,935	\$1,118,387
Hotels & Motels	0	0	0	0	0
Non-Housekeeping Shelter	0	0	0	0	0
Amusement and Recreation	0	0	0	0	0
Churches	0	0	0	0	0
Industrial & Manufacturing	2,418	111,571,554	0	0	0
Parking Garages	0	0	0	0	0
Service Stations	181,116	0	0	0	0
Hospitals	0	0	0	0	0
Offices	0	914,056	0	0	0
Public Works	0	0	0	0	0
Schools Education	908,371	3,348,272	0	0	0
Stores, Mercantile & Warehouses	12,895,273	22,359,113	0	0	200,000
Other Non-Residential Buildings	515,868	956,392	0	0	8,363,088
Structures Other Than Buildings	3,001,049	3,199,608	741,281	100,000	321,000
Non-Residential Alterations	15,891,000	108,956,410	7,437,068	0	269,271
Residential Garages	<u>13,708</u>	<u>225,926</u>	<u>4,750</u>	<u>5,000</u>	<u>0</u>
Total Nonresidential	\$33,408,803	\$251,531,331	\$8,183,099	\$105,000	\$9,153,359
<u>New Dwelling Units</u>					
Single Family	16	59	1	19	7
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	16	59	1	19	7

Source: Construction Industry Research Board, Annual Building Permit Summary.

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Table A-6
County of San Bernardino
Building Permit Valuation

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$1,114,777,827	\$1,078,797,667	\$934,304,422	1,086,398,163	\$1,028,474,447
New Multi-family	268,564,946	232,079,305	143,366,170	310,255,425	345,433,503
Res. Alterations/Additions	<u>71,937,836</u>	<u>139,761,121</u>	<u>61,788,531</u>	<u>88,244,125</u>	<u>89,903,254</u>
Total Residential	\$1,455,280,609	\$1,450,638,093	\$1,139,459,123	\$1,484,897,713	\$1,463,811,204
New Commercial	\$211,175,724	\$413,404,484	\$237,588,657	\$218,357,692	\$389,536,575
New Industrial	387,108,590	476,322,279	330,960,066	385,616,522	588,067,879
New Other	388,145,460	365,127,043	486,398,444	273,490,954	819,692,658
Alterations/Additions	<u>93,699,940</u>	<u>122,245,823</u>	<u>9,748,343</u>	<u>288,180,759</u>	<u>277,379,266</u>
Total Nonresidential	\$1,080,129,714	\$1,377,099,629	\$1,064,695,510	\$1,165,645,927	\$2,074,676,378
<u>New Dwelling Units</u>					
Single Family	3,311	4,096	3,631	4,376	3,701
Multiple Family	<u>1,775</u>	<u>1,884</u>	<u>910</u>	<u>2,636</u>	<u>2,852</u>
Total	5,086	5,980	4,541	7,012	6,553

Source: Construction Industry Research Board, Annual Building Permit Summary.

Development Activity within the City

The following are examples of recently completed and currently planned economic development projects in the City. The City makes no assurance whether or when any of the below-listed on-going economic development projects will be completed.

Housing. Richmond American Homes is currently selling detached single-family homes in a new community known as Seasons at Acacia. The Seasons at Acacia a community that will ultimately be comprised of 82 detached single-family homes within the City. Century Communities is also currently selling detached single-family homes in a new community known as The Depot. At full buildout, the Depot will be comprised of 56 detached single-family homes. Lastly, Monte Vista Homes recently began construction on a new gated community comprised of 22 detached single-family homes that will be known as Cedar Villas.

Commercial. Link Logistics recently completed development of a 135,408 square foot industrial warehouse building. Lovett Industrial is nearing completion of development of a 116,060 square foot industrial warehouse building. Birtcher Logistics recently began construction of a new 492,410 square foot industrial warehouse development.

Civic Uses. The City recently completed several projects including the construction of the \$3 million Fire Station 205, the Community Resource Center ADA Improvement project and the Cactus Trails project, a multi-use path along the west side of Cactus Avenue, from Rialto Avenue to Baseline Road.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture, the Lease, the Site Lease and the Assignment Agreement. This summary is not a full statement of the terms of such documents and accordingly is qualified by reference thereto. Capitalized terms used and not defined in this Appendix C or in the body of the Official Statement shall have the meanings ascribed to them in the applicable document.

“Act” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Additional Rental Payments” means the additional rental payable by the City under and pursuant to the Lease.

“Annual Debt Service” means, for each Bond Year with respect to each of the Bonds, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Base Rental Payments” means all Base Rental Payments under the Lease.

“Bond Counsel” means (a) Norton Rose Fulbright US LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally recognized experience.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act, as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period extending from June 1 in one calendar year to May 31 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and shall end on May 31, 2024.

“Bonds” means the Authority’s Lease Revenue Bonds, 2023 Series A (Police Station Project).

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which the commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate of the Authority” means a certificate in writing signed by the Chairperson, Vice Chairperson, Executive Director or Treasurer of the Authority or by any other officer of the Authority duly authorized for that purpose, as evidenced in writing to the Trustee.

“Certificate of the City” means a certificate in writing signed by the Mayor, City Manager or the Director of Finance of the City or by any other officer of the City duly authorized for that purpose, as evidenced in writing to the Trustee.

“Closing Date” means the date of delivery of the Bonds to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended.

“Costs of Issuance” means all items of expense directly or indirectly relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, fees, expenses and charges of the City, the Authority, the Trustee, and their respective counsel (including the fees of Bond Counsel and Disclosure Counsel), including the Trustee’s first annual administrative fee, costs of obtaining bond insurance, if any, a Permitted Investment for monies held in the funds and accounts created and held under the Indenture, fees, charges and disbursements of bond counsel, disclosure counsel and other attorneys, municipal advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds and the execution and delivery of the Lease.

“Defeasance Securities” means (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), fully and unconditionally guaranteed as to timely payment by, the United States government and any agency, instrumentality, or establishment of the United States government, (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively.

“Depository” means DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the Authority discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures requested to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“Depository Participant” means a member of, or participant in, the Depository.

“Development Agreement” means the Development Agreement dated as of December 12, 2023, between the City and Griffin / Swinerton, LLC, a Delaware limited liability company, as originally executed or as it may from time to time be amended or supplemented. The form of the Development Agreement is attached as Appendix G to this Official Statement.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in the Indenture.

“Final Completion of the Project” means the construction, the installation of improvements and the substantial readiness of the Project for use and occupancy by the City (subject to minor architectural finish items e.g., “punch list” items) as evidenced by the delivery of the Written Certificate of Project Completion (in the form set forth in the Indenture).

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means the Indenture, dated as of December 1, 2023, as originally executed or as it may from time to time be amended or supplemented.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom:

- (a) is in fact independent and not under domination of the Authority or the City;
 - (b) does not have any substantial interest, direct or indirect, in the Authority or the City;
- and
- (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

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

“Lease” means that certain Lease Agreement, dated as of December 1, 2023, by and between the Authority as lessor and the City as lessee, as it may be further amended or modified.

“Lease Revenue Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Leased Property” means, collectively, those certain parcels of real property, together with the improvements thereon, leased by the Authority to the City pursuant to the Lease, as more fully described in the Lease, and the body of the Official Statement. For purposes of clarity, the Leased Property does not include the “Equipment” as defined in the Solar Equipment Lease, notwithstanding the manner in which such Equipment may be attached or affixed to the realty in the Leased Property.

“Maximum Annual Debt Service” in respect of any Bond Year means the largest of the sums obtained for that or any succeeding Bond Year after totaling the following for each such Bond Year:

(a) The principal amount of all Outstanding Bonds maturing or required to be redeemed by mandatory sinking account redemption in such Bond Year; and

(b) The interest that would be due during such Bond Year on the aggregate principal amount of Bonds which would be Outstanding in such Bond Year if the Bonds Outstanding on the date of such computation were to mature or be redeemed in accordance with the applicable maturity or mandatory sinking account redemption schedule. At the time and for the purpose of making such computation, the amount of Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

“Moody’s” means Moody’s Investors Service, and its successors and assigns.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time.

“Original Purchaser” means Citigroup Global Markets Inc.

“Outstanding,” when used as of any particular time with reference to Bonds means (subject to the provisions of the Indenture) all Bonds theretofore executed, issued and delivered by the Authority under the Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and

(c) Bonds in lieu of which or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

“Owner” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Encumbrances” means, with respect to the Leased Property, as of any particular time, (i) the Site Lease; (ii) the Lease, (iii) the Indenture, (iv) the Assignment Agreement and the Trustee’s and the Authority’s interests in the Leased Property, (v) the right to enter upon the premises in order to inspect equipment that is the subject of the Solar Equipment Lease, (vi) liens for taxes and assessments not then delinquent, (vii) utility, access and other easements and rights of way, restrictions and exceptions that as certified in a Certificate of the City will not interfere with or impair the use intended to be made of the Leased Property; (viii) encumbrances upon any additions and improvements to the Leased Property as permitted in the Lease and which do not materially impair the use intended to be made of the portions of the Leased Property other than such additions and improvements; (ix) any sublease or use permitted by the Lease, (x) covenants, conditions or restrictions or liens of record relating to the Leased Property and existing on the Closing Date; and (xi) such minor defects, irregularities, encumbrances and clouds on title

as normally exist with respect to property similar in character to the Leased Property and as do not materially impair the use intended to be made of property affected thereby.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely on a Request of the Authority directing investment in such Permitted Investment as a certification by the Authority to the Trustee that such Permitted Investment is a legal investment under the laws of the State), but only to the extent that the same are acquired at fair market value:

(a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself); U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, and Federal Housing Administration;

(c) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (“FHLMC”), Federal National Mortgage Association (“FNMA”), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(d) bonds or notes issued by any state or municipality, or political subdivisions thereof, which are rated by S&P, Fitch or Moody’s in one of the three highest rating (without regard to qualifier) categories assigned by such agencies;

(e) repurchase agreements with a primary dealer on the reporting dealer list of the Federal Reserve, or any bank, or any other financial institution, which, in any case, has capital of not less than \$500 million and which has, or is guaranteed by an entity which has, long-term ratings, at the time of purchase, in the “A” category (without regard to modifiers) or better by at least two of the following rating agencies: S&P, and Moody’s, and or Fitch; and which has a minimum short-term rating of no less than “A-1” or equivalent (A-1/P-1/F1), at the time of purchase, by at least two of the following rating agencies: S&P, Moody’s, or Fitch, provided that (i) the term of such repurchase agreement is not greater than the Developer Obligation Date as set forth in Exhibit F of the Development Agreement, (ii) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (iii) the collateral is valued weekly with deficiencies to be cured within two (2) days and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA

or States or Municipalities, 105%) of the amount of cash transferred by the Trustee to the repurchase agreement provider under the repurchase agreement plus interest, (iv) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral, (v) eligible collateral must consist of Eligible Securities as defined under (a), (b), (c) or (d) of such definition; (vi) the repurchase securities are free and clear of any third-party lien or claim; and (vii) there shall have been delivered to the Trustee, the Authority and the City an Opinion of Counsel as to the validity, legality and enforceability of the repurchase agreement;

(f) investment agreements, including guaranteed investment contracts (“GICs”) with providers in one of the two highest rating categories (without regard to qualifier) of Moody’s and S&P;

(g) money market funds registered under the Federal Investment Company Act of 1940, and having a rating, at the time of purchase, by S&P of “AAAm-G”, “AAA-m”, or “AA-m” and if rated by Moody’s rated “Aaa”, “Aa1” or “Aa2”, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(h) certificates of deposit or similar bank deposit products secured at all times by collateral described in (a) and/or (b) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Bondholders has a perfected first security interest;

(i) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by FDIC, including BIF and SAIF;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating, at the time of purchase, of “Prime-1” or “A-3” or better by Moody’s and “A-1” or “A” or better by S&P;

(k) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended;

(l) the State of California’s Pooled Money Investment Account;

(m) the State of California’s Local Agency Investment Fund; and

(n) any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

“Project” means the acquisition, construction and improvement of a new police facility in the City.

“Project Costs” means all costs which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the Project;

(b) obligations incurred for labor and materials in connection with the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the Project;

(e) any sums required to reimburse the Authority or the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Project; and

(f) all financing costs incurred in connection with the Project, including but not limited to Costs of Issuance and other costs incurred in connection herewith and the financing of the Project.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Rental Payments” means, collectively, the Base Rental Payments and any Additional Rental Payments.

“Request of the Authority” means a request or direction in writing signed by the Chairperson, Vice Chairperson, Executive Director or Treasurer of the Authority or by any other officer of the Authority duly authorized for that purpose, as evidenced in writing to the Trustee.

“Request of the City” means a request or direction in writing signed by the Mayor, the City Manager or the Director of Finance or by any other officer of the City duly authorized for that purpose by the City Council, as evidenced in writing to the Trustee.

“Responsible Officer” means any member of the Authority, the Executive Director or Treasurer of the Authority or any other person authorized by resolution of the Authority to act on behalf of the Authority under or with respect to the Lease or the Indenture.

“Revenues” means (i) all Base Rental Payments payable by the City pursuant to the Lease (including prepayments), (ii) any proceeds of Bonds deposited with the Trustee and all moneys on deposit in the funds and accounts established under the Indenture, (iii) investment income with respect to such moneys held by the Trustee (iv) amounts under Section 7.2(b) and Section 8.13 of the Development Agreement and subject to the terms of Section 10 of the Lease and (v) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments..

“S&P” means S&P Global Ratings, and its successors and assigns.

“Securities Depositories” means The Depository Trust Company, New York, New York and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Bonds or (ii) the Authority discontinues use of the then Securities Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“Site Lease” means that certain Site and Facility Lease, dated as of December 1, 2023, by and between the City and the Authority, pursuant to which the Authority leases the Leased Property from the City.

“Solar Equipment Lease” means the Equipment Lease Purchase Agreement, dated November 30, 2017, by and between Holman Capital Corporation and the City.

“State” means the State of California.

“Supplemental Indenture” means any agreement supplemental to or amendatory of the Indenture entered into in accordance with the provisions of Article VII.

“Trust Office” means the corporate trust office of the Trustee in Los Angeles, California or such other offices as may be specified to the Authority by the Trustee in writing or, solely for purposes of the surrender of the Bonds for payment, transfer or exchange, the corporate trust operations or agency office designated by the Trustee.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors and assigns, and any other banking corporation or association that may at any time be substituted in its place as provided in the Indenture.

“Written Request of the Authority” means a request in writing signed by a Responsible Officer.

“2023 City Project Contribution Account” means the account by that name in the 2023 Project Fund established and held by the Trustee pursuant to the Indenture.

“2023 Insurance and Condemnation Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“2023 Project Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“2023 Project Proceeds Account” means the account by that name in the 2023 Project Fund established and held by the Trustee pursuant to the Indenture.

THE INDENTURE

The Bonds

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, interest rate, maturity and aggregate principal amount in Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Authority, except that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer, pursuant to the Indenture, (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bond selected for redemption pursuant to the Indenture.

Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor, interest rate, and maturity and of other Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Authority, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to the Indenture, (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bond selected for redemption pursuant to the Indenture.

Registration Books. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on said records, Bonds as provided in the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond issued under the Indenture shall be lost, destroyed or

stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a reasonable fee for each new Bond issued under the Indenture and of the expenses that may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of the Indenture in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Pledge of Revenues; Assignment of Rights. Subject to the provisions of the Indenture, the Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues, including all of the moneys in the 2023 Interest Account, the 2023 Capitalized Interest Subaccount and the 2023 Principal Account, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues and such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

The Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest (but none of the obligations) of the Authority in the Lease with respect to the Revenues, including its rights to receive the Base Rental Payments scheduled to be paid by the City under and pursuant to the Lease and any and all of the other rights of the Authority under the Lease as may be necessary to enforce payment of such Base Rental Payments when due or otherwise to protect the interest of the Owners of the Bonds, including its leasehold title to the Leased Property leased to the City pursuant to the Lease with respect to the Base Rental Payments. The Trustee accepts such assignments. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

Each of the Authority and the City covenant and agree to take such action as is necessary from time to time to preserve the priority of the pledge set forth in the Indenture under applicable law, and at the expense of the Authority or the City and the Trustee shall cooperate with the Authority and/or the City in taking such action.

Lease Revenue Fund; Receipt, Deposit and Application of Revenues. All Revenues shall be deposited by the Trustee in a special fund designated as the "Lease Revenue Fund," which

the Trustee shall establish, maintain and hold in trust under the Indenture. In the event the City pays more than 100% of the Base Rental Payments coming due 15 Business Days prior to any Interest Payment Date, the Trustee shall deposit into the Lease Revenue Fund only that portion of the Base Rental Payments which the City is required to make under the Lease, and shall remit any excess to the City.

On or before each Interest Payment Date, the Trustee shall transfer from the Lease Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Lease Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

2023 Interest Account. The Trustee shall establish and maintain a separate account to be known as the “2023 Interest Account” and a separate subaccount to be known as the “2023 Capitalized Interest Subaccount.” On or before each Interest Payment Date, the Trustee shall deposit in the 2023 Interest Account an amount required to cause the aggregate amount on deposit in the 2023 Interest Account and the 2023 Capitalized Interest Subaccount to equal the amount of interest becoming due and payable on such Interest Payment Date on all respective Outstanding Bonds. No deposit shall be made into the 2023 Interest Account if the amount contained therein, together with the 2023 Capitalized Interest Subaccount, is at least equal to the interest becoming due and payable upon all respective Outstanding Bonds on each succeeding Interest Payment Date within the then current Bond Year. All moneys in the 2023 Interest Account, including the 2023 Capitalized Interest Subaccount, shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity); provided that on December 2, 2026 any amounts remaining in the 2023 Capitalized Interest Subaccount after the deposits required by this subsection shall be transferred to the 2023 Project Proceeds Account.

2023 Principal Account. The Trustee shall establish and maintain a separate account to be known as the “2023 Principal Account.” On or before each Interest Payment Date, the Trustee shall deposit in the 2023 Principal Account an amount required to cause the aggregate amount on deposit in the 2023 Principal Account to equal the principal amount of the Bonds maturing on such Interest Payment Date pursuant to the Indenture or pursuant to a Supplemental Indenture, as the case may be. All moneys in the 2023 Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds.

Surplus. On or before June 1 and December 1 of each year the Trustee shall determine the Revenues, if any, remaining in the Lease Revenue Fund after making the deposits required by the paragraphs above, and shall apply such amount as a credit against the next following Base Rental Payment; provided that, until the 2023 Project Fund is closed in accordance with the Indenture, earnings on amounts in 2023 Interest Account, including the 2023 Capitalized Interest Subaccount, shall be retained in the respective account or fund until transferred as provided in the Indenture.

2023 Insurance and Condemnation Fund. The Trustee shall establish and maintain a separate fund to be known as the “2023 Insurance and Condemnation Fund,” into which shall be deposited Net Proceeds (as defined in the Lease) required to be deposited therein pursuant to the Lease. The Trustee shall disburse or transfer all amounts in the 2023 Insurance and Condemnation Fund, as stated in a Request of the City (as described below) for the payment of the cost of the reconstruction of the Leased Property (including reimbursement to the City for any such costs paid by it).

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the Authority given to the Trustee two Business Days in advance of the making of such investments. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in money market funds described in subsection (g) of the definition of Permitted Investments; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction of the Authority specifying a specific money market fund that satisfies the requirements of the subsection in which such investment is to be made and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

The Trustee shall retain all investment earnings on amounts in the 2023 Interest Account, including the 2023 Capitalized Interest Subaccount, respectively therein until the 2023 Project Fund is closed in accordance with the Indenture and thereafter all such investment earnings shall be transferred to the Lease Revenue Fund. All investment earnings on amounts in the 2023 Project Proceeds Account, the 2023 City Project Contribution Account, the 2023 Insurance and Condemnation Fund and the 2023 Principal Account shall be retained therein and applied in accordance herewith.

For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture. The Trustee, or any of its affiliates, may act as principal or agent in the acquisition of any investment and may impose its customary charges therefor. The Trustee may act as manager, sponsor, advisor or depository with respect to any Permitted Investment. The Trustee shall incur no liability for the selection (other than as provided in the Indenture) of investments or losses arising from any investments made pursuant to the Indenture. The Authority acknowledges that regulations of the Comptroller of the Currency grant the Authority the right to receive brokerage confirmations of security transactions to be effected by the Trustee under the Indenture as they occur, at no additional cost. The Authority specifically waives the right to receive such confirmation to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which shall include detail for the investment transactions effected by the Trustee under the Indenture; provided, however, that the Authority retains its right to receive brokerage confirmation on any investment transaction requested by the Authority.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account, Permitted Investments credited to such fund or account shall be valued at least semiannually on or before each Interest Payment Date at cost (excluding any brokerage commissions and excluding any accrued interest) by the Authority.

Payment on Business Days. Whenever in the Indenture any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made, without accruing additional interest thereby, on the Business Day immediately following such day.

Covenants of the Authority

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of applicable Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the applicable Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture and Supplemental Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Lease and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee (subject to the provisions of the Indenture) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions by the Trustee relating to the proceeds of Bonds, the Revenues, the Lease and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the City during regular business hours with reasonable prior notice.

No Additional Obligations. The Authority covenants that no additional bonds, notes or indebtedness shall be issued or incurred that are payable out of the Revenues in whole or in part.

Lease. The Trustee, as assignee of the Authority's rights under the Lease with respect to the Revenues pursuant to the Indenture and the Assignment Agreement(s), shall receive amounts due from the City pursuant to the Lease with respect to the Revenues. The Authority will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Lease required to be complied with, kept, observed and performed by it and, together with the Trustee, will enforce the Lease against the City in accordance with its terms. So long as any Bond remain Outstanding, the Authority will not alter, amend or modify the Lease, except as pursuant to the Lease.

Tax Covenants. The Authority covenants as follows under the Indenture.

When used in this Section, the following terms have the following meanings:

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

"Rebate Amount," has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Tax Regulations" means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, or section 103 of the 1954 Code, as applicable.

"Yield" of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(a) Not to Cause Interest to Become Taxable. The Authority covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(b) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that the Authority at all times prior to the final cancellation of the last of the Bonds to be retired:

(1) exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(c) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(d) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(e) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(f) Information Report. The Authority shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(g) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(1) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Authority shall calculate, the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The Trustee may rely conclusively upon the Authority's determinations, calculations and certifications. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority's calculations.

(3) To assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T prepared by the Authority or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(4) The Authority shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(h) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (g) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(i) Bonds Not Hedge Bonds.

(1) The Authority represents that none of the Bonds is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(2) As of the date of issuance of the Bonds the Authority reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

The Trustee

Appointment of Trustee. U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, is appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture. The Authority agrees that it will maintain a Trustee which has (or which is a wholly-owned subsidiary of a corporation which has) a combined capital and surplus of at least \$75,000,000, and which is subject to supervision or examination by Federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company or such parent corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such bank or trust company or such parent corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds and accounts administered by it and of all Bonds paid and discharged.

Acceptance of Trusts. The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(b) Whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture, the Trustee (unless other evidence is specifically prescribed in the Indenture) may, in the absence of bad faith on its part, rely upon a Certificate of the Authority.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document.

(e) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no covenants of or against the Trustee shall be implied in the Indenture. In case an Event of Default under the Indenture or under the Lease has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture and by the Lease, and shall use the same degree of care and skill in the exercise of such rights and powers as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(f) The Trustee may execute any of the trusts or powers under the Indenture and perform the duties required of it under the Indenture either directly or by or through attorneys, receivers or agents, shall not be liable for the acts or omissions of such attorneys, receivers or agents appointed with due care, and shall be entitled to advice of counsel concerning all matters of trust and its duties under the Indenture. The Trustee may conclusively rely on an opinion of counsel as full and complete authorization and protection for any action taken, suffered or omitted by it under the Indenture.

(g) The Trustee shall not be responsible for any recital in the Indenture, in the Lease, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured by the Indenture and makes no representation as to the validity or sufficiency of the Bonds, the Indenture or the Lease. The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority under the Indenture or on the part of the Authority or the City under the Lease. The Trustee shall not be responsible for the application of the proceeds of the Bonds paid over by it to the Authority.

(h) The Trustee may become the Owner or pledgee of Bonds secured by the Indenture with the same rights it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of

Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(i) The Trustee may rely and shall be protected in acting or refraining from acting, in good faith and without negligence, upon any notice, resolution, opinion, report, direction, request, requisition, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or presented by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to the Indenture or the Lease upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(j) The permissive right of the Trustee to do things enumerated in the Indenture or in the Lease shall not be construed as a duty and it shall not be answerable for other than its negligence or willful default. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(k) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture or under the Lease except failure by the Authority or the City to make any of the payments to the Trustee required to be made by the Authority pursuant to the Indenture or thereto or failure by the Authority or the City to file with the Trustee any document required by the Indenture or the Lease to be so filed subsequent to the issuance of the Bonds by a certain date, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee must, to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default under the Indenture except as aforesaid.

(l) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right but shall not be required to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records which are not privileged by statute or by law.

(m) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises of the Indenture.

(n) Notwithstanding anything elsewhere in the Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(o) All moneys received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(p) Whether or not expressly provided therein, every provision of the Indenture, the Site Lease, the Assignment Agreement, and the Lease relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of the Indenture.

(q) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(r) The Trustee shall not be liable to the parties to the Indenture or deemed in breach or default under the Indenture if and to the extent its performance under the Indenture is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics, quarantine restrictions, acts of military or civil authority or other similar occurrences.

(s) The Trustee is authorized and directed to enter into the Assignment Agreement in its capacity as Trustee.

(t) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture); provided, however, that the Authority and City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority and City whenever a person is to be added or deleted from the listing. If the Authority and City elect to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority and City understand and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority and City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority and City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority and City agree:

(i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the

Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority and City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In acting or omitting to act pursuant to the Site Lease, the Lease, the Assignment Agreement or any other documents executed in connection with the Indenture or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under the Indenture and the Lease.

Fees, Charges and Expenses of Trustee. The Trustee shall be paid and reimbursed by the Authority for reasonable fees for its services rendered under the Indenture and all advances (with interest on such advances at the maximum rate allowed by law), counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default under the Indenture, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held under the Indenture for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Notice to Bond Owners of Default. If an Event of Default under the Indenture or under the Lease occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in the Indenture, then the Trustee shall, within 30 days of the receipt of such notice, give written notice thereof by first class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; *provided, however*, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

Intervention by Trustee. In any judicial proceeding to which the Authority or the City is a party that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to the Indenture, shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of such Bonds then Outstanding and indemnified to its satisfaction.

Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds. The Authority may also remove the Trustee at any time upon 30 days' notice, except during the existence of an Event of Default. The Trustee may be removed at any time for any breach of the Trustee's duties set forth in the Indenture.

Resignation by Trustee. The Trustee and any successor Trustee may at any time give written notice of its intention to resign as Trustee under the Indenture, such notice to be given to the Authority and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to the Indenture, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within 60 days following the delivery to the Trustee of the instrument described in the Indenture or within 60 days following the receipt of notice by the Authority pursuant to the Indenture, the Trustee may, at the expense of the Authority, apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of the Indenture. Any such successor Trustee appointed by such court shall become the successor Trustee under the Indenture notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 60-day period.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in the Indenture, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything in the Indenture to the contrary notwithstanding.

Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees, to the extent permitted by law, to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, action, suit, claim, judgment and liabilities arising out of or in the exercise and performance of its powers and duties under the Indenture and under the Assignment Agreement, the Site Lease and the Lease, including the costs and expenses of defending against any claim of liability and fees and expenses of its attorneys, but excluding any and all losses, expenses and liabilities that are due to the negligent or willful misconduct of the Trustee, its officers, directors or employees. No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability under the Indenture. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of at least 25% in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under the Indenture or exercising any power conferred upon the Trustee under the Indenture. The obligations of the Authority under the Indenture shall survive the termination of the Indenture and the resignation or removal of the Trustee under the Indenture.

Modification and Amendment of the Indenture

Amendment. The Indenture and the rights and obligations of the Authority, the Owners may be modified or amended at any time by a Supplemental Indenture, which shall become binding to the extent permitted by law upon adoption, without consent of any Owner, but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers reserved in the Indenture to or conferred upon the Authority so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners;

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable; or

(c) for any other purpose that does not materially adversely affect the interests of the Owners, as evidenced by the opinion of counsel delivered under the Indenture.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Authority and of the Owners may only be modified or amended at any time by a Supplemental Indenture, which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) modify any of the rights or obligations of the Trustee without its written consent thereto.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes. Prior to entering into any Supplemental Indenture, the Authority shall deliver to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture has been adopted in accordance with the requirements of the Indenture.

Events of Default and Remedies of Bond Owners

Events of Default. The following events shall be Events of Default under the Indenture:

(a) Default in the due and punctual payment of the principal of or premium on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, or by proceedings for redemption.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 50% in aggregate principal amount of the Outstanding Bonds; provided, that if such default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected, which period shall not be longer than sixty (60) days from the date of written notice specifying the failure.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

(e) Default under the Lease and such default shall not have been remedied within any applicable grace period thereunder.

Remedies; No Acceleration. Upon the occurrence of an Event of Default the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or any member, officer or employee thereof, to compel the Authority or any such member, officer or employee to perform and carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him contained in the Indenture or in the Lease;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the Authority and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall

be cumulative and shall be in addition to any other remedy given to the Trustee or the Owners under the Indenture or now or thereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver or any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

The Trustee shall have no right to declare the principal of or interest on the Bonds to be due and payable immediately.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture shall be applied by the Trustee in the following order of priority:

First, to the payment of the fees, costs and expenses of the Trustee, including reasonable compensation to its agents, attorneys and counsel;

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, *provided, however*, that if such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation and if the Trustee is indemnified as provided in the Indenture. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is appointed (and the successive respective Owners issued under the Indenture by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful

attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Owners by the Bond Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Rights of Owners. No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee. Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners.

The right of any Owner to receive payment of the principal of and interest and premium (if any) on such Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions or any other provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely,

then and in every such case, the Authority, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Limited Liability of Authority

Limited Liability of Authority. Notwithstanding anything in the Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained in the Indenture (except to the extent any such covenants are expressly payable under the Indenture from the Revenues or otherwise from amounts payable under the Lease). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premiums (if any) on or principal of the Bonds. The Owners shall never have the right to compel the forfeiture of any property of the Authority except the Revenues and other funds pledged to the payment of the Bonds as provided in the Indenture. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as provided in the Indenture.

Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the City and the Owners, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the City and the Owners.

Defeasance; Discharge of Indenture. If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premiums (if any) on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums (if any); or

(c) by irrevocably depositing with the Trustee or an escrow agent, in trust pursuant to an escrow deposit agreement, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine in a written report acceptable in form and substance to the Authority, and addressed, to the Authority and the Trustee, filed with the Trustee (upon which

report the Trustee may conclusively rely) will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

(d) by delivering an opinion of Bond Counsel acceptable in form and substance to the Authority, and addressed, to the Authority and the Trustee to the effect that the Bonds are no longer Outstanding under the Indenture, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all amounts due the Trustee. Any funds held by the Trustee following any payment or discharge of the Outstanding Bonds pursuant to the Indenture, which are not required for said purposes, shall after payment of amounts due the Trustee under the Indenture be paid over to the Authority.

Execution of Documents by Owners. Any request, consent or other instrument required by the Indenture to be signed and executed by Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in the Indenture.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner shall bind every future Owner with respect to the same Bond and the Owner with respect to any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, unless all Bonds are then so owned, Bonds that are owned or held by or for the account of the City or the Authority (but excluding Bonds held in any employees' retirement

fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided, however*, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee actually knows to be so owned or held shall be disregarded, and if 100% of the Bonds are so owned, such Bonds shall be deemed Outstanding and shall not be disregarded.

THE LEASE

Term

Pursuant to the Lease, the Authority leases to the City and the City leases from the Authority, on the terms and conditions set forth in the Lease, the Leased Property. The term of the Lease shall commence on the Closing Date.

The term of the leasehold interest created by the Lease shall expire on the earliest of (i) the Expiration Date; (ii) the date the last Base Rental Payment is made under the provisions of the Lease; or (iii) the date of discharge of all of the Bonds pursuant to the Indenture. Notwithstanding the foregoing, the term of the Lease shall automatically be extended for a period of ten (10) years, if, on the Expiration Date, the Bonds have not been fully discharged, and shall terminate on the date when the Bonds have been fully discharged.

Rental

Subject to the provisions of the Lease, the City agrees to pay to the Authority, its successors or assigns, as rental for the use and possession of the Leased Property, the following amounts at the following times:

(a) Base Rental Payments; Additional Base Rental Payments. The City shall pay the Base Rental Payments to the Trustee, as assignee of the Authority, as provided in the Lease, in accordance with the Base Rental Payment Schedule attached to the Lease, less any amounts credited against the Base Rental Payments pursuant to the Indenture. The City shall pay to the Trustee the Base Rental Payments coming due fifteen (15) Business Days prior to the next succeeding June 1 and December 1, respectively, as set forth in the Lease and such payments shall constitute payment in arrears in consideration for the City's use and possession of the Leased Property for the six-month period preceding the due date of such Base Rental Payments.

(b) Additional Rental Payments. The City shall also pay, as "Additional Rental Payments" under the Lease, in addition to the Base Rental Payments, to the Trustee, as assignee of the Authority, as provided in the Lease, such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment of the Lease, the Indenture, or the Authority's or the Trustee's interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture. Such Additional Rental Payments shall be billed to the City by the Authority or the Trustee from time to time. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City.

(c) Fair Rental Value. Such payments of Base Rental Payments and Additional Rental Payments for each rental payment period shall constitute the total rental for such rental payment period, and shall be paid by the City in each rental payment period for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property during each such period for which said rental is to be paid. The City represents and covenants that the useful life of the Leased Property is not shorter than the final maturity of the Bonds. The parties to the Lease specifically acknowledge that the annual fair rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. In making such determination, consideration has been given to other obligations of the parties under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public. The determination of fair rental value of the Leased Property shall not be deemed to be controlling in connection with a determination of fair value of the Leased Property by the parties to the Lease for any other purpose.

(d) Payment of Base Rental Payments. Each installment of Base Rental Payments payable under the Lease shall be paid in lawful money of the United States of America to the order of the Trustee at the corporate trust office of the Trustee in Los Angeles, California, or such other place as the Trustee shall designate. The Base Rental Payments shall be made on a *pari passu* basis with each other. Notwithstanding any dispute between the City and the Authority, the City shall make all Base Rental Payments when due, without deduction or offset of any kind, and shall not withhold any Base Rental Payments pending the final resolution of any such dispute. In the event of a determination that the City was not liable for said Base Rental Payments or any portion thereof, said Base Rental Payments or excess of payments, as the case may be, shall, at the option of the City, be credited against subsequent Base Rental Payments due under the Lease or be refunded at the time of such determination.

(e) Increases in Aggregate Base Rental Payments. The City covenants that it shall not permit an increase in the Base Rental Payments without first obtaining an opinion of Bond Counsel to the effect that the incurring of such increased Base Rental Payments will not impair the validity and enforceability of the Lease.

(f) Covenant to Budget and Appropriate. The City covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its annual budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments, subject only to abatement as provided in the Lease. The City will furnish to the Authority and the Trustee annually, on or before June 1, a certificate stating that it has complied with the covenant set forth in the Lease. The covenants on the part of the City contained in the Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City 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. Neither the Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments

constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Certain Covenants to Maintain Tax-Exempt Status of the Bonds

Special Definitions. The following terms have the following meanings under the Lease:

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that Series of Bonds.

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, or section 103 of the 1954 Code, as applicable.

“Yield” of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(a) Not to Cause Interest to Become Taxable. The City covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the City shall comply with each of the specific covenants in this Section.

(b) Private Use or Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the City shall take all actions necessary to assure that the City at all times prior to the final cancellation of the last of the Bonds to be retired:

a. exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

b. does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(c) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(d) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(e) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the City shall take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(f) Information Report. The Authority shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(g) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

a. The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

b. Not less frequently than each Computation Date, the City shall calculate, the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The City shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The Trustee may rely conclusively upon the City's determinations, calculations and certifications. The Trustee shall have no responsibility to independently make any calculation or determination or to review the City's calculations.

c. In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the City at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T prepared by the City or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the City.

d. The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(h) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(i) Bonds Not Hedge Bonds. The City represents that none of the Bonds is or will become a "hedge bond" within the meaning of section 149(g) of the Code. As of the date of

issuance of the Bonds the City reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(j) Elections. The City hereby directs and authorizes any City Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(k) Closing Certificate. The City agrees to execute and deliver in connection with the issuance of the Bonds a Tax Certificate, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

The City shall at all times do and perform all acts and things permitted by law and the Lease which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the City agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds.

Substitution, Addition and Release of Property

The parties to the Lease specifically acknowledge that the annual fair rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. The City shall have, so long as the Lease is in effect, and is granted, the option at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Leased Property (the "Former Property"), add to or release any identifiable real property and/or improvements currently constituting all or any portion of the Leased Property (in such case, Substitute Property shall mean the Former Property less any portion released pursuant to the Lease); provided, that the City shall satisfy all of the following requirements, which are conditions precedent to such substitution:

(a) No default under the Lease or Event of Default shall have occurred and be continuing;

(b) The City shall file with the Authority and the Trustee, and cause to be recorded in the office of the County Recorder, sufficient memorialization of amendments to the Lease and the Site Lease with a description of such Substitute Property which deletes therefrom the description of the Former Property;

(c) The City shall obtain an extended California Land Title Association ("CLTA") policy of title insurance insuring the City's fee or leasehold estate in such Substitute Property, the City's leasehold estate under the Lease, and the Authority's leasehold estate under the Site Lease in such Substitute Property, subject only to Permitted Encumbrances, in an amount

not less than the aggregate principal amount of the Outstanding Bonds; provided, however, that this requirement shall not apply to Substitute Property that consists only of Former Property less any released portion;

(d) The City shall provide a Certificate of the City to the Authority and to the Trustee that such Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the City to violate any of its covenants, representations and warranties made in the Lease;

(f) The City shall file with the Authority and the Trustee a Certificate of the City or other evidence which establishes that the annual fair rental value of the Substitute Property after substitution or release will be at least equal to 100% of the maximum amount of the Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year and the useful economic life of the Substitute Property shall be at least equal to the maximum remaining term of the Lease;

(g) The City shall furnish to the Trustee an opinion of Bond Counsel addressed to the Trustee, the City and the Authority to the effect that the substitution or release is permitted under the Lease; and

Upon the satisfaction of all such conditions precedent, and upon the City delivering to the Authority and the Trustee a Certificate of the City certifying that the conditions set forth in the Lease have been satisfied, the Term of the Lease shall thereupon end as to the Leased Property and shall thereupon commence as to the Substitute Property, and all references to the Leased Property shall apply with full force and effect to the Substitute Property. The City shall not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of any substitution or removal under the Lease.

Insurance

The City shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Leased Property required by the Lease.

Such insurance shall consist of:

(1) Comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Leased Property. Such insurance shall afford protection with a combined single limit of not less than \$1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the City's risk management officer or an independent insurance consultant retained by the City for that purpose, subject to a deductible clause of not to exceed \$500,000. The City's obligations under this clause (1) may be satisfied by self-insurance;

(2) The City shall maintain or cause to be maintained, throughout the term of the Lease, casualty insurance against loss or damage to any or all of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and against loss of Leased Property by theft. Such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The insurance required by this paragraph shall be in an amount not less than the principal amount of the Outstanding Bonds. The City's obligations under this clause (2) may be satisfied by self-insurance;

(3) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this clause (3) may be satisfied by self-insurance;

(4) Rental interruption insurance in an amount not less than the maximum remaining scheduled Base Rental Payments in any twenty-four (24) month period, by an insurance provider rated at least "A" by A.M. Best & Company, to insure against loss of use of the Leased Property caused by perils covered by the insurance required in the Lease. Such insurance may be maintained as part of or in conjunction with any other rental interruption insurance carried by the City and must list the Authority and the Trustee as additional insured parties. Such insurance shall be in place as of the Closing Date. The net proceeds of such insurance shall be paid to the Trustee and credited toward the payment of the Base Rental Payments in the order in which such Base Rental Payments come due and payable; and

(5) Builders' risk insurance in an amount equal to the lesser of the Outstanding principal amount of the Bonds, or the replacement cost of the Project, which insurance shall be outstanding for the construction period until Final Completion of the Project.

All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Authority and the Trustee. Certificates of comprehensive general liability and workers' compensation insurance shall be furnished by applicable insurers to the City, and, at least ten days prior to the expiration dates of such policies, if any, evidence of renewals shall be deposited with the Trustee.

If the City elects to provide self-insurance pursuant to clauses (1), (2) and/or (3) above, the City shall annually cause to be delivered to the Trustee, upon request, a certificate of an Insurance Consultant certifying to the adequacy of the City's reserves for such insurance.

All policies or certificates of insurance provided for in the Lease shall name the City as a named insured and the Trustee as an additional insured. All proceeds of insurance

maintained under clauses (1) and (3) shall be deposited with the City and under clause (2) shall be deposited with the Trustee.

Notwithstanding the generality of the foregoing, the City shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market.

Form of Policies. The City shall deliver to the Trustee on or before the Closing Date and each anniversary of the Closing Date a Certificate of the City that all insurance required under the Lease is in full force and effect. If the City obtains insurance through a pooled insurance program of governmental entities, an annual statement or memorandum of coverage delivered to the Authority and the Trustee will satisfy the requirements of the Lease. The Trustee and the Authority shall not be responsible for the sufficiency of any insurance required in the Lease or payment of premium and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City.

Advances. If the City shall fail to perform any of its obligations under the Lease, then the Authority or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money on behalf of the City, and the City shall be obligated to repay all such advances as soon as possible.

Damage, Destruction and Condemnation; Application of Net Proceeds; Assignment of Liquidated Damages

If prior to the termination of the term of the Lease (a) the Leased Property is destroyed (in whole or in part) or is damaged by fire or other casualty, or (b) title to, or the temporary use of, any portion of the Leased Property or the estate of the Authority or the City in the Leased Property or any portion shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the City and the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Leased Property or portion thereof, in accordance with the provisions of the Lease. If Net Proceeds are insufficient to repair or replace the Leased Property or portion thereof, the City shall, to the extent permitted by law, use its best efforts to fund any deficiency from any legally available funds.

If there is an abatement of rental payments pursuant to the Lease as a result of such casualty or event, and the City elects pursuant to the Lease to apply such insurance proceeds and such other sums as are deposited by the City pursuant to the Lease to the prepayment of Base Rental Payments rather than replacing or repairing the destroyed or damaged portion of the Leased Property, then the Lease shall terminate with respect to the destroyed or damaged portion of the Leased Property as of the later of the date of such election by the City or the date the amount required by the Lease is received by the Trustee.

The provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code, including any amendments thereto and any other law which may be in force

during the term of the Lease which authorizes the termination of the Lease upon the partial or complete destruction of the Leased Property, are waived by the City.

The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Leased Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Leased Property, the value of the Leased Property shall not be less than the greater of (i) if Outstanding Bonds are then subject to redemption, the principal and interest due on the Outstanding Bonds through the date of their redemption, or (ii) if such Outstanding Bonds are not then subject to redemption, the amount necessary to defease such Outstanding Bonds to the first available redemption date in accordance with the Indenture.

The City shall deposit any proceeds received from insurance and condemnation awards with respect to the destruction or partial destruction of Leased Property with the Trustee for deposit into the: (a) 2023 Insurance and Condemnation Fund if the City elects to repair the Leased Property or (b) the Lease Revenue Fund if the City elects to redeem the Outstanding Bonds. The City shall have forty-five (45) days from the date of any such destruction or partial destruction to determine whether to repair the Leased Property or use insurance and condemnation award proceeds received to redeem such bonds. To the extent that the City determines not to repair the Leased Property and cannot use insurance and condemnation award proceeds to redeem such bonds, the City shall and covenants to substitute property for such Leased Property of equivalent or greater value in accordance with the provisions of the Lease. If the City determines to repair the Leased Property, disbursements by the Trustee shall only be made upon presentation of a requisition in a form substantially similar to the form set forth in the Indenture. If the City determines to cause the redemption of less than the full amount of the Outstanding Bonds, such redemption shall only be made to the extent the remaining fair rental value of the Leased Property is sufficient to support the remaining Base Rental Payments supporting debt service on the Outstanding Bonds.

The City assigns and transfers to the Authority all of the City's right, title, and interest in, to, and under any payments under Section 7.2(b) and Section 8.13 of the Development Agreement, the proceeds of which shall be deposited in the Lease Revenue Fund.

As provided in Section 21.1 of the Development Agreement, the Developer and the City shall assign all insurance proceeds which the Developer or the City may be entitled to receive prior to Final Acceptance of the Project with respect to damage or destruction to the Project to the Trustee for deposit into the 2023 Insurance and Condemnation Proceeds Fund established under the Indenture.

The Authority and the City agree that, upon the written request of the Trustee, each will take such actions as may be reasonably requested by the Trustee and to the extent permitted by law to enforce the obligations of the Developer under Section 7.2(b) and Section 8.13 of the Development Agreement to the extent of the Authority's, the City's, the Trustee's or the Authority's interest therein, including, but not limited, to bringing an action against the Developer for payments thereunder.

The City agrees to assign, or to cause the assignment, to the Authority certain of its rights under the Development Agreement, as further described and provided in Section 25.5 of the Development Agreement. Subject to the terms of the Development Agreement, the Authority shall be deemed a third party beneficiary of the Development Agreement.

Default

(a) Each of the following events constitutes an Event of Default under the Lease:

(1) Failure by the City to pay any Base Rental Payment or other payment (including Additional Rental Payments) required to be paid under the Lease at the time specified in the Lease.

(2) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in the preceding subsection (1), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority. However, if the City notifies the Authority that in its reasonable opinion the failure stated in the notice can be corrected, but not within such thirty (30) day period, the failure will not constitute an Event of Default if the City commences to cure the failure within such thirty (30) day period and thereafter diligently and in good faith cures such failure in a reasonable period of time; provided, that such cure period shall not extend beyond sixty (60) days.

(3) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may be enacted.

(b) If default shall be made by the City in the observance or performance of any agreement, condition, covenant or term contained in the Lease required to be observed or performed by it (including, without limitation, the payment of any Base Rental Payments or Additional Rental Payments due), subject to the provisions of subsection (a)(2) above, the Authority may at any time thereafter (with or without notice and demand and without limiting any other rights or remedies the Authority may have) recover rent and other monetary charges as they become due without terminating the City's right to possession of the Leased Property, regardless of whether or not the City has abandoned the Leased Property, and the Authority shall have the right and the City hereby irrevocably appoints the Authority as its agent and attorney in fact for such purpose to attempt to sublet or re-let the Leased Property at such rent, upon such conditions and for such term, and to do all other acts to maintain or preserve the Leased Property, including the removal of persons therefrom or taking possession thereof or the removal of property therefrom to a storage facility located elsewhere in the City, as the Authority deems desirable or necessary, and the City hereby waives any and all claims for any damages that may result to the Leased

Property thereby except for such damages caused by the gross negligence or intentional misconduct of the person taking such actions; provided, that no such actions shall be deemed to terminate the Lease and the City shall continue to remain liable for any deficiency that may arise out of such re-letting, taking into account expenses incurred by the Authority due to such re-letting, payable at the same time and manner as provided for Base Rental Payments. In the event the Leased Property is re-let, the City shall cooperate with the Authority to provide reasonable parking access for the Leased Property. In the event the Leased Property is re-let, the City shall cooperate with the Authority to provide reasonable parking access for the Leased Property.

The Authority expressly waives the right to receive any amount from the City pursuant to Section 1951.2(a)(3) of the California Civil Code.

(c) Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise each and every one of the following remedies:

(1) *Proceedings at Law or In Equity.* If an Event of Default occurs and continues under the Lease, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Lease or to enforce any other of its rights under the Lease.

(2) *Remedies under the Site Lease.* If an Event of Default occurs and continues under the Lease, the Authority may exercise its rights under the Site Lease.

(d) Notwithstanding any other provision of the Lease or the Indenture, in no event shall the Authority have the right to accelerate the payment of any Base Rental Payments under the Lease.

Prepayment and Credits

(a) Prepayment From Net Proceeds.

(1) The City may prepay, from Net Proceeds of insurance or a condemnation award received by it pursuant to the Lease, the Principal Component of Base Rental Payments then unpaid (and corresponding Interest Component), in whole or in part on any date, pursuant to the Lease, at a prepayment price equal to the sum of the Principal Component prepaid plus accrued interest thereon to the date of prepayment.

(2) Prepayments made pursuant to this subsection (a) shall be allocated *pro rata* among the Principal Components of Base Rental Payments relating to the Bonds.

(b) Optional Prepayment. The City may at its option prepay from any source of available moneys for redemption of Bonds pursuant to the Indenture, all or any part (in an integral multiple of \$5,000) of the Principal Component of Base Rental Payments (and corresponding Interest Component), so that the aggregate annual amounts of Principal Component of Base Rental Payments which shall be payable after such prepayment shall each be an integral multiple of

\$5,000, at a prepayment price equal to the principal amount to be redeemed, plus accrued but unpaid interest to the prepayment date, without premium.

Before making any prepayment, the City shall give written notice to the Trustee specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given unless the Trustee agrees to a shorter period.

The Authority and the City agree that any prepayment in part under the Lease and the redemption of any Bonds by the Authority pursuant to the Indenture shall be credited towards the City's obligations under the Lease at the option of the City in any manner determined in writing delivered to the Trustee by the City. A prepayment made pursuant to the Lease shall not cause a defeasance of any Bonds unless the requirements the Indenture are satisfied.

In the event of prepayment in full of the Principal Component of all Base Rental Payments, such that the Lease shall be terminated by its terms, all amounts then on deposit under the Indenture which are to be credited to the City's obligations to make Base Rental Payments shall be credited towards the amounts then required to be so prepaid.

Abatement of Rental

The obligation of the City to pay Base Rental Payments and Additional Rental Payments shall be abated during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the City of the Leased Property or any portion thereof. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the City's use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation, taking or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of the Lease shall be extended as provided in the Lease. Notwithstanding the foregoing, to the extent that moneys are available for the payment of base rental payments in any of the funds and accounts established under the Indenture, such base rental payments shall not be abated but shall be payable by the City as a special obligation payable solely from such funds and accounts.

Net Lease

Subject to the provisions of the Lease relating to abatement of rental, the Lease shall be deemed and construed to be a "Triple-Net-Lease" and the City agrees that rental provided for in the Lease shall be an absolute net return to the Authority, free and clear of any expenses, taxes, fees, insurance premiums, rebate payments, Leased Property costs, reserve deposits, charges or setoffs whatsoever.

Amendments

The Lease may be amended in writing as may be mutually agreed by the Authority and the City; provided, that no such amendment which materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than a majority in aggregate principal amount of the affected Bonds then Outstanding, and provided further, that no such amendment shall (a) extend the payment date of any Base Rental Payment, without the prior written consent of the Owner of each Bond so affected, or (b) reduce the percentage of the Outstanding Bonds the consent of the Owners of which is required for the execution of any amendment thereof.

The Lease and the rights and obligations of the Authority and the City under the Lease may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution by the Authority and the City without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

- (a) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed therein and other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein to or conferred herein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners;
- (b) to make such provisions for the purpose of curing any ambiguity of correcting, curing or supplementing any defective provision contained therein or in regard to questions arising thereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners;
- (c) to effect a substitution or release in accordance with the Lease;
- (d) to increase the amount of Base Rental Payment payable thereunder for the purpose of allowing the Authority to add any real property to be acquired and leased thereunder; or
- (e) for any other purpose which shall not materially adversely affect the interests of the Owners.

THE SITE LEASE

Pursuant to the Site Lease, the City leases the Leased Property to the Authority and the Authority leases the Leased Property from the City, on the terms and conditions set forth in the Site Lease.

THE ASSIGNMENT AGREEMENT

Pursuant to the Assignment Agreement, the Authority assigns and transfers to the Trustee all of the Authority's rights, title and interest in and to (but none of its obligations under) the Lease and the Site Lease (excepting only (i) the Authority's rights to give approvals and consents thereunder, including, without limitation, to amendments, and the Authority's rights to the payment of Additional Rental Payments pursuant to the Lease and to indemnification pursuant to the Lease, and (ii) the Authority's rights to receive lease payments other than the Base Rental Payments), including the Authority's rights to receive Base Rental Payments, as well as its rights to enforce payment of such Base Rental Payments when due or otherwise to protect its interests in the event of a default by the City under the Lease, in accordance with the terms thereof, in trust nonetheless and provided that should the Authority well and truly perform all of its obligations under the Indenture, the Assignment Agreement shall terminate and all interest in the Lease and the Site and Facilities Lease shall revert to the Authority. The Base Rental Payments shall be applied, and the rights of the Authority assigned under the Assignment Agreement shall be exercised by the Trustee, as provided in the Indenture.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of December 1, 2023, is executed and delivered by the City of Rialto, California (the “City”), and Willdan Financial Services, as dissemination agent, in connection with the issuance by the Rialto Public Financing Authority (the “Authority”) of its \$56,525,000 aggregate initial principal amount of Lease Revenue Bonds, 2023 Series A (Police Station Project) (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of December 1, 2023 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee. The City and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Holders (as defined below) and Beneficial Owners (as defined below) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons or entities holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports or notices pursuant to the Rule. Until otherwise designated by the MSRB or the U.S. Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website.

“Official Statement” shall mean the final Official Statement, dated December 12, 2023, related to the Bonds.

“Participating Underwriter” shall mean 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 U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than March 31 of each year, commencing with March 31, 2024, with the report for the City’s 2022-23 fiscal year, provide to the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. 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(b).

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the first sentence of this subsection (b). 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 by it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice, in electronic format, in a timely manner to the MSRB in substantially the form attached as Exhibit A, or in such other form as prescribed or acceptable to the MSRB.

(d) The Dissemination Agent (if other than the City) shall, if and to the extent, the City has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the City certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) Audited financial statements of the City prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial information and operating data contained in the Official Statement presented on an annual basis for the immediately preceding fiscal year of the type set forth in Tables 1, 2, 5 and 6 contained in the body of the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including the audited financial statements, official statements of debt issues of the City or related public

entities, which have been available to the public on the MSRB's website or filed with the U.S. Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference in the applicable Annual Report.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, which notice shall be given in a timely manner, not in excess of ten (10) business days after the occurrence of such Listed Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) 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, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) Incurrence of a financial obligation of the City, if material, 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, if material; and
- (16) 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.

Note: For the purposes of the event identified in subparagraph (12), 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.

The term “financial obligation” in subparagraphs (15) and (16) means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The City shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall identify the Notice Event that has occurred, include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) The Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. If the Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Dissemination Agent is to report the occurrence pursuant to subsection (d) of this Section 5. Such instruction shall identify the Notice Event that has occurred, include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Dissemination Agent to disseminate such information, and identify the date the City desires for the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(d) If the Dissemination Agent has been instructed by the City as prescribed in subsection (b) or (c) of this Section 5 to report the occurrence of a Notice Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all 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(b).

Section 7. Dissemination Agent.

(a) The City hereby appoints and engages Willdan Financial Services as the Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The City may replace the Dissemination Agent with or without cause. If at the time there is no designated Dissemination Agent appointed by the City, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder by giving 30-days written notice to the City.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees agreed to between the Dissemination Agent and the City from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, Holders or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of nationally recognized bond counsel.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the City, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), 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 the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the 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 either (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 interests of the holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto 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 Report 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 in the same manner as for a Listed Event under Section 5(b).

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

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, or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Participating Underwriter or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, or the Dissemination Agent, as the case may be, to comply with its respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, or the Dissemination Agent 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, and its, officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of nationally recognized bond counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City: City of Rialto
150 South Palm Avenue
Rialto, California 92376
Attention: Interim City Manager

To the Dissemination Agent: Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, CA 92590

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

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IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first written above.

CITY OF RIALTO

Interim City Manager

APPROVED AS TO FORM

City Attorney

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

Authorized Representative

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING
BOARD OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Rialto Public Financing Authority

Name of Bond Issue: \$56,525,000 initial principal amount of Rialto Financing Authority Lease Revenue Bonds, 2023 Series A (Police Station Project)

Date of Issuance: December 20, 2023

NOTICE IS HEREBY GIVEN that the City of Rialto, California (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture, dated as of December 1, 2023, by and between the City and U.S. Bank Trust Company, National Association, as trustee. The City anticipates that the Annual Report will be filed by _____.

Date: _____, 20__

_____,
as Dissemination Agent

By: _____
Title: _____

cc: City Manager, City of Rialto

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APPENDIX E
FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Rialto Public Financing Authority
Rialto, California

City of Rialto
Rialto, California

\$56,525,000
Rialto Public Financing Authority
Lease Revenue Bonds, 2023 Series A
(Police Station Project)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Rialto Public Financing Authority (the “Authority”) in connection with the issuance by the Authority of its \$56,525,000 Lease Revenue Bonds, 2023 Series A (Police Station Project) (the “2023A Bonds”). The 2023A Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of December 1, 2023 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The 2023A Bonds are limited obligations of the Authority secured under the Indenture by a pledge of Revenues and certain other moneys held under the Indenture. The Revenues consist of (i) all Base Rental Payments payable by the City pursuant to the Lease Agreement, dated as of December 1, 2023 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee (including prepayments), (ii) any proceeds of 2023A Bonds deposited with the Trustee and all moneys on deposit in the funds and accounts established under the Indenture, (iii) investment income with respect to such moneys held by the Trustee, (iv) certain amounts payable to the City by the Developer as liquidated damages or damages due to delay in construction pursuant to the Development Agreement and (v) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments.

The City has leased certain real property and improvements (the “Leased Property”) to the Authority pursuant to the Site and Facility Lease, dated as of December 1, 2023 (the “Site Lease”), by and between the City and the Authority. The Authority has leased the Leased Property back to the City pursuant to the Lease. Pursuant to the Assignment Agreement, dated as of December 1, 2023 (the “Assignment Agreement”), by and between the Authority and the Trustee, the Authority has assigned to the Trustee, for the benefit of the Owners, certain of the Authority’s rights under the Site Lease and the Lease, including the right to receive Base Rental Payments under the Lease.

As Bond Counsel, we have reviewed relevant portions of the Bond Law, the Indenture, the Site Lease, the Lease, the Assignment Agreement and certifications of the Authority, the City, the Trustee and others, opinions of counsel to the Authority, the City and the Trustee, and such other documents, opinions and

instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The 2023A Bonds constitute valid and binding limited obligations of the Authority as provided in the Indenture, and are entitled to the benefits of the Indenture.
2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the 2023A Bonds, of the Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.
3. The Lease and Site Lease have been duly and validly authorized, executed and delivered by the Authority and the City and constitute the legally valid and binding obligations of the Authority and the City, enforceable against the Authority and the City in accordance with their respective terms.
4. The Assignment Agreement has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.
5. Under existing law, and assuming compliance with the covenants mentioned below after the date hereof, interest on the 2023A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 as amended to the date hereof (the "Code") from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. We are further of the opinion that interest on the 2023A Bonds is exempt from personal income taxes of the State of California under present state law.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the 2023A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the 2023A Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the 2023A Bonds. Pursuant to the Indenture, the Lease and the Tax Certificate being delivered by the Authority and the City in connection with the issuance of the 2023A Bonds, the Authority and the City are making representations relevant to the determination of, and are undertaking certain covenants regarding or affecting, the exclusion of interest on the 2023A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of and have relied upon such representations and the present and future compliance by the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal, state or local tax consequences of the receipt of interest with respect to, or the ownership or disposition of, the 2023A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the 2023A Bonds, or the interest thereon, if any action is taken with respect to the 2023A Bonds or the proceeds thereof predicated or permitted upon the advice or approval of

other counsel. Ownership of tax-exempt obligations such as the 2023A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The opinions expressed in paragraphs 1, 2, 3 and 4 above are qualified to the extent the enforceability of the 2023A Bonds, the Indenture, the Lease, the Site Lease and the Assignment Agreement may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the 2023A Bonds, the Indenture, the Lease, the Site Lease and the Assignment Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2023A Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

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APPENDIX F

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been provided by DTC for use in securities offering documents and the Authority and the City take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2023A Bonds, payment of principal, premium, if any, and interest on the 2023A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2023A 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, New York, will act as securities depository for the 2023A Bonds. The 2023A 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 2023A Bond will be issued for each annual maturity of the 2023A Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 an S&P Global Ratings 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. The information set forth on such website is not incorporated herein by reference.

Purchases of 2023A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023A 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 2023A 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 2023A Bonds representing their ownership

interests in 2023A Bonds, except in the event that use of the book-entry system for the 2023A Bonds is discontinued.

To facilitate subsequent transfers, all 2023A 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 2023A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023A 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 2023A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023A Bonds, such as prepayments, tenders, defaults, and proposed amendments to the 2023A Bond documents. For example, Beneficial Owners of 2023A Bonds may wish to ascertain that the nominee holding the 2023A 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 2023A Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023A 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 2023A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the 2023A 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, the City 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, the Authority or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest 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 2023A Bond Owner shall give notice to elect to have its 2023A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2023A Bonds by causing the Direct Participant to transfer the Participant's interest in the 2023A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2023A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2023A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2023A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2023A 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, 2023A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2023A 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 2023A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX G

FORM OF DEVELOPMENT AGREEMENT

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DEVELOPMENT AGREEMENT

Between

CITY OF RIALTO
a California municipal corporation

(“*City*”)

and

GRIFFIN / SWINERTON, LLC
a Delaware limited liability company

(“*Developer*”)

Dated as of December 12, 2023

City of Rialto Police Station
128 N Willow Avenue
Rialto, CA 92376

TABLE OF CONTENTS

	Page
DEVELOPMENT AGREEMENT	1
RECITALS	1
1. DEFINITIONS	3
2. DEVELOPMENT OF THE PROJECT.....	14
2.1 Guaranteed Maximum Price of Project.....	14
2.2 City Contingency Costs	15
2.3 Diligent Efforts; Relationship of the Parties	15
2.4 Mutual Cooperation; Liability of City	15
2.5 Term	15
2.6 Scope of Work	15
2.7 Services.....	16
3. PROJECT FINANCING.....	16
3.1 Issuance of Bonds.....	16
3.2 Disbursal of Proceeds	16
4. PROJECT DESIGN.....	16
4.1 Selection of Development Team for Project	16
4.2 Design Contracts	17
4.3 Assignment of Certain Agreements.....	17
4.4 Project GMP Breakdown	17
4.5 Drawings	17
4.6 LEED Certification	17
4.7 City's Review	17
4.8 Resubmittals	18
4.9 Permit and Construction Documents.....	18
5. CONSTRUCTION MANAGEMENT SERVICES.....	18
5.1 Preconstruction Phase	18
(a) Design	19
(b) Schedule.....	19
(c) Constructability	19
(d) Temporary Facilities	19
(e) Categories of Work	19
(f) Construction Schedule	19
(g) Weekly Meetings and Look-Ahead Charts.....	20
(h) Long Lead Time Items.....	20
(i) Consultants.....	20

TABLE OF CONTENTS

(continued)

	Page
5.2 Bidding	20
(a) Competitive Bidding.....	20
(b) Pre-Qualification.....	21
(c) Procurement Plan	21
(d) Bid Bonds.....	21
(e) Bid Process.....	21
(f) Analysis.....	21
(g) Bidders Interest	21
(h) Receiving Bids	22
(i) Awarding Contracts	22
(j) Rejecting Bids	22
(k) Bidder Default.....	22
(l) Best Value.....	22
(m) Trade Contractor Procurement Plan.....	23
(n) Negotiated Trade Contractors	23
(o) General Contractor Self-Performing.....	23
(p) Compliance with Requirements of Law	24
5.3 Construction Phase	24
(a) Administer GC Contract	24
(b) Coordination	24
(c) Project Schedule.....	25
(d) Administration of Agreements.....	25
(e) Cash Flow Reports.....	25
(f) Inspections and Testing.....	25
(g) RFIs.....	25
(h) Submittals	25
(i) Changes.....	25
(j) Progress Reports	25
(k) Record Drawings	26
(l) Contractor Pay Apps	26
(m) Project Pay Apps.....	26
(n) Certifications.....	26
(o) Final Testing and Start-Up.....	26
(p) Punch List	26
(q) Final Completion	27
(r) Timely Completion	27
5.4 Costs	27
(a) Wage Rates	27

TABLE OF CONTENTS

(continued)

	Page
(b) Wage Rate Penalty	28
(c) Work Hour Penalty	28
(d) Registration of Contractors	28
(e) Payroll Records	29
(f) Apprentices	30
(g) Discrimination.....	30
(h) Project Labor Agreement.....	30
6. PERMITS.....	30
6.1 Permits	30
6.2 Costs	31
6.3 Schedule and Delays	31
7. CONSTRUCTION.....	31
7.1 Commencement of Construction	31
7.2 Delays.	31
(a) Time Extensions.....	31
(b) Liquidated Damages	31
7.3 Guaranteed Maximum Construction Price Contract.....	32
7.4 Construction Contracts	32
(a) Labor Code §1700.....	32
(b) Safety	33
(c) Indemnity	33
(d) Assignment	33
7.5 Protection of Persons and Property.	33
(a) Safety	33
(b) Damage	33
(c) Notices	33
7.6 Insurance During Construction	33
7.7 Use of Developer Contingency	33
7.8 Completion of Construction	34
7.9 Warranties	34
7.10 Correction of Work.....	35
7.11 Stop Work by City	36
7.12 Developer Default.....	36
7.13 Work by Separate Contractors.....	36
7.14 Compliance with Requirements of Law.....	37

TABLE OF CONTENTS

(continued)

	Page
8. CHANGES TO THE WORK.	37
8.1 No Changes Without City Approval	37
8.2 Developer Approved Changes in the Work.....	37
8.3 Change in the Work Initiated by City.....	37
8.4 Claims by Developer	38
8.5 Lump Sum Change Orders	38
8.6 Time and Materials Change Orders	39
8.7 Unilateral Change Orders.....	41
8.8 No Extension of Time Without Impact to Critical Path.....	41
8.9 No Additional Compensation for Early Completion	41
8.10 No Changes After Substantial Completion	41
8.11 Credits.....	41
8.12 Overhead and Profit	42
8.13 Compensation for Delay	42
8.14 Modifications	42
8.15 Minor Field Changes	42
8.16 Conditions Affecting the Work.....	43
(a) Existing Site Conditions	43
(b) Site Investigation and Representation.....	43
(c) Topographic Maps	43
(d) Differing Site Conditions.....	43
(e) City Investigation.....	44
(f) Disputes.....	44
8.17 Changes in Requirements of Law.....	44
9. PAYMENT OF PROJECT COSTS.....	45
9.1 Applications for Payment.....	45
9.2 Payment Procedures	47
9.3 Requisition to the Trustee	48
9.4 Initial Draw.....	48
9.5 Other City Costs.....	49
9.6 Lump Sum Work and Unit Prices	49
9.7 Allowances	49
9.8 Retention Payment.....	50
9.9 Final Payment.....	51
9.10 Stop Payment Notices	51
10. OTHER SERVICES BY DEVELOPER.....	51

TABLE OF CONTENTS

(continued)

	Page
11. DEVELOPER'S FIXED FEE, DEVELOPER'S FIXED OVERHEAD, AND REIMBURSABLE EXPENSES.	51
11.1 Developer's Fixed Fee and Developer's Fixed Overhead.....	51
11.2 Reimbursable Expenses.....	52
11.3 Payment of Developer's Fixed Fee and Developer's Fixed Overhead	52
(a) Equal Monthly Installments.....	52
(b) Application.....	52
12. COMPLETION OF THE PROJECT.	52
12.1 Substantial Completion of the Project	52
12.2 Notice of Substantial Completion	52
12.3 Completion of Punch List Items	53
12.4 Final Acceptance	53
(a) AHJ Approval	53
(b) Conditional Waivers	53
(c) Punch List Complete.....	53
(d) Final Pay App	54
(e) Project Costs Report	54
(f) Title Policy Endorsement.....	54
(g) LEED Application	54
(h) Final Acceptance Obligations	54
12.5 Approval of Final Project Application for Payment	54
12.6 Requisition of Final Payment.....	55
12.7 Disbursement of Developer Contingency.....	55
12.8 Notice of Completion	55
12.9 Partial Occupancy.....	55
13. MISCELLANEOUS DEVELOPER OBLIGATIONS.....	56
14. DEVELOPER'S FINAL ACCEPTANCE OBLIGATIONS	57
14.1 As-Built Plans	57
14.2 Manuals.....	57
14.3 Warranties	57
14.4 Permits and Licenses	57
15. INDEMNIFICATION.	57
15.1 Developer's Indemnification	57
15.2 City's Indemnification	58
16. INSURANCE REQUIREMENTS.....	59

TABLE OF CONTENTS

(continued)

	Page
16.1 Developer's Insurance	59
16.2 City's Insurance	59
16.3 Verification of Coverage.....	59
16.4 Builders Risk Insurance	59
16.5 Notice of Cancellation.....	59
17. REPRESENTATIVES.....	59
17.1 Developer Representatives	59
17.2 City's Representative.....	60
17.3 General Contractor's Representative	60
17.4 Emergency Contacts	61
17.5 Communications	61
17.6 Timely Decisions.....	61
18. ACCOUNTING, INSPECTION AND AUDIT.	61
18.1 Accounts.....	61
18.2 Inspection and Audit.....	62
19. CONSTRUCTION LIENS.....	62
20. PRIORITY AGREEMENTS	62
21. DAMAGE AND DESTRUCTION; CONDEMNATION.....	63
21.1 Damage and Destruction	63
21.2 Condemnation	63
22. PAYMENT OF TAXES/ASSESSMENTS.....	64
22.1 Real Property Taxes	64
22.2 Other State and Local Taxes.....	64
23. DEFAULT AND TERMINATION.	64
23.1 Developer Default.....	64
(a) Material Default	64
(b) Persistent Failure.....	64
(c) Misappropriation.....	64
(d) Disregarding Laws	64
(e) Failure to Pay	64
(f) Permit Revoked.....	65
(g) Liens.....	65
(h) Defective Work.....	65
(i) Assignment	65
(j) Bankruptcy	65

TABLE OF CONTENTS

(continued)

	Page
23.2 City Remedies upon Developer Event of Default	65
(a) Completion of the Project	65
(b) Specific Performance	65
(c) Withhold	66
(d) Damages.....	66
(e) Termination.....	66
23.3 City Default	66
(a) Failure to Pay	66
(b) Assignment	66
(c) Material Default.....	66
23.4 Developer Remedies Upon City Event of Default	66
23.5 Remedies Not Exclusive	66
23.6 Termination for Convenience of City	67
23.7 Equitable Adjustment for Extended Delay	67
24. DISPUTES	68
25. MISCELLANEOUS.	68
25.1 Waiver; Modification	68
25.2 Neutral Authorship	68
25.3 Severability	69
25.4 Relationship of Parties	69
25.5 Third Party Rights	69
25.6 Assignment; Encumbrance or Pledge	69
25.7 Notices	69
25.8 Entire Agreement	70
25.9 Time Is of the Essence	70
25.10 Employees of Developer	70
25.11 Exhibits	71
25.12 Compliance with Civil Rights Laws	71
25.13 Public Records Act	72
25.14 Patent Infringement	72
25.15 Governing Law; Venue	72
25.16 Securing Worker's Compensation Insurance Certification	72
25.17 Employee Eligibility Verification	72
25.18 Section 179D Allocation	73
EXHIBIT A	1
Legal Description of Land	1

TABLE OF CONTENTS

(continued)

	Page
EXHIBIT B.....	1
Project Labor Agreement.....	1
EXHIBIT C.....	1
Intentionally omitted.....	1
EXHIBIT D.....	1
Breakdown of Project GMP.....	1
EXHIBIT E.....	1
Index of Approved Design Development Documents.....	1
EXHIBIT F.....	1
Project Schedule.....	1
EXHIBIT G.....	1
Developer's Insurance Requirements.....	1
EXHIBIT H.....	1
Dispute Resolution Procedure.....	1
EXHIBIT I.....	1
Developer's GMP Qualifications, Exclusions, and Allowances.....	1
EXHIBIT J.....	1
Final Completion Form.....	1
EXHIBIT K.....	1
Special Inspections and Testing.....	1
EXHIBIT L.....	1
Certificate of Substantial Completion Form.....	1
EXHIBIT M.....	1
Form of Bonds and Dual Obligatee Rider.....	1
EXHIBIT N.....	1
Form of Project Application For Payment.....	1
EXHIBIT O.....	1
Intentionally omitted.....	1

TABLE OF CONTENTS

(continued)

	Page
EXHIBIT P	1
City-Approved Procurement Plan.....	1

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “*Agreement*”) dated as of December 12, 2023 is by and between the **CITY OF RIALTO**, a California municipal corporation (“*City*” or “*Tenant*”), and **GRIFFIN / SWINERTON, LLC**, a Delaware limited liability company (“*Developer*”).

RECITALS

A. In April 2022, City issued REQUEST FOR PROPOSAL #22-062 TO DESIGN-BUILD-FINANCE-OPERATE-MAINTAIN A NEW POLICE STATION (the “RFP”). The RFP was a developer RFP (i.e., seeking a developer to take a project from design, planning and CEQA/approvals through financing and construction, which requires multiple phases); not a traditional design-bid-build or design-build contractor request for proposals.

B. Developer responded to the RFP on July 29, 2022, which contemplated a two-phase project implementation, including refinements to the site design and facility programming into a final site plan, schematic design, design development, approvals/entitlements, a Guaranteed Maximum Price (GMP), and project financing by Developer in close collaboration with and approval by Tenant (Phase 1); and Developer’s completion of construction drawings and vertical development of the Project (Phase 2).

C. After a multi-step developer solicitation process that included the RFP and an interview, Tenant selected Developer and Developer’s two-phase proposal on November 15, 2022 to develop, design, construct, finance, operate, and maintain/manage the Project, relying upon Tenant’s primary selection criteria including the proposers’ demonstrated competence and qualifications for studying, planning, designing, permitting, developing, financing, constructing, operating, managing, and maintaining a project that will fulfill Tenant’s vision, including a plan to ensure that the eventual project developed on the Property will be operated at fair and reasonable prices and be widely affordable and available to the users (e.g. Rialto Police Department) of the facilities and services therein. As part of the solicitation process, Tenant determined that Developer has adequate financial resources to design, build, finance, and operate/maintain the Project after the date of this Agreement based on Tenant’s rental contribution as described herein.

D. Developer and Tenant previously entered into the Pre-Development Agreement, dated November 15, 2022 (the “*PDA*”), whereby Developer provided the Phase 1 Services (as defined in the PDA) relating to the Project. Developer will provide the Phase 2 Services (as defined in the PDA) under this Agreement whereby Developer will design and construct the Project, and Tenant may elect to be reimbursed by **RIALTO PUBLIC FINANCING AUTHORITY** (“*Authority*”) from Bond proceeds in accordance with the Indenture on or before the 60th day after the Bond Closing (as defined in Section 1) for the funds it advanced for the Phase 2 Services and other reimbursable costs, but only in accordance with Internal Revenue Service’s regulations.

E. City is the owner and lessor under that certain Site and Facility Lease (“Site Lease”), and pursuant to which Authority leases from the City that certain real property located in the City (“*Land*”), that is more specifically described in the attached **Exhibit A**.

F. City desires to construct on the Land a new Police Station which will encompass a two-story concrete police administration building of approximately 50,814square feet, a support building of approximately 11,403square feet (with final sizing to be determined in the initial project program verification activity of Phase 1), and on-site parking (collectively, the “**Building**”). The proposed Building is more fully described in the approved Design Development Documents (as defined in Section 1). The design, permitting and construction of the Building is referred to in this Agreement as the “**Project**.”

G. Authority and Tenant (as defined in Section 1) are parties to that certain Lease Agreement dated of even date with the Site Lease (“**Lease Agreement**”), whereby Tenant has agreed to lease the Premises (as defined in Section 1) at the rent and subject to all of the terms, covenants and conditions set forth in the Lease Agreement.

H. City desires to engage Developer to develop and administer the design, permitting and construction phases of the Project in accordance with the terms and conditions of this Agreement. Developer desires to perform development and construction management services in connection with the construction of the Project in accordance with the terms and conditions of this Agreement. Subject to the terms and conditions hereof, Developer will warrant to achieve Substantial Completion (as defined in Section 1) of the Project no later than the Developer Obligation Date (as defined in Section 1) and for a total price not to exceed the Project GMP (as defined in Section 1).

I. Authority and City understand that Developer will not personally perform any design or construction services. The parties intend for Developer to contract directly and separately with (i) the General Contractor (as defined in Section 1) who is to be engaged to construct the Project, (ii) the Architect (as defined in Section 1) and engineers and related design consultants designing the Project, and (iii) such other Contractors (as defined in Section 1) or consultants who may be engaged to perform discrete elements of design or construction work on the Project to the extent not covered by the GC Contract (as defined in Section 1) or Architect’s Agreement (as defined in Section 1). If, during the performance of this Agreement, Developer determines that additional construction service consultants or contractors must be retained in order to meet the terms of this Agreement, the Developer will contract with them directly. The Project and this Agreement are authorized by applicable law, including but not limited to the Infrastructure Financing Act (Govt Code §§5956 et seq.).

J. Developer provided services to City under the PDA, including but not limited to, identifying and analyzing various sources of financing that City could utilize. City analyzed the various financing options and selected, in its sole discretion, to proceed with financing through the Authority, and Developer has assisted and cooperated with City and Authority, and will continue to provide assistance and cooperation, for Authority to structure and obtain financing for the Project. Authority anticipates that financing for the Project will be obtained through the issuance of tax-exempt bonds (the “**Bonds**”) by the Authority . Upon payment in full of the Bonds, the Premises leasehold will automatically revert to Tenant for no additional consideration.

NOW, THEREFORE, to fulfill the foregoing objectives, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Developer desire to enter into this Agreement and proceed in accordance with its terms.

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

“**ADA**” means the Americans with Disabilities Act of 1990, as amended from time to time.

“**AHJ**” means an Agency Having Jurisdiction with respect to the Project, which includes any governmental or quasi-governmental agencies, bodies, authorities and courts having jurisdiction over the Project or any portion thereof, including but not limited to the City.

“**Allowance**” means additional resources included in Developer’s estimate to cover the cost of known but undefined requirements for an individual activity, work item, account or sub-account expressly identified as such in **Exhibit I**. There are no Allowances except as specifically identified in **Exhibit D** or **Exhibit I**. When Developer is capable of determining the actual cost associated with the Allowance, an appropriate additive or deductive change order shall be issued as and when necessary as reasonably determined by Developer as further described in Section 9.8.

“**Architect**” means LPA, Inc., the architect for the Project, or any successor architect for the Project.

“**Architect’s Agreement**” means the agreement between Developer and the Architect with respect to the Project.

“**Authority**” means the Rialto Public Financing Authority, a California joint powers authority, its successors and permitted assigns.

“**Bond Closing**” refers to the date the Bond proceeds are made available to the Trustee, as defined in the Indenture.

“**Bonds**” means those tax-exempt bonds to be issued by the Authority for the benefit of the City as more particularly described in Recital F above, from the proceeds of which City intends to pay, among other things, the cost of PHASE 2 Services, the Project GMP, the Financed FF&E, and any bonds issued to refund such Bonds.

“**Building**” means the new Police Station consisting of a two-story concrete police administration building, support building of approximately 11,403square feet, and on-site parking as described in Recital D to be constructed on the Land. The Building is expected to contain approximately 50,814gross square feet of area, as more fully described in the approved and accepted Design Development Documents, and includes the Tenant Improvements constructed therein. A site plan of the Project showing the Building is attached hereto as part of **Exhibit E**.

“**City-Caused Delay**” means any period of Critical Path delay in the overall progress of design, finance, construction, and completion of the Project, including Tenant Improvements, that is caused by (a) City-initiated changes to the Construction Documents, (b) City’s failure to approve, disapprove, decide, or otherwise respond to Developer in the time indicated in this Agreement for such item with respect to a particular item for which City’s response is required hereunder or under the GC Contract or Architect’s Agreement, (c) City’s failure to deliver plans, information, specifications, or other information within the time frames required under this Agreement, the Project Schedule, or the GC Contract or Architect’s Agreement, (d) City’s failure

to timely fund Project Costs or Other City Costs, (e) failure of City to cause City provided FF&E or Tenant's Personal Property, if any, to be procured and installed in a timely manner, (f) any interference or other acts or omissions of City, (g) delays caused by Tenant which are not intended to include any period of time provided in the Facilities Lease, the Project Schedule, or this Agreement for City to review and respond to any submission, (h) delays caused by items for which City is responsible, including but not limited to City Deliverables, or (i) Differing Site Conditions not reasonably identified by Developer prior to the date of this Agreement in the exercise of its commercially reasonable due diligence (which the parties have agreed that Developer's due diligence was reasonable based on the reports identified in **Exhibit A**). In the absence of a particular time frame in the Project Schedule for City to provide plans, information, approvals, etc., City will have five (5) business days to provide such plans, information, approvals, etc. after Developer's written request. However, City-Caused Delay shall not include delay to the extent caused by Developer's failure to provide, within the time frames allowed hereunder, draw requests, architect's certifications, progress completion certifications, copies of change orders and reasonable supporting documentation, shop drawings, schedules, costs, invoices, job progress reports, or any other documents or information which City is entitled to receive hereunder or which is reasonably requested by City in connection with any such decision or response. To facilitate timeliness in City's communications with Developer over matters relating to design or construction of the Project and to minimize the possibility of City-Caused Delay, Developer shall alert City to deadlines for approvals, decisions or other responses that City must provide hereunder, including, among other methods, attachment of "deadline cover sheets" on any submissions to City that require response by a particular deadline or distribution of weekly calendars that show deadlines imposed on City. If Developer at any time believes that an instance of City-Caused Delay has occurred that has directly caused or will directly cause an increase in Project Costs or extension of the Developer Obligation Date, then Developer shall send a written notification to City in accordance with Section 8.4. Any disputes between Developer and City over delays or Project Costs attributable to City-Caused Delay shall not be a reason to stop or delay construction of the Project and shall be resolved by the parties as expeditiously as possible, either by mutual agreement of the parties or in accordance with the dispute resolution mechanisms described in Section 24 hereof.

"City Contingency" means a fund to cover cost growth during the Project used at the discretion of the City usually for costs that result from City directed changes or City-Caused Delays. The amount of the City's Contingency will be set by the City and will be included as a line item in the Project GMP (below the line), but will be for City's exclusive use. City Contingency will be added to the GMP amount provided by the Developer, the sum of which will be the full contract price for design, permitting and construction. Markups for insurance, bonds, fee, taxes, and general conditions will be applied by the Developer at the time that City Contingency is used. Any City Contingency not utilized shall revert to the City after Project completion. City may or may not elect to include a City Contingency, and may elect the amount of any City Contingency. City's election to not include a City Contingency or election to have an insufficient City Contingency is at City's sole risk. The City Contingency will be treated like an Allowance (but to be used exclusively by the City), and the amount of the City Contingency (which is determined solely by the City in its sole discretion) will not act as a limit on costs that City is required to pay under this Agreement.

“City Deliverables” means and refers to (a) all reviews and approvals by City required under this Agreement, (b) City’s responses to questions from Developer required under this Agreement, (c) City’s design and installation of its information technology in accordance with the Project Schedule, (d) City providing the Tenant Personal Property in accordance with the Critical Path Project Schedule, and (e) any FF&E or Tenant’s Personal Property that City desires that is not included in the approved Construction Documents as Developer’s responsibility in accordance with the Project Schedule.

“Commencement of Construction” means the date City executes and delivers to Developer the written Notice to Proceed (Construction).

“Commodities” mean finished goods, products, or materials that are purchased (directly or indirectly) by Developer or General Contractor that are intended to be installed in or incorporated into the work including, without limitation, the Financed FF&E.

“Construction Contracts” means collectively (i) the GC Contract, (ii) the subcontracts between General Contractor and its Trade Contractors, and (iii) all other contracts for construction services entered into between Developer and any Contractor, for construction of any portion of the Project not covered by the GC Contract.

“Construction Documents” means the Construction Drawings and Detailed Specifications approved by City, for construction of the Project, including technical drawings, schedules, diagrams, plans and specifications setting forth in detail the requirements for construction of the Project and providing information customarily required for the use of the building trades.

“Construction Drawings” means Drawings setting forth the requirements for the construction of the Project approved by City. As used herein, “Drawings” include all graphic and pictorial documents depicting the design, location and dimensions of the elements of the Project (including Tenant Improvements) and include plans, elevations, sections, details, schedules and diagrams for the Project, all of which shall be consistent with the Project Requirements. Construction Drawings may, if applicable, consist of separate Drawings for the Building and Tenant Improvements.

“Contract Documents” means this Agreement (including all exhibits attached hereto), the Construction Documents, the Construction Contracts and the other documents identified as Contract Documents in the GC Contract and all modifications and amendments to the foregoing issued after the date of execution of this Agreement, including amendments and change orders.

“Contractors” means the General Contractor, any Trade Contractors and their subcontractors (of any tier), and any other construction trade contractors with whom Developer enters into Construction Contracts for the Project.

“Costs Not to Be Reimbursed” means, except as specifically provided in Section 11 hereof (relating to Developer’s Fixed Fee and Developer’s Fixed Overhead) or as set forth in **Exhibit D**, (a) salaries or other compensation of Developer’s personnel normally situated at Developer’s principal office or branch offices; (b) except as otherwise provided in the Construction Contract, salaries or other compensation for any of Contractor’s personnel normally situated at

such Contractor's principal office or branch offices; (c) salaries or other compensation for any officer of Developer or Contractor; (d) expenses of Developer's or Contractor's principal office; (e) overhead or general expenses, except as expressly provided in the definition of Project Costs; and (f) Project Costs in excess of the Project GMP.

"Costs Resulting from City-Caused Delay" means any increase in costs of constructing the Project to the extent resulting from City-Caused Delay. Where additional costs are incurred as a result of a combination of City-Caused Delay and failure of Developer to provide, within the time frames allowed hereunder, draw requests, architect's certifications, progress completion certifications, copies of change orders and supporting documentation, shop drawings, schedules, costs, invoices, job progress reports, or other documents or information which City is entitled to receive hereunder or which is reasonably requested by City in connection with any such decision or response required hereunder, then Costs Resulting From City- Caused Delay shall be only the portion of such costs attributable to City-Caused Delay.

"Critical Path" means the sequence of Activities in a network analysis such that the total duration equals the sum of the durations of the individual Activities in the sequence. There is no time leeway or slack (float) in Activities along the Critical Path (that is, if the time to complete one or more Activities in the Critical Path increases, the total production time increases). The Project Schedule shall include the Critical Path. As used in this definition, the term "Activities" refer to basic elements of work, or tasks that must be performed in order to complete the Project. Activities may occur over time.

"Design Development Documents" means drawings and related specifications that are a consistent development of the Schematic Documents and further define and describe all important aspects of the Project and includes measured CAD drawings at a scale required to convey and describe the design intent. The approved and accepted Design Development Documents will serve as the basis for the Construction Drawings as approved by the City. The Design Development Documents were previously prepared under the PDA and have been approved by City, and the approval acknowledges that the Design Development Documents are in conformance with the Schematic Documents. An index of all of the approved and accepted Design Development Documents as of the date of this Agreement is included in **Exhibit E**.

"Detailed Specifications" means all written detailed requirements for materials, equipment, construction systems, standards and workmanship for the construction of the Project.

"Developer" means Griffin / Swinerton, LLC, a Delaware limited liability company, and its successors and permitted assigns hereunder.

"Developer Contingency" means the Developer contingency line item set forth in **Exhibit D** which will be set formulaically at time of establishment of the GMP to be a factor of 5% of all Project Costs. The Developer Contingency is a fund to pay Project Costs during the Project which are not the City's responsibility. Developer may use the Developer Contingency at the reasonable discretion of Developer for Project Costs that fall within any of the following categories: (a) voluntary acceleration, (b) costs that are not recovered from sureties of retaining replacement or supplemental Contractors, (c) gaps in Trade Contractors' scopes of work, including interfacing omissions between and among the work categories, (d) Unavoidable Delays, (e) delays and costs

attributable to Developer, excluding costs arising from Developer's gross negligence or willful misconduct, (f) labor disputes, (g) material or equipment price changes, (h) costs related to the coordination of modifications, amendments or updates to the completed Construction Documents that are required by an AHJ or otherwise at no fault of either party to this Agreement, excluding costs arising from errors or omissions that are a breach of the Architect's standard of care, (i) correcting defective or non-conforming work that Developer cannot reasonably recover from the responsible Trade Contractor(s), or (j) settling the contractual claims of Contractors when doing so is deemed by the Developer to be in the best interests of the Project to keep the Project progressing, subject to such settlement amounts being within limits of the Project GMP. The foregoing categories are referred to as the **"Pre-Approved Developer Contingency Uses."** Developer may use the Developer Contingency for Project Costs that do not fall within the Pre-Approved Developer Contingency Uses only with the consent of the City, which consent will not be unreasonably withheld. The amount of the Developer Contingency will be a separate line item in **Exhibit D**. Any unused Developer Contingency, at the completion of the Project, will be subject to the terms of Section 12.7.

"Developer Obligation Date" means the scheduled date for issuance of the Certificate of Substantial Completion as set forth in the Project Schedule attached as **Exhibit F**, as it may be extended pursuant to this Agreement. The Developer Obligation Date shall be extended day-for-day to the extent (a) City has not issued its Notice to Proceed (Construction) in accordance with the Project Schedule, (b) of City-Caused Delays and (c) of Unavoidable Delays.

"Developer's Fixed Fee" means the fixed fee to be paid by City to Developer pursuant to Section 11.1 and subject to the terms and conditions set forth in Sections 7.2, 11 and 12 of this Agreement for Developer's Project related program management, development management, and construction management services to be performed by Developer under this Agreement. This fee is exclusive of any fees or costs of Developer's General Contractor, the Architect or other design professionals, consultants, Contractors, laborers, materials, equipment, or Reimbursable Expenses, and which amounts are included as Project Costs within the Project GMP. In addition to Developer's Fixed Fee and Developer's Fixed Overhead, Developer is also entitled to share in the unused Developer Contingency as set forth in Section 12.7. Developer's expenditure of Developer's Contingency will be deducted from the Developer's Contingency line item and, therefore, will not be included in any final shared participation in unused Developer's Contingency.

"Developer's Fixed Overhead" means the fixed overhead fees to be paid by City to Developer pursuant to Section 11.1 and subject to the terms and conditions set forth in Sections 7.2, 11 and 12 of this Agreement for Developer's Project related program management, development management, and construction management services to be performed by Developer under this Agreement. This fee is exclusive of any fees or costs of Developer's General Contractor, the Architect or other design professionals, consultants, Contractors, laborers, materials, equipment, or Reimbursable Expenses, and which amounts are included as Project Costs within the Project GMP. In addition to Developer's Fixed Fee and Developer's Fixed Overhead, Developer is also entitled to share in the unused Developer Contingency as set forth in Section 12.7. Developer's expenditure of Developer's Contingency will be deducted from the Developer's Contingency line item and, therefore, will not be included in any final shared participation in unused Developer's Contingency.

“Differing Site Conditions” are: (a) subsurface or latent physical conditions at the Project Site differing materially from those conditions indicated from a reasonable evaluation in accordance with industry custom or (b) unknown or unforeseen physical conditions at the Project Site of an unusual nature, differing materially from conditions normally encountered and generally recognized as inherent in work of the nature provided for in the Construction Documents. The parties acknowledge that they have agreed upon the reasonable due diligence that Developer is to undertake pursuant to the PDA. Therefore, Differing Site Conditions are, as defined above, but only to the extent that the conditions were not revealed by the mutually agreed upon due diligence performed by Developer. Developer is responsible for (and may not make a claim for) any conditions identified by the due diligence performed by Developer.

“FF&E” means furniture, fixtures, equipment and movable property.

“Financed FF&E” means all furniture, fixtures, equipment and movable property as set forth in the Detailed Specifications, the costs of which will be (a) included in Project Costs, and (b) financed through the Bonds. It is the intent of City and Developer that they will cooperate to make any decisions on Financed FF&E such that the total cost of the Financed FF&E will not exceed the line item for Financed FF&E in **Exhibit D** for the Financed FF&E. If City adds items to the Financed FF&E or selects items that are more expensive than the aggregate budgeted amount for the Financed FF&E, then such additional costs of Financed FF&E in excess of the budgeted line item for Financed FF&E shall be deemed to be an Other City Cost. The Financed FF&E will be designed, provided and installed in accordance with the Detailed Specifications and Developer shall have no other obligations in connection therewith.

“Final Acceptance” means the City’s written approval and concurrence that certain events, more fully defined in Section 12 of this Agreement, have occurred prior to Final Payment being made.

“Final Completion” is the date when General Contractor has completed all construction activities required by the Contract Documents, excluding executory warranty obligations. City and Developer will complete and sign the Final Completion form attached as **Exhibit J** in a timely manner.

“Final Payment” means payment to Developer following Final Acceptance of the Project pursuant to Section 12 of this Agreement.

“Financing Costs” means all financing and other related costs authorized to be paid pursuant to the Indenture in connection with the issuance of the Bonds.

“GC Contract” means the agreement between Developer and the General Contractor for construction of the Project through the delivery method of Cost Plus with a Guaranteed Maximum Price.

“General Contractor” means Swinerton Builders, the General Contractor for the Project selected by Developer and any replacement or successor general contractor. The General Contractor is providing its professional services for a fixed fee. Developer may, at its election, replace the General Contractor with a replacement general contractor with the consent of City,

which consent will not be unreasonably withheld, conditioned, or delayed provided that there is no increase to the Project Cost or to the City.

“Guaranteed Maximum Construction Price” means the maximum cost for construction of the Project, as guaranteed by the General Contractor pursuant to the terms of the GC Contract.

“Guaranteed Maximum Price of Project” and “Project GMP” mean and refer, interchangeably, to the amount set forth in **Exhibit D** to be paid by City for Project Costs. The Guaranteed Maximum Construction Price is just one element of the Guaranteed Maximum Price of Project. A detailed description of all Project Costs included in the Project GMP, broken down by line item and category, is set forth in **Exhibit D**. Where applicable, the terms “Guaranteed Maximum Price of Project” and “Project GMP” shall each include adjustments thereto made in accordance with this Agreement. The Guaranteed Maximum Price of Project specifically excludes the following costs (all of which are City’s responsibility): (1) City’s Other Costs; and (2) costs associated with work that is not included in the Construction Documents. Additionally, the Project GMP is subject to the express qualifications, exclusions and Allowances set forth in **Exhibit I**. Nothing in this Agreement or its exhibits is intended to create a line item guaranty (only the Project GMP is guaranteed), and Developer may, in its sole and absolute discretion, allocate any savings from any individual line item or the Developer Contingency, except Allowances, to any Project Costs for any Project work required from the Contract Documents for the Project, except that Developer must obtain City’s consent to use Developer Contingency for Project Costs that are not included in the Pre-Approved Developer Contingency Uses.

“Indenture” means the indenture pursuant to which the Authority will issue the Bonds, a copy of which shall be provided to Developer by City at Bond Closing.

“Initial Draw” refers to Developer’s first application for payment of Project Costs, which shall not occur before Bond Closing.

“Land” means the real property located in the City of Rialto, San Bernardino County, California, more specifically described on **Exhibit A** hereto.

“Laws” means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Premises, including without limitation, any regulation or order of a quasi-official entity or body (e.g. board of fire examiners or public utilities) and all rules, laws and regulations issued thereunder, as the same may be amended from time to time.

“Lease Agreement” means the Lease Agreement to be executed between City for occupancy of the Project.

“Notice to Proceed (Construction)” means the notice to be delivered in writing by City to Developer, at or following the Bond Closing, whereby City authorizes the Commencement of Construction.

“Notice to Proceed (Design)” means the date of execution of this Agreement by the City which shall serve as authorization for Developer to continue preparing the Design Development Documents and to prepare the Construction Documents.

“Other City Costs” means all costs that are stated in this Agreement to be the responsibility of City. Other City Costs shall include, without limitation, Tenant’s Personal Property and any taxes thereon, any costs of Financed FF&E to the extent that City’s decisions in adding FF&E or selecting FF&E causes the total cost of the Financed FF&E to exceed the FF&E line item in **Exhibit D**, Financing Costs and any other costs associated with the Bonds and all improvements thereon (including title, escrow and recording costs), debt service on the Bonds, attorneys’ fees and costs incurred by City, brokerage and leasing commissions or finders’ fees incurred by City, property taxes and assessments of any nature with respect to the Land or any improvements located on the Land, costs associated with any licensee, subtenant or other occupant of the Land, expenses resulting from City-Caused Delays or Unavoidable Delays (including, without limitation, expenses incurred in connection with a casualty) except as otherwise provided in Section 7.2, consulting fees for any consultants engaged by Authority, Tenant or Trustee as permitted under Section 9.3, costs associated with any lawsuit, claim or other action pending or threatened against Authority or City, except as otherwise provided in Sections 13, 15 and 24.

“Permits” means all land use approvals, permits and approvals to be obtained by Developer from the AHJ that are required for construction of the Project.

“Permitted Use” means the intended use of the Project by Tenant for its building, parking and any other lawful use consistent with the provisions of the Lease Agreement and maintaining the exclusion of interest on any obligation issued to finance the Project where such interest was intended to be excludable from taxpayer gross income.

“Premises” means the entirety of the Land and the Building that are to be leased to Tenant under the Lease Agreement.

“Prequalification Questionnaires” are questionnaires for pre-qualifying certain trade Contractors for the Project developed by Developer and/or General Contractor and approved by the City in compliance with all applicable Requirements of Laws prior to any actual pre-qualification of contractors, bid solicitation or construction.

“Project” means the total design, permitting and construction, and other professional services, and all labor, materials and equipment used or incorporated in such design and construction of the Building and the Tenant Improvements to be constructed within the Building, but specifically excludes any work not included in the Contract Documents (e.g., Tenant provided FF&E, Tenant’s Personal Property, or Tenant provided information technology). The Project shall be consistent with the approved Project Requirements. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, the Financed FF&E will be designed, provided and installed in accordance with the Detailed Specifications and Developer shall have no other obligations in connection therewith or in connection with Tenant’s Personal Property.

“Project Application for Payment” means the procedures by which requests for payment for Project Costs and other costs shall be made in accordance with Section 9 of this Agreement. The Project Application for Payment will be in the form of **Exhibit N**.

“Project Costs” means all direct and indirect costs incurred by Developer for any Project work required by the Contract Documents for the completion of the development, planning, designing, engineering, permitting, financing, estimating, bidding, and constructing of the Project, including, without limitation, all labor, materials, equipment, Financed FF&E, Reimbursable Expenses, Developer Fixed Fee, Developer Fixed Overhead, Developer Contingency, Architect costs, General Contractor costs, Contractor costs, consultant and professionals costs, bond costs, warranty costs, close-out document costs, and taxes.

Notwithstanding anything to the contrary herein, Project Costs (including, without limitation, the Tenant Improvements) do not include and Developer shall have no responsibility for (a) Tenant’s Personal Property and any taxes thereon (which shall be paid by Tenant at its sole cost and expense); (b) City Contingency; (c) Costs Resulting from City-Caused Delay; (d) any increase in the cost of the Project resulting from City Contingency use; (e) real property taxes and assessments with respect to the Land and the improvements thereon; (f) Other City Costs; (g) maintenance or operation of the Building after Substantial Completion of the Project; or (h) costs associated with Tenant vacating the land, if any, including temporary office and parking arrangements for Tenant workers or visitors.

“Project Fund” means the fund of that name established under the Indenture for the purpose, among others, of paying Project Costs.

“Project Requirements” means the approved Design Development Documents, Requirements of Law and any other requirements for the Project specifically agreed to by City and Developer.

“Project Schedule” means the schedule for development, design, and construction of the Project as set forth on attached **Exhibit F** to this Agreement, as revised from time to time in accordance with this Agreement; provided, however, that in no event shall the Project Schedule provide for Substantial Completion of the Project to occur later than the Developer Obligation Date.

“Punch List” means a list of items required to be completed prior to Final Acceptance that are minor items which do not affect City’s ability to lease the Premises to Tenant and do not affect Tenant’s ability to use the Premises for the Permitted Use.

“Reimbursable Expenses” means direct and indirect costs (e.g., submittal exchange, etc.) incurred by Developer in developing, planning, designing, financing, and constructing the Project pursuant to this Agreement which costs are not included in other line items in **Exhibit D**, but which amounts are included within the Guaranteed Maximum Price of Project and are considered to be Project Costs. Reimbursable Expenses are paid at cost without markup.

“Requirements of Law” means all requirements relating to land and building construction (including those specifically applicable to Tenant’s contemplated use of the Premises), including, without limitation, if and to the extent applicable, planning, zoning, subdivision, environmental,

air quality, flood hazard, fire safety, accessibility, public contracting and other governmental approvals, permits, licenses and/or certificates as may be necessary from time to time to comply with all the foregoing and other applicable statutes, rules, orders, regulations, laws, ordinances, and covenants, conditions and restrictions, which now apply to and/or affect the design, construction, existence, intended use, operation and/or occupancy of the Land, the Premises or any part thereof.

“Retention” means a percentage of the amount due to the Developer on a Project Application for Payment for a progress payment, that is deducted from the amount due and retained by City.

“Retention Payment” means the City’s payment to Developer, following Substantial Completion, of the Retention (or a portion thereof) being held by City.

“Sale of the Bonds” means execution and delivery by Authority, City and a bond underwriter of an agreement providing for the purchase and sale of the Bonds on terms consistent with the terms of the Indenture and with no conditions to the underwriter’s obligation to pay for and accept delivery of the Bonds other than those conditions contained in such agreement among Authority, City and the underwriter.

“Savings” means the difference (if a positive number) obtained by subtracting (a) the total aggregate sum of allowed Project Costs from (b) the authorized Project GMP (as revised pursuant to the terms of this Agreement but less any unused Developer Contingency, as unused Developer Contingency is subject to Section 12.7). Developer will separately track all Savings (whether inuring from the buy-out process, from cash discounts, or otherwise). With each application for payment, Developer will provide City with its accounting of these Savings, if any. Developer may, in its sole discretion, allocate Savings between and among its line items for any Project Cost; provided that Developer advises City in writing of its use, and provided further that Developer may not, in any event, allocate any Savings to increase its Developer Fixed Fee, Developer Fixed Overhead, or its General Contractor’s fixed fee. Until Final Completion, any Savings are fully available to Developer to pay for any Project Costs including Developer Contingency costs, but excluding increases in the Developer Fixed Fee or Developer Fixed Overhead (except to the extent that Developer is entitled to a share of Developer Contingency under Section 12.7).

“Schedule Update” means a periodic update of the Project Schedule. The Schedule Update shall reflect Developer’s assessment of completion. Developer shall identify any events that will delay the completion of an interim milestone or the completion of the overall Project in the monthly Schedule Update, to the extent known at the time. City must submit written notice to Developer within five (5) business days of receipt of the Schedule Update stating that the City objects to the Schedule Update (and provide written objections to Developer within a reasonable time after the City’s notice of objection); failure of City to timely submit a written notice objecting to the Schedule Update will be deemed City’s acceptance of the monthly Schedule Update, and the monthly Schedule Update shall become the current accepted Project Schedule. Any request for an extension of the Contract Time must be based on the accepted Project Schedule.

“Schedule of Values” means a detailed statement outlining the portions of the Project GMP that allocates values for the various parts of the Work and is also used as the basis for submitting and reviewing Project Applications for Payment.

“Schematic Documents” means drawings and related outline specifications establishing the general scope, conceptual design, design intent and scale and relationship among the components of the Project. The Schematic Documents were previously prepared under the PDA and have been approved by City.

“Separate Contractors” means the contractors, if any, retained by City to perform any work on the Project that is not included in Developer’s scope of work, including their trade contractors of any tier.

“Special Testing and Inspections” means special testing and inspections for structural components (e.g., earthwork compaction, shoring, concrete, reinforcing steel, CMU, welding, and other structural related installed systems), as set forth in **Exhibit K**.

“Substantial Completion” or **“Substantial Completion of the Project”** means that the Project has been constructed in substantial accordance with the Contract Documents (with the exception of any Punch List items) and AHJ has issued a temporary or final certificate of occupancy or other approval (e.g., final building inspection by building officials) sufficient for initial occupancy of the Building such that City is permitted to and could occupy the Building for its Permitted Use, including installation of the Financed FF&E identified in the Detailed Specifications; provided, however, if the delay in the issuance of the certificate of occupancy or other approval necessary to allow occupancy is attributable to an obligation of City or the delay is caused by an Unavoidable Delay, then this condition shall be deemed satisfied. A “Certificate of Substantial Completion” in the form attached as **Exhibit L** signed by the Architect shall evidence this date; the date will not be altered by the Architect making subsequent modifications to or reissuing the Certificate of Substantial Completion (e.g., striking “Tentative” or adding items to the Punch List) to address City concerns regarding the work to be completed.

“Substantially Complete” or **“Substantially Completed”** means that the Project, or portion thereof, has achieved Substantial Completion.

“Tenant” means City of Rialto, a State of California municipal corporation, and its successors and permitted assigns as tenant under the Lease Agreement.

“Tenant Improvements” means any improvements to the interior of the Building as specifically described in the Construction Documents to be completed by Developer.

“Tenant’s Personal Property” means Tenant’s furniture, equipment, and movable personal property placed in the Premises. Tenant shall provide and install Tenant’s Personal Property at Tenant’s sole cost and expense. Tenant’s Personal Property does not include Financed FF&E.

“Title Policies” shall mean the leasehold policy of title insurance issued to Authority upon its acquisition of a leasehold interest in the Land pursuant to the Site and Facility Lease

(“**Authority’s Title Policy**”) and the lender’s policy of title insurance issued to the Trustee upon the recording of the Lease Agreement (“**Lender’s Title Policy**”).

“**Trade Contractor**” shall mean construction trade contractors providing labor, materials, and/or services with whom Developer or its General Contractor enters into Construction Contracts.

“**Trustee**” shall mean a state banking corporation, national banking association or other financial institution with trust powers selected by Authority to serve as the bond trustee under the Indenture or any duly authorized successor thereto appointed pursuant to the Indenture.

“**Unavoidable Delays**” means any delay in the performance by Developer or the General Contractor of its obligations with respect to construction of the Project caused by strikes or labor disputes (other than those caused by Developer’s negligent acts, omissions, or failure to negotiate in good faith), acts of God, unavoidable casualties, adverse weather conditions which prevent or delay Critical Path construction activities as and when scheduled by the Contractors, lack of power to the Project Site, acts of terrorists, delays by AHJ (including, but not limited to, unanticipated delays in providing inspections or approvals by AHJ), governmental embargo restrictions, pandemic related delays (including unavoidable supply-chain issues), governmental declared emergency or other governmental action, or other causes beyond the reasonable control of Developer or the General Contractor, which, after the exercise of due diligence to mitigate the effects thereof, delay design or construction of the Project. Unavoidable Delays are not delays resulting from (a) Developer’s or the General Contractor’s failure to comply with the terms and provisions of this Agreement or the GC Contract, (b) increased prices, or (c) unavailability of funds, provided the Project Costs (and all other funds payable by City under this Agreement) are timely paid by City in accordance with Section 9 of this Agreement. Unavoidable Delays will entitle Developer and the General Contractor to an extension of the Developer Obligation Date, but will not entitle Developer to additional compensation except as provided in Section 23.7. Nothing contained herein shall prevent Developer from allocating the Developer Contingency to increased costs of constructing the Project caused by Unavoidable Delays. Any disagreements with regard to Unavoidable Delays that cannot be resolved by Developer and City shall be resolved in accordance with Section 24 hereof, but (subject to City’s continued funding of the Project Costs up to the amount of the Project GMP) work shall continue pending resolution of such dispute.

“**Warranty Period**” shall mean that period commencing on the date of Substantial Completion of the Project and expiring three hundred sixty five (365) calendar days thereafter.

2. Development of the Project.

2.1 Guaranteed Maximum Price of Project. City hereby retains Developer and Developer shall, in accordance with the terms of this Agreement, develop and administer the design, permitting and construction phases of the Project in accordance with the terms and conditions of this Agreement. Subject to the terms of this Agreement, and provided the Project Costs are paid as and when due in accordance with Section 9 of this Agreement, Developer warrants Substantial Completion of the Project (a) constructed in a good and workmanlike manner, (b) in substantial accordance with the Contract Documents, (c) on or before the Developer Obligation Date, (d) for a price not to exceed the Project GMP (excluding any components of the Project that are not Project Costs), and (e) free and

clear of all liens. Developer is responsible for paying Project Costs exceeding the Project GMP.

2.2 City Contingency Costs. City Contingency costs shall not be considered Project Costs but shall be included in the Project GMP for City's use and implemented by the Developer.

2.3 Diligent Efforts; Relationship of the Parties. Developer agrees that in providing the services set forth in this Agreement, Developer shall use its diligent efforts and shall furnish its professional skill and judgment and shall cooperate with, coordinate, and require that the General Contractor, Architect, all other Contractors, all other engineers, design consultants, managers and other persons retained in connection with the design, permitting, development and construction of the Project cause Substantial Completion of the Project for the Project GMP in an expeditious and economic manner, and otherwise in a good and workmanlike manner and in substantial accordance with the Contract Documents, on or before the Developer Obligation Date, free and clear of all liens (provided the Project Costs are paid as and when due in accordance with Section 9 of this Agreement). Developer shall perform its services in accordance with the terms of this Agreement, including, without limitation, all services to be provided by Developer as described in Section 5 herein. Developer shall not, itself, perform any construction services in connection with this Agreement, as all construction services will be performed by the Contractors, but Developer is responsible for the construction services being properly and timely performed.

2.4 Mutual Cooperation; Liability of City. Developer and City shall fully and in good faith cooperate with each other to accomplish each of the activities provided herein. City shall have no liability or responsibility whatsoever with respect to the activities to be performed by Developer herein, except to timely pay the Project Costs as and when due and to timely perform all obligations of City set forth in this Agreement pursuant to the terms and conditions contained herein.

2.5 Term. The rights and obligations of the Developer and City hereunder shall commence on the date of execution of this Agreement and shall continue until expiration of the Warranty Period.

2.6 Scope of Work. Developer shall perform, or cause to be performed, all work as required by, and in accordance with, the Contract Documents. Developer shall provide and furnish, or cause to be provided and furnished, all labor, project management, supervision, funding administration, planning, scheduling, materials, testing, commissioning, inspection, quality control, tools, equipment, services and all transportation services in adequate quantity and quality to accomplish completion of the work as specified as necessary within the time period set forth. The work shall conform to the Construction Documents and all applicable codes, regulations, laws, etc. referenced in the Contract Documents or by industry standard, including Division 01 of the Detailed Specifications. Throughout this Agreement, there are references to both Developer and General Contractor. When a provision provides that General Contractor is to perform some obligation under this Agreement, it is done in order to identify a specific obligation that

General Contractor will be performing; however, it is agreed that Developer is responsible for all of General Contractor's obligations under this Agreement. Therefore, any reference in this Agreement to General Contractor is for convenience, but it is understood and agreed that General Contractor is not a party to this Agreement and the obligations in this Agreement are solely those of Developer and City. Thus, if a provision states that General Contractor will do or refrain from doing some act, General Contractor will do so but Developer is liable to City if General Contractor violates the provision.

2.7 Services. Developer will (a) provide general administration of the Project; (b) manage and coordinate the General Contractor and Consultants; (c) manage and coordinate the processing of the Construction Documents for the Project; (d) manage bidding all components of construction for the Project, including requiring that any competitive bidding requirements applicable to the Project are complied with in accordance with the bidding requirements of this Agreement and any City approved procurement plan (including the City-approved procurement plan attached as **Exhibit P**), pre-qualification or best value process; (e) enter into a contract with General Contractor to construct the Project, oversee the Contractors, and to complete the Project Work in accordance with the Construction Documents; and (f) manage and coordinate the services provided by its General Contractor, for the purpose of causing the Project to be completed within the Project GMP, in accordance with the Construction Documents, and within the time periods set forth in the Project Schedule.

3. Project Financing.

3.1 Issuance of Bonds. City intends to cause the issuance of Bonds by Authority in one series for sale on one date in a principal amount sufficient to pay the Project Costs, Financing Costs and other costs payable pursuant to the terms of the Indenture.

3.2 Disbursal of Proceeds. A portion of the proceeds from the sale of the Bonds in an amount sufficient to pay the Project GMP shall be deposited into the Project Fund held by the Trustee and shall be used to pay Project Costs and other costs in accordance with the terms of the Indenture and this Agreement.

4. Project Design. Developer shall cause design services to be performed by qualified and licensed (as applicable) architects, engineers and other professionals retained by Developer, and paid as part of the Project Costs.

4.1 Selection of Development Team for Project. Developer shall have the right in its reasonable discretion with City's Representatives approval to select professionals as necessary or desirable for the design, permitting, construction, and development of the Project. Except as otherwise provided in this Agreement, all amounts paid to the entities outlined above and any others hereinafter engaged by Developer in connection with the performance of its duties and responsibilities under this Agreement shall be part of the Project Costs and Project GMP.

4.2 Design Contracts. Developer has entered into the Architect's Agreement with the Architect. Developer may enter into contracts with other design professionals such as waterproofing, Special Testing and Inspections, etc.

4.3 Assignment of Certain Agreements. Upon written notice from the Trustee to Developer of the occurrence of an Event of Default under the Indenture, Developer shall assign this Agreement, the Architect's Agreement and the GC Contract, together with such other Construction Contracts as the Trustee may request, to Trustee for such time as the Event of Default in the sole judgment of the Trustee remains uncured.

4.4 Project GMP Breakdown. Exhibit D sets forth by line item and category all Project Costs, including the Developer Contingency, Developer's Fixed Fee, and Developer's Fixed Overhead.

4.5 Drawings. Under a separate contract, Developer has caused the Architect to prepare the Design Development Documents, which are complete and have been approved by City. Developer shall cause the Architect to prepare the Construction Drawings and Detailed Specifications for the Project, except where noted (e.g., design/build and deferred approval elements) for City's approval. The intention of the parties is to cooperate in good faith to provide a completed design which meets all Requirements of Law and is consistent with all Project Requirements and the building quality reflected therein. The Construction Drawings and Detailed Specifications for the Project shall include, at a minimum, all architectural services set forth under Basic Services in the Architect's Agreement and such other architectural services as may be necessary to provide Construction Documents for the Project. The Construction Drawings and Detailed Specifications will be prepared in accordance with the approved Design Development Documents.

4.6 LEED Certification. The Parties have determined not to seek a Leadership in Energy and Environmental Design ("**LEED**") certification for the Project.

4.7 City's Review. City may participate in all design meetings with Developer, Architect, and other design professionals as appropriate during the course of the development of the Construction Documents in order to facilitate the approval of such Construction Documents in accordance with the terms of this Agreement. City shall promptly review Exhibit D and all Construction Drawings and Detailed Specifications submitted in accordance with this Agreement and shall give Developer written notice within the time frame for such decision in accordance with the Project Schedule (or if no such time is provided in the Project Schedule then within five (5) business days following its receipt of Exhibit D and/or Construction Drawings and Detailed Specifications) of its approval or disapproval thereof, specifying in the case of its disapproval, each specific reason therefor. City shall have the right to disapprove such Construction Drawings and Detailed Specifications which (a) do not meet the Project Requirements, (b) do not comply with Requirements of Law, (c) with respect to Drawings, are not consistent developments of the previous drawings approved by City, or (d) propose changes in work or materials that would result in a material change in appearance or diminution in quality of the Project. The parties acknowledge that the Construction Documents are intended to add additional

detailing to the approved Design Development Documents, and are not intended to change the design intent. Consequently, City may object or comment on the Construction Documents only to the extent that they are inconsistent with or were not previously included in the approved Design Development Documents, or the comments are for non-material changes (i.e., changes that do not increase Developer's costs or time). If City requests changes to the Construction Documents that are material changes from the Design Development Documents, City will be responsible for paying for the additional costs (design and construction) resulting therefrom and the time required for the changes will be a City-Caused Delay. If no written objections or comments are received by Developer from City within such the applicable time period, then the submittals shall be deemed approved. City's Representative and Tenant will have twenty (20) business days to review and approve the Construction Documents. The parties acknowledge that Developer will concurrently submit the Construction Documents for building department plan check during the City's review. City will review the Construction Documents revised after the first building department plan check and provide written comments or approval to Developer within five ten (5) business days of receipt from Developer. If subsequent reviews are necessary, City will review resubmitted plans within five (5) business days for the second review, and five (5) business days for a third and final review. If City fails to provide written comments or approval within the above time frames, then City will be deemed to have approved the Construction Documents.

4.8 Resubmittals. If objections or comments are submitted in writing within the time frame and in accordance with the requirements set forth in the preceding subsection, Developer shall cause the Architect to make changes in the Construction Drawings and/or Detailed Specifications consistent with reasonable objections or comments made by the City and shall resubmit the same to City in accordance with the foregoing schedule for further review. The process of resubmittal and review shall continue until the submittals have been approved by all the parties. The final Construction Drawings and Detailed Specifications setting forth in detail the requirements for the construction of the Project which have been approved by City are called the Construction Documents. There shall be no material change in the Construction Documents except as set forth in Section 8 below.

4.9 Permit and Construction Documents. Developer shall cause the Architect and other design professionals to prepare Construction Documents as required for submittal of the Permits to the AHJ(s) in accordance with Section 6 hereof, and as required for construction of the Project by the Contractors.

5. Construction Management Services. Developer shall, through its General Contractor, provide City with all construction administration and construction management services reasonably necessary or desirable to cause Substantial Completion of the Project on or before the Developer Obligation Date, all in a good and workmanlike manner and in substantial accordance with the Contract Documents, including, without limitation, the following:

5.1 Preconstruction Phase. The Preconstruction Phase is the time period from the execution of this Agreement until the Commencement of Construction. During the Preconstruction Phase, Developer will have the following duties:

(a) Design: Developer shall review all design work done by Architect and other design professionals for the design and development of the Project. Developer shall expeditiously review design documents during their development and advise City on proposed site use and improvements, selection of materials, building systems and equipment and methods of Project delivery. Developer shall provide recommendations on relative feasibility of construction methods, availability of materials and labor, and time requirements for procurement, installation, construction and factors related to construction costs including, but not limited to, costs of alternative designs or materials, budgets and possible economics.

(b) Schedule: Developer shall prepare and periodically update the Project Schedule for City's acceptance. Developer shall obtain the Architect's approval for the portions of the preliminary Project Schedule relating to the performance of their services. Developer shall coordinate and integrate the Architect's services into the Project Schedule and Developer's and City's responsibilities with anticipated construction schedules, highlighting critical and long lead time items.

(c) Constructability: Developer shall consult with City and Architect regarding the Construction Documents and make recommendations whenever design details adversely affect constructability, cost or schedules.

(d) Temporary Facilities: Developer shall require that the General Contractor establishes the assignment of responsibilities for temporary Project facilities and equipment, materials and services for common use of the Contractors. Developer shall verify that such requirements and assignment of responsibilities are included in the proposed Contract Documents.

(e) Categories of Work: Developer shall require that the General Contractor determines the division of the Project into individual contracts for various categories of work, including the method to be used for selecting Trade Contractors and awarding Construction Contracts. Developer shall require that the General Contractor reviews the Construction Documents as required to provide that: (1) the work of the Contractors is coordinated; (2) all requirements for the Project have been assigned to the appropriate Construction Contract; (3) the likelihood of jurisdictional disputes has been minimized; and (4) proper coordination has been provided for phased construction.

(f) Construction Schedule: Developer shall prepare a Project Schedule providing for the components of the work and shall consult with the General Contractor, City in connection with the preparation and updating of the Project Schedule, including phasing of construction, times of commencement and completion required of each Contractor, ordering and delivery of products requiring long lead time, and the occupancy requirements of City. Developer shall provide the current Project Schedule to the General Contractor for each set of bidding documents. Unless a specific software application is called for elsewhere in the Contract Documents, Developer will require General Contractor to use Microsoft

Project, SureTrak Project Manager, Primavera Project Planner, or other scheduling software acceptable to City to configure all versions of its construction schedule. Developer will require General Contractor to prepare the construction schedule using the critical path format. Schedule activities shall be of sufficient detail to assure that adequate planning has been done for proper execution of all of the construction work. Developer will provide City with electronic access to pdf versions of the submittals.

(g) Weekly Meetings and Look-Ahead Charts: Developer shall chair weekly meetings with City and the construction team during which the parties shall exchange information regarding the actual progress of construction. City, Developer, and General Contractor shall attempt to agree upon quantities and percentages of completion that reflect the actual progress of construction. At each meeting General Contractor shall submit 4 copies of a 2-week look-ahead chart. The 2-week look-ahead chart shall include at a minimum those activities that will be started, in progress, or completed during the next 2-week period. The format of the look-ahead chart shall be subject to City's approval, which will not be unreasonably withheld.

(h) Long Lead Time Items: Developer shall require the General Contractor to expedite and coordinate the ordering and delivery of materials requiring long lead times.

(i) Consultants: Developer shall select and coordinate the professional services of surveyors, special consultants and testing laboratories, deputy inspections and other, special inspections under contract with Developer as required for the Project and included in Developer's scope under the Contract Documents.

5.2 Bidding.

(a) Competitive Bidding: Developer will require its General Contractor to cause the various construction trade elements of the Project to be competitively and publicly bid in accordance with competitive bidding requirements pursuant to this Agreement under separate bid documents for each such construction trade or group of trades to multiple trade contractors, and in accordance with the optional pre-qualification procedure set forth in subsections (b) and (c), subject to subsections (l), (m), and (n). Developer and its General Contractor will administer the public competitive bidding and, to the extent allowed by law, negotiating procedures. Developer and its General Contractor may solicit bids for one or more portions of the Project, with additional bid solicitations to follow; provided, however, that Developer and its General Contractor will not cause the Project to be constructed through incrementally limited contracts with Trade Contractors so as to avoid the competitive bidding laws applicable to the Project, if any. Trade Contractors will enter into written contracts with Developer or its General Contractor for such work of improvement of the Project. Developer will ensure

that the requirements of this Section 5.2 are incorporated into the GC Contract and make the GC Contract subject and subordinate to this Agreement.

(b) Pre-Qualification: The City or City's Representative, General Contractor, and Developer may jointly determine to pre-qualify contractors to bid on portions of the Project. If City or City's Representative, General Contractor, and Developer agree to pre-qualify certain trades, then Developer and/or General Contractor will prepare Pre-Qualification Questionnaires for City's approval. Subsequent to City's approval of the Pre-Qualification Questionnaires, and within the time period allowed for in the Project Schedule, Developer or its General Contractor will publish notices soliciting Trade Contractors to pre-qualify to bid on the portions of the Project that City or City's Representative, General Contractor, and Developer determined to pre-qualify, all in accordance with applicable Requirements of Law.

(c) Procurement Plan: Within the time period allowed for in the Project Schedule, Developer and General Contractor will cause bid documents to be prepared for each individual construction trade element of the Project that is to be separately bid ("**Bid Documents**") pursuant to the procurement plan attached as **Exhibit P**, which has been approved by City, subject to subsection (m). Developer will solicit lump sum or cost plus with a guaranteed maximum price bids for each individual construction trade element or package of the Project that is to be separately bid, pursuant to the approved Bid Documents, from the contractors in that construction trade.

(d) Bid Bonds: The Bid Documents will include a provision requiring that a bid bond accompanying a bid must include a rider naming Developer and General Contractor as dual obligees.

(e) Bid Process: Developer, General Contractor, or the Architect will answer questions of bidders and generate addenda to the Bid Documents, as necessary, during the bidding process for each individual construction trade element of the Project that is to be separately bid. Developer or its General Contractor will open and evaluate all complete bids received. City or City's Representative may, at its election, attend the opening of bids.

(f) Analysis: Developer shall require the General Contractor to provide an analysis of the types and quantities of labor required for the Project and shall review with the General Contractor the availability of appropriate categories of labor required for critical phases. Developer shall make recommendations for actions designed to minimize adverse effects of labor shortages.

(g) Bidders Interest: Developer shall require the General Contractor to develop bidders' interest in the Project, establish bidding procedures, issue bidding documents to bidders and conduct pre-bid conferences with prospective bidders. Developer shall require the General Contractor to submit the list of prospective

bidders for City's review. Developer shall assist the General Contractor with respect to questions from bidders and the issuance of addenda.

(h) Receiving Bids: Developer and the General Contractor shall receive bids, prepare bid analyses, and award contracts or reject bids. Developer and its General Contractor have the right to reject all bids for a portion of the work and re-bid the work.

(i) Awarding Contracts: If one or more complete bids for the individual construction trade element of the Project is/are received from a responsive and responsible bidder, as determined jointly by Developer and its General Contractor, then General Contractor may enter into a contract with each Trade Contractor for performance of each individual construction trade element of the Project for the fixed-price or cost plus with a guaranteed maximum price on the bid submitted by the Trade Contractor. To the extent consistent with applicable law, Developer and its General Contractor also have the right to have responsible, responsive bidders submit a best and final offer.

(j) Rejecting Bids: To the extent consistent with applicable law, if Developer and/or its General Contractor determine that a particular low bidder is non-responsive, is not responsible, or for any other reason should not be awarded the Construction Contract at issue, they will promptly reject the bid and may award the contract to the next lowest responsible, responsive bidder.

(k) Bidder Default: To the extent consistent with applicable law, if Developer or its General Contractor awards a Construction Contract, but the successful bidder fails to execute the Construction Contract, then the following will apply:

(1) If Developer or its General Contractor awards the Construction Contract to the second lowest bidder, then the amount of the lowest bidder's security will be applied by Developer or General Contractor to the difference between the low bid and second lowest bid, and the surplus, if any, will be returned to the lowest bidder if cash or a check is used, or to the surety on the bidder's bond if a bond is used.

(2) Developer or its General Contractor will be entitled to retain the amount of the lowest bidder's security.

(l) Best Value: In addition to the above procedures for bidding, Trade Contractors may also be selected based on qualifications or a combination of qualifications and price. The selection of Trade Contractors is the responsibility of the General Contractor. City must timely advise Developer, in accordance with the Project Schedule, if there are any Trade Contractors (including vendors or suppliers) that City specifies to be sole-sourced (including, but not limited to, BMS systems, technology infrastructure, elevators, etc.). Developer will procure the elevators on a best value basis.

(m) Trade Contractor Procurement Plan: Developer and its General Contractor prepared a Trade Contractor procurement plan which has been approved by City. This Trade Contractor procurement plan identifies those Trade Contractors (including vendors and suppliers) anticipated to be selected by qualifications only per subsection (n) and those Trade Contractors anticipated to be selected by qualifications and competitive bid per subsection (l). However, notwithstanding the Trade Contractor procurement plan attached as **Exhibit P**, Developer may elect (with City's consent which will not be unreasonably withheld) on a trade-by-trade basis to select, or direct its General Contractor to select, Trade Contractor(s) on a negotiated, sole-source basis if Developer deems it is in the best interests of the Project.

(n) Negotiated Trade Contractors: Developer may select Trade Contractor(s) (including vendors or suppliers) based only on their qualifications when the Developer can demonstrate it is in the best interest of the Project.

(1) Qualification based selection of a Trade Contractor should only occur during the design phase services under an approved guaranteed maximum price to achieve maximum benefit of the Trade Contractors' involvement.

(2) The Developer or its General Contractor shall apply the approved Trade Contractor procurement plan in the evaluation of the qualifications of a Trade Contractor, subject to subsection (m).

(3) The General Contractor will negotiate costs for services/supplies from each Trade Contractor selected under this method.

(o) General Contractor Self-Performing: General Contractor will not be allowed to self-perform any work, including by force account, with the exception of daily safety, clean-up, demolition, and miscellaneous carpentry work, except that General Contractor (or its affiliates) may bid on specific trade scope(s) of work with the written consent of City provided that the following procedures are implemented for any trade that General Contractor (or its affiliate) bids:

(1) Developer will advertise and pre-qualify local trade contractors for the particular trade that General Contractor is bidding.

(2) Developer will manage the trade contractor bidding process per the approved procurement process (**Exhibit P**). The bidding process for the particular scope will be explained in detail and will be part of the trade RFP.

(3) General Contractor may develop a bid per the same trade bid package as all of the trade contractors. All bids for the trade work shall be sealed bids and must be delivered directly to Developer.

(4) Developer will deliver all bids, including General Contractor's, to City's Representative for analysis per the approved procurement process.

(5) If General Contractor is awarded the particular trade work, General Contractor will be issued the same trade-contract agreement as all the other trade-contractors (except that change orders would be subject to Subsection (6), below).

(6) If General Contractor is awarded the trade work, there shall be no change orders for current scope of trade work. In case there is added scope, General Contractor shall follow required guidelines when submitting cost to Developer for review and shall follow the following protocol:

- Cost submitted by General Contractor
- Developer will review cost for added scope, quantities, labor, material selection and pricing.
- Developer will contact General Contractor with questions/concerns in regards to the added cost.
- Developer will review this cost in person with General Contractor.
- Developer will send cost proposal to design team to review added scope.
- If deemed acceptable by design team, Developer will submit this cost proposal to City.
- Developer and General Contractor will meet with City and explain added scope, review quantities and potential Change Order details.

(p) Compliance with Requirements of Law. In accordance with its standard of care, Developer shall be aware of and adhere to and obey all Requirements of Law applicable to the bidding of the Project.

5.3 Construction Phase. The Construction Phase is the time period from the Commencement of Construction until Final Acceptance. During the Construction Phase, Developer will have the following duties:

(a) Administer GC Contract: Developer shall administer the GC Contract for the Project in cooperation with the Architect.

(b) Coordination: Developer shall provide administrative, management and related services to coordinate scheduled activities and responsibility of those under contract with Developer with each other and with those of the Developer, City and Architect to manage the Project substantially in accordance with the Project Schedule and Contract Documents.

(c) Project Schedule: Developer shall require the General Contractor to update the construction schedule incorporating the activities of the Contractors on the Project, including activity sequences and duration, allocation of labor and materials, processing of shop drawings, product data and samples and delivery of products requiring long lead time and procurement. The Project Schedule shall include City's occupancy requirement showing portions of the Project having occupancy priority. Developer shall update and reissue the Project Schedule as required to show current conditions. If an update indicates that the previously approved Project Schedule may not be met, Developer shall require the General Contractor to take any necessary corrective action so as to cause the Project to be Substantially Completed on or before the Developer Obligation Date. Developer shall require the General Contractor to schedule and coordinate the sequence of construction so as to cause Substantial Completion of the Project on or before the Developer Obligation Date.

(d) Administration of Agreements: Developer shall administer the Architect's Agreement and Developer shall require the General Contractor to administer all Construction Contracts with Trade Contractors. Developer shall notify and consult with City and City's Representative regarding any material breaches or defaults by any party to a Construction Contract relating to the Project.

(e) Cash Flow Reports: Developer shall develop, as and when necessary, cash flow reports and forecasts for the Project (including variances between actual and budgeted costs) and provide City with copies of same.

(f) Inspections and Testing: In consultation with the Architect, Developer shall require the General Contractor to oversee the course of construction and Developer will engage third parties to conduct such inspections and testing of materials to ensure that the work is being performed in substantial accordance with the requirements of the Contract Documents in a good and workmanlike manner, free of defects and deficiencies in work. Developer shall reject Defective Work (as defined in Section 7.9) of which Developer has actual knowledge of the deficiency and cause corrective action to be taken.

(g) RFIs: Developer shall transmit to Architect requests for information regarding the meaning and intent of Construction Drawings and Detailed Specifications and assist in the resolution of questions that arise.

(h) Submittals: Developer shall expedite the processing and approval of shop drawings, product data samples and other submittals.

(i) Changes: Section 8 of this Agreement shall control with regard to changes in the work.

(j) Progress Reports: Developer shall record the progress of the Project. Developer shall require the General Contractor to submit written monthly progress reports to City, showing percentages of completion. Developer shall

require the General Contractor to maintain a daily log, containing a record of weather, each Trade Contractor's work on the site, number of workers, identification of equipment, work accomplished, problems encountered progress photos, and such other information as City may require.

(k) Record Drawings: Developer shall require the General Contractor to maintain at the Project site or at Developer's offices in Irvine, California or at General Contractor's offices in Irvine, California, for City one record copy of all Construction Documents, addenda, change orders and other modifications, in good order and marked currently to record changes and selections made during construction together with approved shop drawings, product data samples and similar required submittals. Developer shall maintain records, in duplicate, of principal building layout lines, elevations of the bottom of the footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer. All such records shall be made available to Architect and City upon request and, upon completion of the Project, duplicate originals shall be delivered to City.

(l) Contractor Pay Apps: Developer shall develop and implement procedures for the review and processing of applications by Contractors for progress and final payments.

(m) Project Pay Apps: Based on the Developer's observations and evaluations of each Contractor's Application for Payment, the Developer, Architect, or General Contractor shall review and certify the amounts due the respective Contractors. The Developer shall prepare Project Applications for Payment based, in part, on the Contractors' Applications for Payment.

(n) Certifications: Each Project Application for Payment and certification of the Contractor(s)' certificates for payment shall constitute a representation to City that, to the best of Developer's knowledge, information and belief (which may be based on similar representations from the Architect and General Contractor), the work has progressed to the point indicated and the quality of the work is in substantial accordance with the Contract Documents (subject to minor deviations from the Contract Documents correctable prior to completion and to specific qualifications expressed by Developer in Developer's Project Application for Payment).

(o) Final Testing and Start-Up: Developer shall supervise the final testing and start-up of utilities, operational systems and equipment, in the presence of City's maintenance personnel if so requested by City.

(p) Punch List: When Developer considers each Contractor's work or a designated portion thereof Substantially Complete, the Developer shall, jointly with the Architect, prepare for the Contractor a list of incomplete or unsatisfactory items ("**Punch List**") and a schedule for their completion. Developer shall assist Architect in conducting inspections to determine whether the work or designated portion thereof is Substantially Complete.

(q) Final Completion: Developer shall require the General Contractor to coordinate the correction and completion of the work, including all Punch List items, and shall evaluate the completion of the work of the Contractors and make final recommendations to the Architect when the Project or any designated portion thereof has achieved Final Completion. Developer shall require the General Contractor to maintain a database of all Punch List items or otherwise unsatisfactory items observed and record the resolution of these items. Developer shall assist Architect in conducting final observations of the work.

(r) Timely Completion: Developer shall take such other and further action as may be necessary or desirable to cause the Project to be Substantially Completed on or before the Developer Obligation Date.

5.4 Costs. Developer shall require the General Contractor to include in all Construction Contracts that all Trade Contractors shall comply with all applicable requirements of the Labor Code throughout the performance of this Agreement, including but not limited to the following:

(a) Wage Rates: Notice is hereby given that pursuant to Labor Code 1771, prevailing wages are required to be paid for any work that is a “public work” as defined in Labor Code Section 1720(a). Developer acknowledges that the Work of this Agreement is a public work. General Contractor and all Trade Contractors, as the case may be, shall comply with the provisions of California Labor Code Sections 1771 et seq., and shall pay workers employed for construction of the Project on this Agreement an amount equal to or more than the general prevailing rate of per diem wages for (1) work of a similar character in the locality in which Project work is performed and (2) legal holiday and overtime work in said locality. The per diem wages shall be an amount equal to or more than the stipulated rates contained in a schedule that has been ascertained and determined by the Director of the State Department of Industrial Relations to be the general prevailing rate of per diem wages for each craft or type of workman or mechanic needed to perform the work of the Project. Developer shall require General Contractor to post all job site notices as required by Labor Code Section 1771.4(a), including a copy of these wage rates for each craft, classification, or type of worker needed in the performance of this Agreement. Copies of these rates are on file at the principal office of City’s Representative, or may be obtained from the State Office, Department of Industrial Relations (“**DIR**”) or from the DIR’s website at www.dir.ca.gov. If this Agreement is federally funded, General Contractor and any Trade Contractors shall not pay less than the higher of these rates or the rates determined by the United States Department of Labor. For any contract that exceeds \$2000 and is funded with federal funds, Developer will require General Contractor pay federal Davis Bacon wages and comply with applicable federal requirements. Developer shall require that its General Contractor insert in every subcontract or other arrangement which General Contractor may make for performance of Work or labor on Work provided for in this Agreement, provision that Trade Contractors shall pay persons performing labor or rendering service under subcontract or other arrangement not less than the general prevailing rate of

per diem wages for work of a similar character in the locality in which the Work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed in the California Labor Code.

(b) Wage Rate Penalty: General Contractor and all Trade Contractors, as the case may be, shall comply with the provisions of Labor Code Section 1775. Developer, General Contractor and all Trade Contractors shall be subject to a penalty in an amount up to \$200, or a higher amount as provided by Section 1775, for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates for any construction work done by the General Contractor or Trade Contractors under this Agreement. The sums and amounts which shall be forfeited pursuant to this Paragraph and the terms of the California Labor Code shall be withheld and retained from payments due to Developer's General Contractor under the Contract Documents, pursuant to this Section and the California Labor Code, but no sum shall be so withheld, retained or forfeited except from the final payment without a full investigation by either the State Department of Industrial Relations or by Owner. The Labor Commissioner pursuant to California Labor Code §1775 shall determine the final amount of forfeiture.

(c) Work Hour Penalty: As provided by Labor Code Section 1810, eight (8) hours of labor shall constitute a legal day's work, and 40 hours shall constitute a legal week's work. The time of service of any worker employed for construction work pursuant to this Agreement shall be restricted to eight (8) hours during any one calendar day, and 40 hours during any one calendar week, except as provided herein. Developer shall forfeit to City \$25, or a higher amount as provided by Labor Code Section 1813, for each worker employed in the performance of construction of the Project under this Agreement by Developer or General Contractor or by any Trade Contractors for each calendar day during which such construction worker is required or permitted to work more than the legal day's or week's work, except as provided by Labor Code Section 1815. Developer shall obtain from its General Contractor a stipulation that it shall comply with all applicable wage and hour laws, including without limitation, California Labor Code §§ 1776 and 1810-1815 and that failure to so comply shall constitute a default under Developer's contract with General Contractor. Developer shall require that its General Contractor and its Trade Contractors be responsible for compliance with Labor Code §§ 1810-1815. Developer shall require that work performed on the Project by employees of Developer's General Contractor or its Trade Contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay.

(d) Registration of Contractors: General Contractor and all Trade Contractors, as the case may be, must comply with the requirements of Labor Code Section 1771.1(a), pertaining to registration of contractors pursuant to Section 1725.5. Registration and all related requirements of those sections must be maintained throughout the performance of this Agreement. Developer shall require that any bids submitted without proof that General Contractor and any listed Trade

Contractor(s) are currently registered and qualified to perform public work, pursuant to Labor Code Section 1725.5, not be accepted.

(e) Payroll Records: General Contractor and all Trade Contractors, as the case may be, shall comply with the requirements of Labor Code Section 1776. Such compliance includes the obligation to furnish the records specified in Section 1776 directly to the Labor Commissioner in an electronic format, or other format as specified by the Commissioner, in the manner provided by Labor Code Section 1771.4. The requirements of Labor Code Section 1776 provide in part:

(1) General Contractor and all Trade Contractors performing any portion of the construction work under this Agreement shall keep an accurate record, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by General Contractor or any Trade Contractors in connection with the work.

(2) Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(A) The information contained in the payroll record is true and correct.

(B) The employer has complied with the requirements of Labor Code Sections 1771, 1811, and 1815 for any work performed by his or her employees in connection with this Agreement.

(3) The payroll records shall be certified and shall be available for inspection at the principal office of General Contractor on the basis set forth in Labor Code Section 1776.

(4) Developer shall inform City of the location of the payroll records, including the street address, city and county, and shall, within five working days, provide a notice of any change of location and address of the records.

(5) Pursuant to Labor Code Section 1776, Developer, General Contractor and all Trade Contractors, as the case may be, shall have 10 days in which to provide a certified copy of the payroll records subsequent to receipt of a written notice requesting the records described herein. In the event that Developer, General Contractor or any Trade Contractor fails to comply within the 10-day period, he or she shall, as a penalty to City, forfeit \$100, or a higher amount as provided by Section 1776, for each calendar day, or portion thereof, for each construction worker to whom the noncompliance pertains, until strict compliance is effectuated. Developer acknowledges that, without limitation as to other remedies of enforcement

available to City, upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement of the California Department of Industrial Relations, such penalties shall be withheld from progress payments then due Developer. Developer's General Contractor shall not be subject to a penalty assessment pursuant to this Paragraph due to the failure of a Trade Contractor to comply with this Paragraph.

(f) Apprentices: Unless this Agreement involves a dollar amount less than that specified in Labor Code Section 1777.5, this Agreement is governed by the provisions of Section 1777.5. Developer shall require General Contractor to comply with Labor Code Section 1777.5 for all apprenticeable occupations. General Contractor and all Trade Contractor(s), as the case may be, shall comply with Labor Code Section 1777.6, which forbids discriminatory practices in the employment of apprentices on any basis listed in Government Code Section 12940, except as provided in Labor Code Section 3077.

(g) Discrimination: In the performance of this Agreement, Developer agrees that it will comply with the requirements of the California Labor Code and not engage nor permit any subcontractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons. Developer acknowledges that a violation of this provision shall subject Developer to all the penalties imposed for a violation of the California Labor Code.

(h) Project Labor Agreement: In order to avoid any delay to the Project because of strikes, sympathy strikes, work stoppages, picketing, lockout, slowdowns, or other labor interferences that could disrupt and hinder the completion of the Project, the Developer shall cause its General Contractor to enter into a Project Labor Agreement (in form of Exhibit B) with the applicable trades union for any and all covered work for the Project. In addition, the Project Labor Agreement will create more local job opportunities for the Owner's residents.

6. Permits.

6.1 Permits. Developer shall obtain all Permits necessary to construct the Project pursuant to any and all Requirements of Law. For those Permits yet to be acquired as of the date of the execution of this Agreement, City shall have five (5) business days to review any Permit application Developer intends to submit. City's failure to object to terms or conditions of a Permit application, after being timely provided by Developer, shall constitute City's approval of the same and City's authorization for Developer to submit the Permit application. For those Permit applications already submitted by Developer prior to the execution of this Agreement, City shall receive a copy upon request. City shall join in any application for Permits as required, at the expense of Developer (but subject to Section 8.18 and if there are any additional fees required by an AHJ or any fees imposed by an AHJ exceeds the amount set forth in **Exhibit D** then the additional or excess fee will be an

Other City Cost). Developer shall pursue issuance of such Permits with reasonable diligence to meet the Project Schedule.

6.2 Costs. All costs associated with issuance of the Permits, including the cost of any required off-site improvements, shall be Allowances unless otherwise indicated in **Exhibit D** or **Exhibit I**.

6.3 Schedule and Delays. City and Developer anticipate issuance of Permits by all AHJ and Commencement of Construction within the time allowance set forth in the Project Schedule set forth as **Exhibit F** hereto, and any delay in issuing the required permits by AHJ will be an Unavoidable Delay except to the extent that the delay is caused by the fault or neglect of Developer. The Project Schedule shall be updated by mutual agreement of Developer and City from time to time as reasonably required to reflect the status of the Project. Except as otherwise provided in this Agreement, there shall be no increase in the Project GMP as a result of any delay in issuance of the Permits or commencement or completion of construction of the Project unless due to Costs Resulting from City-Caused Delay, but the delay in issuing Permits by the AHJ at no fault of the Developer will be an Unavoidable Delay as set forth above.

7. Construction.

7.1 Commencement of Construction. As soon as reasonably practical following Bond Closing and issuance of Permits by all AHJ, City will issue to Developer a written Notice to Proceed (Construction). Within five (5) business days of City's issuance of the Notice to Proceed (Construction) (which date will be the commencement date for construction in the Project Schedule), Developer shall require Commencement of Construction to occur and such work is diligently and continuously prosecuted to Final Completion. Developer shall coordinate the sequencing of all construction and shall require all other Contractors to commence construction of that portion of the work covered under their respective Construction Contracts and diligently and continuously prosecute such work to Final Completion. Developer warrants to the City that materials and equipment incorporated into the Project shall be new unless otherwise specified.

7.2 Delays.

(a) Time Extensions. The Developer Obligation Date shall be extended to the extent of (1) Unavoidable Delays; and (2) City-Caused Delays. Extensions of time due to weather or force majeure, when granted, will be on a 1 to 1 day basis of calendar days credit for every Critical Path calendar day lost, with the credit for each separate extension rounded off to the nearest whole calendar day.

(b) Liquidated Damages. The parties hereto agree that in the event that the Project is delayed that City's actual damages are difficult to estimate. As such, and as City's sole remedy for delay, Developer agrees to forfeit and pay to City the sum of \$12,000.00 per day as liquidated damages, and not as a penalty ("**Liquidated Damages**") for each calendar day that Substantial Completion of the Project is delayed beyond the Developer Obligation Date, as that may be adjusted pursuant

to the terms of this Agreement. City may deduct such sum from any payments due to or to become due to Developer. City shall pay over to Trustee any amount of Liquidated Damages as the Trustee specifies in writing is necessary for timely and full payment of City obligations under the Lease Agreement.

7.3 Guaranteed Maximum Construction Price Contract. As part of the Project GMP, the Project shall be constructed pursuant to one GC Contract for the entire Project which shall contain the Guaranteed Maximum Construction Price. Within ten (10) days after award of the GC Contract, Developer shall require General Contractor to furnish a payment bond for 100% of the amount of the construction portion of the Guaranteed Maximum Construction Price, in accordance with Civil Code Section 9554, and a performance bond for 100% of the amount of the construction portion of the Guaranteed Maximum Construction Price, guaranteeing the faithful performance of the GC Contract. Developer shall require General Contractor to take steps to assure that the penal sum of the bonds shall be increased by the amount of any additive adjustments to the Guaranteed Maximum Construction Price as a result of City Contingency use, if necessary. Developer shall require General Contractor to have the payment and performance bonds each be issued by a surety that: (a) is authorized by the California Insurance Commissioner to transact surety insurance in the State of California; (b) has assets exceeding its liabilities in an amount equal to or in excess of the amount of the bonds; and (c) acts in compliance with Insurance Code Section 12090. The payment and performance bonds shall be in the form attached hereto as **Exhibit M**. Developer shall require General Contractor to have the Developer, City and Trustee be named as obligees under each payment and performance bond pursuant to a rider or riders as set forth in **Exhibit M**. If any surety upon any bond furnished in connection with this Agreement becomes objectionable to City and fails to submit to City the documents described in California Code of Civil Procedure Sections 995.660(a)(1) through (a)(4) within the time specified in those Sections, then Developer shall require General Contractor to promptly furnish such additional security as may be reasonably required by City to protect the interests of City and of persons entitled to make a claim against the payment bond as of that time. Failure to furnish such additional security shall constitute a material breach of the agreement. General Contractor may elect to deliver to City, in the amount of 10% of the construction costs for the Project, concurrent with the release of the Performance Bond, a warranty bond conditioned upon Developer or General Contractor correcting any defective work of improvement or materials incorporated into the Project that is discovered within the Warranty Period. In lieu of a warranty bond, General Contractor, at its election, may extend the Performance Bond for one year following Substantial Completion of the Project to cover defective materials and workmanship.

7.4 Construction Contracts. Developer shall require General Contractor to include in all Construction Contracts recitations or provisions requiring the following:

- (a) Labor Code §1700: Provisions requiring all Contractors employed on the Project to be responsible to pay the prevailing rate of wages as defined in California Labor Code Sections 1700 et seq. and available on the Department of Industrial Relations websites (but expressly excluding the Davis-Bacon Act and

any rules and regulations promulgated thereunder), and to indemnify City, Tenant, Developer and Trustee for claims arising out of failure to pay proper wages;

(b) Safety: Provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project; and

(c) Indemnity: Provisions for indemnifying City, Tenant, Developer and Trustee for claims arising out of the negligence or willful misconduct of such Contractor and its employees and agents.

(d) Assignment: Provisions for assignment to the Trustee upon an Event of Default under the Indenture for which Developer has received written notice from the Trustee.

7.5 Protection of Persons and Property.

(a) Safety: Developer shall require the General Contractor to be responsible for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project.

(b) Damage: Developer shall require the General Contractor to take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to: (1) all persons working on the Project construction site and all other persons who may be affected thereby; (2) the Project and materials and equipment to be incorporated therein; and (3) other property at or adjacent to the site.

(c) Notices: Developer shall require the General Contractor and all other Contractors to give notices and comply with all applicable Requirements of Law bearing on the safety of persons and property and their protection from damage, injury or loss.

7.6 Insurance During Construction. Insurance shall be provided by Developer, City, Architect and Contractors in accordance with the provisions of Section 16 of this Agreement.

7.7 Use of Developer Contingency. The amounts set forth in the various line items of **Exhibit D** are estimates only of Project Costs to be incurred. To the extent the actual Project Costs in any line item of **Exhibit D** exceed the amount shown for such line item, Developer shall first allocate amounts in other line items, in which the actual known Project Costs shall have been less than the amount in **Exhibit D** to the line item in which the excess Project Cost(s) has occurred. Following the allocation by Developer as set forth in the preceding sentence with respect to all line items, except Developer Contingency, Developer shall be fully entitled to draw upon the Developer Contingency line item of **Exhibit D** and use the Developer Contingency in its entirety, if necessary, to pay the Project Costs that fall within the categories of the Pre-Approved Developer Contingency Uses or, after obtaining consent of the City, which consent will not be unreasonably

withheld, for Project Costs that do not fall within the categories of the Pre-Approved Developer Contingency Uses. The allocation of the Developer Contingency for costs within the categories of the Pre-Approved Developer Contingency Uses is at the reasonable discretion of Developer. For Project Costs that do not fall within the categories of the Pre-Approved Developer Contingency Uses, Developer may use the Developer Contingency for Project Costs as Developer reasonably deems necessary. After buy-out re-allocations, any net remaining money from line items will be moved to the Developer Contingency. The Developer Contingency is also subject to the provisions of Section 12.7 if there is any unused Developer Contingency following Final Acceptance.

7.8 Completion of Construction. Developer shall achieve Substantial Completion of the Project on or before the Developer Obligation Date, provided the Project Costs, as and when due, and any other City costs are timely paid by City in accordance with Section 9 hereof. Following Substantial Completion, Developer shall require the General Contractor to diligently achieve Final Completion of the Project. Developer, Architect, and City will complete and execute the Final Completion form (**Exhibit J**) promptly upon Final Completion. City must provide written notice to Developer within ten (10) business days of receipt of the Final Completion form signed by Developer and Architect of all objections that City has to executing the Final Completion form. City's failure to timely provide written objections will be deemed to be City's waiver of any objections.

7.9 Warranties. Developer shall require the General Contractor to secure, for the benefit of City, all warranties and guarantees of the work by Contractors, suppliers and manufacturers of components of the Project. Upon Final Acceptance, Developer shall require the General Contractor to assign such warranties to City (provided that such warranties shall also be for the benefit of Developer). After Final Acceptance of the Project (including Developer's obligation under Section 14.3 to provide the written warranties to City) and during the Warranty Period, Developer shall assist City to enforce any warranties or guarantees with respect to the Project upon request. The GC Contract shall provide a minimum of a one (1) year warranty for workmanship with respect to the Building. Without increasing the Project GMP, Developer and City have agreed that Developer shall require the General Contractor to obtain warranties of equal or longer periods from Trade Contractors and material suppliers for the fixtures, services, or subcontracts only as set forth in the Detailed Specifications that will be included in the Architect's Project Manual; provided, however, that the Developer shall not be required to assist City to enforce any warranties or guarantees that extend beyond the Warranty Period. Developer warrants that materials and equipment furnished under the Contract Documents will be new, of good quality, and carrying all available manufacturers' and installers' warranties; that construction will be of good and workmanlike quality; and that all of the work shall be performed in substantial conformance with the requirements of the Contract Documents, industry standards, and manufacturers' recommendations. Work not conforming to these requirements shall be considered defective ("**Defective Work**"). Defective Work does not include damage caused by modifications not executed by General Contractor or a Contractor, improper operation or maintenance, abuse, or normal wear and tear under normal usage. Unless otherwise provided in the Contract Documents, City's acceptance of Developer's work shall be accomplished by City recording a Notice of Completion as

promptly as practicable after completion, inspection, and testing of all work required by the Contract Documents. The start date of Developer's warranty obligations, and of the manufacturers' and installers' warranties required by the Contract Documents, will be the issuance of the Certificate of Substantial Completion by the Architect. City's acceptance of the work shall not be construed to limit City's rights under the Contract Documents or release Developer from any responsibility for latent defects, for correcting Defective Work, or for honoring any warranty obligations of the Contract Documents.

7.10 Correction of Work. During the Warranty Period, Developer (or General Contractor or the applicable Trade Contractor, on behalf of Developer) shall take action to correct any Defective Work reported by City in writing. Developer shall initiate corrective action on Defective Work affecting use of a facility, safety, or preservation of property within forty-eight (48) hours after notification. Developer shall initiate corrective action on other Defective Work within ten (10) calendar days after notification. If Developer fails to initiate corrective action within the specified times or fails to complete the corrective work within a reasonable time, City may take whatever corrective action it deems reasonably necessary after giving written notice to Developer of the default. All reasonable costs incurred by City because of Developer's failure to correct Defective Work during the Warranty Period shall be due and payable immediately by Developer. The Warranty Period relates only to the specific obligation of Developer to return to the Project site and correct Defective Work. The Warranty Period does not establish a period of limitations with respect to any of Developer's other obligations under the Contract Documents, including but not limited to Developer's warranty, and it has no relationship to the time within which City may seek to enforce the Developer's obligation to comply with the Contract Documents or to the time within which proceedings may be commenced to establish the Developer's liability with respect to any of the Developer's obligations. Warranty costs (to the extent not borne by insurance) shall be Project Costs. At Final Acceptance, there shall remain \$50,000 in the Project Costs Account in the Project Fund to cover these items during the Warranty Period; said \$50,000 shall be held by Trustee in trust upon Final Acceptance to be applied toward warranty work (including Developer's administration costs for the warranty work) in accordance with the GC Contract, with any amounts not so expended to be treated as Savings in accordance with, and subject to the limitations in, Section 12.7 below; however if there are no funds left in the Project Costs Account in the Project Fund (including the Developer Contingency) to pay for the corrective action, such costs shall be paid by Developer from its own funds. Notwithstanding anything to the contrary contained in this Agreement (including, without limitation, Sections 7.8, 7.9 and 13), the warranties to be provided or obtained by Developer or Contractors shall not include and shall not be applicable with respect to any of the Financed FF&E except for those items that are expressly set forth in the Detailed Specifications. All manufacturers' and installers' warranties received by Developer or its General Contractor shall be assignable to City, and upon abandonment, termination, or completion of this Agreement shall be deemed, and hereby are, assigned to City. Developer shall take actions within its direct control necessary to preserve the full scope of all manufacturers' and installers' warranties for the benefit of City and shall take no action that would impair City's rights under any such warranties. Before City's acceptance of the work, Developer shall deliver to City manufacturers' and installers' warranties, guarantees, instruction sheets, and parts lists, which are furnished with certain articles of

materials incorporated in the work. Neither Final Payment nor any other provision in the Contract Documents shall constitute City's acceptance of work not performed in accordance with the Contract Documents nor relieve Developer of liability with respect to its warranty obligations or for Defective Work.

7.11 Stop Work by City. If Developer fails to correct Defective Work as required, or persistently fails to carry out work in accordance with the Construction Documents, then City, by written order, may order Developer and its General Contractor to stop the work, or any portion thereof, until the cause for such order has been eliminated.

7.12 Developer Default. If Developer defaults or neglects to carry out the work in accordance with the Contract Documents and fails within ten (10) calendar days after receipt of written notice from City to commence and continue correction of such default or neglect with diligence and promptness, then City may, without prejudice to other remedies City may have, act to correct such deficiencies. In such case an appropriate change order shall be issued deducting from the Project GMP the costs of correcting such deficiencies. If the payments then or thereafter due Developer are not sufficient to cover the amount of the deduction, Developer shall pay the difference to City. Such action by City shall be without prejudice to any other rights or remedies to which City may be entitled under this Agreement or applicable law.

7.13 Work by Separate Contractors. If requested by City, Developer shall, as part of the Work, provide for the coordination of the Work to be performed by City's own forces or Separate Contractors, if any, with the Work to be performed by Developer. Developer shall use reasonable efforts to cooperate with City and all Separate Contractors, and City shall use reasonable efforts to cooperate with Developer, General Contractor, and Contractors. In order to cause the Work and any work to be performed by Separate Contractors to be completed in an expeditious manner, Developer agrees that it will use reasonable efforts in order to ensure that City's own forces or Separate Contractors have a reasonable opportunity to complete their work as and when required. Developer has no responsibility to supervise or otherwise manage the work of City's own forces or Separate Contractors or to ensure its proper execution. City shall cause its own forces and each of its Separate Contractors, if any, to maintain commercial general liability insurance (naming Developer and General Contractor as additional insureds) in amounts reasonably approved by Developer and workmen's compensation insurance in not less than the minimum required statutory amount, and providing for a waiver of subrogation. Additionally, the City's own forces and Separate Contractors must comply with Developer's schedule, safety procedures, site rules, and other reasonable rules and regulations. If the Developer claims that delay or additional cost is involved because of such action by the City or its Separate Contractors, the Developer shall make such Claim as provided in Section 8. The Developer shall afford the City and Separate Contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities. The Developer shall reimburse the City for costs the City incurs that are payable to a Separate Contractor because of the Developer or the General Contractor's delays, improperly timed activities or defective construction that impact Separate Contractors. The City shall be responsible to Developer for costs (as an Other City Cost) and delays (as a City-Caused

Delay) that Developer or Contractors incur because of delays, improperly timed activities, damage to the work or defective construction by City's own forces or Separate Contractors.

7.14 Compliance with Requirements of Law. In accordance with its standard of care, Developer shall be aware of and adhere to and obey all Requirements of Law applicable to the construction of the Project.

8. Changes to the Work.

8.1 No Changes Without City Approval. Following approval of the Construction Documents by City there shall be no changes in the work except in accordance with this Section 8.

8.2 Developer Approved Changes in the Work. It is anticipated that there will be field orders and change orders which shall result in minor changes or field adjustments to the scope of work. Developer shall use its reasonable efforts to apprise City of proposed changes in the work and its recommendations regarding them prior to any action being taken. It is anticipated that it may not always be possible to receive City's prior approval to these changes in a timely manner. Therefore, minor non-substantial field orders and change orders may be approved by the Developer, without prior City approval (but with notice to the City's Representative), but only if the changes authorized by these field orders and change orders shall not have the effect of extending the Developer Obligation Date or materially altering the work or increasing any Project Cost. As soon as practical, but no later than with the next Project Application for Payment, Developer shall provide City with all field orders and/or change orders approved by Developer. For the purposes of this Section an alteration shall be deemed to be "material" if it would reduce the intended quality of the Project, result in an increase of City's operational costs over time, result in a substitution of any of the systems in the Project (including but not limited to HVAC, plumbing, electrical, elevators, roofing, fire and life safety, security systems, and infrastructure components) or increasing any Project Cost. In the case of either a material alteration or a change that would result in failure to Substantially Complete the Project by the Developer Obligation Date, prior written approval by the City's Representative of the proposed change must be received.

8.3 Change in the Work Initiated by City. If City desires to initiate a change by using City Contingency, then City shall issue a written request ("**Change Request**") which shall set forth in reasonable detail the nature of the change and the type of quote requested (lump sum or time-and-materials with a not-to-exceed amount) and whether such change involves additions, deletions, or other revisions to the Contract Documents. Within seven (7) calendar days of receiving City's Change Request (or such longer time if approved by City because the scope of the requested change reasonably requires more time to analyze the cost and time impacts, such approval not to be unreasonably withheld), Developer shall present to City a detailed proposal for change in Project GMP and/or a change in the Developer Obligation Date, if any. If such change causes an increase or decrease in Developer's cost or the time required for performance of the work, an equitable adjustment shall be made and the Project GMP and/or Developer Obligation Date modified in writing accordingly by a writing signed by City and Developer. City may initiate a

change only if the costs thereof are available in the City Contingency or if the parties identify and agree on a source of funds to pay for the change prior to execution of the change.

8.4 Claims by Developer. If Developer believes that it has a claim for a change in Project GMP or Developer Obligation Date, then Developer shall submit, within 14 business days of the event giving rise to the proposed change, a written request (“**Request for Change**”) to City to issue a Change Order. Timely written notice to City (including meetings where City or City’s Representative is present) is essential to City’s identification, prioritization, and response to claimed changes, including any claimed delays. Developer’s Request for Change shall include a description of the proposed change in the Contract Documents, the event or circumstance giving rise to the need for the change, and any proposed change in the Project GMP and/or Developer Obligation Date associated with the Request for Change, to the extent known at the time. If the Request for Change includes a proposal to extend the Developer Obligation Date, then Developer shall (to the extent known), provide to City a description of: (a) the cause(s) for the proposed extension of time; (b) the dates (or anticipated dates) of performance of the changed work; (c) activities on the Project Schedule affected by the change, any new activities created by the change, and their relationship with existing activities; (d) the anticipated extent of any claimed increase to the Developer Obligation Date; and (e) recommended action to avoid or minimize the increase. If Developer fails to take reasonable steps to mitigate a claim, then the claim will be limited or denied to the extent that such reasonable mitigation efforts would have limited or avoided the claim. If City agrees that a change in the Contract Documents is appropriate, then City may use the same options described in the “Lump Sum Change Orders” and “Time-and-Materials Change Orders” Sections below in response to Developer’s Request for Change, to be paid for out of City Contingency funds. In the event of a claim or litigation arising from any disagreement involving Developer’s Request for Change, Developer’s compensation (if any) shall be limited to an amount calculated in accordance with the “Time-and-Materials Change Orders” Section below. If City does not agree that a change in the Contract Documents is appropriate, City will direct Developer how to proceed by unilateral change order as discussed below.

8.5 Lump Sum Change Orders. For a lump sum change, Developer’s proposal shall be itemized and supported with sufficient substantiating data (including but not limited to detailed Trade Contractor estimates, supplier quote sheets, prices, invoices, and rate sheets) to permit evaluation with respect to the following costs:

- (a) Labor (showing hourly rate multiplied by estimated hours);
- (b) Payroll taxes on labor;
- (c) Materials, supplies, and equipment (include unit costs and estimated quantities);
- (d) Machinery and equipment rental (include rental rates and estimated durations);

(e) Sales, use, or similar taxes related to the work;

(f) Other Items: City may authorize other items that may be required for the changed work. Such items include labor, services, material, and equipment that are different in their nature from those required for the work and that are of a type not ordinarily available from Developer or any of its Contractors;

(g) Reasonable overhead and profit associated with the change, calculated as follows:

(1) For changed work performed by General Contractor's own forces: 15% on the direct material and labor components for General Contractor, plus General Contractor's markup per contract on the total change order work, plus Developer's markup of 6% for overhead and profit on the foregoing; and/or

(2) For changed work performed by Trade Contractors: 15% for Trade Contractors, plus General Contractor's markup per contract on the Trade Contractors' change order, plus Developer's markup of 6% for overhead and profit on the foregoing; and

(3) For changed work performed by Consultants: 15% for Consultants, plus Developer's markup of 6% for overhead and profit on the foregoing.

(h) Premiums for all bonds and insurance (bond to be billed at actual cost, insurance to be billed at the agreed Reimbursable Expenses insurance rate, and Developer shall provide documentation demonstrating it will actually incur an increase in bond costs directly attributable to the change).

City may reject Developer's lump sum proposal, may negotiate with Developer a revision of the requested change and associated lump sum proposal, or may approve the Developer's lump sum proposal and incorporate it into a Change Order.

8.6 Time and Materials Change Orders. For a time-and-materials change, City shall determine (if City and Developer cannot agree, in which case the City's determination is a Unilateral Change Order) the adjustment to the Project GMP on the basis of actual costs as follows:

(a) Cost of materials and supplies (show actual unit cost multiplied by actual quantity). The cost of materials shall be at invoice price, plus freight and delivery.

(b) Tool and equipment rental. Regardless of ownership, the equipment rental rates shall be based upon the edition of equipment rental rates published by the Caltrans Division of Construction, or locally available rate or other reference acceptable to City current as of the date the changed work is performed. The rental rates paid shall include the cost of fuel, oil lubrication, supplies, small tools,

necessary attachments, repairs and maintenance of any kind, depreciation, storage, insurance, and all incidents. Necessary loading and transportation costs for equipment used on the changed work shall be included. If equipment is used intermittently and, when not in use, could be returned to its rental source at less expense to City than holding it at the work site, it shall be returned, unless Developer elects to keep it at the work site at no additional expense to City (i.e., City still responsible for cost that Developer would have incurred by returning the equipment and then bringing it back to the site). All equipment shall be acceptable to City, in good working condition, and suitable for the purpose for which it is to be used. Manufacturers' ratings and approved modifications shall be used to classify equipment and it shall be powered by a unit of at least the minimum rating recommended by the manufacturer. The reported rental time for equipment already at the work site shall be the duration of its use on the changed work, commencing at the time it is first put into actual operation on the changed work, plus the time required to move it from its previous site and back or to a closer site. Developer shall submit invoices for tool and equipment rental costs.

(c) Cost of labor (show actual total hourly rate multiplied by actual hours spent on changed work). The costs of labor shall not exceed the wages prevailing for each craft or type of workers performing the changed work at the time the changed work is done. The costs of labor shall include the actual basic hourly rate, plus employer's actual regular payments for health and welfare, pension, vacation or holiday, training, and other direct costs resulting from federal, State or local laws, as well as assessments or benefits required by lawful collective bargaining agreements and shall be supported by payroll records. The costs of labor shall not include any amount for bonuses or extraordinary vacation or holidays. The use of a labor classification that would increase the changed work cost will not be permitted unless Developer establishes the necessity for such additional costs. Labor costs for equipment operators and helpers shall be reported only when such costs are not included in the invoice for equipment rental. The labor cost for foremen shall be proportional to all of their assigned work and only that applicable to changed work shall be paid. Non-direct labor costs including superintendence shall be considered part of the markup for overhead and profit below.

(d) Sales taxes on materials (percentage of item (a), above).

(e) Payroll tax on labor (percentage of item (c), above).

(f) Insurance (workers' compensation and liability insurance).

(g) Other Items. City may authorize other items that may be required for the changed work. Such items include labor, services, material, and equipment that are different in their nature from those required for the work and that are of a type not ordinarily available from Developer or any of its Contractors. Developer shall submit invoices covering all such items in detail.

(h) Overhead and profit computed as set forth in 8.5(g).

(i) Bond and insurance (bond to be billed at actual cost, insurance to be billed at the agreed Reimbursable Expenses insurance rate, and Developer shall provide documentation demonstrating it will actually incur an increase in bond costs directly attributable to the change).

Developer shall keep and present an itemized accounting of the costs or savings attributable to the changed work, together with appropriate supporting data. Upon request by City, Developer shall permit City to inspect Developer's original estimate for the Project, subcontract agreements, or purchase orders relating to the change. Upon completion of the changed work ordered to be performed on a time and materials basis, City will then issue a Unilateral Change Order adjusting the Project GMP according to the actual costs incurred and, if appropriate, adjusting the Developer Obligation Date.

8.7 Unilateral Change Orders. If City and Developer cannot reach an agreement on a proposed change, City may issue a Unilateral Change Order directing work on a time-and-materials basis as set forth above, and Developer reserves the right to dispute any determination made by City in accordance with the procedures set forth in **Exhibit H**.

8.8 No Extension of Time Without Impact to Critical Path. Developer shall not be entitled to an extension of the Developer Obligation Date unless Developer demonstrates a delay to the Critical Path shown on the most recent Project Schedule. If City and Developer do not agree on either entitlement to, or the amount of, the extension of the Developer Obligation Date, then the disagreement will be resolved by the dispute resolution procedures set forth in Section 24.

8.9 No Additional Compensation for Early Completion. Nothing contained in the Contract Documents creates any contractual right, express or implied, on the part of Developer to receive additional compensation for early completion of the Project.

8.10 No Changes After Substantial Completion. If City issues additive change orders after Substantial Completion for the Project, then such additive change orders will be considered Additional Services, and the work to be performed under those change orders will not delay the release of Retention to Developer for the Project (which will become due without regard to the status of the work that constitutes Additional Services), regardless of whether the applicable Notice of Completion has been recorded. City and Developer will enter into a new contract for the Additional Services, and the Developer (or its General Contractor) shall enter into new contracts with Contractors to perform such Additional Services or shall take other steps necessary to insure that the Additional Services do not extend the date by which Contractors for the original services can file mechanic's liens or stop payment notices. City will pay Developer compensation for Additional Services consisting of (a) the actual costs incurred by Developer for the Additional Services, (b) Developer's hourly rates then in effect for the time Developer's personnel spend on the Additional Services, and (c) Reimbursable Expenses at actual cost incurred by Developer in performing the Additional Services.

8.11 Credits. Regardless of whether the equitable adjustment associated with changed work is recorded through a lump sum or time-and-materials Change Order: (a) if

the net value of a change to the work results in a credit from Developer, then the credit given shall include costs as well as overhead and profit; or (b) if the net value of a change to the work results in additional costs, then overhead and profit will only be applied to the amount by which the added costs of the change exceed the credited amount. When a change proposed by City results in the deletion of work and the City and Developer are unable to agree upon the cost, overhead, and profit thereof, the City's estimate of the cost, overhead, and profit shall be deducted from the Project GMP by a Change Order unless within 15 days of receiving the City's estimate Developer presents proof that the City's estimate is in error.

8.12 Overhead and Profit. Overhead and profit on change orders shall be computed as set forth in Section 8.5(g). Regardless of whether the equitable adjustment associated with changed work is recorded through a lump sum or time-and-materials Change Order, the amount City pays for overhead and profit shall be Developer's only compensation for: all costs of supervision, superintendence, and scheduling; wages of timekeepers, watchmen, and clerks; incidentals; any and all field and home office expenses; costs of estimating and preparing change orders; all impact costs including but not limited to lost productivity associated with "learning curves," "productivity factors," and "ripple effects;" and all other expenses not included in itemized costs.

8.13 Compensation for Delay. Developer shall be compensated for its substantiated actual, direct expenses, together with the markup for overhead and profit described in "Overhead and Profit" above, resulting from City-Caused Delay. Under no circumstances shall City compensate Developer for extended home office overhead or profit based on an "*Eichleay* formula" or any other proportionate allocation of Developer's overhead expenses or profit, all of which shall be deemed to have already been included in the above-described markup. If City believes that it is entitled to delay damages, then City must submit, within 14 business days of the event giving rise to the claim, a written claim to Developer describing the delay and the amount of delay damages. City's written notice is a condition precedent to City's claim and to the commencement of delay damages.

8.14 Modifications. Upon execution of this Agreement, Developer will commence its services under this Agreement. It is understood and agreed that as work proceeds on the Project, certain clarifications and modifications may need to be made, including adjustments in floor plans, circulation, site work, and elevations, as well as detailing of materials, colors, and finishes. Modification of the scope of Work, and any interpretations of the Project documents having a substantial impact on the Project, may be approved by the City's Representative; provided, however, that except as authorized in writing by City, under no circumstances will the cost of the Project work exceed the Project GMP. Any approvals by the City's Representative required under this Section 8.14 must be made in a reasonably timely manner so as not to impact the Project work or Project Schedule; failure to respond in a reasonably timely manner will result in a City Caused Delay.

8.15 Minor Field Changes. Developer has the right during the course of construction of the Project to make "minor field changes," without seeking the approval of City, except to the extent that any such changes increase the cost of the Project GMP to

City (or Other City Costs) or individually or cumulatively delay the completion of the Project beyond the Developer Obligation Date. “Minor field changes” are defined as those changes from the approved Construction Drawings and Detailed Specifications that have no material effect on the Project and are made in order to expedite the work of construction in response to field conditions. Nothing contained in this section will be deemed to constitute a waiver of or change in the applicable building code requirements governing any such “minor field changes” or in any approvals by City otherwise required for any such “minor field changes.” “Minor field changes” will be documented, in writing, in daily field logs, record drawings, or equivalent, and will be made available for City inspection.

8.16 Conditions Affecting the Work.

(a) Existing Site Conditions: Information regarding the work site represented in the geotechnical reports (identified in **Exhibit E**) is believed to be correct; City does not warrant either the completeness or accuracy of such information, but Developer may rely on the completeness and accuracy of such geotechnical reports identified in **Exhibit E**.

(b) Site Investigation and Representation: Developer acknowledges satisfaction as to the nature and location of the work; the general and local conditions, particularly those bearing upon availability of transportation and access to the site; disposal, handling and storage of materials; availability of labor, water, electric power, telephone, and roads; uncertainties of weather or physical conditions at the site; the conditions of the ground; the character of equipment and facilities needed prior to and during the performance of the work; and all matters that can in any way affect the work or the cost thereof under this Agreement. Developer and City have mutually agreed on the amount and types of on-site investigation to be done by Developer, and Developer has performed the mutually agreed on-site investigation. Therefore, if Differing Site Conditions (including, but not limited to, soil conditions, archeo-paleo artifacts, regulated items, environmental issues, etc.) are found either on-site or off-site, then Developer may make a claim for additional costs and/or schedule delay.

(c) Topographic Maps: Topographic maps, if provided by City or Tenant (see **Exhibit E**), were used in the Project design, bidders may inspect such maps upon request to the Developer, or may obtain copies upon payment of the cost to reproduce the copies. Notwithstanding the foregoing, the Rialto Public Works Department, on behalf of City, may have provided or caused to be provided the topographic maps and other Project-related documents (see **Exhibit E**) for the Project site, and Developer, Architect, and General Contractor have reviewed same and are relying on their accuracy for the preparation, planning, and performance of their services and work.

(d) Differing Site Conditions: Developer shall promptly, but in no event more than seven (7) business days after the condition is first observed, notify City in writing of the following site conditions and shall leave such conditions undisturbed until otherwise directed by City:

(1) Subsurface or latent physical conditions at the site differing materially from those represented in the Contract Documents listed in **Exhibit E**;

(2) Unknown physical conditions at the site differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Contract; and

(3) Material differing from that represented in the Contract Documents which Developer believes may be hazardous waste pursuant to Health & Safety Code Section 25117.

(e) City Investigation: Upon written notice of Differing Site Conditions from Developer, City shall promptly investigate such conditions. If City finds that such conditions do materially differ and cause an increase or decrease in the cost of or the time for performance of the work, City may, at its discretion: (a) terminate all or part of this Agreement in accordance with Section 23.7; (b) issue a written change to this Agreement in accordance with Section 8; or (c) make any other appropriate arrangements to address the Differing Site Conditions. Any claim by Developer for adjustment hereunder shall not be allowed unless Developer has given proper notice.

(f) Disputes: If a dispute arises between the parties hereto as to whether the conditions constitute Differing Site Conditions or affect the price or time for performance of any part of the work: (a) Developer shall submit a written notice of potential claim to City including all information relating to the Differing Site Conditions that Developer has available to it at the time Developer delivers the notice of potential claim (and, if Developer decides to make a formal claim, then Developer will make a separate, formal claim pursuant to and in accordance with the requirements in Section 8.4); (b) Developer shall then proceed with all work to be performed under this Agreement; and (c) pending resolution of the claim, Developer shall not be excused from any scheduled completion date provided for by this Agreement. Developer shall retain any and all rights provided either by this Agreement or by law which pertain to the resolution of disputes between the parties hereto.

8.17 Changes in Requirements of Law. City and Developer shall negotiate a Change Order to equitably adjust the Project GMP and/or Project Schedule if: (a) the completion of the Project is adversely affected by the enactment, adoption, promulgation, modification or repeal of any Requirements of Law applicable to the design or construction of buildings or facilities leased by public agencies after the execution of this Agreement; or (b) there are any costs incurred resulting from (1) new or increased government fees or assessments (including fees not included in **Exhibit D**) or (2) from rulings on the part of state or local public officials beyond code and industry practice which are not known or anticipated at the date of execution of this Agreement and/or not included in the Contract Documents. Developer shall give notice to City of any such conditions in accordance with this Section 8.

9. Payment of Project Costs. Trustee will act as disbursing agent and hold and disburse money on deposit in the Project Fund to pay Project Costs and other costs in accordance with the Indenture and this Agreement. City will direct the Trustee to make monthly disbursements from the Project Fund to Developer for Developer to then pay Project Costs. So long as there has not occurred an Event of Default by Developer under this Agreement, such disbursements from the Project Fund shall continue until the full Project GMP has been disbursed (except as provided in Sections 11 and 12 hereof) or the Project has been completed. Disbursements received by Developer from the Project Fund shall, except as otherwise expressly provided herein, be used solely to pay the Project Costs. Upon Developer's compliance with its obligations under this Agreement regarding Project Applications for Payment, City shall take all such action as is necessary and required to obtain such disbursements by the Trustee in accordance with the Indenture.

9.1 Applications for Payment. On or before the twenty-fifth (25th) day of the month immediately preceding a month in which Developer will submit a Project Application for Payment, the City, Developer, and General Contractor will meet to review a preliminary draft of such Project Application for Payment prepared by Developer (hereinafter referred to as a "**Pencil Draw**"). During the Pencil Draw meeting, the parties will agree on the percentage complete for each line item, which may be projected to the last day of the month. Developer will revise the Pencil Draw in accordance with any reasonable objection or recommendation of City that is consistent with the requirements of the Contract Documents. Such revised Pencil Draw will be resubmitted by Developer to City as the Project Application for Payment due on the tenth day of the month immediately following the month in which the Pencil Draw was first submitted. The Project Application for Payment will be in the form of **Exhibit N**. Developer will also submit with each Project Application for Payment a written narrative describing the basis for any item set forth in the Project Application for Payment that does not conform to instructions of City in connection with any applicable Pencil Draw. Developer shall submit to City on or before the tenth day of the following month for which it is seeking payment a Project Application for Payment signed by Developer, which shall also include a pay application submitted by the General Contractor consistent with the terms of the GC Contract. The Project Application for Payment shall request payment of a specified dollar amount, which shall constitute a portion of the Project GMP, reasonably detailed to reflect the amount of the Project Costs actually expended in each category of **Exhibit D**. Such Project Application for Payment shall request the appropriate amount of hard or soft costs based on a percentage of completion basis with respect to such work as of the date of such Project Application for Payment, less retainage being withheld by the General Contractor from any of the Contractors. When Retention that has been previously withheld from a pay application submitted by the General Contractor is to be paid by the General Contractor to a Contractor, it shall be added to the next pay application of the General Contractor submitted to Developer and included in the next Project Application for Payment.

Project Costs other than hard and soft construction costs that are incurred or paid on a schedule that is not related to percentage of completion (e.g., Developer Contingency paid only as allocated by Developer to specific costs incurred, Developer's Fixed Fee and Developer's Fixed Overhead paid as described in Section 11.3, Developer's Reimbursable Expenses paid as described in Section 11.2, reserves for warranty work paid only after

Substantial Completion, the 150% holdback for uncompleted Punch List items, payment of unutilized contingency accounts or construction savings to City and/or Developer, etc.) shall be included in the Project Application for Payment only when such items are to be paid in accordance with other provisions of this Agreement, without regard to the percentage completion of the Project. Developer may also include in a Project Application for Payment the full amount (with no Retention withheld) for deposits for Commodities or for purchases of Commodities that require advance payment (e.g., the Financed FF&E) that will be paid by Developer within thirty (30) calendar days of Developer's receipt of the payment of the requested deposit or advance payment.

Developer shall also provide a reconciliation between the total of all draw amounts requested (including such draw request) under a Project Application for Payment and the then-current **Exhibit D** and include all the information and documentation required to be provided by the General Contractor to the City pursuant to the GC Contract, as well as a conditional partial lien release from the General Contractor and from such laborers, contractors and Trade Contractors performing work on site as City may require, to become effective upon payment to the General Contractor or such other payees of the amount of the payment specified in said Contractor's Application for Payment, and an endorsement to the Lender's Title Policy and a similar endorsement to the City's Title Policy showing no liens or claims of lien; provided, that if a lien has been filed, Developer and/or its General Contractor may resolve such lien in accordance with Section 19 below. Developer shall provide copies of all conditional partial lien releases to the title company issuing the Title Policies and shall execute an indemnity agreement with the title company in a form sufficient to enable the title company to issue the foregoing endorsements. Each Application for Payment must include:

(a) An accepted Schedule of Values and Schedule Update with a narrative report (if requested), all approved in writing by City and all developed in accordance with Section 5.1(f), to the extent that they are required. Developer's submissions of an accepted Project Schedule, Schedule Updates, and Schedule of Values are conditions precedent to City's processing of Applications for Payments that request payment of construction costs;

(b) Photographic documentation of completed work (as requested);

(c) If requested, Developer shall within a reasonable time (estimated to be 60 days) provide three copies of certified payrolls from Developer and all Contractors for the period covered by the Application for Payment, with one copy having all pertinent information visible and two copies having the workers' names, addresses, and social security numbers blacked out or proof that the certified payrolls were electronically submitted to the DIR's eCPR system, if acceptable to City;

(d) Evidence satisfactory to City that Developer is fulfilling its obligations under the Contract Documents with respect to preparing daily reports and maintaining up-to-date As-Built Plans;

(e) Conditional waivers and releases on progress payment or final payment (as applicable) from Developer, those Contractors of any tier, and those suppliers claiming funds covered by the Application for Payment, and unconditional waivers and releases on progress payment or final payment from Developer, General Contractor, those Contractors of any tier, and those suppliers who received funds through the preceding applications for payment, all in the form prescribed by Civil Code Sections 8120 through 8138 (provided, however, that with respect to Contractors and suppliers, unconditional waivers and releases will exclude the prior two months' payments); and

(f) Any other administrative documentation reasonably required by City or as agreed upon.

The Application for Payment shall show the total value of work completed or partially completed as of the date of submission of the Application for Payment, including 100% of the value of materials delivered to the Project site and not yet incorporated into the construction and long-lead time items, items specifically fabricated for the Project or specialized items (e.g., steel, curtain wall and glass, HVAC, generator, switch gear, light fixtures, etc.), and 100% of the value of materials delivered to Developer and stored at locations other than the Project site ("**Stored Materials**"), provided that Developer furnishes City satisfactory evidence that Developer has acquired title to the Stored Materials, the Stored Materials will be used on the Project, the Stored Materials are properly stored at a secure off-site location reasonably acceptable to City, the Stored Materials at each storage location are segregated from any other materials there that are not intended for use on the Project, and the Stored Materials are covered by insurance against loss, damage, theft or vandalism. City reserves the right to adjust an Application for Payment if a prior Application for Payment is determined to have been overstated or understated.

9.2 Payment Procedures. City shall have the opportunity to attend all meetings between Developer and Contractors at which applications for payments are to be discussed (e.g. Developer shall be available and shall require the General Contractor to be available for a monthly meeting for review of the current month's application for payment, if requested by City). City shall receive with the Project Application for Payment any documentation submitted to Developer supporting the General Contractor's application for payment. So long as City and Trustee shall have received the Project Application for Payment, including all required Developer certifications, lien releases, and other required supporting documentation, on or before the tenth day of a calendar month, City shall make any objections regarding such Project Application for Payment in writing as soon as practicable, but in any event no later than five (5) business days after receiving it or the City shall be deemed to have waived its right to object to such Project Application for Payment.

Within ten (10) business days of City receiving an undisputed, properly completed Application for Payment, City will submit a requisition (Exhibit B to the Indenture) to request that Trustee pay to Developer a sum equal to the value of the work completed since the commencement of the work, less all previous payments, plus a like percentage of the

value of material delivered on the ground or stored subject to, or under the control of, City, and unused; provided, however, that Trustee shall hold 5% of the value of the construction work under the GC Contract (but will not withhold Retention on soft costs, General Contractor's fixed fee, Developer's Fixed Fee, Developer's Fixed Overhead, Commodities or deposits for Commodities (e.g., the Financed FF&E), or exceptions to Retention specifically set forth in the GC Contract) completed as Retention until the Retention Payment is made pursuant to Section 9.8. Upon request of Developer and at City's sole and absolute discretion, when the Work is 50% complete (by cost), as evidenced by City's approval of Project Applications for Payment showing the Work at least 50% completion, no further Retention may be withheld. If City fails to receive the Project Application for Payment on or before the tenth (10th) day of the month, City shall have a period of five (5) calendar days from its receipt of such Project Application for Payment to review and approve such application, and a period of ten (10) business days to pay amounts as to which there is no objection. If City objects to any portion of a Project Application for Payment, City shall provide detailed written comments explaining the nature of the disapproval as provided in the preceding paragraph, whereupon (i) for Project Costs which are approved by City, City shall request payment from the Trustee and (ii) Developer and City shall meet within two (2) business days to determine mutually acceptable revisions to the Project Application for Payment. If City delays timely progress payment from Trustee through City's breach, negligence or misconduct and not due to a deficient Application for Payment, and as a direct result of that failure Developer is required to pay to its General Contractor, Consultants, vendors, or Contractors additional amounts equivalent to statutory penalties or late charges (collectively, "late charges"), then City will pay to Developer those late charges in addition to the amount unpaid (and such late charges will result in an adjustment of the Project GMP in an amount equal to the amount of the late charges). Late charges will only be paid upon presentation to City of written evidence that the late charges were in fact owed and paid by Developer. No progress payment by City shall be considered to be City's acceptance of any part of the work.

Failure of Developer and City to determine mutually acceptable revisions to the Project Application for Payment within the two (2) business day period shall entitle either City or Developer to commence the dispute resolution process described in Section 24 hereof or, if necessary, litigation. Failure to reach agreement on an Application for Payment shall not relieve Developer from its duties and obligations under this Agreement or relieve City from its duties and obligations under this Agreement (including, but not limited to, paying undisputed amounts).

9.3 Requisition to the Trustee. City shall execute and deliver each requisition to the Trustee for the amount of the Project Application for Payment, or such undisputed portion thereof under Section 9.2. City shall undertake good faith efforts to cause Trustee to disburse the amount shown on such requisition to Developer for disbursement to applicable Contractors and others in accordance with the Indenture.

9.4 Initial Draw. The Initial Draw shall include a mutually agreed amount to reimburse Developer for Project Costs actually incurred or paid by those parties (including, without limitation, fees and costs incurred prior to this Agreement for the General Contractor, Architect and other design professionals) on and before the date of Bond

Closing. City may include in the Initial Draw and/or subsequent draws amounts paid by Tenant for the PHASE 2 Services to reimburse Tenant for such costs, all or in part. Developer and City shall agree on the maximum amount of the Initial Draw and shall notify Tenant of that agreed maximum amount by no later than three (3) business days prior to the Sale of the Bonds; in addition, Developer and City shall agree on the exact amount of the Initial Draw and shall notify Tenant of that agreed Initial Draw amount by no later than seven (7) business days prior to the Bond Closing.

9.5 Other City Costs. Notwithstanding anything to the contrary contained in this Agreement, all costs of every nature that constitute Other City Costs shall be the sole responsibility, cost and expense of City. City further agrees that Developer shall have no responsibility or liability for any of the Other City Costs and City shall timely fund all Other City Costs.

9.6 Lump Sum Work and Unit Prices. City shall pay for work shown on the schedule of values as "Lump Sum", "L.S.", or "Job" at the lump sum price shown. Any contract work for which a unit price has been agreed upon, will be paid for at the actual quantities constructed in accordance with the Contract Documents. Upon completion of the work, if the actual quantities show either an increase or decrease from the quantities stated in this Agreement, the unit price stated will apply unless a change to the unit price is warranted under the Section 8.

9.7 Allowances. Payment for any Allowance identified in the Schedule of Values shall be for direct cost reimbursement only, unless the Schedule of Values identifies it as a "Time and Materials" or "T&M" item. Reimbursable direct costs shall be verified by invoices and shall include any amounts paid to third parties, and do not include markups, including but not limited to supervision, labor, overhead, or profit related to the item. Payment for Allowances based on T&M pricing shall be proposed by Developer subject to City's acceptance using the same criteria and proposal breakdown as that specified in the "Time-and-Materials Change Orders" subsection of Section 8. Any costs that exceed the maximum amount of any Allowance line item shall be addressed as a change to this Agreement consistent with Section 8, but in such event there shall be no markup for overhead and profit on the additional actual costs. Upon completion of the Project, each Allowance will be corrected for unused balances and a credit to the Project GMP will be issued by Change Order to reflect the actual sums authorized for work as Allowance items; provided, however, that if a particular Allowance is exceeded by a significant amount (as reasonably determined by Developer in its discretion), then the parties will issue a Change Order for that particular Allowance instead of netting all Allowances later so that Developer is not financing the excess cost. The following terms apply to Allowances:

(a) Include in the Project GMP all Allowances named in the Contract Documents. The amount of each Allowance includes:

(1) The cost of the product/material to Developer, less any applicable trade discounts.

(2) Delivery to the site including handling, unloading, uncrating and storage.

(3) Protection from the elements from damage.

(4) Labor for installation and finishing.

(5) Other expenses required to complete installation.

(6) Applicable taxes.

(7) Overhead and profit.

(b) Developer shall file a “No Collusion Affidavit” with City in regards to the actual cost price of Allowance items, and allow any requested examination of his accounts and those of his materials.

(c) Allowances are included in the scope of the Contract Documents.

(d) Payment for Allowances shall be based on direct costs actually incurred by Developer for labor, materials, equipment, or other expenses required to accomplish the allowance. All payments shall be based on Developer’s actual expense less any applicable trade discounts as verified by invoice(s), delivery to the site including handling, unloading, uncrating and storage, protection from the elements of damage, labor for installation and finishing, other expenses required to complete installation, applicable taxes, and charge for overhead and profit.

(e) Except as set forth above with respect to Allowances that significantly exceed their value, upon completion of the Project, all of the Allowances will be corrected (netted out to an aggregate add or deduct) by a written change order signed by City and Developer to reflect the actual sums authorized for work as Allowance items.

(f) A list of Allowances is included in **Exhibit D**.

9.8 Retention Payment. To the extent allowed by applicable law, when the Work is 50% complete (by cost), as evidenced by City’s approval of Project Applications for Payment showing the Work at least 50% completion, City will release a portion of the Retention to pay the Retention for the Trade Contractors who have completed their work. In order for City to release Retention as set forth in the preceding sentence, the Work must be on schedule (as evidenced by the most recent approved Project Schedule) and on budget (as evidenced by the most recent Project Application for Payment). City will pay the remaining Retention (less 150% of the cost of outstanding Punch List work) within thirty (30) days of AHJ issuing a Temporary Certificate of Occupancy so that the General Contractor and Trade Contractors can be paid prior to the expiration of time to record mechanic’s liens or stop payment notices. If the Retention Payment is made before Developer has complied with all of its obligations under this Agreement, then payment of

Retention shall not be interpreted as Final Payment, and shall not relieve Developer of its obligations under the Final Payment provisions.

9.9 Final Payment. The Final Payment (which will include the remaining Retention, if any, less 150% of the cost of outstanding Punch List work) shall be made no later than 30 days after Developer Substantially Completes the work and submits an Application for Final Payment in proper form and suitable for payment. Developer's work will not be complete until Developer has delivered electronic versions of: (a) record drawings for the Project; (b) all operations and maintenance manuals; (c) manufacturers', suppliers', and installers' warranties, guarantees, instruction sheets, and parts lists; and (d) any other documents or information required by the Contract Documents as a condition to completion of the work. Developer's Application for Final Payment shall include:

(1) Developer's affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Project have been paid or otherwise satisfied by Developer; and

(2) Conditional waivers and releases on Final Payment in the form prescribed by Civil Code Section 8136 from Developer, its Contractors of any tier, and its suppliers who will receive funds from the Final Payment, listing with specificity any and all claims under or arising out of this Agreement or the Project that remain unsettled.

9.10 Stop Payment Notices. If stop payment notices are filed against the Project or state, federal, or other governmental agency claims or liens are filed, then City may withhold the amount required by law from progress payments until such claims and liens have been resolved pursuant to applicable law. However, if the cause of the stop payment notice is due to City's unexcused failure to timely and fully pay Developer in accordance with the terms of this Agreement, then (a) City may not withhold and (b) Developer is entitled to make a claim for direct damages incurred as a result of or arising out of the withholding.

10. Other Services by Developer. Services may be performed by the Developer at the written request of City which are not included as part of the Project. Such services shall be performed pursuant to a separate written agreement between City and Developer.

11. Developer's Fixed Fee, Developer's Fixed Overhead, and Reimbursable Expenses.

11.1 Developer's Fixed Fee and Developer's Fixed Overhead. The Project GMP (**Exhibit D**) includes the Developer Fixed Fee and Developer Fixed Overhead payable to Developer in the amounts set forth in **Exhibit D** as the Developer's Fixed Fee and Developer's Fixed Overhead for Phase 2 Services under this Agreement, which is subject to adjustment as provided in this Agreement and is payable as set forth in Section 11.3. Any City-initiated change orders shall increase the Developer's Fixed Fee and Developer's Fixed Overhead in an amount calculated as set forth in Section 8.5 or 8.6, as applicable.

11.2 Reimbursable Expenses. Developer's Reimbursable Expenses will be paid as incurred, without regard to the percentage complete of the Project. With respect to insurance, City shall reimburse Developer, as a Reimbursable Expense, Developer's expense (acknowledged and agreed to be \$10.00 per \$1,000 of contract value) for the Commercial General Liability, Employer's Liability, Auto Liability, and Professional Liability insurance required to be maintained by Developer under this Agreement. All other Reimbursable Expenses will be billed at cost without markup.

11.3 Payment of Developer's Fixed Fee and Developer's Fixed Overhead. As part of the monthly Project Application for Payment, Developer shall be entitled to a ratable portion of the Developer's Fixed Fee and Developer's Fixed Overhead. The total amount of Developer's Fixed Fee and Developer's Fixed Overhead are set forth in **Exhibit D**. City will pay to Developer the Developer Fixed Fee and Developer Fixed Overhead compensation, in the amount identified in **Exhibit D**, as follows:

(a) Equal Monthly Installments: The Developer Fixed Fee and Developer Fixed Overhead for Developer's services under this Agreement will be deemed earned and paid in equal monthly installments (the number of installments equal to the number of months for the Project duration under the Project Schedule); provided, however, that if Developer completes the Project in less time, then the unpaid balance of the Developer Fixed Fee and Developer Fixed Overhead is due with the Final Payment to Developer under this Agreement (i.e., the equal monthly installments are for billing purposes, but the intent is that City will pay the full amount of Developer's Fixed Fee and Developer Fixed Overhead). If the Project takes more time, then Developer is not entitled to additional Developer Fixed Fee or Developer Fixed Overhead compensation (except as expressly provided in Section 8).

(b) Application: Developer will submit to City its request for payment of the Developer Fixed Fee and Developer Fixed Overhead as part of the Project Application for Payment under this Agreement.

12. Completion of the Project.

12.1 Substantial Completion of the Project. Developer shall achieve Substantial Completion of the Project by the Developer Obligation Date. Until Substantial Completion of the Project has occurred, City shall not occupy the Project and shall prohibit Tenant or any other party from occupying the Project; provided, however, that limited use of the Project for storage, move-in or installation of Tenant's Personal Property by City when such use is approved by Developer, such approval not to be unreasonably withheld, shall not be deemed to be occupancy. Notwithstanding that Substantial Completion of the Project shall have occurred, City shall be entitled to provide Developer with a Punch List, in accordance with the provisions of this Section 12.

12.2 Notice of Substantial Completion. When Architect considers that the Work is ready for its intended use, Developer shall require Architect to prepare and deliver to City a tentative certificate of Substantial Completion in the form of **Exhibit L**. The

tentative Certificate of Substantial Completion will include by attachment a tentative list of items to be completed or corrected. Developer shall give notice in writing to City that the Project is Substantially Complete (except for Punch List items specifically listed as incomplete) in accordance with the Contract Documents (“**Developer’s Notice of Completion**”). Promptly thereafter (but in no event exceeding three (3) business days), City, Developer, Architect, General Contractor and Tenant shall inspect the Project Work to determine the status of completion. If City does not consider the Work substantially complete or City objects to the Punch List, then City must notify Developer in writing within five (5) business days of the inspection giving all of City’s specific reasons that the Project is not Substantially Complete or the Punch List is inaccurate; if City does not provide written notice within such time, then the City will be deemed to have no objection. Once Developer addresses all of City’s reasonable objections, Architect will then issue a definitive Certificate of Substantial Completion (with the potential of a revised Punch List) agreed to by the Architect, Developer, and City. The Certificate of Substantial Completion will include by attachment the (revised) Punch List. The completion of the Punch List, installation of City’s IT, and completion of any other City work (e.g., City installation of Tenant’s Personal Property) shall not be required in order for the Project to be Substantially Complete.

12.3 Completion of Punch List Items. Following Substantial Completion, Developer shall diligently cause all Punch List items to be completed promptly in accordance with the Contract Documents. Developer shall coordinate the performance of any such Punch List work to avoid any unreasonable hindrance to Tenant’s installation of Tenant’s Personal Property and its full occupancy of the Project.

12.4 Final Acceptance. Upon Final Acceptance, Developer shall be entitled to payment of the balance of Developer’s Fixed Fee, Developer’s Fixed Overhead, and all other Project Costs incurred in connection with the work, but not to exceed the Project GMP, which will be invoiced pursuant to Section 9, above. “**Final Acceptance**” means that each of the following items shall have occurred with respect to the Project:

(a) AHJ Approval: AHJ has issued a temporary or final certificate of occupancy or other approval (e.g., final building inspection by building officials) for the Project permitting Tenant to occupy and use the Project for its Permitted Use; provided, however, if the delay in the issuance of the certificate of occupancy or other approval is attributable solely to the City’s or Tenant’s work including, without limitation, Tenant’s Personal Property, or an obligation of City or Tenant, then this condition shall be deemed satisfied;

(b) Conditional Waivers: Developer and each Contractor shall have provided its final conditional waivers and releases of lien in the statutory form.

(c) Punch List Complete: All Punch List items shall have been completed, but if City consents to Final Acceptance without completion of all Punch Lists items, the parties shall have agreed upon the estimated costs of any Punch List items remaining to be completed and 150% of such estimated cost shall be withheld by the Trustee in the Project Costs Account until the Punch List items

have been completed to the reasonable satisfaction of City. When the Punch List items have been completed, Developer shall notify City and, upon City's reasonable satisfaction that the Punch List items have been completed, City shall deliver its requisition to the Trustee for payment of the funds withheld by the Trustee under this Section 12.4(c);

(d) Final Pay App: Developer shall have submitted its final Project Application for Payment together with evidence reasonably satisfactory to City that all construction costs have been paid in full or will be paid in full with payment of the final Application for Payment;

(e) Project Costs Report: Developer shall have delivered to City a written report showing the allocation of Project Costs among the categories of **Exhibit D** and the remaining specified dollar amount of the Developer Contingency and the undisbursed portion of the Developer's Fixed Fee and Developer's Fixed Overhead;

(f) Title Policy Endorsement: City and Trustee shall each have received an endorsement to its respective Title Policy dated as of and issued on the date of Final Acceptance, which shall insure City and Trustee respectively (1) against any liens for labor or materials, whether or not of record, which may have arisen in connection with the construction of the Project, and (2) show no additional exceptions to the City's Title Policy other than those approved by or arising through City;

(g) LEED Application: Not applicable; and

(h) Final Acceptance Obligations: Developer shall have completed and delivered the matters set forth in Section 14.

12.5 Approval of Final Project Application for Payment. Upon delivery of Developer's final Project Application for Payment and other materials set forth above, City shall, acting reasonably and in good faith, review and approve the final Project Application for Payment on or before that period expiring five (5) business days after receipt of the final Project Application for Payment, receipt of notice from Developer that the Punch List matters are complete (except those items permitted to remain outstanding pursuant to Section 12.4(c)), and City's receipt of the materials set forth in Section 14 of this Agreement. In the event no written comments from City are received by Developer within said five (5) business day period, City shall be deemed to have waived its right to comment on the Final Application for Payment or to disapprove the completion of the Punch List, except those items permitted to remain outstanding pursuant to Section 12.4(c). If City disapproves the final Project Application for Payment or completion of the Punch List, or any portion thereof, City shall provide detailed written comments explaining the nature and specific reason for each disapproval; whereupon, Developer and City shall meet within two (2) business days to determine mutually acceptable revisions to the final Project Application for Payment and the completion of the Punch List. Failure of Developer and City to determine mutually acceptable revisions to final Project Application for Payment

and the completion of the Punch List within the two (2) business day period, shall entitle either City or Developer to commence the disputes resolution process described in Section 24.

12.6 Requisition of Final Payment. City shall execute and deliver the requisition for Final Payment to the Trustee within one (1) business day following expiration of said five (5) business day period, or if City disapproves of the final Project Application for Payment, then within one (1) business day after the date of approval of the mutually acceptable revisions to the final Project Application for Payment or the determination of the disputes resolution process, if applicable. Subject to the provisions for disbursement of unused contingency funds in Section 12.7 below, City shall take all steps to cause the Trustee to disburse the remaining money in the Project Costs Account, except for (1) any money withheld for completion of the Punch List items under Section 12.4(c), and (2) the \$50,000 reserved for warranty work as provided for in Section 7.9, but in any event not more than the Project GMP, in the amount shown on such requisition. In addition, City shall in such requisition direct payment of the remaining Developer's Fixed Fee and Developer's Fixed Overhead in accordance with the provisions of Section 11.3.

12.7 Disbursement of Developer Contingency. Subject to allocation of the Developer Contingency by Developer to pay for Project Costs pursuant to Section 7.7, if all or some portion of the Developer Contingency is not used for Project Costs, then 50% of the unused Developer Contingency shall be paid to Developer.

12.8 Notice of Completion. Developer may record a Notice of Completion in accordance with Requirements of Law upon completion of the Project. If, after receipt of written notice that Developer intends to record or has recorded a Notice of Completion, City determines that the Project is not in compliance with this Agreement, then City must, within five (5) business days of Developer's written request, provide to Developer a written statement setting forth all of the reasons for City's determination that a Notice of Completion is premature. The statement must also specify the action(s) that City believes that Developer must take to properly record a Notice of Completion. After addressing the issues set forth in City's written notice, Developer will again notify City of Developer's intent to record a Notice of Completion and the parties hereto will continue to repeat the inspection and notice procedures until City agrees that the Notice of Completion may properly be recorded. Notwithstanding the foregoing, the parties agree that the Requirements of Law, and not City's or Developer's particular belief, will determine the validity of any recorded Notice of Completion.

12.9 Partial Occupancy. City reserves the right to enter and install equipment within each portion of the Project as it is ready to receive same, upon the condition that (a) Developer shall not be responsible for equipment so placed other than loss or damage caused by the acts or omissions of Developer or those in Developer's employ, and (b) City does not interfere with Developer's performance of work or damage any work in place. City may, only with Developer's consent (which Developer may withhold in its sole and absolute discretion), take possession of or use all or part of any work prior to completion and final acceptance of all the work upon condition that (1) City's possession or use does not interfere with Developer's performance of work, and (2) such possession or use is

allowed by the applicable insurance policy(ies). If Developer allows partial occupancy, then Developer shall be relieved of liability for loss or damage to completed portions of the work other than loss or damage caused by the acts, omissions, or breaches of warranty by Developer. Such taking of possession by City shall not relieve Developer from any other provisions of the Contract Documents, shall not constitute a final acceptance of any such work or of work not completed in accordance with the Contract Documents, and shall not relieve Developer from responsibility for correcting defective workmanship or materials in the area so occupied. City may, only with Developer's consent (which Developer may withhold in its sole and absolute discretion), during the performance of the work enter the work area for the purpose of performing any necessary work by City's labor or Separate Contractors, but only for the purpose of the installation of Tenant's Personal Property. In doing so, City shall not interfere with Developer, and Developer shall not interfere with other work being done by or on behalf of City. If City's acts or omissions cause damage or delay to Developer or the Project, then Developer shall be entitled to a claim for additional cost and/or time in accordance with Section 8.

13. Miscellaneous Developer Obligations. In addition to Developer's obligations listed elsewhere in this Agreement, Developer agrees to:

(a) Except as specifically noted, provide and pay for (as a Project Cost):

(1) Labor, materials, and equipment.

(2) Tools, construction equipment, and machinery.

(3) Water, heat, and utilities required for construction including any metering and connection fees or charges, except City will provide and pay for electric power and pay for water acreage assessment charges. If any utilities are in place and in use by the City at the site, Developer, to the extent available, at no cost may utilize such utilities (excluding telephone).

(4) Other facilities and services necessary for proper execution and completion of work to provide a facility capable of operation.

(5) Legally required sales, consumer, and use taxes.

(b) Secure and pay (as Allowances) for: Permits, government fees, and licenses. Developer must pay the permit fees (as an Allowance) and fulfill the conditions of the permit from the San Bernardino County Planning & Development Services Department.

(c) Give required notices.

(d) Comply with the edition of California Building Code in effect at the time of issuance of the building permit (or as otherwise noted on the permitted set of Construction Drawings) and other codes, ordinances, rules, regulations, orders, and legal requirements of public authorities which bear on performance of work.

(e) Enforce strict discipline and good order among employees. Do not employ on work:

(1) Unfit persons.

(2) Persons not skilled in assigned task.

14. Developer's Final Acceptance Obligations. On or before Final Acceptance of the Project, Developer shall obtain and electronically submit to City, the following:

14.1 As-Built Plans. A complete set of final as-built plans and specifications prepared by the General Contractor for the Project. Tenant Improvements will be provided in pdf and CAD.

14.2 Manuals. All technical and service, instruction and procedure manuals relating to the operation and maintenance of all HVAC systems and other mechanical devices and equipment installed in the Project, except insofar as relating to Tenant's Personal Property.

14.3 Warranties. An assignment (on a non-exclusive basis) and delivery of all warranties, guarantees, maintenance contracts, and machinery and equipment warranties received by Developer from the General Contractor or any Trade Contractor, or any supplier, materialmen or manufacturer relating to the Project; provided, however, that so long as Developer's warranty set forth in Section 7.9 herein remains in effect, Developer reserves the right, notwithstanding the assignment and delivery of such warranties hereunder to City, to fully enforce all such warranties in the place and stead of Authority.

14.4 Permits and Licenses. The originals (if not posted at the Project) of all Permits, licenses and other approvals necessary for the occupation, use and operation of the Project.

15. Indemnification.

15.1 Developer's Indemnification.

(a) To the maximum extent allowable by law, Developer shall indemnify and defend with counsel reasonably approved in writing by City and hold harmless Authority, City, Trustee and their respective elected and appointed officials, officers, contractors, and employees (collective, "**City Indemnitees**") from any claims, demands, or liabilities (hereinafter "**Liabilities**"), excluding professional negligence Liabilities, to the extent arising out of, pertaining to, or relating to (a) death or injury to people or damage or injury to property (excluding the Work itself) in connection with the performance of the Phase 2 Services; (b) the negligence, recklessness, or willful misconduct of Developer or anyone for whom Developer is liable; (c) any liability under workers' compensation acts, disability benefit acts, and other employee benefit acts (provided, however, the indemnify obligation hereunder shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable under such acts); or (d) any liability

stemming from the wrongful performance of Phase 2 Services. Notwithstanding the foregoing, Developer is not obligated under this AGREEMENT to indemnify any City Indemnitees from any liability to the extent such liability is ultimately determined to be due to the active negligence, sole negligence, or willful misconduct of City Indemnitees. If judgment is entered against Developer and City by a court of competent jurisdiction because of the concurrent active negligence of Developer and City or City Indemnitees, then Developer and City agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment. Notwithstanding anything stated above, nothing contained herein shall relieve Developer of any insurance requirements or obligations created elsewhere in this Agreement. Developer shall require indemnification of City in all of its contracts, including but limited to the Developer's General Contractor and Architect and their subcontractors and subconsultants. Furthermore, City and Developer hereby mutually release each other from liability and waive all rights of recovery against each other for any loss from perils insured against under the builders risk insurance policy to be carried by Developer or its General Contractor pursuant to **Exhibit G**.

(b) For professional negligence Liabilities, to the maximum extent allowable by law, Developer shall indemnify and hold harmless City Indemnitees from any Liabilities, to the extent that the Liabilities arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of such professional for the performance of professional services pertaining to the Project. Developer shall reimburse City Indemnitees for their reasonably incurred defense fees and costs to the extent Liabilities for professional negligence are determined to have been caused by the negligence of Developer. In no event shall the cost to defend charged to Developer exceed Developer's proportionate percentage of fault. However, notwithstanding the previous sentence, in the event one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, Developer shall meet and confer with the other parties regarding unpaid defense cost. The parties intend for the provisions set forth in this Subsection (b) to be in compliance with Civil Code §2782.8, and this Subsection (b) will be interpreted in a manner that complies with Civil Code §2782.8

15.2 City's Indemnification. To the maximum extent allowable by law, City agrees to indemnify, defend with counsel reasonably approved in writing by Developer, and hold Developer, General Contractor, Contractors, Architect, consultants retained by Developer for the Project, and Trustee, and their respective officers, directors, employees, and agents ("**Project Indemnitees**") harmless from any Liabilities whether incurred by or made against Project Indemnitees of any kind or nature, including but not limited to personal injury or property damage, to the extent arising from or related to the negligent acts or omissions of City or any breach or default by City of its obligations under this Agreement. This indemnity applies even in the event of Project Indemnitees' concurrent fault, except that nothing in this indemnification provision shall be construed to require City to indemnify Project Indemnitees for Liabilities to the extent caused by Project Indemnitees' negligence, willful misconduct, or defects in design furnished by them.

16. Insurance Requirements.

16.1 Developer's Insurance. Developer shall procure and maintain, at a minimum, for the duration of this Agreement the insurance as set forth in **Exhibit G**. The cost of such insurance shall be a Project Cost.

16.2 City's Insurance. City shall procure and maintain upon the delivery of the Certificate of Substantial Completion the property insurance as required in the Lease Agreement.

16.3 Verification of Coverage. Each party shall furnish the other with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms reasonably approved by the other party and are to be received and approved by such other party prior to the commencement of activities associated with this Agreement.

16.4 Builders Risk Insurance. If directed by City in writing, Developer shall procure and maintain, or will direct its General Contractor to procure and maintain, for the duration of this Agreement, the builder's risk insurance as set forth in **Exhibit G**. The cost of such builder's risk insurance shall be a Project Cost.

16.5 Notice of Cancellation. Developer and City, respectively, shall take steps to provide notification to Authority, City and Trustee in the event of insurance policy cancellation. Such notice shall be sent by Developer or City in writing at least 30 days in advance of such intended cancellation (10 days for cancellation due to non-payment of premium).

17. Representatives.

17.1 Developer Representatives. City agrees that the person with overall responsibility for the work for the Project for the Developer shall be Roger Torriero and Korin Crawford ("**Developer's Representative**"). The "**Developer's Project Manager**" shall be Deryl Robinson. Developer may also appoint an additional representative by giving written notice to City of the onsite representative. City shall have the right to approve any changes in the personnel named above, such approval not to be unreasonably withheld. City may rely on such representatives as having the authority to execute Change Orders in any amount unless Developer identifies to City in writing the officer(s) or employee(s) with such authority. Any written order or communication given to this representative shall be deemed delivered to Developer. In the absence of Developer's Representative in case of emergency, instructions or directions may be given by City to the General Contractor's project manager or superintendent. Such order shall be complied with promptly and referred to Developer or its representative. Developer's Representative must be able to read, write, and speak English fluently. Developer's Project Manager, if different than Developer's Representative, shall represent Developer in the absence of Developer's Representative, and all directions given to the Project Manager shall be binding as if given to Developer. Developer's onsite representative, if different than the

Project Manager, shall represent Developer in the absence of Developer's Representative and Project Manager, and all directions given to the Developer's onsite representative shall be binding as if given to Developer. City may require Developer to replace the Project Manager or onsite representative whose conduct or performance is unsatisfactory. Developer shall not change its Project Manager or onsite representative without City's consent unless the Project Manager or onsite representative is unsatisfactory to Developer or ceases to be in Developer's employ. If Developer's Project Manager or onsite representative leaves the Project, Developer shall replace him or her within two business days (unless additional time is agreed upon by City) with a new, qualified project manager or onsite representative.

17.2 City's Representative. City designates the Assistant to the City Manager (Tanya Williams or her successor) as "**City's Representative**," authorized to act on the City's behalf with respect to the Project, and the decisions of City's Representative will be binding on City. The "**City's Project Manager**" shall be Tanya Williams, who is authorized to act on the City's behalf with respect to the Project (including but not limited to approving Applications for Payment), and the decisions of City's Project Manager will be binding on City. City may also appoint an additional representative by giving written notice to Developer of the onsite representative. City's Representative and/or Project Manager shall promptly render decisions to avoid delay in the orderly process of design and construction of the Project. City may communicate with the Contractors and the Architect only through Developer's Representative or Project Manager. City's Representative and Project Manager may be changed by City from time to time by written notice to Developer. Unless otherwise expressly stated in the Contract Documents, City's Representative and/or Project Manager will issue and receive all written communications on behalf of City for the Project. Developer may rely on City's Representative and Project Manager as having the authority to execute Change Orders in any amount unless City identifies to Developer in writing the person(s) with such authority. Any written order or communication given to City's Representative or City's Project Manager shall be deemed delivered to City. Disbursement of bond proceeds for project payments require the additional approval of the City's Finance Director or the City Manager, acting on behalf of the City. Developer reserves the right to appeal any decisions rendered to the City Council for final determination.

17.3 General Contractor's Representative. Developer shall require its General Contractor to provide the services of the superintendent(s). A superintendent shall be present at the work site whenever work is in progress including whenever weather conditions necessitate its presence to take measures necessary to protect the work, persons, or property. In case of emergency, General Contractor's superintendent shall represent Developer in the absence of Developer's designated representative or Project Manager, and all written directions given to the superintendent(s) shall be binding as if given to Developer. The superintendent must read, write, and speak English fluently. City may require Developer to require its General Contractor to replace a superintendent whose conduct or performance is unsatisfactory. General Contractor shall not change its superintendent without City's consent unless the superintendent is unsatisfactory to General Contractor or ceases to be in General Contractor's employ. If General Contractor's superintendent leaves the Project, General Contractor shall replace him or her

within two business days (unless additional time is agreed upon by City) with a new, well-qualified superintendent acceptable to City.

17.4 Emergency Contacts. Developer shall provide City with a list of names and telephone numbers at which Developer's representative, superintendent, and other key personnel can be reached during non-working hours in the case of an emergency.

17.5 Communications. All City communications to Developer, General Contractor, Architect, or any of the Contractors or their employees must be issued solely by the City's Representative or City's Project Manager and delivered exclusively to Developer. All communications from Developer, General Contractor, or any of Developer's consultants or their employees to City must be issued solely by Developer's Representative or Developer's Project Manager and delivered exclusively to the City's Representative or City's Project Manager.

17.6 Timely Decisions. City will, in a timely manner consistent with the Project Schedule, provide full information regarding its requirements for the Project. The City's Representative or Project Manager will render in a timely manner consistent with the Project Schedule all decisions requested by Developer's Representative or Project Manager which may be necessary to perform the Project in accordance with the Project Schedule. City or City's Representative's or Project Manager's failure to timely provide required information will result in a City-Caused Delay.

18. Accounting, Inspection and Audit.

18.1 Accounts. Developer shall keep and will also require its General Contractor to keep such full and detailed accounts as may be necessary for proper financial management under this Agreement. Developer's accounting and control system shall be in accordance with standard accounting practices of the construction industry. Developer shall preserve all of its books and records relating to this Agreement, including but not limited to its job cost records, payables/receivables records, accounting books, bids, cancelled checks, receipts, subcontracts, purchase orders, journals, vouchers, payrolls, correspondence, drawings, daily logs, photographs, and memoranda, for a period of two (2) years after Final Payment. However, Developer is not required to keep or provide detailed records for amounts identified as fixed amounts or lump sums (including, without limitation, insurance, Developer Fixed Overhead, and Developer Fixed Fee) under this Agreement or the PDA, and such amounts will be deemed earned as billed and will not be subject to City's audit rights under this Agreement or the PDA (regarding the PDA, this provision is merely clarifying the original intent of the parties, not amending, when such amounts were earned or the records requirements and audit rights under the PDA relating to fixed amounts and lump sums, which the parties never intended to be subject to record keeping requirements or audits). Should Developer cease to exist as a legal entity, Developer shall forward its records pertaining to this Agreement to the surviving entity in a merger or acquisition, or, in the event of liquidation, to City upon City's timely written request.

18.2 Inspection and Audit. City (including by request of Tenant), and their contracted representatives, shall have the right to examine and audit Developer's accounting procedures and internal controls of Developer's financial systems and to inspect and copy any books and records relating to this Agreement. Such an examination, audit, and/or inspection may be requested at any time during the Project, or two (2) years after Final Payment. If City so elects to conduct such an audit, it shall give notice to Developer, and such audit shall be conducted as soon as is reasonably feasible thereafter, but progress payments to Developer shall not be delayed pending the outcome of the audit. Such audit shall be conducted by an auditor selected by City, and City shall, except as hereinafter provided, pay the cost of such audit. Developer shall cooperate fully with City in the conduct of such examinations, audits, and inspections, shall grant full access at all reasonable times to its offices, the Project site, and its books and records relating to this Agreement, and shall allow City to interview Developer's employees who might reasonably have information related to Developer's books and records, provided that City has given Developer at least one working day's advance notice of City's intent to examine, audit, inspect, and interview employees. All examinations, audits, inspections, and interviews shall be conducted during normal business hours. If an audit discloses a material discrepancy (i.e., a discrepancy by more than five percent in the aggregate with respect to the expenses or fees billed by Developer), Developer shall reimburse City for the cost of the audit up to a cap of \$50,000. Any adjustments in amounts due and owing by either party to the other party shall be promptly paid by the party owing the amounts due.

19. Construction Liens. Upon Final Acceptance of the Project and upon City's request during the progress of the Project, Developer shall submit evidence that all payrolls, material bills and other indebtedness relating to the work have been paid (subject to City's timely funding the Project Costs and all other costs that are the responsibility of City). If at any time there shall be appropriate evidence of any lien or claim (including stop payment notices) for which, if established, City shall be liable, or which would constitute a lien on the Project or Bond proceeds, and which is chargeable to and the responsibility of Developer, then provided that City has timely funded the Project Costs and all other costs that are the responsibility of City under this Agreement, upon written request by City, Developer or Contractor shall furnish a bond or other assurance in form and amount satisfactory to remove such lien or stop payment notice from the public records. If any potential lien or stop payment notice claimant gives notice to Trustee in accordance with the provisions of applicable law that it has filed a mechanics' lien or stop payment notice against the Project and such lien or stop payment notice is the responsibility of Developer in accordance with the previous provisions of this Section 19, there shall be no further disbursement of Bond proceeds until Developer shall have provided Trustee and City with a bond or other security in accordance with applicable law to the amount claimed under the lien or notice until resolution of such dispute and payment of such lien or stop payment notice, agreement with such potential lien claimant that such notice is withdrawn, or a court declaration that such notice is void in accordance with the provisions of applicable law. Developer shall notify City and Trustee upon Developer's knowledge of the filing of any lien or the service of any stop payment notice in connection with the Project.

20. Priority Agreements. To the extent permissible under California law, Developer shall require its General Contractor to subordinate its lien rights, by agreement in form and substance satisfactory to City, to the Site and Facility Lease, Lease Agreement, and the Indenture

securing the Bonds in favor of Trustee and its respective successors or assigns, and shall use its reasonable efforts to obtain a similar subordination from all Trade Contractors under this Agreement. Any Trade Contractor who refuses to so subordinate its lien rights must be specifically approved in writing by City.

21. Damage and Destruction; Condemnation.

21.1 Damage and Destruction. After the happening of any casualty to the Project, Developer shall give City and Trustee prompt written notice thereof generally describing the nature and cause of such casualty and the extent of the damage or destruction to the Project. Developer and City acknowledge, agree and assign all insurance proceeds which Developer or City may be entitled to receive prior to Final Acceptance of the Project with respect to damage or destruction to the Project to Trustee for deposit into the Insurance and Condemnation Proceeds Fund established under the Indenture, and each insurance carrier shall be and is hereby irrevocably instructed in accordance herewith. Such insurance proceeds shall be applied in accordance with the Lease Agreement which provides that Tenant and City will cause the net proceeds of any insurance claim to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, or defective portion of the Project or otherwise used to pay Project Costs, including increases in the Project Costs or, at their discretion solely in accordance with the Lease Agreement, Tenant and City may elect not to repair, reconstruct or replace the damaged, destroyed, or defective portion of the Project and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Indenture. If, prior to the Substantial Completion of the Project, Tenant and City direct that such proceeds be applied to the repair, restoration, modification, improvement or replacement of the damaged, destroyed, or defective portion of the Project, Developer shall proceed diligently to reconstruct and restore the Project in accordance with the Contract Documents and the provisions of this Agreement, and City shall direct that such proceeds deposited in the Insurance and Condemnation Proceeds Fund established under the Indenture, shall be disbursed to Developer in accordance with the provisions of Section 9 herein and the Indenture for payment of progress payments, for payment of the costs to repair and restore the Project in accordance with the Indenture. All costs of such repair or restoration of the Project exceeding the amount of the insurance proceeds shall be paid in accordance with the Lease Agreement, and Developer shall not be responsible for any such costs.

21.2 Condemnation. In the event of a partial condemnation of the Project to the extent that the Project may still be constructed in accordance with the Contract Documents, or may be constructed in accordance with the Contract Documents as modified by changes acceptable to City and Developer, Developer shall proceed diligently to construct the Project in accordance with the Contract Documents, as modified, if applicable. Any such partial condemnation proceeds shall be deposited in the Insurance and Condemnation Proceeds Fund established under the Indenture and applied in accordance with the Lease Agreement and, as applicable, disbursed in accordance with the provisions of Section 9 above. In the event of a condemnation of all of the Project or so much thereof that the Project may no longer be constructed in accordance with the Contract Documents, this Agreement shall terminate, Developer shall be paid for all costs incurred as of the date of

such condemnation (including costs that Developer is obligated to pay third parties as of that date, together with a pro rata portion of the Developer's Fixed Overhead and the Developer's Fixed Fee), and the parties shall have no further obligations hereunder. In such event, after Developer has been paid in accordance with the foregoing sentence, all condemnation proceeds shall be applied by the Trustee pursuant to the Indenture.

22. Payment of Taxes/Assessments.

22.1 Real Property Taxes. Any and all real property taxes and assessments (including leasehold excise tax) levied against the Land and the Project or any portion thereof shall be paid by City. Notwithstanding anything to the contrary contained in this Agreement, Developer shall have no liability whatsoever for any real property taxes or assessments (including any leasehold excise tax).

22.2 Other State and Local Taxes. Except as otherwise provided in Section 22.1, Developer shall pay any and all state and local taxes assessed in connection with the Project, including, but not limited to, state and local retail sales taxes as part of the Project GMP. Developer shall complete all necessary tax returns relating to such taxes and file the same with the applicable state or local governmental agency and remit, on or before the date such tax payment is due, payment of such state and local taxes to the proper taxing authority.

23. Default and Termination.

23.1 Developer Default. The following events shall constitute an “**Event of Default**” by Developer if the same shall continue uncured after expiration of the applicable notice and cure periods set forth herein, if any:

(a) Material Default: If Developer shall fail to perform any material obligation under this Agreement;

(b) Persistent Failure: If Developer persistently or repeatedly refuses or fails to cause to be supplied to the Project enough properly skilled workers or proper materials to complete the Project, or if Developer ceases work on the Project for a period of fourteen (14) consecutive days (subject to Unavoidable Delays or City-Caused Delays);

(c) Misappropriation: If Developer misappropriates any funds received by Developer pursuant to the provisions of this Agreement;

(d) Disregarding Laws: If Developer persistently disregards and fails to comply with laws, ordinances or rules, regulations or orders of a public authority having jurisdiction over the Project;

(e) Failure to Pay: If Developer fails to make any payments required for the Project to the General Contractor, Architect or otherwise and such failure is a breach of the GC Contract or Architect's Agreement or other applicable contract, and such failure to pay is not caused by City's unexcused failure to pay Developer;

(f) Permit Revoked: If, due to the wrongful actions of Developer, any Permit required for construction of the Project shall be revoked or canceled;

(g) Liens: If there shall occur any lien or other encumbrance on the Land or the Project caused by Developer which is not bonded and removed in accordance with Section 19 above; provided, however, that if the lien or other encumbrance results from City failing to pay the Project Costs or other costs that are the responsibility of City under this Agreement, as and when due, then Developer is not required to bond or remove such lien or encumbrance;

(h) Defective Work: If there shall have occurred defective workmanship or materials within the Project which is not cured within the time period provided in Section 7.11 of this Agreement;

(i) Assignment: If Developer shall have assigned, pledged or encumbered its rights, duties or obligations under this Agreement in violation of Section 25.6 of this Agreement; or

(j) Bankruptcy: If Developer files a petition for bankruptcy or if it makes a general assignment for the benefit of Developer's creditors, or if a receiver is appointed on account of Developer's insolvency and any such petition or appointment is not dismissed within sixty (60) days.

23.2 City Remedies upon Developer Event of Default. Upon any Event of Default by Developer, City shall give Developer written notice of the same, whereupon following receipt of such written notice Developer shall have thirty (30) calendar days within which to commence all necessary action to cure any such Event of Default, (and if such cure is commenced, proceed to diligently complete such cure within a reasonable period of time), except with respect to Events of Default set forth in Section 23.1(c) and (h) for which the cure period shall be ten (10) business days, or Section 23.1(i) for which no cure period exists beyond the time period stated therein; provided however, that such cure period shall not apply to failure of Developer to achieve Substantial Completion of the Project on or before the Developer Obligation Date for the Project. If Developer fails to cure such Event of Default within the time period set forth above, City shall be entitled to the following remedies:

(a) Completion of the Project: To take over and complete the Project, City is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enforce contracts or agreements theretofore made by Developer and to do any and all things that are necessary and proper to complete the Project and be entitled to use the undisbursed Project Fund proceeds to pay Project Costs;

(b) Specific Performance: In addition to a claim for damages for such breach or default, and in addition to and without prejudice to any other right or remedy available under this Agreement or at law or in equity, to commence an action for specific performance of this Agreement;

(c) Withhold: To withhold approval of further disbursement of Bond proceeds;

(d) Damages: To bring an action for damages; or

(e) Termination: To terminate this Agreement without liability upon ten (10) days written notice. Upon receipt of written notice from City of a termination for cause, Developer shall cease operations as directed by City in the notice and take all actions necessary, or as City directs, for the protection and preservation of the work.

23.3 City Default. The following shall constitute an “*Event of Default*” by City if the same shall continue uncured after expiration of the applicable notice and cure periods set forth herein, if any:

(a) Failure to Pay: City fails to cause Trustee to make disbursements to Developer of any sum of money owed to Developer pursuant to this Agreement as and when due, including without limitation, all monies due and owing from the Project Costs Account unless Developer shall have committed an uncured Event of Default as set forth in Section 23.1 above.

(b) Assignment: City shall have assigned, pledged or encumbered its rights, duties or obligations under this Agreement in violation of Section 25.6; or

(c) Material Default: City shall have failed to perform any other material obligation under this Agreement.

23.4 Developer Remedies Upon City Event of Default. Upon any Event of Default by City, Developer shall give City written notice of the same. Upon receipt of such written notice City shall have thirty (30) calendar days to cure any such Event of Default, except with respect to Events of Default set forth in Section 23.3(a) for which the cure period shall be five (5) business days. In the event City fails to cure such Event of Default within said period, Developer shall be entitled to stop all work relating to the Project (and any resulting delays will be an City-Caused Delay), if Developer so desires and shall further be entitled to pursue its rights and remedies at law and in equity under this Agreement, including without limitation, specific performance of City’s obligations hereunder.

23.5 Remedies Not Exclusive. No remedy conferred upon either party in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. City and Developer waive claims against each other for consequential damages arising out of or relating to this Agreement. This mutual waiver includes, without limitation: (a) damages incurred by City for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and (b) damages incurred by Developer for principal office overhead and expenses including the compensation of personnel stationed there, for losses of financing, business

and reputation, loss of bonding capacity, and for loss of profit, except anticipated profit arising directly from the Work. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement, but this waiver of consequential damages will not be deemed to preclude (1) an award of liquidated damages or (2) damages covered by any applicable insurance covering City, Developer, General Contractor, the Contractors, the Work, or the Project (including any amounts not covered by such policies or any amounts subordinate to or included within such policy limits for which any insured is self-insured or has a deductible obligation under any applicable policy), it being the intent of the parties to not waive their right to recover insurance proceeds that they would otherwise be entitled to recover in the absence of the waiver of consequential damages.

23.6 Termination for Convenience of City. Notwithstanding any other provision of this Agreement, City may at any time and without cause terminate this Agreement, in whole or in part, upon not less than 90 days written notice to the Developer. Such termination shall be effected by delivery of a Notice of Termination to Developer specifying the effective date of the termination, whether this Agreement shall be terminated in whole or in part, and, if applicable, the portion of work to be terminated. Developer shall immediately stop work in accordance with the Notice of Termination and comply with any other direction as may be specified in the Notice of Termination or as provided subsequently by City. City shall pay Developer for the work completed and accepted by City prior to the effective date of the termination, unpaid but earned portions of fees to Developer, General Contractor, Consultants, Architect, and Contractors, plus any actual termination costs incurred (such as demobilization costs, costs to protect the work in place, early termination fees for the trailer, equipment, etc.) and such payment shall be Developer's sole remedy. Under no circumstances will Developer be entitled to anticipatory or unearned profits, consequential damages, or other damages of any sort as a result of a termination in whole or in part under this provision. Developer shall require its General Contractor to insert in all Construction Contracts with Trade Contractors that (a) the Trade Contractors shall stop work on the date of, and, if applicable, the portion of work to be terminated in a Notice of Termination, (b) under no circumstances will Trade Contractors be entitled to anticipatory or unearned profits, consequential damages, or other damages of any sort as a result of a termination in whole or in part under this provision (but will be entitled to work performed through the date of termination and reasonable demobilization costs), and (c) shall require Trade Contractors to insert the same condition in any lower tier subcontracts.

23.7 Equitable Adjustment for Extended Delay. If, through no fault of Developer (e.g., Unavoidable Delays or City-Caused Delays), construction of the work is stopped for (a) ninety (90) or more consecutive calendar days or, (b) in the aggregate, one hundred twenty (120) or more calendar days, then Developer may request that this Agreement be terminated (which the City can approve in its sole discretion). If this Agreement is not terminated by mutual agreement, Developer will be entitled to an equitable adjustment to the Project GMP and/or Developer Obligation Date. The foregoing right to an equitable adjustment does not alter Developer's right to make a claim for increases to the Project GMP and/or extensions of the Developer Obligation Date under Section 8 for delays less than the foregoing time frames, but rather is intended to clarify

that an extended delay as provided in the preceding sentence may have significant impacts on time and cost that require an equitable adjustment even if Developer was not otherwise entitled thereto (e.g., for Unavoidable Delays, where Developer typically only receives time but not money). If the City and Developer cannot agree on the equitable adjustment, then the dispute will be resolved pursuant to the dispute resolution procedures set forth in Section 24.

24. Disputes. City and Developer agree to follow the independent resolution process set forth in this Section 24 to resolve disputes regarding preparation of the Construction Drawings and Detailed Specifications and changes to Construction Documents in an economic and time efficient manner so that such documents conform to the requirements of this Agreement, the Project Schedule is not adversely impacted, and the Project as constructed will satisfy the Project Requirements. If a dispute arises between City and Developer during the design or construction of the Project regarding the adequacy of any Drawings or Specifications or the responsibility for any costs associated with any design development, addition or change (e.g., whether any design development is consistent with the Project Requirements), the parties shall attempt to resolve such dispute as expeditiously as possible and shall cooperate so that the progress of the design and construction of the Project is not delayed. If, however, the parties are unable to resolve the dispute within five (5) business days, either party may, by delivering written notice to the other and the Trustee, refer the matter to a dispute resolution mediator as set forth on the attached **Exhibit H**. If either party to this Agreement brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action or dispute shall be entitled to recover its reasonable attorneys' fees from the non-prevailing party. Pending resolution of the claim or dispute, Developer shall continue the work diligently to completion as directed by City. If the claim or dispute is not resolved, Developer agrees that it will neither rescind this Agreement nor stop the progress of the work provided that City continues to pay undisputed amounts.

25. Miscellaneous.

25.1 Waiver; Modification. No failure on the part of City or Developer to exercise any right or remedy under the Contract Documents shall operate as a waiver of any other right or remedy that City or Developer may have. A waiver by City or Developer of any breach or failure to perform under the Contract Documents shall not constitute a waiver of any subsequent breach or failure. The failure of City or Developer to enforce a requirement of the Contract Documents in one or more instances shall not preclude City or Developer from subsequently enforcing such requirement(s). No oral statement shall in any manner modify this Agreement. All changes to this Agreement must be in writing approved by both the City and Developer.

25.2 Neutral Authorship. In connection with the execution and delivery hereof, each party has been represented by counsel. Each of the provisions of this Agreement has been reviewed and negotiated, and represents the combined work product of both parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

25.3 Severability. The provisions of this Agreement are severable. If any portion or portions of this Agreement is declared void or unenforceable, it shall not affect the other provisions of this Agreement.

25.4 Relationship of Parties. Developer and City shall not be construed as joint venturers or general partners, and neither shall have the power to bind or obligate the other party except as set forth in this Agreement. Nothing herein shall be construed as reserving to City the right to control Developer's business.

25.5 Third Party Rights. The provisions of this Agreement are intended for the benefit of, and may only be enforced by the parties hereto and their respective successors and assigns, including, as to City, the Trustee. None of the rights or obligations of the parties herein set forth (or implied) is intended to confer any claim, cause of action, remedy, defense, legal justification, indemnity, contribution claim, set-off, or other right whatsoever upon or otherwise inure to the benefit of any Contractor, Architect, subcontractor, worker, supplier, mechanic, architect, insurer, surety, guest, member of the public, or other third parties having dealings with either of the parties hereto or involved, in any manner, in the Project. Notwithstanding the foregoing, if Developer fails to cause Substantial Completion of the Project to be achieved by the date set forth in the Project Schedule (subject to adjustment for Change Orders, Unavoidable Delays and City-Caused Delays as provided herein), Tenant shall be deemed a third party beneficiary of this Agreement and may enforce the performance by Developer of its obligations under this Agreement.

25.6 Assignment; Encumbrance or Pledge. Neither this Agreement nor any portion thereof may be assigned by Developer without express written consent of City, which consent may be withheld in the exercise of its absolute discretion. Any attempted assignment contrary to the provisions of this Section shall be void. Notwithstanding the foregoing, claims for monies due or to become due to Developer from City under this Agreement may be assigned without the written consent of the City to a surety, bank, trust company, or other financial institution and may thereafter be further assigned or reassigned to any such institution. Neither this Agreement nor any rights or duties hereunder nor any benefits derived herefrom may be assigned, delegated, pledged or encumbered to any other person or entity by City without the express written consent of Developer, which consent may be withheld in the exercise of its absolute discretion, except that City may assign its rights under this Agreement either to the Trustee pursuant to the Indenture as security in connection with the financing described in Section 3 above.

25.7 Notices. Any notices or other communications required or permitted by this Agreement or by law to be served on, given to, or delivered to either party hereto by the other party, shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the party to whom it is addressed or in lieu of such personal service, three (3) days after it is deposited in the United States mail, first-class postage prepaid, certified or registered, return receipt requested, addressed as follows, or sent via electronic mail or facsimile transmission with received invoice followed by a "hard copy" mailed, regular mail, within one (1) business day to the email address or fax number listed as follows:

City: City of Rialto
Attention: Henry Garcia, Interim City Manager
City of Rialto
150 S. Palm Avenue
Rialto, CA 92376
Phone: 909-820-2528
Email: hgarcia@rialto.ca.gov

with copy to:

Eric S. Vail, City Attorney

Burke, Williams & Sorensen, LLP
1770 Iowa Avenue, Suite 240
Riverside, CA 92507-2479
Phone: (951) 788-0100
Email: evail@bwslaw.com

Developer: Griffin / Swinerton, LLC
Attention: Roger Torriero
1 Technology Drive, Building I, Suite 829
Irvine, California 92618
Phone: (949) 497-9000 x210
Email: rtorriero@griffinholdings.net

with copy to:

The Rodarti Group
Attn: Keith Davis, Esq.
20 Enterprise, Suite 375
Aliso Viejo, CA 92656
Phone: (949) 831-0303
Email: kdavis@constructionriskmanagers.com

Either party may change its address for the purposes of this section by giving written notice of such change to the other party in the manner provided in this Section.

25.8 Entire Agreement. This Agreement (and the Exhibits referred to herein) constitute the entire agreement between the parties with respect to the subject matter hereof and may be amended only in writing signed by both parties.

25.9 Time Is of the Essence. Time is of the essence of this Agreement.

25.10 Employees of Developer. Developer is acting under this Agreement as an independent contractor and nothing herein contained, or any acts of Developer or City, nor any other circumstances, shall be construed to establish Developer as an agent of City. Developer shall be responsible for each of Developer's employees or other persons performing services to be performed by Developer hereunder and for determining the

manner and time of performance of all acts to be performed by Developer hereunder. Developer shall maintain all required industrial and worker's compensation insurance for all employees of Developer and shall cause all Contractors, Architect and all design professionals and other persons, firms and corporations employed to perform services in connection with the Project to provide worker's compensation and similar insurance with respect to their respective employees.

25.11 Exhibits. The Exhibits to this Agreement, which are hereby incorporated by this reference, are:

Exhibit	Description	Partial Section Reference
A	Legal Description of Land	Recitals; Section 1
B	Project Labor Agreement	Section 5.4
C	Intentionally omitted	
D	Breakdown of Project GMP	Sections 1, 4.4, 4.7, 6.1, 7.7, 8.17, 9.1, 9.7, 11.1, 11.3, 12.4
E	Index of Approved Design Development Documents	Sections 1, 8.16
F	Project Schedule	Sections 1, 6.3
G	Developer's Insurance Requirements	Sections 15.1, 16
H	Dispute Resolution Procedure	Sections 8.7, 24, 25.16
I	Developer's Qualifications, Exclusions, and Allowances	Section 1
J	Final Completion form	Sections 1, 7.8
K	Special Inspections and Testing	Section 1
L	Certificate of Substantial Completion	Sections 1, 12.2
M	Form of Performance and Payment Bonds; Dual Obligatee Rider	Section 7.3
N	Form of Project Application for Payment	Sections 1, 9.1
O	Intentionally omitted	
P	City-Approved Procurement Plan	Sections 2.7, 5.2

25.12 Compliance with Civil Rights Laws. During the performance of this Agreement, Developer shall comply with all federal and applicable state nondiscrimination laws, including but not limited to: Title VII of the Civil Rights Act, 42 U.S.C. § 12101 et seq.; and the ADA; and the provisions of the Lease Agreement that are applicable to Developer's performance of this Agreement. In the performance of this Agreement, Developer shall neither engage in nor permit its Contractors to engage in discrimination against any employee or applicant for employment on any basis listed in California Government Code Section 12940, including but not limited to race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, as those bases are currently defined in Government Code Sections 12926 and 12926.1, or as they may be modified. This prohibition shall pertain to employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay and other forms of compensation; selection

for training, including apprenticeship; and any other action or inaction pertaining to employment matters.

25.13 Public Records Act. Pursuant to the California Public Records Act (“CPRA”), Government Code Sections 6250 et seq., all records provided by Developer to City are subject to public disclosure upon request except as otherwise provided by law. Prior to their submission to City, and within ten (10) days of receiving a Public Records Act Request, Developer shall identify any records it believes are exempt from disclosure, identify the applicable CPRA exemption, and mark or otherwise conspicuously identify those documents as CONFIDENTIAL. If the disclosure of such records is subsequently requested or determined by City to be required, City will notify Developer of such request or determination. Unless Developer obtains a protective order issued by a court restricting disclosure of the requested records, City may disclose the records if City determines that the Public Records Act requires disclosure. Developer shall indemnify and defend City in any action to compel disclosure of such records that Developer has identified as exempt from CPRA and requested City not to disclose.

25.14 Patent Infringement. Developer shall promptly report to City any notice or claim of patent infringement arising from the performance of this Agreement. Developer shall, upon City’s request, furnish to City any and all information in Developer’s possession relevant to such notice or claim. Developer shall indemnify City from any and all claims or lawsuits on account of any patent infringement arising out of Developer’s performance of this Agreement, and shall pay any judgment rendered against City, its officers, or its employees resulting from such claim or lawsuit, except in cases where the patent infringement arises from an item specified by City. If City requires Developer to include a product in the Construction Documents, and the City-required product results in a patent infringement claim against Developer, then City shall indemnify Developer from any and all claims or lawsuits on account of any patent infringement arising out of the City-required product, and shall pay any judgment rendered against Developer, its officers, or its employees resulting from such claim or lawsuit.

25.15 Governing Law; Venue. This Agreement and all provisions hereof shall be interpreted in accordance with the laws of the State of California in effect on the date of execution of this Agreement. The Superior Court of San Bernardino County, State of California shall have exclusive jurisdiction and venue over any legal action arising under this Agreement, except only to the extent that **Exhibit H** provides otherwise.

25.16 Securing Worker’s Compensation Insurance Certification. Developer, by executing this Agreement, hereby certifies: “I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

25.17 Employee Eligibility Verification. Developer hereby certifies that it complies with all applicable laws and regulations regarding the eligibility of its employees to work in the United States, and that all of its employees performing work under this

Agreement meet all citizenship or immigration status requirements to do so. Developer shall obtain all documentation necessary to verify the employment eligibility status of covered employees as described by U.S. Citizenship and Immigration Services Form I-9. Developer shall retain such documentation for the period prescribed by law. Developer shall indemnify, defend with counsel approved in writing by City, and hold harmless the City, its agents, officers, and employees from any sanctions or liability that may be assessed in connection with any violation of federal or State laws or regulations pertaining to the eligibility for employment of any of Developer's employees performing work under this Agreement.

25.18 Section 179D Allocation. Intentionally omitted.

[Remainder of page intentionally left blank.]

DATED the day and year first above written.

CITY:

CITY OF RIALTO,
a California municipal corporation

By: _____
Name: Henry Garcia
Its: Interim City Manager

ATTEST:

By: _____
Barbara A. McGee, City Clerk

APPROVED AS TO FORM:

By: _____
Eric S. Vail, City Attorney

DEVELOPER:

GRIFFIN / SWINERTON, LLC,
a Delaware limited liability company
Contractor's License Number 1045588

By: _____
Name: Roger Torierro
Its: Principal

By: _____
Name: Korin Crawford
Its: Executive Vice President

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Bernardino and described as follows:

Property Address: 128 N Willow Avenue, Rialto, CA 92376
APN: 0130-191-11-0-000

Parcel 1 of Parcel Map No. 13781 in the City of Rialto, as shown by map on file in Book 167 Page 11 of Parcel Maps, Records of San Bernardino County, California. Excepting therefrom all of the minerals and mineral ores of every kind, including all petroleum, oil, natural gas and other hydrocarbon substances and products together with rights of ingress and egress beneath the surface of said land below the surface of 500 feet by Deed recorded August 5, 1966 in Book 6675 Page 129 of Official Records.

APN: 0130-191-11-0-000
(End of Legal Description)

EXHIBIT B

Project Labor Agreement

PROJECT LABOR AGREEMENT

FOR THE

RIALTO POLICE STATION PROJECT

BY AND BETWEEN

SWINERTON BUILDERS

AND

THE SAN BERNARDINO-RIVERSIDE BUILDING AND CONSTRUCTION TRADES
COUNCIL

AND THE

CRAFT UNIONS & DISTRICT COUNCILS

SIGNATORY TO THIS AGREEMENT

TABLE OF CONTENTS

PREAMBLE	1
ARTICLE 1 PURPOSE	1
ARTICLE 2 GENERAL PROVISIONS	2
ARTICLE 3 SCOPE OF AGREEMENT	3
ARTICLE 4 MANAGEMENT RIGHTS	6
ARTICLE 5 EFFECT OF OTHER AGREEMENTS	6
ARTICLE 6 UNION RECOGNITION, SECURITY, WAGES AND BENEFITS	7
ARTICLE 7 REFERRAL AND LOCAL HIRE	8
ARTICLE 8 HELMETS TO HARDHATS	8
ARTICLE 9 CONTINUITY OF THE WORK	9
ARTICLE 10 JURISDICTIONAL DISPUTES	11
ARTICLE 11 GRIEVANCE AND ARBITRATION PROCEDURE	12
ARTICLE 12 EXPEDITED ARBITRATION FOR STRIKES, LOCKOUTS AND JURISDICTIONAL DISPUTES	13
ARTICLE 13 SAFETY	14
ARTICLE 14 GENERAL SAVING CLAUSE	15
ARTICLE 15 NON-DISCRIMINATION	15
ARTICLE 16 PRE-JOB CONFERENCE	16
ARTICLE 17 ASSIGNMENT	16
ARTICLE 18 PROJECT SUPPORT	17
ARTICLE 19 ENTIRE UNDERSTANDING	17
ARTICLE 20 TERM OF AGREEMENT	17
 ATTACHMENT A - LETTER OF ASSENT	 19
SIDE LETTER 1 - REGARDING SUCCESSORSHIP	20
SIDE LETTER 1A - REGARDING SUCCESSORSHIP	21
ATTACHMENT B- ASSUMPTION AGREEMENT	22
EXHIBIT 1 TO ATTACHMENT B	24

RIALTO POLICE STATION PROJECT LABOR AGREEMENT

PREAMBLE

This Project Labor Agreement is entered into this 20th day of October, 2023, by and between Swinerton Builders, the general contractor (hereinafter, the “**General Contractor**”) and the contractors and subcontractors that execute a Letter of Assent (as defined below) for the construction of the Rialto Police Station Project (hereinafter General Contractor, contractors and subcontractors that execute a Letter of Assent are collectively referred to as the “**Employers**”) and the San Bernardino-Riverside Building and Construction Trades Council (hereinafter, the “**Council**”) and the Local Unions and District Councils signatory to this Agreement and having members employed on the project (collectively, hereinafter the “**Unions**”). The General Contractor, Council, Unions, Employers and contractors and subcontractors that sign a Letter of Assent are referred to herein individually as a Party and collectively as the Parties.

ARTICLE 1 **PURPOSE**

1.1. The purpose of this Agreement is to ensure that all work on this Project, as defined below, shall be performed efficiently, economically and without interruption by the skilled workforce supplied through and by the Unions.

1.2. The General Contractor intends to construct a new police station, along with associated infrastructure and related improvements (“**Project**”) at 128 N. Willow in Rialto, California (“**Project Site**”).

1.3. It is the objective of the Parties that the construction of this Project will benefit the Employers, the Unions, and the community, and it is recognized by all Parties that harmonious labor-management relations are the result of responsible conduct by the Unions and the Employers employing building trades people, and it is the Parties’ mutual desire to promote these relationships on this Project.

1.4. The Parties hereby agree and do establish and put into practice effective and binding methods for the settlement of all misunderstandings, disputes, or grievances that may arise under this Agreement so that the Parties are assured of complete continuity of operation, without slowdown or interruption of any kind or for any reason, and that labor-management peace is maintained for the life of the Project.

1.5. In the interest of the future of the construction industry in the local area, of which the Unions are a vital part, and to maintain the most efficient and competitive posture possible, the Unions pledge to work and cooperate with the management of the Project to produce the most efficient utilization of labor and equipment in accordance with this Agreement.

ARTICLE 2 **GENERAL PROVISIONS**

2.1. The General Contractor retains the right to control and coordinate all construction work on the Project by determining work scheduling, including start times and the necessity for and the times of shift work; directly enforcing any drug and alcohol abuse policy that is agreed to by any contractor or subcontractor and the Unions, and otherwise directly removing any employee, whether employed by any Employer, for breach of the rules promulgated by the General Contractor governing conduct on the job. The General Contractor shall have the right to order the corrective action necessary to maintain reasonable and lawful standards for work-place health and safety. The General Contractor, at its option, shall act as the coordinator, participate in pre-job conferences and mark-up meetings as provided in this Agreement, and participate in the resolution of any grievances.

2.2. The General Contractor possesses a valid California General Contractor's license and directly employs on-site personnel.

2.3. The Parties agree that this Agreement is a valid pre-hire agreement within the meaning of Section 8(f) of the National Labor Relations Act [29 U.S.C. § 158(f)].

2.4. The term "**Employer**" or "**Employers**" refers to the General Contractor, its contractors, and subcontractors at all tiers and any person or entity who assigns, awards or subcontracts Covered Work or authorizes another Party to assign, award or subcontract Covered Work, or performs Covered Work, but not including any governmental entity or any person or entity who performs, assigns, awards, subcontracts or authorizes Covered Work on behalf of a governmental entity.

2.5. It is understood that the General Contractor, at its sole option, may terminate, delay and/or suspend any or all portions of the Project at any time.

2.6. It is understood that the final plans for the Project may be subject to design changes and modifications or may be revised as the result of the approval by those public agencies possessing lawful approval authority over the Project, and that this Agreement applies to the Project as it is finally approved by such agencies.

2.7. This Agreement shall be binding only on the signatory Parties hereto or Parties that have signed the Letter of Assent. This Agreement shall not apply to parents, affiliates, subsidiaries, divisions or other ventures of any signatory to this Agreement or the Letter of Assent, unless signed by such parent, affiliate, subsidiary, division or venture. This Agreement shall be binding only with respect to the Project. It is understood that the liability of any Employer and the liability of the separate Unions under this Agreement shall be several and not joint. The Unions agree that this Agreement does not have the effect of creating any joint employer status between or among the Project Employers, and/or any other contractors.

2.8. As used in this Agreement, the term "**Master Labor Agreement**" or "**MLA**" refers to the local area collective bargaining agreements negotiated and executed from time to time by (i) Employers or applicable employer associations and (ii) Unions having jurisdiction over Covered Work. If there is a conflict between this Agreement and any Master Labor Agreement, then the provisions of this Agreement shall control.

2.9. It is agreed that all Employers performing Covered Work on the Project shall become signatory to and be bound by the terms and conditions of this Agreement by signing a Letter of Assent as provided in Attachment A of this Agreement.

2.10. Except as provided in this Agreement, there shall be no limitations whatsoever on an Employer's right to select the most qualified bidder for a construction contract, or material and/or equipment for purchase.

ARTICLE 3 SCOPE OF AGREEMENT

3.1. Except as otherwise provided in this Agreement, all on-site preparation, demolition and abatement of existing structures on the Project Site and all refurbishing, renovation, rehabilitation, improvement and new construction work (under the recognized and accepted customary State of California definitions) performed by the Employers of whatever tier, required or permitted to be made to the Project Site that is within the craft jurisdiction of the Unions, shall be work covered by this Agreement ("**Covered Work**"). This Agreement applies only to the Project Site and shall have no force or effect on any other projects.

3.2. This Agreement shall not apply to the Employers' supervisors, technical executives, engineers, office and clerical employees, draftsmen, supervisors, timekeepers, messengers, guards, project management or any other employees above the classification of general foremen.

3.3. This Agreement shall include the classifications of Surveyor and Building/ Construction Inspector and Field Soils and Material Testers ("**Inspectors**") as covered crafts under this Agreement. This inclusion applies to the scope of work defined in the Master Labor Agreement for said crafts and shall also specifically include such work where it is referred to by utilization of such terms as "quality control" or "quality assurance". Every surveyor and Inspector performing work under these classifications pursuant to a professional service agreement or a construction contract shall be bound to all applicable requirements of this Agreement. Covered Work, as defined by this Agreement, shall be performed pursuant to the terms and conditions of this Agreement regardless of the manner in which the work was awarded.

3.4. The following work is excluded from the definition of Covered Work under this Agreement:

3.4.1. All work of non-manual employees, including, but not limited to, superintendent, supervisors, staff engineers, designers, timekeepers, mail carriers, clerks, office workers, messengers, guards, safety personnel, emergency medical and first aid technicians, and other professional, engineering, administrative, supervisory, executive and management employees or to any other employees not covered by the local Master Labor Agreement of one of the Unions.

3.4.2. All engineering and planning work related to pre-demolition and pre-abatement.

3.4.3. It is recognized that certain specialty equipment and systems of a highly technical and specialized nature will have to be installed at the Project. The nature of the equipment and systems, together with requirements of manufacturer's warranty, may dictate that it be

prefabricated, pre-piped, and/or pre-wired and that it be installed under the supervision and direction of the manufacturer's personnel. The Unions agree to install such material, equipment and systems without incident, or allow such installation to be performed by the manufacturer's employees or a contractor certified by the manufacturer where the Unions are unable to perform such work or the warranty requires the work to be performed by the employees of the manufacturer or a contractor certified by the manufacturer. If a warranty on the manufacturer's specialty or technical equipment or systems purchased requires that the installation of such specialty or technical equipment or system be performed by the manufacturer's own personnel, then such installation may be performed by the manufacturer's own personnel. If a warranty on the manufacturer's specialty or technical equipment or systems purchased requires that the installation of such specialty or technical equipment or system be performed by a contractor certified by the manufacturer, and there are no Union signatory contractors certified by the manufacturer to install and/or perform such work, then such installation may be performed by such certified contractor. The General Contractor shall notify the Unions at the pre-job conference of the use of this provision and shall provide copies of the written warranty that require that the work be performed by the manufacturer's own personnel, or a contractor certified by the manufacturer, to the affected Union. When the warranty does not require installation by the manufacturer's own personnel or a contractor certified by the manufacturer, the Unions agree to perform and install such work under the supervision and direction of the manufacturer's representative. This does not apply to construction equipment.

3.4.4. All off-site manufacturing, fabrication and handling of materials, equipment or machinery except at dedicated staging, lay down or storage yards; however, the movement of materials or goods between Project work locations in the execution of a contract for Covered Work is within the scope of this Agreement. Off-site fabrication work for plumbing and HVAC systems, if set forth in a Union's MLA, shall be considered as Covered Work under this Agreement; provided however, prefabricated materials, such as manufactured bathroom units, kitchen units, countertops, cabinets, millwork panels, and similar pre-manufactured purchases which will arrive at the Project completely built out ready for hookup/installation, including the Project sales/leasing center, will be considered "off-the-shelf items," and will not be subject to the off-site fabrication provisions of the MLAs.

3.4.5. Any work performed on, near, or leading to the Project and undertaken by the state, county, city or other governmental bodies, or their contractors; or by utilities (including, without limitation, water, gas, electric, telecom, cellular, CATV, broadband and internet) or their contractors.

3.4.6. Any off-site work which is not part of the Project, or which is not required as a condition of approval for the Project.

3.4.7. All off-site maintenance of leased or owned equipment and on-site supervision of such work.

3.4.8. Work on the Project performed as a result of a threat to life, limb or property or other emergency or circumstances requiring immediate action.

3.4.9. All non-construction support services contracted by an Employer in connection with this Project.

3.4.10. All hauling from and delivery to the Project Site and deliveries of all materials required to complete the Project, except that companies delivering asphalt, aggregates and concrete which pay their employees not less than the wage rates and employee benefit costs set forth in the collective bargaining agreement between Teamsters and National Ready Mix Concrete Co. for all of their deliveries throughout San Bernardino County shall be used on the project.

3.4.11. All cleaning of temporary toilets and servicing of the same; dumpster delivery and servicing of the same.

3.4.12. Any warranty repair or maintenance work required by warranty and performed by employees of an Original Equipment Manufacturer ("OEM") or other vendor, after the initial installation by the Unions on the OEM's or vendor's equipment. This exclusion shall only apply to routine maintenance and repair work performed by employees of the OEM or its vendor.

3.4.13. All maintenance of non-construction equipment, janitorial, and security services.

3.4.14. All work after a Temporary Certificate of Occupancy or beneficial occupancy, as described in Article 10, is taken, including customer service activity that is not customarily contracted out to a contractor in the construction industry.

3.4.15. All work for the delivery, unloading, moving and installation of unattached pieces of furniture, fixtures, equipment and owner supplies & equipment for non-construction materials, that is not covered by an applicable Master Agreement.

3.4.16 All work for the installation of security and/or surveillance systems except for the installation of any conduit and wiring which is considered Covered Work.

3.4.17 All work for the installation of the shooting range equipment.

3.4.18 All Information Technology systems and networking, except for the installation of any conduit and wiring which is considered Covered Work.

3.4.19 All city hired Contractors/Vendors, however, the Contractor will notify the Council in advance of such city hired Contractors/Vendors.

3.5. When work listed in Section 3.4 above is performed, the Unions shall continue to be bound by all the provisions of this Agreement.

ARTICLE 4 MANAGEMENT RIGHTS

4.1. The Employers retain full and exclusive authority for the management of the Project and their operations, as set forth in this Article, and shall retain all existing rights of management and

all rights conferred by law unless expressly limited or required by a specific provision of this Agreement or an MLA. The management of the Project, including, but not limited to, the hiring, promoting, laying off, suspending, disciplining, or discharging for cause, direction of work force, work schedules (including establishing coordinated working hours and starting times) and work practices for the Project shall be vested solely in the Employers except as specifically and expressly limited by this Agreement. The General Contractor has the right to establish common rules (including drug/alcohol and safety) for the Project and distribute such Project rules to each employee.

4.2. There shall be no limit on production by workmen or restrictions on the full use of tools or equipment. Craftsmen using tools shall perform any of the work of the trades and shall work under the direction of the craft foremen. There shall be no restrictions on efficient use of manpower other than as may be required by safety regulations. The Employers may utilize the most efficient methods or techniques of construction, tools or other labor-saving devices to accomplish the Covered Work. Practices not a part of the terms and conditions of this Agreement will not be recognized.

4.3. The Employers shall be the sole judge of the number and classifications of employees required to perform work subject to this Agreement and shall have the right to determine the competency of all employees and the duties of such employees within their craft jurisdiction. The Employers shall have the absolute right to hire, promote, suspend, discharge or lay-off employees at their discretion and to reject any applicant for employment; provided, however, that such right is exercised in good faith and not for the purpose of avoiding the Employers' commitment to employ qualified workers through the procedures established in this Agreement.

ARTICLE 5 EFFECT OF OTHER AGREEMENTS

5.1. The provisions of this Agreement, including the Master Labor Agreements, as such may be changed from time-to-time and which are incorporated herein by reference, shall apply to Covered Work under this Agreement. This Agreement is not intended to supersede the MLAs between any of the Employers performing construction work on the Project and a Union signatory thereto except to the extent the provisions of this Agreement are inconsistent with such MLAs, in which event the provisions of this Agreement shall apply. However, such does not apply to work performed under the National Cooling Tower Agreement, the National Stack Agreement, the National Transit Division Agreement ("NTD"), work within the jurisdiction of the International Union of Elevator Constructors, and all instrument calibration and loop checking work performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Systems Technicians, except that Articles dealing with Work Stoppages and Lock-Outs, Work Assignments and Jurisdictional Disputes, and Settlement of Grievances and Disputes shall apply to such work. Where a subject is covered by the provisions of a Master Labor Agreement and not covered by this Agreement, the provisions of the Master Labor Agreement shall apply. It is specifically agreed that no later agreement shall be deemed to have precedence over this Agreement unless signed by all Parties signatory hereto who are then currently employed or represented at the Project.

5.2. Employers will require all contractors and subcontractors who are awarded or are performing Covered Work on the Project to become signatory to this Agreement. By accepting the award of a construction contract or entering into a contract to perform any Covered Work pursuant to a construction contract whether as a contractor or subcontractor, each contractor and subcontractor, of whatever tier, agrees to sign the Letter of Assent as shown in Attachment A and be bound by each and every provision of this Agreement. No contractor or subcontractor shall commence Covered Work without having first provided a copy of the Letter of Assent as executed by it to the Council, forty-eight (48) hours before the commencement of Covered Work, or within forty-eight (48) hours after the award of Covered Work to that contractor or subcontractor, whichever occurs later.

5.3. In addition to becoming signatory to this Agreement, Employers performing Covered Work will also be or become Party to the current Master Labor Agreement(s) with the Union(s) having traditional and customary building trades craft jurisdiction over the work and representing the employees employed or to become employed by such Employers, upon commencing Covered Work, unless such work is funded in whole or in part with public funds in which case this section 5.3 shall not apply.

ARTICLE 6

UNION RECOGNITION, SECURITY, WAGES AND BENEFITS

6.1. The Employers recognize the Unions as the sole and exclusive collective bargaining representative for all employees engaged in Covered Work. The Parties acknowledge that the collective bargaining relationship established between any Employer and Union is a "pre-hire" relationship permitted by Section 8(f) of the National Labor Relations Act, except that this provision does not change any pre-existing Section 9(a) collective bargaining relationship that exists between any Employer and Union Parties to this Agreement.

6.2. Employees referred by the Union(s) and hired by the Employer(s), shall, as a condition of employment, become and remain members in good standing of the appropriate Union on or by the eighth (8th) day of employment on the Project and be duly licensed at all times where required. Membership under this section shall be satisfied by the tendering of periodic dues and fees uniformly required.

6.3. Authorized representatives of the Union(s) shall have access to the Project Site provided that they do not unduly interfere with the work of the craft employees and further provided that such representatives fully comply with established Project rules.

6.4. Each Union shall have the right to designate a working craft employee as steward for each Employer employing such craft on the Project. Such designated steward shall be a qualified workman assigned to a crew and shall perform the work of that craft. The steward shall not perform supervisory duties. Under no circumstances shall there be nonworking stewards. Stewards shall be permitted a reasonable amount of time during working hours to perform applicable union duties.

6.5. All employees performing Covered Work under this Agreement shall be paid the wages and fringe benefits as set forth in their respective Unions' Master Labor Agreement.

ARTICLE 7
REFERRAL AND LOCAL HIRE

7.1. The Union(s) shall be the primary source of all craft employees.

7.2. Except as otherwise provided in this Agreement, the Employers shall be bound by and utilize the registration facilities and referral systems established or authorized by the Unions signatory hereto when such procedures are not in violation of Federal law. The Unions agree to supply apprentices that are indentured subject to the Division of Apprenticeship Standards through a Joint Labor Management Apprenticeship Program. Employer may rely upon the Union's confirmation of valid apprenticeship status.

7.3. In the event that referral facilities maintained by the Unions are unable to fill the requisition of an Employer for employees within a forty-eight (48) hour period after such requisition is made by the Employer (Saturday, Sundays and holidays excepted), the Employer shall be free to obtain workers from any source. The Employer shall inform the Union of any applicants hired from sources other than the referral facilities maintained by the Union within forty-eight (48) hours of such applicant being hired (Saturday, Sundays and holidays excepted) and such applicants shall register with the appropriate Union referral facilities within forty-eight (48) hours of commencing work (Saturday, Sundays and holidays excepted).

7.4. If the employment of local residents on the Project is required for project approval by the requisite governmental entity, the parties agree to meet and confer for the purpose of developing the referral procedures necessary to implement the requirements.

ARTICLE 8
HELMETS TO HARDHATS

8.1. The Employers and Unions recognize a desire to facilitate the entry into the building and construction trades, veterans and members of the National Guard and Reserves who are interested in careers in the building and construction industry. The Employers and Unions agree to utilize their best efforts for the services of the Center for Military Recruitment, Assessment and Veterans Employment (the "Center"), a Joint Labor-Management Cooperation Trust Fund, established under the authority of Section 6(b) of the Labor-Management Cooperation Act of 1978, 29 U.S.C. Section 175(a), and Section 302(c)(9) of the Labor-Management Relations Act, 29 U.S.C. Section 186(c)(9), and a charitable tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Center's "Helmets to Hardhats" program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the Parties.

8.2. The Unions and Employers agree to coordinate with the Center to create and maintain an integrated database of veterans and members of the National Guard and Reserves interested in working on this Project and apprenticeship and employment opportunities for this Project. To the extent permitted by law, the Unions will give credit to such veterans and members of the National Guard and Reserves for bona fide, provable past experience.

8.3. In recognition of the work of the Center and the value it will bring to the Project, within ten (10) days of the first hour of Covered Work being performed on the Project, the General Contractor shall make a onetime contribution of \$10,000 to the Center on behalf of itself and all other Employers employing workers under the terms of this Agreement.

8.4. The Center shall function in accordance with, and as provided in the Agreement and Declaration of Trust creating the fund, and any amendments thereto, and any other of its governing documents.

8.5. This Article will be interpreted and applied in a manner that permits the Parties to comply with the requirements of the DA and all other requirements of this Agreement.

ARTICLE 9 CONTINUITY OF THE WORK

9.1. The principal purpose of this Agreement is that it provides the Employers and the Unions with the assurance that there will be no strike, sympathy strike, picketing, slowdown, withholding of work, refusal to work, walk-off, sit-down, stand-in, wobble, boycott, hand billing directed at this Project, bannering, disruptive activity or other work stoppage of any kind for any reason, no interference with work on the Project that is excluded from the coverage of this Agreement and that there shall be no lockout by the Employers for the duration of this Agreement. It is agreed, therefore, as follows:

9.2. During the existence of this Agreement, there shall be no strike, sympathy strike, picketing, slowdown, withholding of work, refusal to work, walk-off, sit-down, stand-in, wobble, boycott, hand billing directed at this Project, bannering, disruptive activity or other unauthorized work stoppage of any kind for any reason, no interference with work on the Project that is excluded from the coverage of this Agreement and there shall be no lockout by the Employers for the duration of this Agreement. Employers shall have the exclusive right and discretion to discipline or discharge employees, or to decline to accept re-dispatch of employees to the Employer for any future work, for any violations by employees of this Section 9.2. The General Contractor reserve all rights and remedies in law and equity.

9.3. No picket lines or other actions of the type described in Section 9.2 will be established at the Project by any of the Unions. The Unions agree that they will not directly or indirectly sanction in any way any picket line, organized or endorsed and will affirmatively take all measures necessary to effectively induce its members to cross the picket line, if established, and report for work as scheduled and that responsible representatives of the Unions who are employed on the Project will also do so themselves.

9.4. Notwithstanding the provisions of Section 9.3, it is agreed that the particular Union involved retains the right to withhold the services of its members (but not a right to picket, handbill or demonstrate) from a particular Employer who fails to make timely payments to the Unions' Health & Welfare, Pension, Vacation and Holiday, Apprentice and Training, or Industry Funds in accordance with the provisions of that particular Employer's current Master Labor Agreement with the particular Union or who fails to timely pay its weekly payroll. However, prior to withholding its members' services on account of a failure to make its weekly payroll or

timely payments to the Unions' Health & Welfare, Pension, Vacation and Holiday, Apprentice and Training, or Industry Funds, the Union involved will give ten (10) days (unless a lesser period is provided within the applicable craft union agreement, but in no event less forty-eight (48) hours) written notice of such failure to pay by registered or certified mail, return receipt requested, to the involved Employer and to the General Contractor. Representatives of the Parties to the dispute will meet within the ten-day period to attempt to resolve the dispute.

9.5. Should an Employer performing work on this Project become delinquent in the payment of Trust Fund contributions required under this Agreement with respect to employees represented by the Union, the Union, in lieu of withholding the services of its members, may request the General Contractor issue joint checks payable to the Employer and the appropriate employee benefit Trust Fund(s) until such delinquencies are satisfied. Any Trust Fund claiming that an Employer is delinquent in its fringe benefit contributions to the Trust Fund will provide written notice of the alleged delinquency to the affected Employer, with copies to the General Contractor. The notice will indicate the amount of delinquency asserted and the period that the delinquency covers. It is agreed, however, with respect to Employers delinquent in trust or benefit contribution payments, that nothing in this Agreement shall affect normal contract remedies available under the MLAs. If the General Contractor is delinquent in the payment of Trust Fund(s) contributions for Covered Work performed on this Project, the General Contractor agrees that the affected Trust Fund(s) may place the General contractor on notice of such delinquencies and the General contractor further agrees that the Developer may issue joint checks to the General Contractor and the Trust Fund(s) until the delinquency is satisfied.

9.6. It is specifically agreed that there shall be no strike, sympathy strike, picketing, lockout, slowdown, withholding of work, refusal to work, walk-off, sick-out, sit-down, stand-in, wobble, boycott or other work stoppage or other labor action of any kind as a result of the expiration of any local, regional or other applicable labor agreement having application at the Project and/or failure of the Parties to that agreement to reach a new contract. In the event that such a local, regional, or other applicable labor agreement does expire and the parties to that agreement have failed to reach agreement on a new contract, Covered Work will continue on the Project on one of the following two bases, both of which will be offered by the Union(s) involved to the General Contractor and the Employer(s) affected:

9.6.1. Each of the Union(s) with a contract expiring must offer to continue working on the Project under interim agreements that retain all the terms of the expiring contract, except that the Union(s) involved in such expiring contract(s) may each propose wage rates and employer contribution rates to employee benefit funds under the prior contract different from what those wage rates and employer contributions rates were under the expiring contract(s). Said interim agreement(s) would be superseded by any subsequently reached industry agreement(s) as of the date the industry agreement is reached. The terms of the Union's interim agreement offered to the General Contractor and the Employers will be no less favorable than the terms offered by the Union to any other employer or group of employers covering commercial construction work in San Bernardino County; and

9.6.2. Each of the Union(s) with a contract expiring must offer to continue working on the Project under all the terms of the expiring contract, including the wage rates and employer contribution rates to the employee benefit funds, if the Employer(s) affected by that contract

agrees to the following retroactivity provision: if a new local, regional or other applicable labor agreement for the industry having application at the Project is ratified and signed during the term of this Agreement and if such new labor agreement provides for retroactive wage increases, then each affected Employer shall pay to its employees who performed work covered by this Agreement at the Project during the hiatus between the effective dates of such labor agreements, an amount equal to any such retroactive wage increase established by such new labor agreement, retroactive to whatever date is provided by the new local, regional or other applicable agreement for such increase to go into effect, for each employee's hours worked on the Project during the retroactivity period. All Parties agree that such affected Employer shall be solely responsible for any retroactive payments to its employees and that neither the General Contractor nor the Developer has any obligation, responsibility or liability whatsoever for any such retroactive payments or collection of any such retroactive payments from any other employer.

9.7. Some Employers may elect to continue to work on the Project under the terms of the interim agreement option offered under Section 9.6.1 above and other Employers may elect to continue to work on the Project under the retroactivity option offered under Section 9.6.2 above. To decide between the two options, Employers will be given one week after the particular labor agreement has expired or one week after the Union has personally delivered to the Employer, in writing, its specific offer of terms of the interim agreement pursuant to Section 9.6.1 above, whichever is the later date. If the Employer fails to timely select one of the two options, the Employer shall be deemed to have selected the option of Section 9.6.2 above.

ARTICLE 10 JURISDICTIONAL DISPUTES

10.1. The assignment of work will be solely the responsibility of the Employer performing the work involved, and such work assignments will be in accordance with the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry (the "**Plan**") or any successor Plan.

10.2. All jurisdictional disputes between or among Building and Construction Trades Unions and Employers shall be settled and adjusted according to the present Plan established by the Building and Construction Trades Department or any other plan or method of procedure that may be adopted in the future by the Building and Construction Trades Department. Decisions rendered shall be final, binding and conclusive on the contractors and Unions.

10.3. Any dispute arising under this Article involving the Southwest Mountain States Regional Council of Carpenters or any of its subordinate bodies shall be submitted to arbitration. An Arbitrator shall be chosen by the procedures specified in Article V, Section 5, of the Plan from a list composed of John Kagel, Robert Hirsch, and Thomas Pagan. The arbitrator's hearing on the dispute shall be held at the offices of the Trades Council within fourteen (14) days of the selection of the arbitrator. All other procedures shall be as specified in the Plan.

10.4. All jurisdictional disputes shall be resolved without the occurrence of any strike, work stoppage, or slow-down of any nature and the contractor's assignment shall be adhered to until the dispute is resolved. Individuals violating this section shall be subject to immediate discharge.

ARTICLE 11

GRIEVANCE AND ARBITRATION PROCEDURES

11.1. The Parties hereby agree that all dispute or grievances between Employers and Unions, other than disputes arising from any strike, picketing, slowdown, lockout or other work stoppages of any kind under Article 9 or any trade jurisdictional disputes under Article 10, shall be handled in accordance with the following procedures:

11.2. Step 1. If there is a dispute or grievance involving one of the Employers, the business representative of the Union involved shall first attempt to settle the matter by oral discussion with the particular Employer's project superintendent no later than five (5) working days after the occurrence first giving rise to the dispute or grievance. If the matter is not resolved with the superintendent within five (5) working days after the oral discussion with the superintendent, the dispute or grievance shall be reduced to writing by the grieving Union.

11.3. Step 2. If the matter is not resolved in step 1, above, the written grievance shall be given to the particular Employer involved, to the General Contractor and to the business representative of the Union involved no later than five (5) working days after the oral discussion set forth above for Step 1, and the business representative of the Union involved shall refer the matter to his Business Manager. The Business Manager, or their designee, shall meet with responsible representative(s) of the particular Employer involved in the grievance, who shall attempt to settle the matter. This shall be referred to as Step 2 of the Grievance and Arbitration Procedure.

11.4. In the event a dispute cannot be satisfactorily resolved within the time limits established above in Step 2, either Party may submit the dispute to arbitration by written notice to the other Party of their intent to submit the dispute to arbitration within ten (10) business days (or such longer time as mutually agreed) of the date on which the Parties met for the Step 2 meeting. An arbitrator shall be selected by the parties to the grievance from the following list of permanent arbitrators: (1) Najeeb Khoury, (2) Fred Horowitz, (3) David Weinberg, (4) Sara Adler, and (5) Christopher Ruiz Cameron. The grieving party shall strike one of the arbitrators from the list, and the responding party shall strike the next arbitrator from the list, until one arbitrator is left, who shall hear the case. The arbitrator's decision shall be final and binding upon the Parties. The arbitrator shall not have the authority to alter, amend, add to, or delete from the provisions of this Agreement in any way. The failure of any Party to attend said hearing shall not delay the hearing of evidence or the issuance of any decision by the arbitrator. The fees and expenses incurred by the arbitrator, as well as those jointly utilized by the Parties (i.e. conference room, court reporter, etc.) in arbitration, shall be divided equally by the Parties to the arbitration. Should any Party seek confirmation of the award made by the arbitrator, the prevailing Party shall be entitled to receive its reasonable attorney fees and costs.

11.5. Failure to timely raise, file or appeal any grievance within the time limits set forth in this Article will result in the grievance being waived.

ARTICLE 12 EXPEDITED ARBITRATION FOR STRIKES, LOCKOUTS AND JURISDICTIONAL DISPUTES

12.1. In lieu of, or in addition to, any other action at law or equity, which is also available, any Party, including the Developer, may institute the following procedure when a breach or violation of Sections 9.2, 9.3 or Section 10.4 of this Agreement is alleged:

12.2. The Party invoking this procedure shall notify the mutually agreed upon arbitrator, Najeeb Khoury, who the Parties agree shall be the permanent arbitrator under this procedure. In the event that the permanent arbitrator is not available for a hearing within twenty-four (24) hours, he shall appoint his alternate to hear the matter. Notice to the arbitrator shall be by the most expeditious means available, including telephone, with notice by e-mail, or overnight mail to the Party alleged to be in violation.

12.3. Upon receipt of said notice, the arbitrator named above, or his alternate, shall set and hold a hearing within twenty-four (24) hours if it is contended that the violation still exists.

12.4. The arbitrator shall notify the Parties by telephone or e-mail of the place and time he has chosen for the hearing. Said hearing shall be completed in one session. A failure of any Party or Parties to attend said hearing shall not delay the hearing of evidence or issuance of an award by the arbitrator.

12.5. The sole issue at the hearing shall be whether or not a violation of Sections 9.2, 9.3 or Article 10 has in fact occurred and the arbitrator shall have no authority to consider any matter in justification, explanation or mitigation of such violation. The arbitrator's decision shall be issued in writing within three (3) hours after the close of the hearing and may be issued without an opinion. If any Party desires an opinion, one shall be issued within fifteen (15) days, but its issuance shall not delay compliance with, or enforcement, of the arbitrator's decision. If the arbitrator finds that a violation of Sections 9.2, 9.3 or Section 10.4 has occurred, then the arbitrator in his written decision shall order cessation of the violation and a return to work and other appropriate relief, and such decision shall be served on all Parties by hand or registered mail upon issuance. The arbitrator's decision will be final and binding on all Parties to this Agreement.

12.6. If the arbitrator determines that a work stoppage has occurred, the respondent Unions(s) shall, within eight (8) hours of receipt of the award, direct all the employees they represent on the Project to immediately return to work. If the Union(s) employees involved do not return to work by the beginning of the next regularly scheduled shift following such eight (8) hour period after receipt of the arbitrator's award, and the respondent Union(s) have not complied with their obligation to immediately instruct, order, and use their best efforts to cause a cessation of the violation and instruct the employees they represent to return to work, then the respondent Union(s) shall each pay a sum as liquidated damages to the Developer, for the first shift in which the violation continues, \$5,000; for each shift thereafter in which the violation continues, \$10,000 per shift on which the craft(s) has not returned to work. Similarly, if the arbitrator determines that a lock-out has occurred, the respondent Employer(s) shall, within eight (8) hours of receipt of the award, return all the affected employees to work on the Project, or otherwise correct the violation as found by the arbitrator. If the respondent Employer(s) do not take such action by the beginning of the next regularly scheduled shift following the eight (8) hour period, each respondent Employer shall pay a sum as liquidated damages to the affected Union(s) in addition to lost wages and benefits contributions for the first shift in which the violation

continues, \$5,000; for each shift thereafter in which the violation continues, \$10,000 per shift to the Union(s) whose members have not been returned to work. The arbitrator shall retain jurisdiction to determine compliance with this Section and to establish the appropriate sum of liquidated damages, if any.

12.7. The arbitrator's decision may be enforced by any court of competent jurisdiction upon the filing of this Agreement and all other relevant documents referred to herein above in the following manner. Telephone and e-mail notice of the filing of such enforcement proceedings shall be given to the other Party. In the proceeding to obtain a temporary order enforcing the arbitrator's decision as issued under Section 12.5 of this Article, all Parties waive the right to hearing and agree that such proceedings may be ex parte with at least twenty-four (24) hours' notice of the time and place of such proceeding. Such agreement does not waive any Party's right to participate in a hearing for a final order of enforcement. The Court's order or orders enforcing the arbitrator's decision shall be served on all Parties by hand or by delivery to their last known address or by registered mail with a copy to the Developer and Council.

12.8. Any rights created by statute or law governing arbitration proceedings inconsistent with the above procedure or which interfere with compliance therewith are hereby waived by the Party or Parties to whom they accrue.

12.9. The fees and expenses of the arbitrator shall be divided equally between the moving Party or Parties and the Party or Parties' respondent.

12.10. The procedures contained in this Article shall be applicable to alleged violations of Sections 9.2, 9.3 or Section 10.4 only. Disputes alleging violation of any other provision of this Agreement, including any underlying disputes alleged to be in justification, explanation or mitigation of any violation of Sections 9.2, 9.3 or Section 10.4, shall be resolved under the grievance adjudication procedures of Article 11.

ARTICLE 13 SAFETY

13.1. All Federal and State safety rules, regulations, orders, and decisions shall be binding upon the Employers and shall be applied to all work covered by this Agreement.

13.2. It will not be a violation of this Agreement, when an Employer considers it necessary to shut down to avoid the possible loss of human life, because of an emergency situation that could endanger the life and safety of an employee. In such cases, employees will be compensated only for the actual time worked. In the case of a situation described above whereby the Employer requests employees to stand by, the employees will be compensated for the "stand by time."

13.3. Employees shall be bound by the safety, security and visitor rules and environmental compliance requirements established by the Primary Employer. These rules will be published and posted in conspicuous places throughout the work site. An Employee's failure to satisfy his/her obligations under this Section may subject the employee to discipline, including discharge.

ARTICLE 14
GENERAL SAVING CLAUSE

14.1. It is not the intention of the Parties hereto to violate the laws governing the subject matter of this Agreement. The Parties hereto agree that in the event any provisions of this Agreement are finally held or determined to be illegal or void as being in contravention of any applicable law, the remainder of this Agreement shall remain in force and effect unless the part found to be illegal or void is wholly inseparable from the remaining portions of this Agreement.

14.2. Further, all Parties agree that if and when any or all provisions of this Agreement are finally held or determined to be illegal or void by a court of competent jurisdiction, an effort will be made to then promptly enter into negotiations concerning the substance affected by such decision for the purpose of achieving conformity with the requirements of any applicable law and the intent of the Parties hereto.

ARTICLE 15
NON-DISCRIMINATION

The Unions shall refer all applicants for employment without discrimination against any applicant by reason of age, race, color, creed, religion, sex or national origin, or any other characteristic protected by federal, state or local law.

ARTICLE 16
PRE-JOB CONFERENCE

The General Contractor will conduct a pre-job conference with the Union(s) and the Council prior to commencing Covered Work. The General Contractor shall notify the Council and all subcontractors of all tiers, who shall participate in such conferences, ten (10) days in advance of all such conferences. All work assignments shall be disclosed by The General Contractor and the subcontractors at the pre-job conference held in accordance with industry practice. Should Covered Work that was not discussed at the pre-job conference or additional Covered Work not previously included within the scope of the Covered Work be added, the Employer(s) performing such Covered Work will conduct a separate pre-job for such newly included Covered Work.

ARTICLE 17
ASSIGNMENT

17.1 The General Contractor will construct the Project through its own employees and/or through the employees of the contractors and subcontractors awarded Covered Work. The General Contractor will control labor relations on the Project by entering into this Agreement, which establishes the terms and conditions of employment for employees performing Covered Work on the Project, and by acting as the General Contractor on the Project and by making decisions within the scope of the General Contractor's authority. For example, the General Contractor will, in conjunction with the Developer, prepare bid specifications and bid packages, select subcontractors, award subcontracts for construction work, and determine and coordinate the scheduling of work. The General Contractor may employ members of the Unions who will

perform Covered Work on the Project and who will be subject to the terms and conditions of employment set forth in this Agreement.

17.2 If the Developer or the General Contractor assigns all or any portion of the Project or Covered Work to another General Contractor ("**New General Contractor**"), the Developer or the General Contractor will require the New General Contractor to sign this Agreement and the Assumption Agreement, attached as Attachment D, prior to the New General Contractor's commencement of any Covered Work.

17.3 If the Developer assigns, transfers, conveys or sells all or any portion of the Project or Covered Work to another owner, developer, general contractor or other entity ("**Buyer**"), prior to the receipt of a temporary certificate of occupancy on the portion of the Project being assigned, transferred, conveyed or sold, the Developer will require the Buyer to assume all of the obligations of the Developer hereunder, and such work shall only be assigned, transferred, conveyed or sold to a Buyer which agrees to sign and does sign, this Agreement prior to the commencement of any Covered Work by such new entity. The Developer or the General Contractor shall give the Council at least thirty (30) days written notice of any actual assignment, transfer, conveyance or sale of all or any portion of this Project.

ARTICLE 18 PROJECT SUPPORT

The Unions and the Council expressly acknowledge their support for the Project. The Unions and the Council shall, upon request by the Developer or the Developer's representatives, provide active and public support for the Project, including but not limited to, submitting letters of support regarding the Project, encouraging its members to attend public hearings, and speaking in support of the Project at public hearings. The Unions and the Council shall not, directly or indirectly, take any action, written or otherwise, in opposition to the Project.

ARTICLE 19 ENTIRE UNDERSTANDING

The Parties agree that the total results of their bargaining are embodied in this Agreement and neither Party is required to render any performance not set forth in this Agreement, or to bargain during the term of this Agreement about any matters unless required to do so by the terms of this Agreement. This Agreement may be amended only by written agreement signed by the Parties.

ARTICLE 20 TERM OF AGREEMENT

This Agreement shall become effective upon issuance of the first permit for Covered Work (the "**Effective Date**") and shall continue in full force and effect until all Covered Work to be performed on the Project under the construction contract with the Developer is completed and accepted by the Developer, provided, however, this Agreement shall terminate on the date on

which the Developer notifies the Council that it has lost its right to pursue development of the Project and/or has elected to abandon pursuit of the Project. This Agreement shall automatically terminate at the conclusion and acceptance of all Covered Work by the Developer.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and effective as of the day and year first above written. The officials signing this Agreement warrant and collectively bargain on behalf of the organizations whom they represent and the members of such organizations.

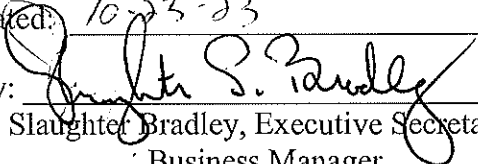
SWINERTON BUILDERS

SAN BERNARDINO-RIVERSIDE
BUILDING AND CONSTRUCTION
TRADES COUNCIL

Dated: _____

Dated: 10-23-23

By: _____

By: 
Slaughter Bradley, Executive Secretary-
Business Manager

[ADDITIONAL SIGNATURE PAGE TO FOLLOW]

**ATTACHMENT A
LETTER OF ASSENT**

To be signed by all contractors and subcontractors awarded Covered Work

[Contractor's Letterhead]
Swinerton Builders
[Insert address]

Attn: _____

Re: Project Labor Agreement for the Rialto Police Station Project - Letter of Assent

To whom it may concern:

This is to confirm that [name of company] agrees to be Party to and bound by the Project Labor Agreement for the Rialto Police Station Project effective October 20, 2023, as such Agreement may, from time to time, be amended by the negotiating parties or interpreted pursuant to its terms. Such obligation to be a Party to and bound by this Agreement shall extend to all work covered by the Agreement undertaken by this Company on the project and this Company shall require all of its contractors and subcontractors of whatever tier to be similarly bound for all work within the scope of the Agreement by signing and furnishing to you an identical Letter of Assent prior to their commencement of work.

Sincerely,

[Name of Construction Company]

By: [_____] Name and Title of Authorized Executive

Contractor's State License No: _____

[Copies of this letter must be submitted to the Council per Section 5.2]

ATTACHMENT B

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (“**Assumption Agreement**”) is by and between _____ (“**Assignor**”) and _____ [**NEW GENERAL CONTRACTOR**] (“**Assignee**”).

RECITALS

A. Assignor is the General Contractor under the Project Labor Agreement for the Rialto Police Station Project dated _____, 2023 (the “**Agreement**”) with the San Bernardino-Riverside Building and Construction Trades Council (the “**Council**”) and its affiliated local unions that have executed this Agreement (collectively the “**Unions**”), concerning the real estate development project located in Rialto, known as the Rialto Police Station Project (the “**Project**”).

B. Assignor desires to assign to Assignee all of its rights and obligations under the Agreement with respect to the Project and to be released by the Unions, in accordance with the Successorship Side Letter to the Agreement, from all of Assignor’s rights and obligations under the Agreement with respect to the Project.

C. Assignee, a contractor primarily engaged in the construction industry, desires to assume, for the benefit of the Unions, all rights and obligations of the General Contractor under the Agreement with respect to the Project.

AGREEMENTS

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, Assignor and Assignee agree as follows:

1. Effective [DATE] (the “**Effective Date**”), Assignor hereby assigns to Assignee all of Assignor’s right, title, and interest in and to the Agreement with respect to the Project. Assignor acknowledges that it has no further interest in the Agreement with respect to the Project, and that the Unions may treat the Agreement as if it had been made by Assignee with respect to the Project.
2. As of the Effective Date, Assignee hereby assumes all of Assignor’s rights and obligations under the Agreement with respect to the Project, and agrees to perform and is able to perform, as a direct obligation to the Unions, all of the covenants, agreements and conditions contained in the Agreement to be performed by the General Contractor with respect to the Project.
3. This Assumption Agreement is expressly conditioned upon the Unions’ execution and delivery to Assignor of a release of Assignor’s obligations under the Agreement with respect to the Project, which release shall be substantially in the form of Exhibit 1 to Attachment D.

4. This Assumption Agreement and all covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of California, including all matters of construction, validity, performance and enforcement.

6. In the event of a dispute regarding the interpretation or enforcement of the provisions hereof, the prevailing Party shall be entitled to its reasonable attorneys' fees and costs of suit.

7. Assignor and Assignee each acknowledge that the Unions are third party beneficiaries to this Assumption Agreement and are entitled to rely upon and enforce the covenants and representations of Assignee and Assignor contained herein. This Assumption Agreement shall not be amended, modified, supplemented or revised without the prior written consent of the Unions.

8. This Assumption Agreement may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any signature pages may be assembled to form a single original document.

9. This Assumption Agreement constitutes the entire agreement of Assignee and Assignor with respect to the Agreement.

10. IN WITNESS WHEREOF, Assignor and Assignee have caused this Assumption Agreement to be executed and do each hereby warrant and represent that their respective signatories whose signatures appear below have been and are on the date of this Assignment Agreement duly authorized by all necessary and appropriate action to execute this Assignment Agreement.

"ASSIGNOR"

"ASSIGNEE"

[New General Contractor]

By: _____

Its: _____

Dated: _____

Dated: _____

EXHIBIT 1 TO ATTACHMENT B

RELEASE OF LIABILITY

**RIALTO POLICE STATION
PROJECT LABOR AGREEMENT**

This Release of Liability ("**Release**") is made by the Unions signatory to the Project Labor Agreement ("**Unions**") for the Rialto Police Station Project.

A. On or about _____ 2023, the Unions and _____ ("**General Contractor**") entered into that certain Project Labor Agreement (the "**Agreement**") whereby the parties agreed, in the Successorship Side Letter, that, upon execution and delivery to the Unions of an acceptable agreement by a financially responsible successor assuming all of the General Contractor's obligations under the Agreement ("**Assumption Agreement**"), the Unions shall release the General Contractor from its obligations under the Agreement.

D. The General Contractor and _____ have executed that certain Assumption Agreement dated _____, and such agreement is acceptable to the Unions.

E. The Unions have determined that _____ is a financially responsible successor to the General Contractor, as contemplated by the Side Letter to the Agreement.

F. In reliance upon the foregoing, the Unions each acknowledge and agree that the General Contractor has satisfied the successorship criteria of the Agreement. Accordingly, the Unions do hereby, jointly and severally, release the General Contractor from all subsequent obligations and undertakings of the Agreement with respect to the Project. This release is not applicable to independent obligations under a Master Labor Agreement, if any.

G. On _____, at a duly noticed meeting of the San Bernardino-Riverside Building and Construction Trades Council, the Unions authorized the Executive Secretary of the Council to execute and deliver this Release on their behalf.

IN WITNESS WHEREOF, the Council on behalf of itself and the Unions has caused this Release to be executed and effective from and after _____, 2023.

SAN BERNARDINO-RIVERSIDE BUILDING AND CONSTRUCTION TRADES COUNCIL
on behalf of the UNIONS

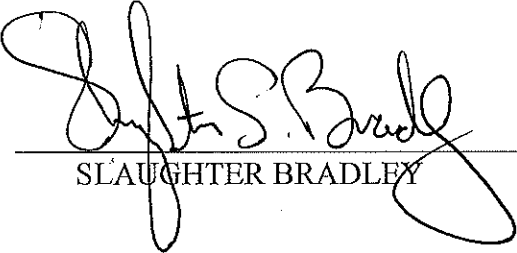
By:  _____
SLAUGHTER BRADLEY

EXHIBIT C

Intentionally omitted

EXHIBIT D

Breakdown of Project GMP

EXHIBIT D



PROJECT DEVELOPMENT GUARANTEED MAXIMUM PRICE (GMP)
CITY OF RIALTO POLICE STATION
Date: October 27, 2023

	COMPONENT	PHASE 2 DESIGN AND CONSTRUCTION	COMMENTS
1	A/E SERVICES		
	AE Basic Fee	\$ 3,170,410	LPA comprehensive fee
	Law enforcement space planning	\$ -	Included in Basic Fee
	LEED consulting services	\$ -	Included in Basic Fee
	Reimbursables	\$ -	Included in Basic Fee
2	MISC CONSULTANTS		
	Structural peer review	\$ 15,000	
	Commissioning, Enhanced Commissioning, and MEP peer review	\$ 72,850	tk1sc contract - add \$19,000 for LEED Enhanced scope
	Security systems design (CCTV, access control, intrusion)	\$ -	Included in AE Basic Fee
	Roofing and waterproofing peer review	\$ 5,000	
	Dry utility coordination (telco, cable, ISP)	\$ 16,600	Morrow
	As-Built Communications Cabling Infrastructure	\$ -	Done in Phase 1
	ADA peer review	\$ 4,000	
	Field revisions	\$ 75,000	Allowance
3	GEOTECHNICAL SERVICES		
	Design Fee for completion of CD's, final reports	\$ 5,000	Leighton Consulting
4	CONSTRUCTION SERVICES		
	Base Project Construction Costs - Buildings and Site	\$ 63,548,549	This amount includes the Allowances below ¹
	Builder's Risk Insurance	\$ 409,217	Per city direction
	GC Payment and Performance Bond	\$ 406,711	
5	TESTING AND INSPECTION		
	Soils Testing (Geotechnical Inspections)	\$ 100,000	Leighton Consulting
	Materials Testing (Deputy Inspections)	\$ 200,000	Twining Consulting, including essential facility requirements
	Roofing and waterproofing Inspections	\$ 10,000	
	Lead and asbestos abatement observation, soil management plan, testing, clearance report	\$ 40,129	
	Exterior envelope inspections	\$ -	Included in Base Project Construction Cost
	Archeo/Paleo site observation	\$ -	Excluded
6	FIXTURES, FURNISHINGS, AND EQUIPMENT ALLOWANCE		
	Interior Furniture (Desks, Chairs, Files, Appliances)	\$ 1,800,000	Owner's Allowance
	Site furnishings	\$ -	Included in Base Project Construction Cost
7	UTILITY COMPANY CONNECTION SERVICES AND FEES		
	Electrical	\$ -	Excluded
	ISP, Cable TV	\$ -	Excluded
8	COUNTY, CITY, AND ALL AGENCY HAVING JURISDICITON FEES	NIC	All permits and fees are excluded
9	MISC OWNER COSTS		
	Insurance - City Liability	\$ -	Excluded
	Builders Risk insurance	\$ -	Included under Construction Services
10	DEVELOPMENT AND CONSTRUCTION MANAGEMENT		
	Legal	\$ 50,000	
	Reimbursables	\$ 10,000	Allowance
	Developer's Overhead	\$ 1,582,121	Fixed Overhead
	Developer Contingency	\$ 3,493,923	
	Developer's Fee	\$ 2,167,189	Fixed Fee - Developer Contingency is excluded from the basis
	Insurance	\$ 736,878	Based on \$10/\$1,000
11	CITY CONTINGENCY	\$ 1,000,000	Per City direction
TOTAL DEVELOPMENT PHASE GMP		\$ 78,918,577	
PROJECT TOTAL (based on forecast final cost of Phase 1)		\$ 82,914,927	

¹ Allowances included in Base Project Construction Cost

Wall Graphics	\$ 25,000
Remove and dispose of the (1) 280 gallon underground fuel storage tank	\$ 75,000
Remove and dispose of existing furniture in PD building	\$ 60,000
AV system complete	\$ 2,500,000

EXHIBIT E

Index of Approved Design Development Documents

RIALTO POLICE STATION**EXHIBIT E - INDEX OF DESIGN DOCUMENTS**

23-Oct-23

100% DD Drawings prepared by LPA, Inc.

Project specifications, prepared by AWC WEST, dated 09.14.2023

GMP Pricing Package

<u>SHEET NO.</u>	<u>DRAWING DESCRIPTION</u>	<u>ISSUE DATE</u>
03. Basis of Design		
	23_0824 Rialto PD - Narrative 1 - Memorial BOD	
Page 1 of 4	015 – MEMORIAL REQUIREMENTS	
Page 2 of 4	Memorial Option 1	
Page 3 of 4	Memorial Option 2	
Page 4 of 4	Memorial Option 3	
	23_0824 Rialto PD - Narrative 2 - Range BOD	
Page 1 of 2	014 – RANGE REQUIREMENTS	
Page 2 of 2	014 – RANGE REQUIREMENTS	
Pages 1 - 43	23-0518_Rialto PD_SD_BOD DD Package to supersede SD BOD in event of conflicting information.	5/18/2023
04. Supplemental reports		
	Asbestos and Lead	
Pages 1 - 12	0081.1010.0 Rialto PD Visual Inspection Report	4/11/2023
Pages 1 - 22	0081.1010.0_Rialto_Police_Dept_Ltd_Lead_Sampling_Report_LF_JS	8/16/2023
Pages 1 - 4	23_0428 Composite Utility Markup-FEI REPLY (002)	
Pages 1 - 1008	0081.1008.0_Phase_I_ESA	3/16/2023
Pages 1 - 171	0081.1012.0_Limited_Phase_II_Report	5/26/2023
	1997-003ALT -2	
SHEET 1 OF 2	ALTA/NSPS LAND TITLE SURVEY	2/28/2023
SHEET 2 OF 2	ALTA/NSPS LAND TITLE SURVEY	2/28/2023
Pages 1 - 81	2023-03-10 Griffin Rialto PD Geotechnical Exploration	3/10/2023
	Annex Site	
06. Swinerton Schedule and Logistics		
Pages 1 - 6	2023.08.28 - Rialto Police Station - P04A - Remaining Activities_R1	8/26/2023
08 Addenda		
	Addendum 01 - Updated Geotech Report	
Pages 1 - 85	2023-09-07 Revised Griffin Rialto Geotechnical Exploration_13799.001	3/10/2023
	Addendum 02 - Electrical Single Line	
E4.01	Single Line Diagram	8/24/2023
	Addendum 03 - 100%DD Set	
	23_0824 Rialto PD - Narrative 1 - Memorial BOD	
Page 1 of 4	015 – MEMORIAL REQUIREMENTS	
Page 2 of 4	Memorial Option 1	
Page 3 of 4	Memorial Option 2	
Page 4 of 4	Memorial Option 3	
	23_0824 Rialto PD - Narrative 2 - Range BOD	
Page 1 of 2	014 – RANGE REQUIREMENTS	
Page 2 of 2	014 – RANGE REQUIREMENTS	
	23_0914 Rialto PD - 100_ Design Development Drawings	9/14/2023
G0.00	COVER SHEET	9/14/2023
G0.10	SHEET INDEX	9/14/2023
G0.20	GENERAL PROJECT INFORMATION	9/14/2023
G0.31	TYPICAL ACCESSIBILITY DETAILS	9/14/2023

G0.32	TYPICAL ACCESSIBILITY DETAILS	9/14/2023
G0.40	CALGREEN	9/14/2023
G1.20	SITE FIRE ACCESS PLAN	9/14/2023
G2.00	CODE ANALYSIS	9/14/2023
G2.01	BUILDING 1 -FIRST FLOOR CODE ANALYSIS & EGRESS PLAN	9/14/2023
G2.02	BUILDING 1 -SECOND FLOOR CODE ANALYSIS & EGRESS PLAN	9/14/2023
G2.03	BUILDING 2 -FIRST FLOOR CODE ANALYSIS & EGRESS PLAN	9/14/2023
G2.20	FIREPROOFING DIAGRAM	9/14/2023
G3.00	BUILDING 1 -GENERATORSUPPORTED SPACES	9/14/2023
1 OF 3	TITLE SHEET	9/14/2023
2 OF 3	DEMOLITION PLAN	9/14/2023
3 OF 3	DEMOLITION PLAN	9/14/2023
1 OF 6	TITLE SHEET	9/14/2023
2 OF 6	NOTES AND QUANTITIES	9/14/2023
3 OF 6	DEMOLITION PLAN	9/14/2023
4 OF 6	STREET PLAN	9/14/2023
5 OF 6	SEWER CONNECTION PLAN	9/14/2023
6 OF 6	WATER CONNECTION PLAN	9/14/2023
1 OF 15	TITLE SHEET	9/14/2023
2 OF 15	GENERAL NOTES AND QUANTITIES	9/14/2023
3 OF 15	GRADING PLAN	9/14/2023
4 OF 15	GRADING PLAN	9/14/2023
5 OF 15	STORM DRAIN PLAN	9/14/2023
6 OF 15	STORM DRAIN PLAN	9/14/2023
7 OF 15	UTILITY PLAN	9/14/2023
8 OF 15	UTILITY PLAN	9/14/2023
9 OF 15	HORIZONTAL CONTROL, PAVING, STRIPING AND SIGNAGE PLAN	9/14/2023
10 OF 15	HORIZONTAL CONTROL, PAVING, STRIPING AND SIGNAGE PLAN	9/14/2023
11 OF 15	EROSION CONTROL PLAN	9/14/2023
12 OF 15	EROSION CONTROL PLAN	9/14/2023
13 OF 15	DETAILS	9/14/2023
14 OF 15	DETAILS	9/14/2023
15 OF 15	DETAILS	9/14/2023
L0.01	LANDSCAPE NOTES AND SCHEDULES	9/14/2023
L0.02	OVERALL SITE PLAN	9/14/2023
L1.01	MATERIALS PLAN	9/14/2023
L1.02	MATERIALS PLAN	9/14/2023
L2.01	LAYOUT PLAN	9/14/2023
L2.02	LAYOUT PLAN	9/14/2023
L3.01	ENLARGEMENT PLAN	9/14/2023
L4.01	SECTION AND ELEVATIONS	9/14/2023
L4.02	SECTION AND ELEVATIONS	9/14/2023
L4.03	SECTION AND ELEVATIONS	9/14/2023
L4.04	SECTION AND ELEVATIONS	9/14/2023
L5.01	CONSTRUCTION DETAILS	9/14/2023
L5.02	CONSTRUCTION DETAILS	9/14/2023
L5.03	CONSTRUCTION DETAILS	9/14/2023
L5.04	CONSTRUCTION DETAILS	9/14/2023
L5.05	CONSTRUCTION DETAILS	9/14/2023
L6.0 1	IRRIGATION PLAN	9/14/2023
L6.0 02	IRRIGATION PLAN	9/14/2023
L6.03	IRRIGATION LEGEND & NOTES	9/14/2023
L6.04	IRRIGATION DETAILS	9/14/2023
L6.05	IRRIGATION DETAILS	9/14/2023
L6.06	IRRIGATION DETAILS	9/14/2023
L7.01	PLANTING PLAN	9/14/2023

L7.02	PLANTING PLAN	9/14/2023
L7.03	PLANTING DETAILS	9/14/2023
A0.01	SITE PLAN	9/14/2023
A0.10	ENLARGED TRASH ENCLOSURE PLAN & ELEVATIONS	9/14/2023
A1-2.01	FIRST FLOOR PLAN	9/14/2023
A1-2.02	SECOND FLOOR PLAN	9/14/2023
A1-2.03	ROOF PLAN	9/14/2023
A1-2.11	FIRST FLOOR EDGE OF SLAB PLAN	9/14/2023
A1-2.12	SECOND FLOOR EDGE OF SLAB PLAN	9/14/2023
A1-2.13	ROOF EDGE OF DECK PLAN	9/14/2023
A1-2.21	FIRST FLOOR FINISH PLAN	9/14/2023
A1-2.22	SECOND FLOOR FINISH PLAN	9/14/2023
A1-2.31	FIRST FLOOR REFLECTED CEILING PLAN	9/14/2023
A1-2.32	SECOND FLOOR REFLECTED CEILING PLAN	9/14/2023
A1-2.41	FIRST FLOOR EQUIPMENT/FURNITURE PLAN	9/14/2023
A1-2.42	SECOND FLOOR EQUIPMENT/FURNITURE PLAN	9/14/2023
A1-3.00	EXTERIOR ELEVATIONS	9/14/2023
A1-3.01	EXTERIOR ELEVATIONS	9/14/2023
A1-3.10	BUILDING SECTIONS	9/14/2023
A1-3.11	BUILDING SECTIONS	9/14/2023
A1-3.20	WALL SECTIONS	9/14/2023
A1-3.21	WALL SECTIONS	9/14/2023
A1-3.22	WALL SECTIONS	9/14/2023
A1-3.23	WALL SECTIONS	9/14/2023
A1-4.01	FIRST FLOOR RESTROOM PLANS	9/14/2023
A1-4.02	FIRST FLOOR RESTROOM ELEVATIONS	9/14/2023
A1-4.05	FIRST FLOOR MEN'S LOCKER & RESTROOM PLANS	9/14/2023
A1-4.06	FIRST FLOOR MEN'S LOCKER & RESTROOM PLANS	9/14/2023
A1-4.07	FIRST FLOOR MEN'S LOCKER & RESTROOM ELEVATIONS	9/14/2023
A1-4.08	FIRST FLOOR MEN'S LOCKER & RESTROOM ELEVATIONS	9/14/2023
A1-4.10	FIRST FLOOR WOMEN'S LOCKER & RESTROOM PLANS	9/14/2023
A1-4.11	FIRST FLOOR WOMEN'S LOCKER & RESTROOM ELEVATIONS	9/14/2023
A1-4.15	SECOND FLOOR RESTROOM PLANS	9/14/2023
A1-4.16	SECOND FLOOR RESTROOM ELEVATIONS	9/14/2023
A1-4.17	SECOND FLOOR RESTROOM ELEVATIONS	9/14/2023
A1-4.20	LOBBY PLAN	9/14/2023
A1-4.21	LOBBY ELEVATIONS	9/14/2023
A1-4.25	DETENTION PLAN	9/14/2023
A1-4.26	DETENTION PLAN	9/14/2023
A1-4.27	DETENTION ELEVATIONS	9/14/2023
A1-4.28	DETENTION ELEVATIONS	9/14/2023
A1-4.30	CANOPY AT MAIN ENTRY -ENLARGED PLANS	9/14/2023
A1-4.31	CANOPY AT SECURE ENTRY -ENLARGED PLANS	9/14/2023
A1-4.32	CANOPY AT SALLY COURT -ENLARGED PLANS	9/14/2023
A1-5.00	FIRST FLOOR INTERIOR ELEVATIONS	9/14/2023
A1-5.01	FIRST FLOOR INTERIOR ELEVATIONS	9/14/2023
A1-5.02	FIRST FLOOR INTERIOR ELEVATIONS	9/14/2023
A1-5.10	SECOND FLOOR INTERIOR ELEVATIONS	9/14/2023
A1-5.11	SECOND FLOOR INTERIOR ELEVATIONS	9/14/2023
A1-5.12	SECOND FLOOR INTERIOR ELEVATIONS	9/14/2023
A2-2.01	FIRST FLOOR PLAN	9/14/2023
A2-2.02	ROOF PLAN	9/14/2023
A2-2.11	FIRST FLOOR EDGE OF SLAB PLAN	9/14/2023
A2-2.12	ROOF EDGE OF DECK PLAN	9/14/2023
A2-2.21	FIRST FLOOR FINISH PLAN	9/14/2023
A2-2.31	FIRST FLOOR REFLECTED CEILING PLAN	9/14/2023

A2-2.41	FIRST FLOOR EQUIPMENT PLAN	9/14/2023
A2-3.01	EXTERIOR ELEVATIONS	9/14/2023
A2-3.10	BUILDING SECTIONS	9/14/2023
A2-3.20	WALL SECTIONS	9/14/2023
A2-3.21	WALL SECTIONS	9/14/2023
A2-4.01	FIRST FLOOR RESTROOM PLANS	9/14/2023
A2-4.20	ANIMAL CONTROL PLAN & ELEVATIONS	9/14/2023
A2-4.30	CANOPY AT SUPPORT BLDG -ENLARGED PLANS	9/14/2023
A2-5.00	INTERIOR ELEVATIONS	9/14/2023
A6.10	DOOR SCHEDULE	9/14/2023
A6.11	DOOR SCHEDULE	9/14/2023
A6.20	EXTERIOR OPENING TYPES	9/14/2023
A6.21	EXTERIOR OPENING TYPES	9/14/2023
A7.01	STAIR #1 -ENLARGED PLANS AND SECTIONS	9/14/2023
A7.02	STAIR #2 -ENLARGED PLANS AND SECTIONS	9/14/2023
A7.03	STAIR #3 -ENLARGED PLANS AND SECTIONS	9/14/2023
A7.10	STAIR DETAILS	9/14/2023
A7.11	STAIR DETAILS	9/14/2023
A7.20	ENLARGED ELEVATOR PLANS AND SECTIONS	9/14/2023
A7.30	ELEVATOR DETAILS	9/14/2023
A7.40	ROOF ACCESS DETAILS	9/14/2023
A7.50	ENLARGED SHAFT PLANS	9/14/2023
A7.51	ENLARGED SHAFT PLANS	9/14/2023
A8.00	FOUNDATION AND UNDERGROUND WATERPROOFING DETAILS	9/14/2023
A8.01	FOUNDATION AND UNDERGROUND WATERPROOFING DETAILS	9/14/2023
A8.10	EXTERIOR ASSEMBLIES	9/14/2023
A8.20	ROOF DETAILS	9/14/2023
A8.30	EXTERIOR DOOR DETAILS	9/14/2023
A8.31	EXTERIOR DOOR DETAILS	9/14/2023
A8.40	EXTERIOR GLAZING DETAILS	9/14/2023
A8.41	EXTERIOR GLAZING DETAILS	9/14/2023
A8.60	CANOPY DETAILS	9/14/2023
A9.00	FINISH SCHEDULE	9/14/2023
A9.01	PARTITION TYPES	9/14/2023
A9.02	PARTITION TYPES	9/14/2023
A9.07	FIRESTOPPING	9/14/2023
A9.08	FIRESTOPPING	9/14/2023
A9.09	FIRESTOPPING	9/14/2023
A9.10	INTERIOR OPENING TYPES	9/14/2023
A9.12	INTERIOR MISCELLANEOUS DETAILS	9/14/2023
A9.20	CEILING DETAILS	9/14/2023
A9.21	CEILING DETAILS	9/14/2023
A9.30	CASEWORK/ MILLWORK DETAILS	9/14/2023
A9.40	RESTROOM DETAILS	9/14/2023
A9.50	FINISH DETAILS	9/14/2023
A9.60	SECURITY DETAILS	9/14/2023
A9.61	SECURITY DETAILS	9/14/2023
SG1.01	SITE SIGNAGE PLAN	9/14/2023
SG2.01	FIRST FLOOR SIGNAGE PLAN	9/14/2023
SG2.02	SECOND FLOOR SIGNAGE PLAN	9/14/2023
SG2.03	SUPPORT BLDG -SIGNAGE PLAN	9/14/2023
SG3.01	SIGNAGE SCHEDULE	9/14/2023
SG3.02	SIGNAGE SCHEDULE	9/14/2023
SG4.01	SIGNAGE DETAILS	9/14/2023
SG4.02	SIGNAGE DETAILS	9/14/2023
SG4.03	SIGNAGE DETAILS	9/14/2023

S0.01	GENERAL NOTES	9/14/2023
S0.02	GENERAL NOTES	9/14/2023
S0.11	TYPICAL FOUNDATION AND SOG DETAILS	9/14/2023
S0.21	TYPICAL STRUCTURAL STEEL DETAILS	9/14/2023
S0.22	TYPICAL METAL DECKING DETAILS	9/14/2023
S0.23	TYPICAL STEEL & ROOF DETAILS	9/14/2023
S0.24	STEEL DETAILS	9/14/2023
S0.25	TYPICAL HSS CONNECTION DETAILS	9/14/2023
S0.26	CANOPY DETAILS	9/14/2023
S0.31	TYPICAL CMU DETAILS	9/14/2023
S0.32	CMU DETAILS	9/14/2023
S0.51	TYPICAL TILT-UP PANEL DETAILS	9/14/2023
S0.52	TYPICAL TILT-UP PANEL DETAILS	9/14/2023
S0.53	TYPICAL STEEL & FLOOR DETAILS	9/14/2023
S0.54	TYPICAL TILT-UP PANEL DETAILS	9/14/2023
S0.55	TYPICAL TILT-UP PANEL & MISC. DETAILS	9/14/2023
S0.56	TYPICAL STEEL & FLOOR DETAILS	9/14/2023
S0.91	TYPICAL LIGHT GAUGE FRAMING SCHEDULES and ELEVATIONS	9/14/2023
S0.92	TYPICAL LIGHT GAUGE METAL FRAMING DETAILS	9/14/2023
S0.93	TYPICAL LIGHT GAUGE METAL FRAMING DETAILS	9/14/2023
S1.01	SITE DETAILS	9/14/2023
S1.02	SITE DETAILS	9/14/2023
S1-2.00	OVERALL PLAN	9/14/2023
S1-2.01	FOUNDATION FRAMING PLAN	9/14/2023
S1-2.02	SECOND FLOOR FRAMING PLAN	9/14/2023
S1-2.03	ROOF FRAMING PLAN	9/14/2023
S1-2.04	MECH'L SCREEN FRAMING PLAN	9/14/2023
S1-2.11	CANOPY PLAN	9/14/2023
S1-2.12	CANOPY PLAN	9/14/2023
S1-2.13	CANOPY PLAN	9/14/2023
S1-3.01	WALL PANEL ELEVATIONS	9/14/2023
S1-3.02	WALL PANEL ELEVATIONS	9/14/2023
S1-3.03	BRACE FRAME ELEVATIONS	9/14/2023
S1-3.04	BRACE FRAME ELEVATIONS	9/14/2023
S2-2.01	FOUNDATION FRAMING PLAN	9/14/2023
S2-2.02	ROOF FRAMING PLAN	9/14/2023
S2-2.03	MECH'L SCREEN FRAMING PLAN	9/14/2023
S2-3.01	WALL PANEL ELEVATIONS	9/14/2023
S2-3.02	WALL PANEL ELEVATIONS	9/14/2023
S7.01	STAIR FRAMING PLANS	9/14/2023
S7.11	TYPICAL STAIR DETAILS	9/14/2023
S7.12	TYPICAL PRE-CAST STAIR DETAILS	9/14/2023
S9.01	TYP. EQUIPMENT ANCHORAGE DETAILS	9/14/2023
S9.02	TYP. EQUIPMENT ANCHORAGE DETAILS	9/14/2023
S9.03	TYP. EQUIPMENT ANCHORAGE DETAILS	9/14/2023
M0.10	MECHANICAL LEGENDS AND GENERAL NOTES	9/14/2023
M1-0.20	MECHANICAL SCHEDULES	9/14/2023
M1-0.21	MECHANICAL SCHEDULES	9/14/2023
M1-2.01	MECHANICAL FIRST FLOOR PLAN	9/14/2023
M1-2.02	MECHANICAL SECOND FLOOR PLAN	9/14/2023
M1-2.03	MECHANICAL ROOF PLAN	9/14/2023
M1-4.01	MECHANICAL FIRST FLOOR ZONING PLAN	9/14/2023
M1-4.02	MECHANICAL SECOND FLOOR ZONING PLAN	9/14/2023
M1-5.01	MECHANICAL ENLARGED PLANS AND SECTIONS	9/14/2023
M2-0.20	MECHANICAL SCHEDULES	9/14/2023
M2-2.01	MECHANICAL FIRST FLOOR PLAN	9/14/2023

M2-2.02	MECHANICAL ROOF PLAN	9/14/2023
M2-3.01	MECHANICAL FIRST FLOOR PIPING & CONTROL PLAN	9/14/2023
M2-3.02	MECHANICAL ROOF PIPING & CONTROL PLAN	9/14/2023
M2-4.02	MECHANICAL FIRST FLOOR ZONING PLAN	9/14/2023
M2-5.01	MECHANICAL ENLARGED PLANS AND SECTIONS	9/14/2023
P0.10	PLUMBING LEGENDS AND GENERAL NOTES	9/14/2023
P1.10	PLUMBING SITE PLAN	9/14/2023
P1-0.20	PLUMBING FIXTURE SCHEDULES	9/14/2023
P1-2.00	UNDERGROUND PLUMBING PLAN	9/14/2023
P1-2.01	PLUMBING FIRST FLOOR DRAINAGE PLAN	9/14/2023
P1-2.02	PLUMBING SECOND FLOOR DRAINAGE PLAN	9/14/2023
P1-2.03	PLUMBING ROOF PLAN	9/14/2023
P1-3.01	PLUMBING FIRST FLOOR WATER PLAN	9/14/2023
P1-3.02	PLUMBING SECOND FLOOR WATER PLAN	9/14/2023
P1-4.01	ENLARGED PLUMBING PLANS	9/14/2023
P1-4.02	ENLARGED PLUMBING PLANS	9/14/2023
P1-4.03	ENLARGED PLUMBING PLANS	9/14/2023
P1-4.04	ENLARGED PLUMBING PLANS	9/14/2023
P2-0.20	PLUMBING FIXTURE SCHEDULES	9/14/2023
P2-2.00	UNDERGROUND PLUMBING PLAN	9/14/2023
P2-2.01	PLUMBING FIRST FLOOR DRAINAGE PLAN	9/14/2023
P2-2.02	PLUMBING ROOF PLAN	9/14/2023
P2-3.01	PLUMBING FIRST FLOOR WATER PLAN	9/14/2023
P2-4.01	ENLARGED PLUMBING PLANS	9/14/2023
P6.01	DETAILS	9/14/2023
P6.02	DETAILS	9/14/2023
E0.00	ELECTRICAL LEAD SHEET	9/14/2023
E0.01	ELECTRICAL SITE PLAN	9/14/2023
E0.02	ELECTRICAL SITE DEMOLITION PLAN	9/14/2023
E1-2.01	FIRST FLOOR POWER PLAN	9/14/2023
E1-2.02	SECOND FLOOR POWER PLAN	9/14/2023
E1-2.03	POWER ROOF PLAN	9/14/2023
E1-2.31	FIRST FLOOR LIGHTING CEILING PLAN	9/14/2023
E1-2.32	SECOND FLOOR LIGHTING CEILING PLAN	9/14/2023
E2-2.01	FIRST FLOOR POWER PLAN	9/14/2023
E2-2.03	POWER ROOF PLAN	9/14/2023
E2-2.31	IRST FLOOR LIGHTING CEILING PLAN	9/14/2023
E4.01	SINGLE LINE DIAGRAM	9/14/2023
E4.03	FEEDER SCHEDULE AND TRANSFORMER SCHEDULE	9/14/2023
E4.04	ELECTRICAL ROOM DETAIL	9/14/2023
E4.10	LIGHTING CONTROL PANEL	9/14/2023
E4.11	DISTRIBUTED LIGHTING CONTROL SCHEDULE & PRODUCT SPECIFICATIONS	9/14/2023
E4.12	DISTRIBUTED LIGHTING CONTROL SPECIFICATIONS	9/14/2023
E4.14	UPS SCHEDULE	9/14/2023
E4.16	GENERATOR SCHEDULE	9/14/2023
E4.17	GENERATOR SPECIFICATIONS	9/14/2023
E4.19	ATS SCHEDULE AND SPECIFICATION	9/14/2023
E4.20	TVSS, MOTOR CONTROL CENTER, BUS DUCT	9/14/2023
E7.01	FLOOR BOX DETAILS	9/14/2023
E7.02	MISCELLANEOUS DETAILS	9/14/2023
E7.03	MISCELLANEOUS DETAILS	9/14/2023
E7.04	MISCELLANEOUS DETAILS	9/14/2023
LT0.01	LIGHT FIXTURE SCHEDULE	9/14/2023
LT1.00	SITE LIGHTING PLAN	9/14/2023
T0.00	TECHNOLOGY LEAD SHEET	9/14/2023
T0.01	TECHNOLOGY SITE PLAN	9/14/2023

T1-2.01	FIRST FLOOR TECHNOLOGY PLAN	9/14/2023
T1-2.02	SECOND FLOOR TECHNOLOGY PLAN	9/14/2023
T1-2.04	FIRST FLOOR SECURITY PLAN	9/14/2023
T1-2.05	SECOND FLOOR SECURITY PLAN	9/14/2023
T1-2.31	FIRST FLOOR TECHNOLOGY CEILING PLAN	9/14/2023
T1-2.32	SECOND FLOOR TECHNOLOGY CEILING PLAN	9/14/2023
T1-2.33	FIRST FLOOR SECURITY CEILING PLAN	9/14/2023
T1-2.34	SECOND FLOOR SECURITY CEILING PLAN	9/14/2023
T1-3.01	TECHNOLOGY BUILDING ELEVATIONS	9/14/2023
T1-4.01	TECHNOLOGY ENLARGED INTERVIEW ROOM LAYOUT	9/14/2023
T1-4.02	TECHNOLOGY ENLARGED ROOM LAYOUT	9/14/2023
T1-4.03	TECHNOLOGY ENLARGED ROOM LAYOUT	9/14/2023
T2-2.01	FIRST FLOOR TECHNOLOGY PLAN	9/14/2023
T2-2.02	FIRST FLOOR SECURITY PLAN	9/14/2023
T2-2.31	FIRST FLOOR TECHNOLOGY CEILING PLAN	9/14/2023
T2-2.32	FIRST FLOOR SECURITY CEILING PLAN	9/14/2023
T2-3.01	TECHNOLOGY BUILDING ELEVATIONS	9/14/2023
T2-4.01	TECHNOLOGY ENLARGED ROOM LAYOUTS	9/14/2023
T6.01	TECHNOLOGY DETAILS RACK ELEVATIONS	9/14/2023
T7.01	TECHNOLOGY FACEPLATE DETAILS	9/14/2023
T7.02	TECHNOLOGY ERRCS DIAGRAM	9/14/2023
T7.03	TECHNOLOGY 2-WAY COMM AREA OF REFUGE SYSTEM	9/14/2023
T7.04	TECHNOLOGY DETAILS	9/14/2023
T7.05	TECHNOLOGY DETAILS	9/14/2023
T7.06	SECURITY CAMERA SCHEDULE	9/14/2023
T7.07	CAMERA MOUNTING DETAILS	9/14/2023
T7.08	ACCESS CONTROL DETAILS	9/14/2023
T7.09	FIRESTOPPING DETAILS	9/14/2023
AV0.00	AUDIO VISUAL LEAD SHEET	9/14/2023
AV1-2.01	FIRST FLOOR AUDIO VISUAL PLAN	9/14/2023
AV1-2.02	SECOND FLOOR AUDIO VISUAL PLAN	9/14/2023
AV1-2.31	FIRST FLOOR AUDIO VISUAL CEILING PLAN	9/14/2023
AV1-2.32	SECOND FLOOR AUDIO VISUAL CEILING PLAN	9/14/2023
AV2-2.01	FIRST FLOOR AUDIO VISUAL PLAN	9/14/2023
AV2-2.31	FIRST FLOOR AUDIO VISUAL CEILING PLAN	9/14/2023
AV4.01	AUDIO VISUAL SINGLE LINE DIAGRAMS	9/14/2023
AV4.02	AUDIO VISUAL SINGLE LINE DIAGRAMS	9/14/2023
AV4.03	AUDIO VISUAL SINGLE LINE DIAGRAMS	9/14/2023
AV4.04	AUDIO VISUAL SINGLE LINE DIAGRAMS	9/14/2023
AV4.05	AUDIO VISUAL SINGLE LINE DIAGRAMS	9/14/2023
AV5.01	AUDIO VISUAL DISPLAY ELEVATIONS	9/14/2023
AV6.01	AUDIO VISUAL EQUIPMENT RACK ELEVATIONS	9/14/2023
FA0.00	FIRE ALARM SPECIFICATIONS	9/14/2023
FA0.01	FIRE ALARM DETAILS	9/14/2023
FA1-2.01	FIRST FLOOR FIRE ALARM PLAN	9/14/2023
FA1-2.02	SECOND FLOOR FIRE ALARM PLAN	9/14/2023
FA2-2.01	FIRST FLOOR FIRE ALARM PLAN	9/14/2023
	23_0928 Rialto PD - Narrative 3 - Patrol Armory	
	016 – Patrol Armory	
A1-2.41	FIRST FLOOR EQUIPMENT/FURNITURE PLAN	9/28/2023
A1-2.42	SECOND FLOOR EQUIPMENT/FURNITURE PLAN	9/28/2023
	23_0914 Rialto PD - Narrative 4 - Server Room Cooling	
	017 – Server Room Cooling	
A1-2.01	FIRST FLOOR PLAN	8/24/2023
Pages 1 - 5	23_0914 Rialto PD - Narrative 5 - Telescoping Gate	

	23_0919 Rialto PD - Narrative 6 - Enclosed Exec Admin	
	23_0928 Rialto PD - Narrative 7 - Support Building Shift	
	23_0914_Rialto PD_100_Design Development Specs	
COVER SHEET	SPECIFICATIONS VOLUME 1 OF 2: DIVISION 00 TO 09	9/14/2023
00 01 10 - 1	TABLE OF CONTENTS	9/14/2023
DIVISION 01	GENERAL REQUIREMENTS	
01 10 00-1	SUMMARY OF WORK	9/14/2023
01 13 13-1	DELEGATED DESIGN REQUIREMENTS	9/14/2023
01 21 00-1	ALLOWANCES	9/14/2023
01 25 00-1	SUBSTITUTION PROCEDURES	9/14/2023
01 26 13-1	REQUESTS FOR INTERPRETATION	9/14/2023
01 31 00-1	PROJECT MANAGEMENT AND COORDINATION	9/14/2023
01 31 19-1	PROJECT MEETINGS	9/14/2023
01 31 33-1	COORDINATION DRAWINGS	9/14/2023
01 32 00-1	CONSTRUCTION PROGRESS DOCUMENTATION	9/14/2023
01 32 33-1	PHOTOGRAPHIC DOCUMENTATION	9/14/2023
01 33 00-1	SUBMITTAL PROCEDURES	9/14/2023
01 42 00-1	REFERENCES	9/14/2023
01 43 00-1	QUALITY ASSURANCE	9/14/2023
01 43 39-1	MOCKUPS AND FIELD SAMPLES	9/14/2023
01 45 16-1	CONTRACTOR QUALITY CONTROL	9/14/2023
01 50 00-1	TEMPORARY FACILITIES AND CONTROLS	9/14/2023
01 56 39-1	TemporaryTreeandPlantProtection	9/14/2023
01 58 13-1	TEMPORARY PROJECT SIGNAGE	9/14/2023
01 60 00-1	PRODUCT REQUIREMENTS	9/14/2023
01 64 00-1	OWNER-FURNISHED PRODUCTS	9/14/2023
01 73 00-1	EXECUTION	9/14/2023
01 73 29-1	CUTTING AND PATCHING	9/14/2023
01 74 00-1	CLEANING	9/14/2023
01 74 19-1	CONSTRUCTION WASTE MANAGEMENT AND DISPOSAL	9/14/2023
01 77 00-1	CLOSEOUT PROCEDURES	9/14/2023
01 78 23-1	OPERATION AND MAINTENANCE DATA	9/14/2023
01 78 36-1	WARRANTIES AND BONDS	9/14/2023
01 78 39-1	PROJECT RECORD DOCUMENTS	9/14/2023
01 79 00-1	DEMONSTRATION AND TRAINING	9/14/2023
DIVISION 03	CONCRETE	
03 10 00 - 1	Concrete Forming and Accessories	9/14/2023
03 20 00 - 1	Concrete Reinforcing	9/14/2023
03 30 00 - 1	Cast-in-Place Concrete	9/14/2023
03 35 10 - 1	CONCRETE FLATWORK FINISHING AND CURING	9/14/2023
05 41 23 - 1	PRECAST CONCRETE STAIRS	9/14/2023
03 47 13 - 1	Tilt-Up Concrete	9/14/2023
03 54 16 - 1	HYDRAULIC CEMENT UNDERLAYMENT	9/14/2023
DIVISION 04	MASONRY	
04 20 00 - 1	UnitMasonry	9/14/2023
DIVISION 05	METALS	
05 05 13 - 1	SHOP-APPLIED STEEL PRIMER	9/14/2023
05 05 14 - 1	SHOP-APPLIED FLOUROPOLYMER COATINGS	9/14/2023
05 12 00 - 1	Structural Steel Framing	9/14/2023
05 21 00 - 1	Steel Joist Framing	9/14/2023
05 31 00 - 1	Steel Decking	9/14/2023
05 40 00 - 1	Cold-Formed Metal Framing	9/14/2023
05 50 00 - 1	METAL FABRICATIONS	9/14/2023
05 51 00 - 1	METAL STAIRS	9/14/2023
05 51 34 - 1	LADDERS	9/14/2023

05 52 13 - 1	PIPE AND TUBE RAILINGS	9/14/2023
05 55 00 - 1	STAIR TREADS AND NOSINGS	9/14/2023
05 58 00 - 1	FORMED METAL FABRICATIONS	9/14/2023
05 70 00 - 1	DECORATIVE METAL	9/14/2023
05 73 13 - 1	GLAZED DECORATIVE METAL RAILINGS	9/14/2023
DIVISION 06	WOOD, PLASTICS, AND COMPOSITES	
06 10 53 - 1	MISCELLANEOUS ROUGH CARPENTRY	9/14/2023
06 40 16 - 1	INTERIOR ARCHITECTURAL WOODWORK	9/14/2023
06 41 19 - 1	PLASTIC LAMINATE-CLAD WOOD CASEWORK	9/14/2023
DIVISION 07	THERMAL AND MOISTURE PROTECTION	9/14/2023
07 13 27 - 1	HDPE SHEET WATERPROOFING	9/14/2023
07 21 50 - 1	BUILDING ENCLOSURE INSULATION	9/14/2023
07 26 13 - 1	BELOW-GRADE VAPOR RETARDERS	9/14/2023
07 27 27 - 1	FLUID-APPLIED SILICONE AIR BARRIER	9/14/2023
07 42 13 - 1	FORMED METAL PANELS	9/14/2023
07 42 18 - 1	METAL COMPOSITE WALL PANELS	9/14/2023
07 54 23 - 1	TPO ROOFING	9/14/2023
07 62 00 - 1	SHEET METAL FLASHING AND TRIM	9/14/2023
07 65 26 - 1	SASM FLASHING	9/14/2023
07 84 00 - 1	FIRESTOPPING	9/14/2023
07 92 00 - 1	JOINT SEALANTS	9/14/2023
DIVISION 08	OPENINGS	
08 12 13 - 1	STANDARD HOLLOW METAL FRAMES	9/14/2023
08 12 16 - 1	ALUMINUM FRAMES	9/14/2023
08 13 13 - 1	STANDARD HOLLOW METAL DOORS	9/14/2023
08 14 16 - 1	FLUSH WOOD DOORS	9/14/2023
08 31 16 - 1	ACCESS PANELS	9/14/2023
08 33 23 - 1	OVERHEAD COILING DOORS	9/14/2023
08 34 78 - 1	VERTICAL SLIDING ACOUSTICAL DOORS	9/14/2023
08 41 13 - 1	ALUMINUM-FRAMED ENTRANCES AND STOREFRONTS	9/14/2023
08 42 14 - 1	INTERIOR ALUMINUM-FRAMED ENTRANCES	9/14/2023
08 42 29 - 1	AUTOMATIC ENTRANCES	9/14/2023
08 43 36 - 1	FOLDING STOREFRONTS	9/14/2023
08 62 33 - 1	TUBULAR SKYLIGHTS	9/14/2023
08 71 00 - 1	DOOR HARDWARE	9/14/2023
08 71 13 - 1	AUTOMATIC DOOR OPERATORS	9/14/2023
08 81 00 - 1	GLASS GLAZING	9/14/2023
08 83 13 - 1	MIRRORED GLASS	9/14/2023
08 87 16 - 1	DECORATIVE GLAZING FILM	9/14/2023
DIVISION 09	FINISHES	9/14/2023
09 05 16 - 1	PREPARATION OF CONCRETE SUBSTRATES FOR FINISH FLOORING	9/14/2023
09 21 16 - 1	GYPSUM BOARD SHAFT WALL ASSEMBLIES	9/14/2023
09 22 16 - 1	LIGHTGAGE METAL FRAMING	9/14/2023
09 22 26 - 1	METAL SUSPENSION SYSTEMS	9/14/2023
09 28 15 - 1	GMF GYPSUM TILE BACKING BOARD	9/14/2023
09 29 00 - 1	GYPSUM BOARD	9/14/2023
09 30 00 - 1	TILING	9/14/2023
09 51 13 - 1	ACOUSTICAL PANEL CEILINGS	9/14/2023
09 51 26 - 1	ACOUSTICAL WOOD CEILINGS	9/14/2023
09 65 13 - 1	RESILIENT BASE AND ACCESSORIES	9/14/2023
09 65 16 - 1	RESILIENT SHEET FLOORING	9/14/2023
09 65 19 - 1	RESILIENT TILE FLOORING	9/14/2023
09 65 66 - 1	RESILIENT ATHLETIC FLOORING	9/14/2023
09 68 13 - 1	TILE CARPETING	9/14/2023
09 68 17 - 1	COMMERCIAL SHEET CARPETING	9/14/2023
09 72 10 - 1	CONTRACT WALL COVERINGS	9/14/2023

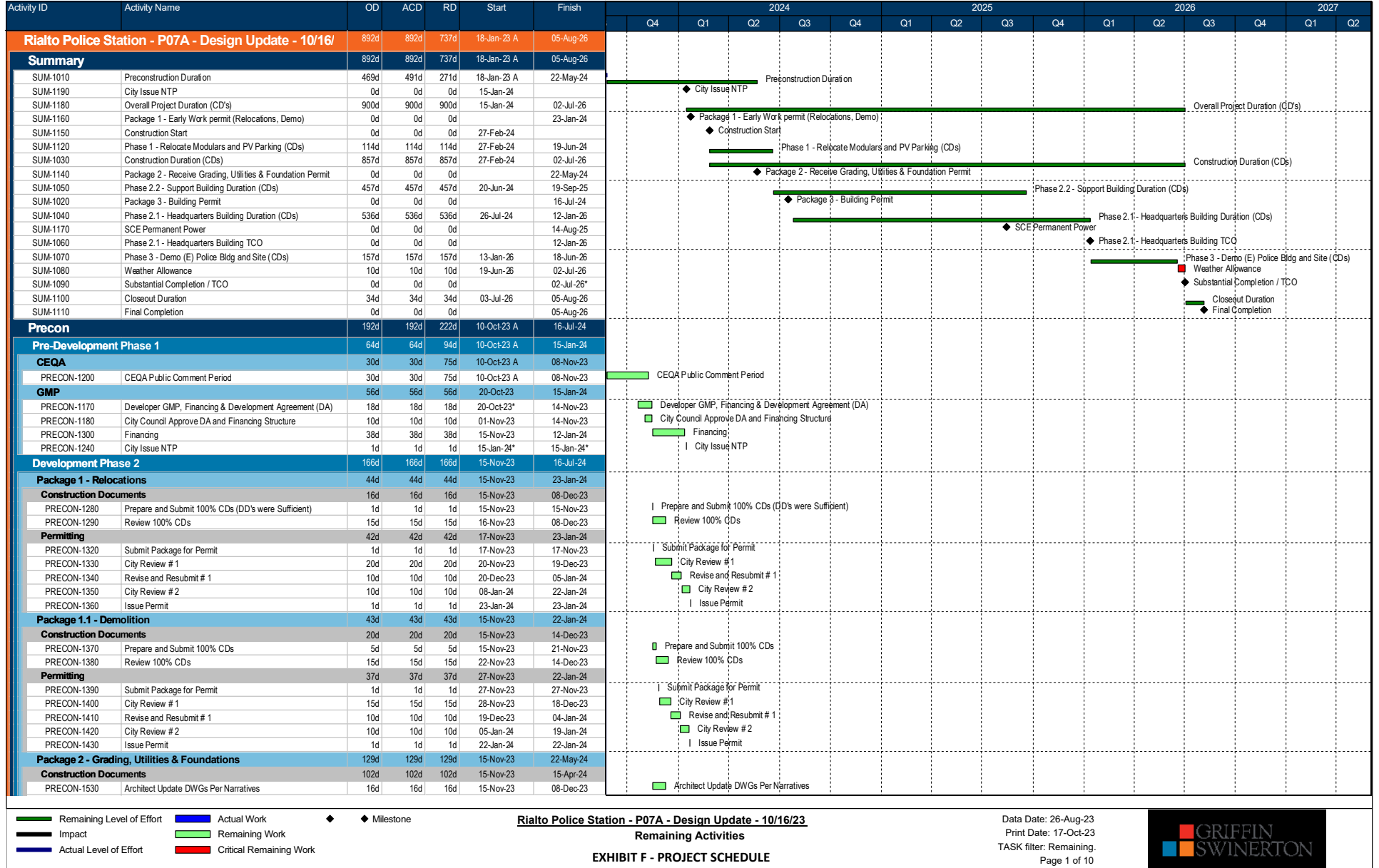
09 72 43 - 1	GRAPHIC FILM WALL COVERINGS	9/14/2023
09 77 33 - 1	FRP WALL PANELS	9/14/2023
09 81 33 - 1	ACOUSTICAL INSULATION, SEALANTS, AND ACCESSORIES	9/14/2023
09 84 33 - 1	SOUND-ABSORBING WALL UNITS	9/14/2023
09 91 00 - 1	PAINTING	9/14/2023
	PAINT PRODUCTS SCHEDULE - 1	
09 96 29 - 1	GRAFFITI-RESISTANT FILM	9/14/2023
09 96 53 - 1	ELASTOMERIC COATINGS	9/14/2023
09 96 56 - 1	EPOXY COATINGS	9/14/2023
09 97 13 - 1	HIGH-PERFORMANCE STEEL COATINGS	9/14/2023
09 97 23 - 1	PENETRATING CONCRETE FLOOR SEALER	9/14/2023
COVER SHEET	SPECIFICATIONS VOLUME 2 OF 2: DIVISION 10 TO 33	9/14/2023
00 01 10 - 1	TABLE OF CONTENTS	9/14/2023
DIVISION 10	SPECIALTIES	
10 11 23 - 1	TACK BOARDS	9/14/2023
10 14 13 - 1	REGULATORY SIGNAGE	9/14/2023
10 21 13 - 1	TOILET COMPARTMENTS	9/14/2023
10 26 00 - 1	WALL PROTECTION	9/14/2023
10 28 13 - 1	COMMERCIAL TOILET ACCESSORIES	9/14/2023
10 44 00 - 1	FIRE PROTECTION SPECIALTIES	9/14/2023
10 51 23 - 1	PLASTIC LAMINATE LOCKERS	9/14/2023
10 71 13 - 1	FIXED SUN SHADES	9/14/2023
10 75 00 - 1	Flagpoles	9/14/2023
DIVISION 11	EQUIPMENT	
11 18 00 - 1	SECURITY EQUIPMENT	9/14/2023
11 19 00 - 1	DETENTION EQUIPMENT	9/14/2023
11 19 50 - 1	BALLISTIC PROTECTION EQUIPMENT	9/14/2023
11 24 32 - 1	FALL RESTRAINT BRACKETS	9/14/2023
11 31 00 - 1	RESIDENTIAL APPLIANCES	9/14/2023
11 81 19 - 1	VACUUM CLEANING SYSTEMS	9/14/2023
DIVISION 12	FURNISHINGS	
12 24 13 - 1	ROLLER WINDOW SHADES	9/14/2023
12 36 16 - 1	STAINLESS STEEL COUNTERTOPS	9/14/2023
12 36 63 - 1	SOLID SURFACE MATERIAL COUNTERTOPS	9/14/2023
12 48 13 - 1	ENTRANCE FLOOR MATS	9/14/2023
12 48 16 - 1	ENTRANCE FLOOR GRILLES	9/14/2023
12 93 16 - 1	BICYCLE ROOM RACKS	9/14/2023
DIVISION 22	PLUMBING	
220130-1	COMMON WORK RESULTS FOR PLUMBING	9/14/2023
220517-1	SLEEVES AND SLEEVE SEALS FOR PLUMBING PIPING	9/14/2023
220519-1	METERS AND GAUGES FOR PLUMBING PIPING	9/14/2023
220523-1	GENERAL-DUTY VALVES FOR PLUMBING PIPING	9/14/2023
220529-1	HANGERS AND SUPPORTS FOR PLUMBING PIPING AND EQUIPMENT	9/14/2023
220548-1	VIBRATION AND SEISMIC CONTROLS FOR PLUMBING PIPING AND EQUIPMENT	9/14/2023
220553-1	IDENTIFICATION FOR PLUMBING PIPING AND EQUIPMENT	9/14/2023
220716-1	PLUMBING EQUIPMENT INSULATION	9/14/2023
220719-1	PLUMBING PIPING INSULATION	9/14/2023
221005-1	PLUMBING PIPING	9/14/2023
221006-1	PLUMBING PIPING SPECIALTIES	9/14/2023
223000-1	PLUMBING EQUIPMENT	9/14/2023
224000-1	PLUMBING FIXTURES	9/14/2023
DIVISION 23	HEATING, VENTILATING, AND AIR CONDITIONING	9/14/2023
230500-1	COMMON WORK RESULTS FOR HVAC	9/14/2023
230548-1	VIBRATION AND SEISMIS CONTROLS FOR HVAC	9/14/2023
230553-1	IDENTIFICATION FOR HVAC PIPING AND EQUIPMENT	9/14/2023
230593-1	TESTING, ADJUSTING, AND BALANCING FOR HVAC	9/14/2023

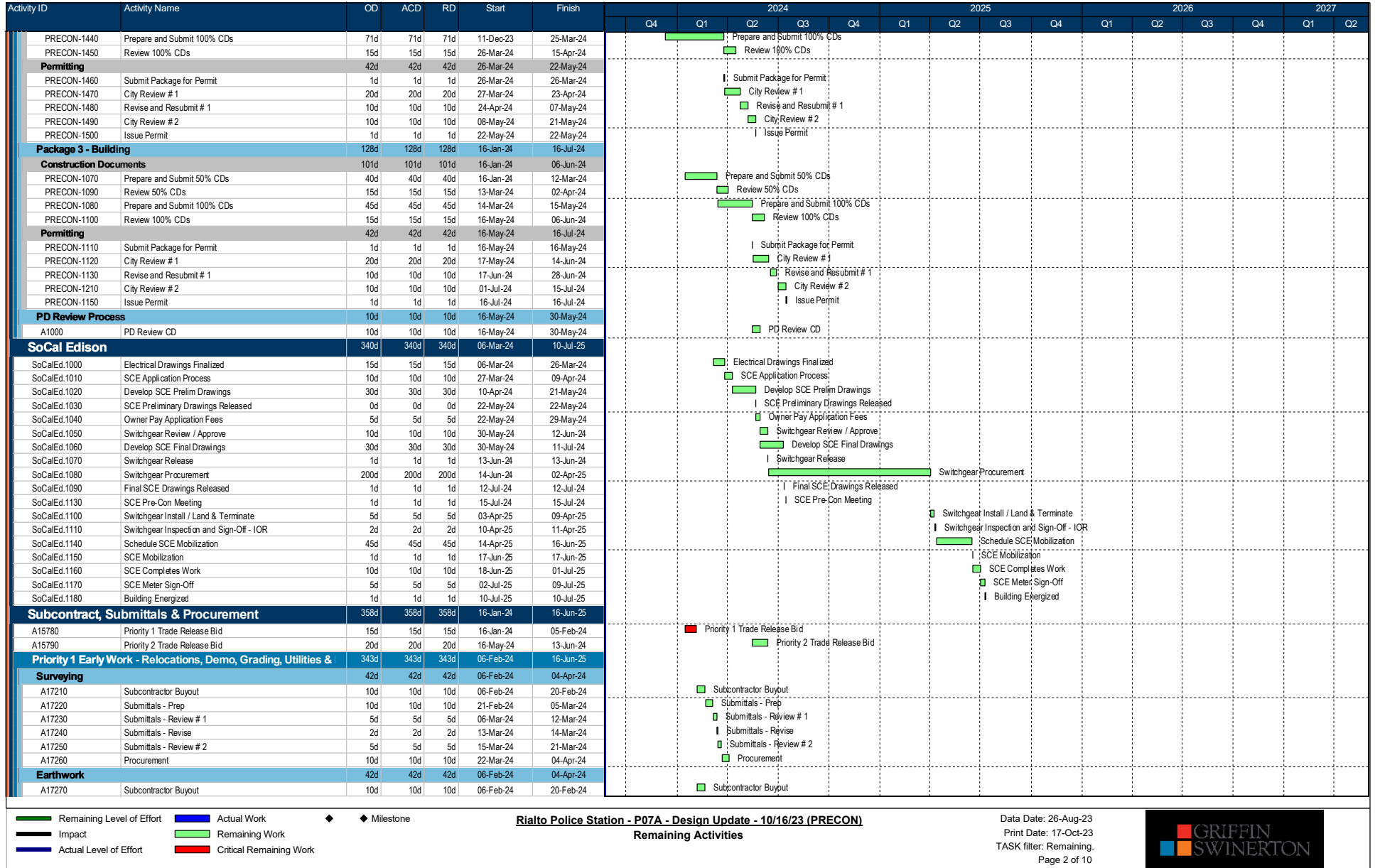
230713-1	HVAC DUCT INSULATION	9/14/2023
230719-1	HVAC PIPING INSULATION	9/14/2023
230800-1	COMMISSIONING OF HVAC	9/14/2023
230913-1	INSTRUMENTATION AND CONTROL DEVICES FOR HVAC	9/14/2023
230923-1	DIRECT-DIGITAL CONTROL SYSTEM FOR HVAC	9/14/2023
232300-1	REFRIGERANT PIPING	9/14/2023
233100-1	HVAC DUCTS AND CASINGS	9/14/2023
233300-1	AIR DUCT ACCESSORIES	9/14/2023
233319-1	DUCT SILENCERS	9/14/2023
233423-1	HVAC POWER VENTILATORS	9/14/2023
233600-1	AIR TERMINAL UNITS	9/14/2023
233700-1	AIR OUTLETS AND INLETS	9/14/2023
234000-1	HVAC AIR CLEANING DEVICES	9/14/2023
237413-1	PACKAGED OUTDOOR HEAT PUMP UNITS	9/14/2023
237433-1	DEDICATED OUTDOOR AIR UNITS	9/14/2023
238125-1	COMPUTER ROOM AIR CONDITIONERS – CEILING MOUNTED	9/14/2023
238126-1	SPLIT-SYSTEM AIR CONDITIONERS	9/14/2023
238129-1	VARIABLE REFRIGERANT FLOW HVAC SYSTEMS	9/14/2023
DIVISION 26	ELECTRICAL	
26 00 00 - 1	GENERAL ELECTRICAL SPECIFICATIONS	9/14/2023
DIVISION 27	COMMUNICATIONS	9/14/2023
27 10 00 - 1	STRUCTURED CABLING SYSTEM	9/14/2023
27 41 00 - 1	AUDIOVISUAL SYSTEMS SPECIFICATIONS	9/14/2023
DIVISION 28	ELECTRONIC SAFETY AND SECURITY	9/14/2023
28 05 13 - 1	SECURITY WIRE AND CABLE	9/14/2023
28 10 00 - 1	ACCESS CONTROL AND ALARM MONITORING SYSTEM	9/14/2023
28 30 00 - 1	SECURITY VIDEO MANAGEMENT SYSTEM	9/14/2023
DIVISION 31	EARTHWORK	
311000-1	SITE CLEARING	9/14/2023
312200-1	GRADING	9/14/2023
312316-1	EXCAVATION	9/14/2023
312316.13-1	TRENCHING	9/14/2023
DIVISION 32	EXTERIOR IMPROVEMENTS	9/14/2023
320190-1	LANDSCAPE MAINTENANCE	9/14/2023
321123-1	AGGREGATE BASE COURSES	9/14/2023
321216-1	ASPHALT PAVING	9/14/2023
321313-1	CONCRETE PAVING	9/14/2023
321373-1	PAVEMENT JOINT SEALERS	9/14/2023
321413-1	PRECAST CONCRETE UNIT PAVING	9/14/2023
321500-1	DECOMPOSED GRANITE SURFACING	9/14/2023
321713-1	PARKING BUMPERS	
321723-1	PAVEMENT MARKINGS	9/14/2023
32 17 26 - 1	TACTILE WARNING SURFACING	9/14/2023
32 31 14 - 1	SECURITY CHAIN LINK FENCES AND GATES	9/14/2023
323119-1	TUBE STEEL FENCES AND GATES	9/14/2023
323125-1	AMERISTAR MONTAGE II	9/14/2023
32 31 43 - 1	AUTOMATIC GATE OPERATORS	9/14/2023
323300-1	SITE FURNISHINGS	9/14/2023
323353-1	ARCHITECTURAL SITE CONCRETE	9/14/2023
328400-1	LANDSCAPE IRRIGATION	9/14/2023
329300-1	LANDSCAPE WORK	9/14/2023
DIVISION 33	UTILITIES	
331416-1	SITE WATER UTILITY DISTRIBUTION PIPING	9/14/2023
333113-1	SITE SANITARY SEWERAGE GRAVITY PIPING	9/14/2023
334211-1	STORMWATER GRAVITY PIPING	9/14/2023

	APPENDIX	9/14/2023
	BLANK SHEET	
	LEED v4 for BD+C: New Construction and Major Renovation	3/28/2023
	BLANK SHEET	
PWBO 1 OF 2	HydroFit 4510R MODEL HydroFit HOSPITAL SEISMIC 3+	
PWBO 2 OF 2	HydroFit 4510R MODEL HydroFit HOSPITAL SEISMIC 3+	
PLAN VIEW	HydroFit 4510R MODEL HydroFit HOSPITAL SEISMIC 3+	
ELEVATION 1	HydroFit 4510R MODEL HydroFit HOSPITAL SEISMIC 3+	
HALL FIXTURES	HydroFit 4510R MODEL HydroFit HOSPITAL SEISMIC 3+	
	BLANK SHEET	
10. Jobwalk Photos		
11. As built drawings		
	Existing PD Building	
	1967-07 Police Facilities Building	
A-1	PLOT PLANT & SITE DETAILS	7/1/1967
A-2	BASEMENT PLAN, EXTERIOR ELEVATION AND CROSS SECTION	7/1/1967
A-3	FIRST FLOOR PLAN, ROOM FINISH SCHEDULE & DOOR SCHEDULE	7/1/1967
A-4	ROOF PLAN AND EAVE SECTIONS & MISC SECTIONS	7/1/1967
A-5	INTERIOR ELEVATIONS	7/1/1967
A-6	PISTOL RANGE SECTION, INTERIOR ELEVATIONS & DETAILS	7/1/1967
A-7	DOOR, WINDOW & MISC DETAILS	7/1/1967
A-8	CABINET SECTIONS & DETAILS	7/1/1967
A-9	REFLECTED CEILING PLANS & DETAILS	7/1/1967
E-1	SITE PLAN, SYMBOLS & LIGHTING FIXTURE SCHEDULE	7/1/1967
E-2	BASEMENT LIGHTING PLAN, PANEL SCHEDULES & SECTIONS	7/1/1967
E-3	BASEMENT POWER & COMMUNICATIONS PLAN & DETAILS	7/1/1967
E-4	FIRST FLOOR LIGHTING PLAN, PANEL SCHEDULES & DETAILS	7/1/1967
E-5	FIRST FLOOR POWER PLAN & SINGLE LINE DIAGRAM	7/1/1967
E-6	FIRST FLOOR COMMUNICATIONS PLAN & DETAILS	7/1/1967
M-2	FIRST FLOOR PLAN AND DETAILS	7/1/1967
P-1	PLUMBING PLOT PLAN, LEGEND, SCHEDULES & DETAILS	7/1/1967
P-2	PLUMBING FLOOR PLANS & EQUIPMENT SCHEDULE	7/1/1967
FS-1	FIRE SPRINKLER PLANS	7/1/1967
S1	GENERAL NOTES & TYPICAL DETAILS	7/1/1967
S2	FOUNDATION BASEMENT & FIRST FLOOR PLANS	7/1/1967
S3	ROOF FRAMING PLAN, SECTIONS & DETAILS	7/1/1967
S4	WALL ELEVATIONS	7/1/1967
S5	SECTIONS	7/1/1967
S6	SECTIONS	7/1/1967
	Rialto Police - S1	
S1	GENERAL NOTES & TYPICAL DETAILS	7/1/1967
	Rialto Police - S2	
S2	FOUNDATION BASEMENT & FIRST FLOOR PLANS	7/1/1967
	Rialto Police - S3	
S3	ROOF FRAMING PLAN, SECTIONS & DETAILS	7/1/1967
	Rialto Police - S4	
S4	WALL ELEVATIONS	7/1/1967
	Rialto Police - S5	
S5	SECTIONS	7/1/1967
	Rialto Police - S6	
S6	SECTIONS	7/1/1967
	Existing PV Panels	
Pages 1 - 7	Existing PV panels	
12. Existing Modular Structures Relocation		

OPTION B	PHASING & LOGISTICS: SB-B	7/12/2022
	Trailer relocation markup	
	Modular Relocation Drawing + Spec Package	10/3/2023
13. Existing PV Panels Salvaging		
Pages 1 - 7	Existing PV panels	
	IMG_0144	
	PD Solar plans	
PV-1	COVERSHEET SHEET	12/17/2018
PV-2.1	REVISED GENERAL SITE PLAN	12/13/2018
PV-2.1	REVISED GENERAL SITE PLAN	12/17/2018
E-1	ELECTRICAL LEGENDS & NOTES	10/29/2018
E-2	SINGLE LINE DIAGRAM	10/29/2018
E-3	PV SYSTEM DATA & FEEDER SCHEDULES	10/29/2018
E-4	TITLE 24 COMPLIANCE DOCUMENTS	10/29/2018
E-5	ELECTRICAL SITE PLAN	10/19/2018
E-6	SITE LIGHTING PLAN	10/29/2018
E-7	SITE LIGHTING PHOTOMETRICS	10/29/2018
E-8	ELECTRICAL DETAILS	11/14/2019
E-9	ELECTRICAL DETAILS	10/29/2018
E-10	ELECTRICAL CUTSHEETS	10/29/2018
E-11	ELECTRICAL SPECIFICATIONS	10/16/2018
E-12	ELECTRICAL SPECIFICATIONS	10/16/2018
SHEET 1 OF 5	GENERAL INFORMATION	2/8/2018
SHEET 2 OF 5	CAR PORT #1	2/8/2018
SHEET 3 OF 5	CAR PORT #1 CROSS SECTION	2/8/2018
SHEET 4 OF 5	SOLAR DETAILS	2/8/2018
SHEET 5 OF 5	GENERAL DETAILS	2/8/2018
CBC-S2		
SA-1	FOUNDATION PLAN & DETAILS	3/28/2018
SA-2	DETAILS PLAN	3/28/2018
	ADA COMPLIANCE VERIFICATION RIALTO POLICE DEPARTMENT FOR DS ENERGY	3/13/2018
PV-6.0	PRODUCT DATA INFORMATION	10/16/2018
PV-6.01	PRODUCT DATA INFORMATION	10/16/2018
	PV Panels relocation	
OPTION B	Rialto Police Station - Phasing _ Logistics - Sheet - SB-B - OPTION B	7/12/2022

EXHIBIT F
Project Schedule





Activity ID	Activity Name	OD	ACD	RD	Start	Finish	2024				2025				2026				2027		
							Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
A17280	Submittals - Prep	10d	10d	10d	21-Feb-24	05-Mar-24															
A17290	Submittals - Review # 1	5d	5d	5d	06-Mar-24	12-Mar-24															
A17300	Submittals - Revise	2d	2d	2d	13-Mar-24	14-Mar-24															
A17310	Submittals - Review # 2	5d	5d	5d	15-Mar-24	21-Mar-24															
A17320	Procurement	10d	10d	10d	22-Mar-24	04-Apr-24															
Demolition & Grading		42d	42d	42d	06-Feb-24	04-Apr-24															
A15202	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24															
A15212	Submittals - Prep	10d	10d	10d	21-Feb-24	05-Mar-24															
A15222	Submittals - Review # 1	5d	5d	5d	06-Mar-24	12-Mar-24															
A15232	Submittals - Revise	2d	2d	2d	13-Mar-24	14-Mar-24															
A15242	Submittals - Review # 2	5d	5d	5d	15-Mar-24	21-Mar-24															
A15252	Procurement	10d	10d	10d	22-Mar-24	04-Apr-24															
SWPPP		45d	45d	45d	06-Feb-24	09-Apr-24															
Temp Fencing		14d	14d	14d	06-Feb-24	26-Feb-24															
A15725	Subcontractor Buyout	5d	5d	5d	06-Feb-24	12-Feb-24															
A15735	Submittals - Prep	2d	2d	2d	13-Feb-24	14-Feb-24															
A15745	Submittals - Review # 1	2d	2d	2d	15-Feb-24	16-Feb-24															
A15755	Submittals - Revise	1d	1d	1d	20-Feb-24	20-Feb-24															
A15765	Submittals - Review # 2	1d	1d	1d	21-Feb-24	21-Feb-24															
A15775	Procurement	3d	3d	3d	22-Feb-24	26-Feb-24															
Trailers		45d	45d	45d	06-Feb-24	09-Apr-24															
A15820	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24															
A15830	Submittals - Prep	10d	10d	10d	21-Feb-24	05-Mar-24															
A15840	Submittals - Review # 1	5d	5d	5d	06-Mar-24	12-Mar-24															
A15850	Submittals - Revise	5d	5d	5d	13-Mar-24	19-Mar-24															
A15860	Submittals - Review # 2	5d	5d	5d	20-Mar-24	26-Mar-24															
A15870	Procurement	10d	10d	10d	27-Mar-24	09-Apr-24															
Site Utilities		60d	60d	60d	06-Feb-24	30-Apr-24															
A15152	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24															
A15162	Submittals - Prep	20d	20d	20d	21-Feb-24	19-Mar-24															
A15172	Submittals - Review # 1	10d	10d	10d	20-Mar-24	02-Apr-24															
A15182	Submittals - Revise	5d	5d	5d	03-Apr-24	09-Apr-24															
A15192	Submittals - Review # 2	5d	5d	5d	10-Apr-24	16-Apr-24															
A15592	Procurement	10d	10d	10d	17-Apr-24	30-Apr-24															
Concrete Tilt-up Walls		128d	128d	128d	06-Feb-24	06-Aug-24															
A1230	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24															
A1310	Submittals - Prep	10d	10d	10d	21-Feb-24	05-Mar-24															
A1380	Submittals - Review # 1	10d	10d	10d	06-Mar-24	19-Mar-24															
A1450	Submittals - Revise	5d	5d	5d	20-Mar-24	26-Mar-24															
A1510	Submittals - Review # 2	10d	10d	10d	27-Mar-24	09-Apr-24															
A1580	Procurement	15d	15d	15d	17-Jul-24	06-Aug-24															
Rebar		80d	80d	80d	06-Feb-24	29-May-24															
A15890	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24															
A15900	Submittals/Shop Drawing Revisions	20d	20d	20d	21-Feb-24	19-Mar-24															
A15910	Submittals - Review # 1	10d	10d	10d	20-Mar-24	02-Apr-24															
A15920	Submittals - Revise	10d	10d	10d	03-Apr-24	16-Apr-24															
A15930	Submittals - Review # 2	10d	10d	10d	17-Apr-24	30-Apr-24															
A15940	Procurement	20d	20d	20d	01-May-24	29-May-24															
Masonry		80d	80d	80d	06-Feb-24	29-May-24															
A1290	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24															
A1370	Submittals/Shop Drawing Revisions	20d	20d	20d	21-Feb-24	19-Mar-24															
A1490	Submittals - Review # 1	10d	10d	10d	20-Mar-24	02-Apr-24															
A1560	Submittals - Revise	10d	10d	10d	03-Apr-24	16-Apr-24															
A1810	Submittals - Review # 2	10d	10d	10d	17-Apr-24	30-Apr-24															
A1980	Procurement	20d	20d	20d	01-May-24	29-May-24															

Remaining Level of Effort
 Actual Work
 Milestone
 Impact
 Remaining Work
 Actual Level of Effort
 Critical Remaining Work

Rialto Police Station - P07A - Design Update - 10/16/23 (PRECON)

Remaining Activities

Data Date: 26-Aug-23
 Print Date: 17-Oct-23
 TASK filter: Remaining.
 Page 3 of 10



Activity ID	Activity Name	OD	ACD	RD	Start	Finish	2024					2025				2026				2027	
							Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Structural Steel																					
A1260	Subcontractor Buyout	173d	173d	173d	06-Feb-24	09-Oct-24			Subcontractor Buyout												
A1340	Submittals/Shop Drawing Revisions	25d	25d	25d	21-Feb-24	26-Mar-24			Submittals/Shop Drawing Revisions												
A1520	Submittals - Review # 1	10d	10d	10d	27-Mar-24	09-Apr-24			Submittals - Review # 1												
A1600	Submittals - Revise	10d	10d	10d	10-Apr-24	23-Apr-24			Submittals - Revise												
A1830	Submittals - Review # 2	10d	10d	10d	24-Apr-24	07-May-24			Submittals - Review # 2												
A1990	Procurement	60d	60d	60d	17-Jul-24	09-Oct-24				Procurement											
Waterproofing																					
A15950	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24			Subcontractor Buyout												
A15960	Submittals/Shop Drawing Revisions	20d	20d	20d	21-Feb-24	19-Mar-24			Submittals/Shop Drawing Revisions												
A15970	Submittals - Review # 1	10d	10d	10d	20-Mar-24	02-Apr-24			Submittals - Review # 1												
A15980	Submittals - Revise	10d	10d	10d	03-Apr-24	16-Apr-24			Submittals - Revise												
A15990	Submittals - Review # 2	10d	10d	10d	17-Apr-24	30-Apr-24			Submittals - Review # 2												
A16000	Procurement	20d	20d	20d	01-May-24	29-May-24			Procurement												
Glass & Glazing																					
A1780	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24			Subcontractor Buyout												
A1960	Submittals - Prep	30d	30d	30d	21-Feb-24	02-Apr-24			Submittals - Prep												
A2210	Submittals - Review # 1	10d	10d	10d	03-Apr-24	16-Apr-24			Submittals - Review # 1												
A2390	Submittals - Revise	5d	5d	5d	17-Apr-24	23-Apr-24			Submittals - Revise												
A2490	Submittals - Review # 2	10d	10d	10d	24-Apr-24	07-May-24			Submittals - Review # 2												
A2660	Procurement - Glass and Glazing	160d	160d	160d	08-May-24	26-Dec-24				Procurement - Glass and Glazing											
Modular Office Relocation																					
A16010	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24			Subcontractor Buyout												
A16020	Submittals/Shop Drawing Revisions	20d	20d	20d	21-Feb-24	19-Mar-24			Submittals/Shop Drawing Revisions												
A16030	Submittals - Review # 1	10d	10d	10d	20-Mar-24	02-Apr-24			Submittals - Review # 1												
A16040	Submittals - Revise	10d	10d	10d	03-Apr-24	16-Apr-24			Submittals - Revise												
A16050	Submittals - Review # 2	10d	10d	10d	17-Apr-24	30-Apr-24			Submittals - Review # 2												
A16060	Procurement	20d	20d	20d	01-May-24	29-May-24			Procurement												
Detention Systems																					
A16070	Subcontractor Buyout	10d	10d	10d	06-Feb-24	20-Feb-24			Subcontractor Buyout												
A16080	Submittals/Shop Drawing Revisions	20d	20d	20d	21-Feb-24	19-Mar-24			Submittals/Shop Drawing Revisions												
A16090	Submittals - Review # 1	10d	10d	10d	20-Mar-24	02-Apr-24			Submittals - Review # 1												
A16100	Submittals - Revise	10d	10d	10d	03-Apr-24	16-Apr-24			Submittals - Revise												
A16110	Submittals - Review # 2	10d	10d	10d	17-Apr-24	30-Apr-24			Submittals - Review # 2												
A16120	Procurement	20d	20d	20d	01-May-24	29-May-24			Procurement												
Elevators																					
A1770	Subcontractor Buyout	100d	100d	100d	06-Feb-24	15-Nov-24			Subcontractor Buyout												
A1950	Submittals/Shop Drawing Revisions	30d	30d	30d	21-Feb-24	02-Apr-24			Submittals/Shop Drawing Revisions												
A2200	Submittals - Review # 1	10d	10d	10d	03-Apr-24	16-Apr-24			Submittals - Review # 1												
A2380	Submittals - Revise	5d	5d	5d	17-Apr-24	23-Apr-24			Submittals - Revise												
A2560	Submittals - Review # 2	5d	5d	5d	24-Apr-24	30-Apr-24			Submittals - Review # 2												
A2730	Procurement	140d	140d	140d	01-May-24	15-Nov-24				Procurement											
Plumbing																					
A1730	Subcontractor Buyout	253d	253d	253d	06-Feb-24	06-Feb-25			Subcontractor Buyout												
A1920	Submittals - Prep	10d	10d	10d	06-Feb-24	20-Feb-24			Submittals - Prep												
A2170	Submittals - Review # 1	30d	30d	30d	21-Feb-24	02-Apr-24			Submittals - Review # 1												
A2350	Submittals - Revise	10d	10d	10d	03-Apr-24	16-Apr-24			Submittals - Revise												
A2350	Submittals - Revise	5d	5d	5d	17-Apr-24	23-Apr-24			Submittals - Revise												
A2460	Submittals - Review # 2	5d	5d	5d	24-Apr-24	07-May-24			Submittals - Review # 2												
A2630	Procurement	140d	140d	140d	17-Jul-24	06-Feb-25				Procurement											
Mechanical																					
A1280	Subcontractor Buyout	313d	313d	313d	06-Feb-24	02-May-25			Subcontractor Buyout												
A1360	Submittals - Prep	10d	10d	10d	06-Feb-24	20-Feb-24			Submittals - Prep												
A1480	Submittals - Review # 1	20d	20d	20d	21-Feb-24	19-Mar-24			Submittals - Review # 1												
A1550	Submittals - Revise	10d	10d	10d	20-Mar-24	02-Apr-24			Submittals - Revise												
A1640	Submittals - Review # 2	5d	5d	5d	03-Apr-24	09-Apr-24			Submittals - Review												
		10d	10d	10d	10-Apr-24	23-Apr-24			Submittals - Review # 2												

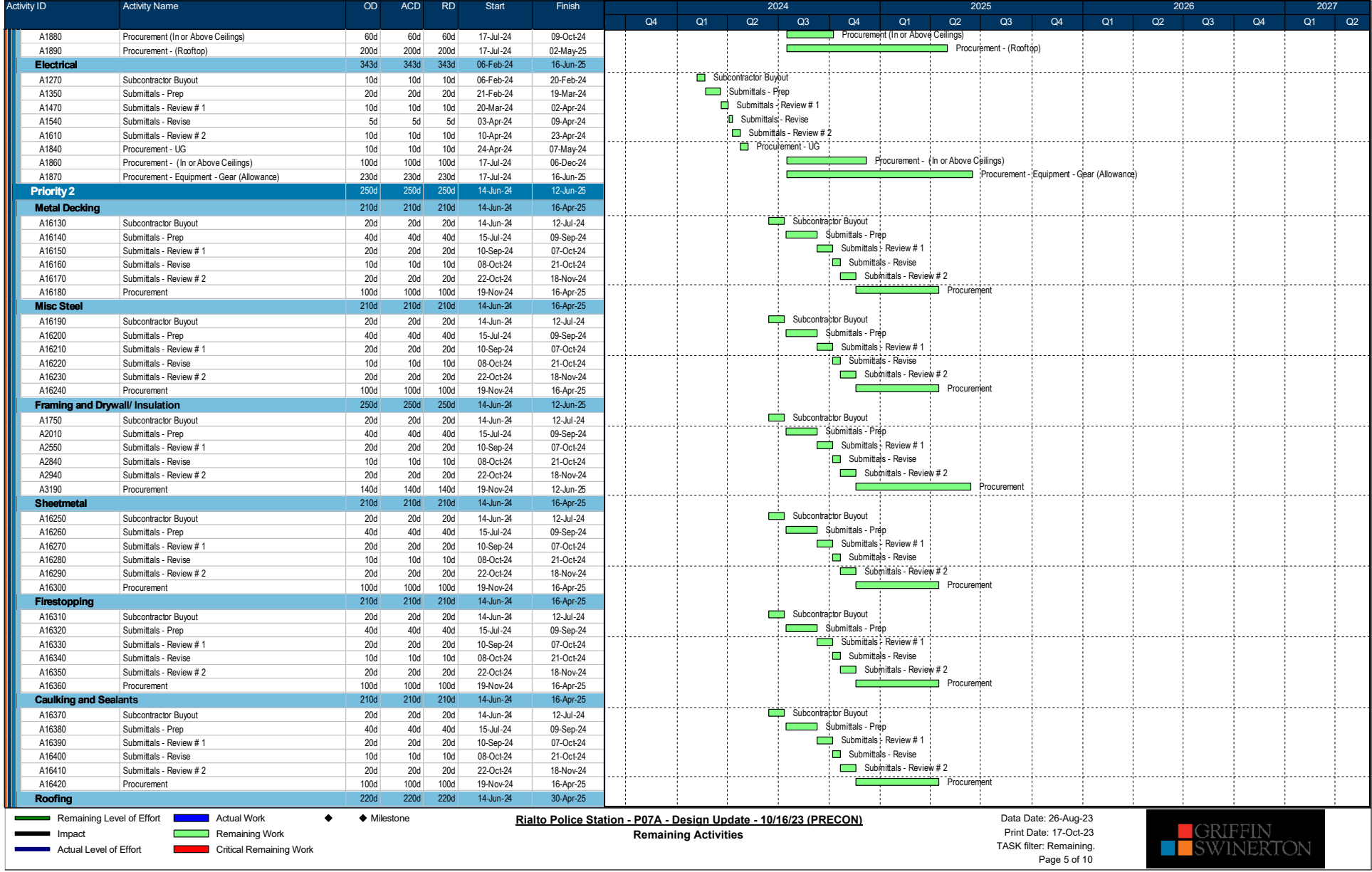
Remaining Level of Effort
 Actual Work
 Milestone
 Impact
 Remaining Work
 Actual Level of Effort
 Critical Remaining Work

Rialto Police Station - P07A - Design Update - 10/16/23 (PRECON)

Remaining Activities

Data Date: 26-Aug-23
 Print Date: 17-Oct-23
 TASK filter: Remaining.
 Page 4 of 10







Activity ID	Activity Name	OD	ACD	RD	Start	Finish																
							2024				2025				2026				2027			
							Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
A16720	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Flooring		210d	210d	210d	14-Jun-24	16-Apr-25																
A16730	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A16740	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A16750	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A16760	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A16770	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A16780	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Painting		210d	210d	210d	14-Jun-24	16-Apr-25																
A16790	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A16800	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A16810	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A16820	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A16830	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A16840	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Signage		210d	210d	210d	14-Jun-24	16-Apr-25																
A16850	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A16860	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A16870	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A16880	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A16890	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A16900	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Specialties		210d	210d	210d	14-Jun-24	16-Apr-25																
A16910	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A16920	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A16930	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A16940	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A16950	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A16960	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Window Treatments		210d	210d	210d	14-Jun-24	16-Apr-25																
A16970	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A16980	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A16990	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A17000	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A17010	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A17020	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Site Furnishings		210d	210d	210d	14-Jun-24	16-Apr-25																
A17030	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A17040	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A17050	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A17060	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A17070	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A17080	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Fencing		210d	210d	210d	14-Jun-24	16-Apr-25																
A17090	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A17100	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A17110	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A17120	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																
A17130	Submittals - Review # 2	20d	20d	20d	22-Oct-24	18-Nov-24																
A17140	Procurement	100d	100d	100d	19-Nov-24	16-Apr-25																
Misc Items		210d	210d	210d	14-Jun-24	16-Apr-25																
A17150	Subcontractor Buyout	20d	20d	20d	14-Jun-24	12-Jul-24																
A17160	Submittals - Prep	40d	40d	40d	15-Jul-24	09-Sep-24																
A17170	Submittals - Review # 1	20d	20d	20d	10-Sep-24	07-Oct-24																
A17180	Submittals - Revise	10d	10d	10d	08-Oct-24	21-Oct-24																

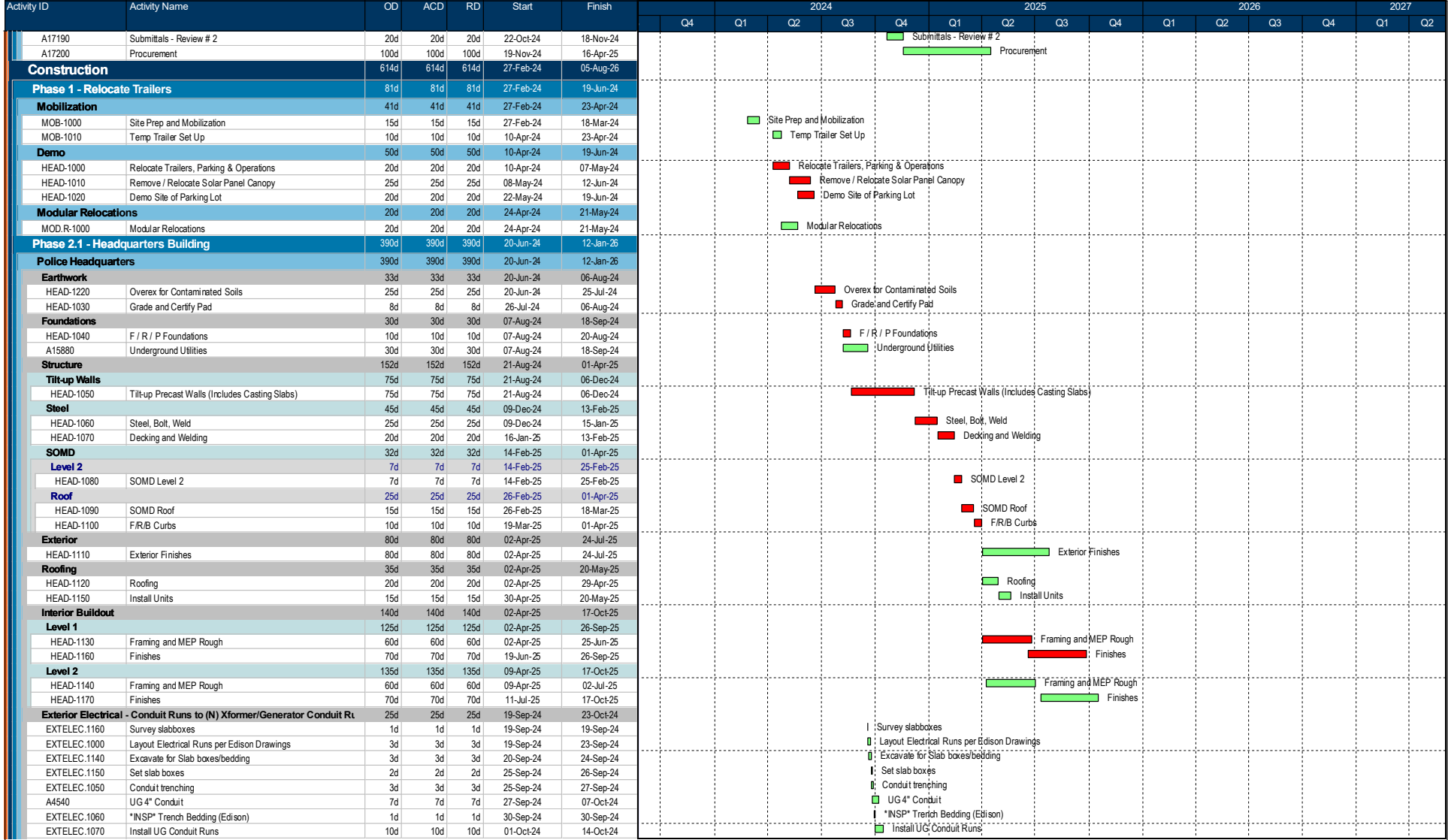
Remaining Level of Effort
 Actual Work
 Milestone
 Impact
 Remaining Work
 Actual Level of Effort
 Critical Remaining Work

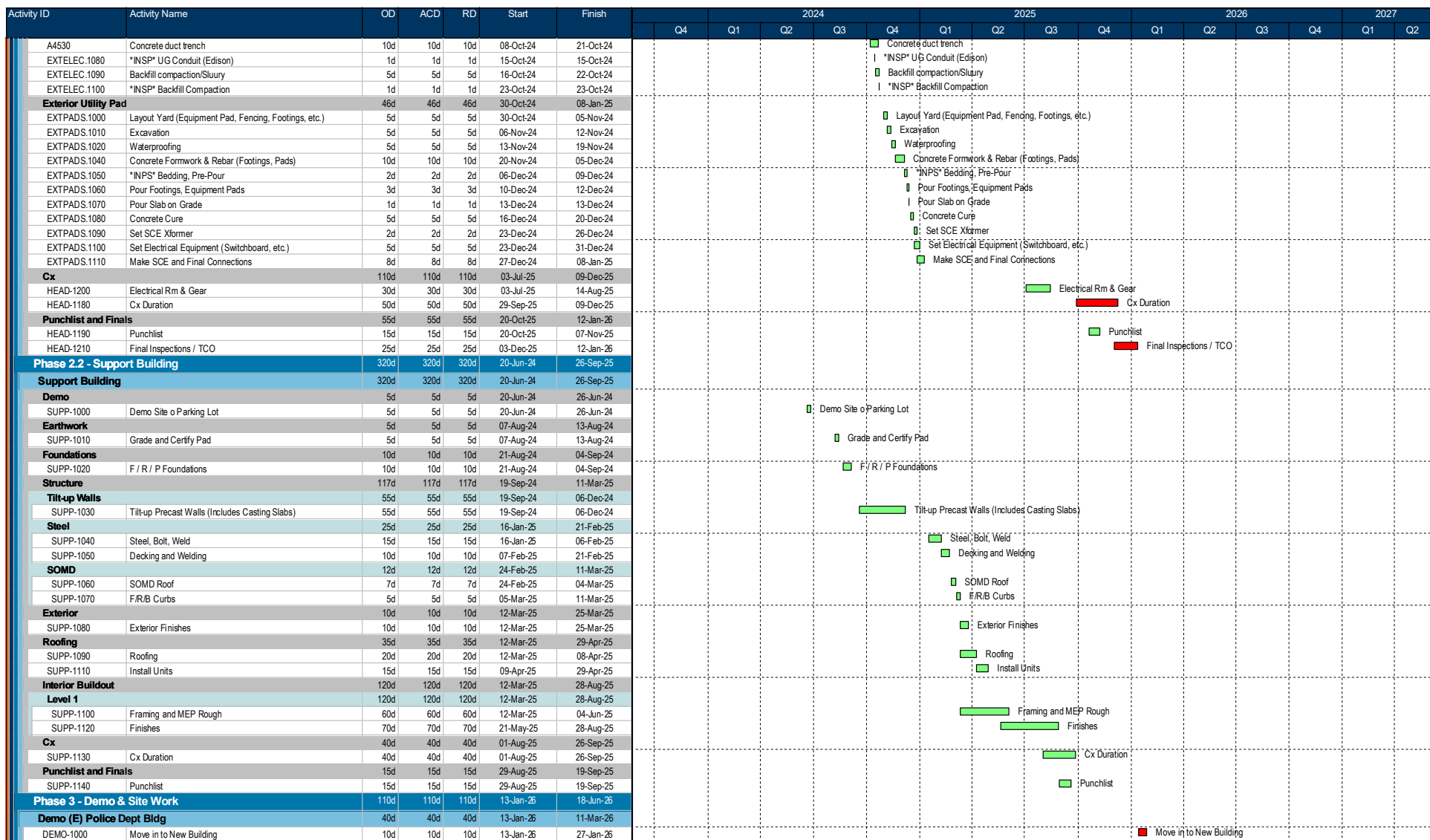
Rialto Police Station - P07A - Design Update - 10/16/23 (PRECON)

Remaining Activities

Data Date: 26-Aug-23
 Print Date: 17-Oct-23
 TASK filter: Remaining.
 Page 7 of 10







Activity ID	Activity Name	OD	ACD	RD	Start	Finish	2024				2025				2026				2027		
							Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
DEMO-1010	Demo (E) Building	15d	15d	15d	28-Jan-26	18-Feb-26															
DEMO-1020	Backfill and Grade	15d	15d	15d	19-Feb-26	11-Mar-26															
Parking Lot		50d	50d	50d	12-Mar-26	20-May-26															
SITE-1000	Parking Lot	50d	50d	50d	12-Mar-26	20-May-26															
Site Finishes		60d	60d	60d	26-Mar-26	18-Jun-26															
SITE-1010	Site Finishes	60d	60d	60d	26-Mar-26	18-Jun-26															
Closeout		23d	23d	23d	06-Jul-26	05-Aug-26															
CLOSE-1000	Closeout	23d	23d	23d	06-Jul-26	05-Aug-26															

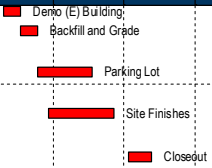


EXHIBIT G

Developer's Insurance Requirements

INSURANCE.

I. General

Prior to performing the services under this Agreement, Developer agrees to purchase all required insurance and to deposit with City Certificates of Insurance, including all endorsements required herein, necessary to satisfy City that the insurance provisions of this Agreement have been complied with and to keep such insurance coverage and the certificates therefor on deposit with City during the entire term of this Agreement. City reserves the right to request that Developer provide City with copies of the declarations page showing all endorsements and a copy of the insurance policies.

II. Deductibles and SIRs

All self-insured retentions (SIRs) or deductibles shall be clearly stated on the Certificate of Insurance. If no deductibles or SIRs apply, indicate this on the Certificate of Insurance with a zero (0) by the appropriate line of coverage. Any deductible or self-insured retention (SIR) in an amount in excess of \$100,000 (\$25,000 for automobile liability), shall specifically be approved by City's Director of Finance ("Director Of Finance") upon review of Developer's latest financial reports. The named insured shall be responsible for reimbursement of any deductible to the insurer. Upon notice of any actual or alleged claim or loss arising out of the Project, the responsible party for any actual or alleged claim shall immediately ensure a defense is mounted in favor of Developer and any Additional Insured prior to the satisfaction of the full the SIR.

III. Failure to Maintain Insurance

If Developer fails to maintain the required insurance for the full term of this Agreement, then after notice and an opportunity to cure as provided in Section 23, City may terminate this Agreement for cause.

IV. Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or [ambest.com](http://www.ambest.com)). The insurer shall be licensed to do business in the state of California (California Admitted Carrier) or be a surplus line carrier that is eligible to issue insurance policies pursuant to California Insurance Code Sections 1765.1 and 1765.2 (i.e., listed on the California Department of Insurance List of Approved Surplus Line Insurers [<http://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm>], is an "eligible carrier" [carriers who have met the standards set forth in California Insurance Code Section 1765.1 and the NRRA], or surplus line carriers that are non-U.S. domiciled ("alien") non-admitted insurers and are listed on the Quarterly Listing of Alien Insurers issued by the NAIC's International Insurers Department]). If the insurance carrier does not have an A.M. Best Rating of at least A-/VII, the Director of Finance retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

V. Insurance Limits

(a) The policy or policies of insurance maintained by Developer shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including converge for owned, non-owned and hired vehicles	\$1,000,000 per occurrence \$2,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim \$2,000,000 aggregate

(b) The policy or policies of insurance maintained by Developer's General Contractor shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability Including Contractor's Pollution Liability and NODS	\$5,000,000 per occurrence \$5,000,000 aggregate
Automobile Liability including converge for owned, non-owned and hired vehicles	\$5,000,000 per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence

(c) The policy or policies of insurance maintained by Architect shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including converge for owned, non-owned and hired vehicles	\$1,000,000 per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim \$2,000,000 aggregate

(b) Increased limits of insurance may be met with umbrella/excess coverage provided the policy is written on a Follow Form basis.

VI. Required Coverage Forms

(a) The Commercial General Liability coverage shall be written on Insurance Service Office (ISO) form CG 00 01, or substitute form providing liability coverage as broad.

(b) The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

VII. Required Endorsements

(a) The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certification of Insurance:

(1) An Additional Insured endorsement using ISO form CG 20 10 or CG 20 33 or a form at least broad, naming the City of Rialto, their elected and appointed officials, and employees as Additional Insured.

(2) A primary non-contributing endorsement evidencing that DEVELOPER's insurance is primary and any insurance or self-insurance maintained by City shall be excess and non-contributing.

(b) The Worker's Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against City and members of the City Council, its elected and appointed officials, officers, and employees.

(c) All insurance policies required by this Agreement shall waive all rights of subrogation against City, and members of the City Council, its elected and appointed officials, officers, and employees when acting within the scope of their appointment or employment.

(d) Developer shall notify City in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to City. Failure to provide written notice of cancellation may constitute a material breach of the contract, upon which City may suspend or terminate this Agreement.

(e) If Developer's Professional Liability policy is a "claims made" policy, DEVELOPER shall agree to maintain professional liability coverage for two years following completion of this Agreement.

(f) The Commercial General Liability policy shall contain a severability of interests' clause, a "separation of insureds" or "severability" clause which treats each insured separately (standard in the ISO CG 001 policy).

(g) Insurance certificates and endorsements shall be forwarded to City at the address listed in Section 25.7.

(h) The procuring of such required policy or policies of insurance shall not be construed to limit Developer's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement, nor act in any way to reduce the policy coverage and limits available from the insurer.

VIII. Property Insurance/Builder's Risk Insurance. Developer shall procure and maintain, or will direct its General Contractor to procure and maintain, for the duration of this Agreement, property insurance in the amount of one hundred percent (100%) of the value of the replacement cost of the Building on the property where the Project is to be constructed on a replacement cost basis. The property insurance shall insure against the perils of fire (with extended coverage), theft, vandalism, malicious mischief, collapse, flood, water damage, mechanical and electrical breakdown, earthquake, windstorm, and physical loss or damage including, without duplication of coverage, payments for falsework, testing and startup, temporary buildings and debris removal, and shall cover reasonable compensation for Developer's services and expenses required as a result of such covered reasonable insured loss. The insurance shall include the interest of Authority, City, Developer and its agents (including its consultants and contractors). Such insurance shall be on an all-risk policy form reasonably acceptable to Developer and City. If City directs Developer not to include builder's risk insurance coverage for the perils of earthquake and/or flood, then City will be deemed to self-insure against such perils and is solely responsible for and will pay (via a Change Order that increases the Project GMP and extends the Developer Obligation Date) Developer for all costs, expenses, and damages arising out of or relating to those perils that City directed Developer not to include in the builder's risk insurance. The builder's risk insurance will not cover City's personal property. City will be responsible for paying the deductibles or self-insured retentions for the builder's risk insurance.

IX. General Contractor and Subcontractor Insurance. The types and amounts of all policy or policies of liability insurance to be provided by the General Contractor and the subcontractors, and requirements related thereto shall be set forth in the Bid Documents (which are subject to City's approval) and in the Construction Contracts, and shall be paid by the General Contractor and the subcontractors (but the cost of the insurance will be included in the GMP).

X. City, Developer, and General Contractor waive all rights against each other and all subcontractors or every tier, their agents and employees; separate contractors, if any, and any of their subcontractors; agents and employees of the City; and the Architect and its employees, each of the other, for loss or damage to the extent covered by property insurance applicable to the Project, except such rights as they may have to proceeds of such insurance. City and Developer, as appropriate, shall require of the Architect, General Contractor, all Subcontractors of every tier, separate contractors, if any, and agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of the other parties

enumerated herein. The insurance policies of each person or entity shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged. Notwithstanding the above, the waiver of subrogation in favor of the Architect, its agents and employees shall not apply to any losses as a result of Architect's, its agents or its employees' professional negligence.

EXHIBIT H

Dispute Resolution Procedure

MEDIATION

Within 10 business days following the delivery of a written notice demanding non-binding mediation pursuant to Section 24, Developer and City shall mutually agree to a mediator, the costs of which shall be shared equally by the parties. If the parties cannot agree upon a mediator, each party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the dispute, with each party bearing the fees and costs of its respective mediator. Mediation shall include, but not be limited to, neutral evaluation, a dispute review board, or other negotiation or evaluation through an independent third party or board. The Developer and the City may mutually agree to waive any individual mediation in writing and proceed to litigation pursuant to this Agreement.

EXHIBIT I

Developer's GMP Qualifications, Exclusions, and Allowances

EXHIBIT I – DEVELOPER’S QUALIFICATIONS

RIALTO POLICE STATION

Page | 1

October 25, 2023

The Developer’s GMP is based on the following assumptions:

1. This overall Project GMP remains valid until January 13, 2024 after which time it will be automatically deemed rescinded, null and void unless and only if Developer has been issued the duly executed Development Agreement by City and also that a corresponding Notice to Proceed has been issued by City to Developer on or before January 13, 2024.
2. Existing office furnishings will be removed and discarded unless removed by Owner prior to start of demolition.
3. The existing modular office buildings will be relocated and reset as-is. We assume the modular buildings are structurally sound enough to be moved by professionals without damage. The relocated modular office buildings will be treated as a temporary workspace and will be permanently demolished upon completion of the new Police HQ building and support building.
4. Pre-Action fire sprinkler system will be provided at the Server/Radio room only.
5. Builder’s Risk insurance coverage will be provided per the terms of the Development Agreement.
6. Existing photovoltaic panels and all associated equipment will be removed and stored during construction. They will be reinstalled and reconnected into the new project. No additional panels or equipment will be provided.
7. Developer will trace down and map all existing copper fiberoptic network cables and identify a location outside the construction area but near the buildings to serve as a main point of connection for the new buildings. If there isn’t an existing location near the new buildings that can serve as a main point of connection this will be identified in the mapping and may result in unforeseen costs.

The Developer’s GMP has been adjusted to reflect the following variances from the approved Plans, made for the purpose of reducing Project cost:

1. In lieu of the Audio/Visual (A/V) systems shown in the approved plans and described in the approved specifications, set up an Allowance of \$2,500,000 for all project A/V. The Project team will work with City staff to design and specify the most effective system that can be provided within the cost of said Allowance.
2. Where ballistic wall board is specified, the height will be limited to 6” above the ceiling.
3. Telescoping gates will be substituted for bi-folding gates.
4. Standard density fireproofing at structural steel will be substituted for medium density.
5. Two glass and aluminum 6 ft wide double doors will be substituted for wider bi-parting doors at the Community Room porch.
6. Structural and utility provisions for a possible future 2nd level office expansion are deleted.
7. Decorative mullion extensions at exterior window frames are deleted.
8. The canopy at the southeast corner of the main building will be reduced in size by approximately 200 sf.
9. At all interior partitions that are not sound rated, drywall height will be limited to 6” above the ceiling.
10. The Police Memorial water feature and associated infrastructure are deleted.
11. Blast Resistant Window Film installation will be limited to the locations specifically called out on the exterior elevations on the approved plans.
12. Anti-graffiti window film is deleted at second floor exterior windows.
13. Tempered Glass *heat soaking* requirement is deleted from Specifications Section 08800.
14. The existing basement structure will be left in place below the elevation required to allow clearance for construction of new building foundations and underground utilities. Existing basement slab will be perforated to allow for full drainage.

EXHIBIT I – DEVELOPER’S QUALIFICATIONS

RIALTO POLICE STATION

Page | 2

The Developer’s GMP does not include the following scopes of work and/or associated costs:

1. All permit and plan check fees and other agency fees.
2. All Utility company connection fees and/or assessments.
3. Security guards.
4. Any repairs associated with or required to existing systems and/or equipment.
5. Move management or move labor.
6. Underpinning or any other structural support of existing structures on adjacent properties.
7. Any traffic signals and road and intersection improvements.
8. Any fitness equipment.
9. Allowances for unforeseeable conditions.
10. Radio Towers wiring, and cabling, equipment, antenna and etc.
11. Distributed Antenna System (DAS) for cellphone communications.
12. Data network equipment, switches, routers, servers, wireless access points, computers and associated monitors, and local UPS.
13. Public address (PA) system.
14. Traffic impact studies
15. Any CEQA compliance mitigation measures

EXHIBIT J
Final Project Completion and Acceptance Form

INITIAL AND DATE WHEN COMPLETED

<u>Item</u>	<u>Description</u>	<u>City</u>	<u>A/E</u>	<u>Developer</u>
1.	Punchlist Completed/Repairs Made	_____	_____	_____
2.	O & M Manuals Provided	_____	_____	_____
3.	As-Built Drawings Completed	_____	_____	_____
4.	Attic Stock Material Provided	_____	_____	_____
5.	Consent of Surety for Final Payment (G707)	_____	_____	_____
6.	Final Release of Liens	_____	_____	_____
7.	Utility Transfers Data (meter reading taken)	_____	_____	_____
8.	Removal of Temporary Facilities	_____	_____	_____
9.	Final Change Orders Issued	_____	_____	_____
10.	Warranty Package Provided	_____	_____	_____
11.	Final Pay Request Submitted	_____	_____	_____
12.	Final Certificate of Occupancy Issued	_____	_____	_____
13.	Owner Training completed and recorded	_____	_____	_____
14.	Keys accepted and signed for	_____	_____	_____

City and Developer acknowledge that the above items are complete and the final Payment Application is approved for payment.

City:

Architect:

Developer:

Name and Title

Name and Title

Name and Title

EXHIBIT K
RIALTO POLICE STATION
Special Inspections and Testing

Developer will cause to be provided all of the special inspections and testing that are required by applicable Governmental Requirements, the Detailed Specifications, and the Building Permit, including but not necessarily limited to the following:

Building System	Inspecting authority	Type of inspections
Geotechnical (soil compaction)	Deputy inspector Geotech engineer	Field inspections Lab testing
Cast-in-place Concrete	Deputy inspector Licensed independent testing agency City Building Dept inspector	Field inspections Lab testing
Structural Steel	Licensed independent testing agency Deputy inspector City Building Dept inspector	Fabrication plan inspections Field inspections Lab testing
Metal floor and roof deck	Deputy inspector City Building Dept inspector	Field inspections
Roofing	Special consultant City Building Dept inspector	Field inspections
Interior framing and drywall	City Building Dept inspector	Field inspections
Acoustical ceiling suspension	City Building Dept inspector	Field inspections

EXHIBIT L

Certificate of Substantial Completion Form

**AIA**[®]**Document G704[™] – 2000****Certificate of Substantial Completion****PROJECT:**
(Name and address)**PROJECT NUMBER:** /
CONTRACT FOR: General Construction
CONTRACT DATE:**OWNER:** ☐**ARCHITECT:** ☐**CONTRACTOR:** ☐**FIELD:** ☐**OTHER:** ☐**TO OWNER:**
(Name and address)**TO CONTRACTOR:**
(Name and address)**PROJECT OR PORTION OF THE PROJECT DESIGNATED FOR PARTIAL OCCUPANCY OR USE SHALL INCLUDE:**

The Work performed under this Contract has been reviewed and found, to the Architect's best knowledge, information and belief, to be substantially complete. Substantial Completion is the stage in the progress of the Work when the Work or designated portion is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use. The date of Substantial Completion of the Project or portion designated above is the date of issuance established by this Certificate, which is also the date of commencement of applicable warranties required by the Contract Documents, except as stated below:

Warranty**Date of Commencement**_____
ARCHITECT_____
BY_____
DATE OF ISSUANCE

A list of items to be completed or corrected is attached hereto. The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. Unless otherwise agreed to in writing, the date of commencement of warranties for items on the attached list will be the date of issuance of the final Certificate of Payment or the date of final payment.

Cost estimate of Work that is incomplete or defective: \$0.00

The Contractor will complete or correct the Work on the list of items attached hereto within Zero (0) days from the above date of Substantial Completion.

CONTRACTOR_____
BY_____
DATE

The Owner accepts the Work or designated portion as substantially complete and will assume full possession at _____ (time) on _____ (date).

OWNER_____
BY_____
DATE

The responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance shall be as follows:

(Note: Owner's and Contractor's legal and insurance counsel should determine and review insurance requirements and coverage.)

EXHIBIT M

Form of Bonds and Dual Obligee Rider

RIALTO POLICE STATION
EXHIBIT M

Document A312™ – 2010

Conforms with The American Institute of Architects AIA Document 312

Performance Bond

CONTRACTOR:

(Name, legal status and address)

SURETY:

(Name, legal status and principal place of business)

Mailing Address for Notices

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

OWNER:

(Name, legal status and address)

CONSTRUCTION CONTRACT

Date:

Amount:

Description:

(Name and location)

BOND

Date:

(Not earlier than Construction Contract Date)

Amount:

Modifications to this Bond:

☐ None

☐ See Section 16

CONTRACTOR AS PRINCIPAL

Company: *(Corporate Seal)*

SURETY

Company: *(Corporate Seal)*

Signature: _____

Name
and Title:

Signature: _____

Name
and Title:

(Any additional signatures appear on the last page of this Performance Bond.)

(FOR INFORMATION ONLY — Name, address and telephone)

AGENT or BROKER:

OWNER'S REPRESENTATIVE:

(Architect, Engineer or other party:)

§ 1 The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

§ 2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except when applicable to participate in a conference as provided in Section 3.

§ 3 If there is no Owner Default under the Construction Contract, the Surety's obligation under this Bond shall arise after

- .1** the Owner first provides notice to the Contractor and the Surety that the Owner is considering declaring a Contractor Default. Such notice shall indicate whether the Owner is requesting a conference among the Owner, Contractor and Surety to discuss the Contractor's performance. If the Owner does not request a conference, the Surety may, within five (5) business days after receipt of the Owner's notice, request such a conference. If the Surety timely requests a conference, the Owner shall attend. Unless the Owner agrees otherwise, any conference requested under this Section 3.1 shall be held within ten (10) business days of the Surety's receipt of the Owner's notice. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default;
- .2** the Owner declares a Contractor Default, terminates the Construction Contract and notifies the Surety; and
- .3** the Owner has agreed to pay the Balance of the Contract Price in accordance with the terms of the Construction Contract to the Surety or to a contractor selected to perform the Construction Contract.

§ 4 Failure on the part of the Owner to comply with the notice requirement in Section 3.1 shall not constitute a failure to comply with a condition precedent to the Surety's obligations, or release the Surety from its obligations, except to the extent the Surety demonstrates actual prejudice.

§ 5 When the Owner has satisfied the conditions of Section 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

§ 5.1 Arrange for the Contractor, with the consent of the Owner, to perform and complete the Construction Contract;

§ 5.2 Undertake to perform and complete the Construction Contract itself, through its agents or independent contractors;

§ 5.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and a contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Section 7 in excess of the Balance of the Contract Price incurred by the Owner as a result of the Contractor Default; or

§ 5.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

- .1** After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, make payment to the Owner; or
- .2** Deny liability in whole or in part and notify the Owner, citing the reasons for denial.

§ 6 If the Surety does not proceed as provided in Section 5 with reasonable promptness, the Surety shall be deemed to be in default on this Bond seven days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Section 5.4, and the Owner refuses the payment or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

§ 7 If the Surety elects to act under Section 5.1, 5.2 or 5.3, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. Subject to the commitment by the Owner to pay the Balance of the Contract Price, the Surety is obligated, without duplication, for

- .1 the responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;
- .2 additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Section 5; and
- .3 liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

§ 8 If the Surety elects to act under Section 5.1, 5.3 or 5.4, the Surety's liability is limited to the amount of this Bond.

§ 9 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators, successors and assigns.

§ 10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

§ 11 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after a declaration of Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

§ 12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the page on which their signature appears.

§ 13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

§ 14 Definitions

§ 14.1 Balance of the Contract Price. The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

§ 14.2 Construction Contract. The agreement between the Owner and Contractor identified on the cover page, including all Contract Documents and changes made to the agreement and the Contract Documents.

§ 14.3 Contractor Default. Failure of the Contractor, which has not been remedied or waived, to perform or otherwise to comply with a material term of the Construction Contract.

§ 14.4 Owner Default. Failure of the Owner, which has not been remedied or waived, to pay the Contractor as required under the Construction Contract or to perform and complete or comply with the other material terms of the Construction Contract.

§ 14.5 Contract Documents. All the documents that comprise the agreement between the Owner and Contractor.

§ 15 If this Bond is issued for an agreement between a Contractor and subcontractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

§ 16 Modifications to this bond are as follows:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL

Company: _____
(Corporate Seal)

SURETY

Company: _____
(Corporate Seal)

Signature: _____
Name and Title: _____
Address: _____

Signature: _____
Name and Title: _____
Address: _____

Document A312™ – 2010

Conforms with The American Institute of Architects AIA Document 312

Payment Bond

CONTRACTOR:

(Name, legal status and address)

SURETY:

(Name, legal status and principal place of business)

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

OWNER:

(Name, legal status and address)

Mailing Address for Notices

CONSTRUCTION CONTRACT

Date:

Amount:

Description:

(Name and location)

BOND

Date:

(Not earlier than Construction Contract Date)

Amount:

Modifications to this Bond:

☐ None

☐ See Section 18

CONTRACTOR AS PRINCIPAL

Company: (Corporate Seal)

SURETY

Company: (Corporate Seal)

Signature: _____

Name
and Title:

Signature: _____

Name
and Title:

(Any additional signatures appear on the last page of this Payment Bond.)

(FOR INFORMATION ONLY — Name, address and telephone)

AGENT or BROKER:

OWNER'S REPRESENTATIVE:

(Architect, Engineer or other party:)

§ 1 The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference, subject to the following terms.

§ 2 If the Contractor promptly makes payment of all sums due to Claimants, and defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity seeking payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, then the Surety and the Contractor shall have no obligation under this Bond.

§ 3 If there is no Owner Default under the Construction Contract, the Surety's obligation to the Owner under this Bond shall arise after the Owner has promptly notified the Contractor and the Surety (at the address described in Section 13) of claims, demands, liens or suits against the Owner or the Owner's property by any person or entity seeking payment for labor, materials or equipment furnished for use in the performance of the Construction Contract and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety.

§ 4 When the Owner has satisfied the conditions in Section 3, the Surety shall promptly and at the Surety's expense defend, indemnify and hold harmless the Owner against a duly tendered claim, demand, lien or suit.

§ 5 The Surety's obligations to a Claimant under this Bond shall arise after the following:

§ 5.1 Claimants, who do not have a direct contract with the Contractor,

- .1** have furnished a written notice of non-payment to the Contractor, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were, or equipment was, furnished or supplied or for whom the labor was done or performed, within ninety (90) days after having last performed labor or last furnished materials or equipment included in the Claim; and
- .2** have sent a Claim to the Surety (at the address described in Section 13).

§ 5.2 Claimants, who are employed by or have a direct contract with the Contractor, have sent a Claim to the Surety (at the address described in Section 13).

§ 6 If a notice of non-payment required by Section 5.1.1 is given by the Owner to the Contractor, that is sufficient to satisfy a Claimant's obligation to furnish a written notice of non-payment under Section 5.1.1.

§ 7 When a Claimant has satisfied the conditions of Sections 5.1 or 5.2, whichever is applicable, the Surety shall promptly and at the Surety's expense take the following actions:

§ 7.1 Send an answer to the Claimant, with a copy to the Owner, within sixty (60) days after receipt of the Claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed; and

§ 7.2 Pay or arrange for payment of any undisputed amounts.

§ 7.3 The Surety's failure to discharge its obligations under Section 7.1 or Section 7.2 shall not be deemed to constitute a waiver of defenses the Surety or Contractor may have or acquire as to a Claim, except as to undisputed amounts for which the Surety and Claimant have reached agreement. If, however, the Surety fails to discharge its obligations under Section 7.1 or Section 7.2, the Surety shall indemnify the Claimant for the reasonable attorney's fees the Claimant incurs thereafter to recover any sums found to be due and owing to the Claimant.

§ 8 The Surety's total obligation shall not exceed the amount of this Bond, plus the amount of reasonable attorney's fees provided under Section 7.3, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

§ 9 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any construction performance bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

§ 10 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for the payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligation to make payments to, or give notice on behalf of, Claimants or otherwise have any obligations to Claimants under this Bond.

§ 11 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

§ 12 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the state in which the project that is the subject of the Construction Contract is located or after the expiration of one year from the date (1) on which the Claimant sent a Claim to the Surety pursuant to Section 5.1.2 or 5.2, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

§ 13 Notice and Claims to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the page on which their signature appears. Actual receipt of notice or Claims, however accomplished, shall be sufficient compliance as of the date received.

§ 14 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

§ 15 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor and Owner shall promptly furnish a copy of this Bond or shall permit a copy to be made.

§ 16 Definitions

§ 16.1 Claim. A written statement by the Claimant including at a minimum:

- .1 the name of the Claimant;
- .2 the name of the person for whom the labor was done, or materials or equipment furnished;
- .3 a copy of the agreement or purchase order pursuant to which labor, materials or equipment was furnished for use in the performance of the Construction Contract;
- .4 a brief description of the labor, materials or equipment furnished;
- .5 the date on which the Claimant last performed labor or last furnished materials or equipment for use in the performance of the Construction Contract;
- .6 the total amount earned by the Claimant for labor, materials or equipment furnished as of the date of the Claim;
- .7 the total amount of previous payments received by the Claimant; and
- .8 the total amount due and unpaid to the Claimant for labor, materials or equipment furnished as of the date of the Claim.

§ 16.2 Claimant. An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Construction Contract. The term Claimant also includes any individual or entity that has rightfully asserted a claim under an applicable mechanic's lien or similar statute against the real property upon which the Project is located. The intent of this Bond shall be to include without limitation in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

§ 16.3 Construction Contract. The agreement between the Owner and Contractor identified on the cover page, including all Contract Documents and all changes made to the agreement and the Contract Documents.

§ 16.4 Owner Default. Failure of the Owner, which has not been remedied or waived, to pay the Contractor as required under the Construction Contract or to perform and complete or comply with the other material terms of the Construction Contract.

§ 16.5 Contract Documents. All the documents that comprise the agreement between the Owner and Contractor.

§ 17 If this Bond is issued for an agreement between a Contractor and subcontractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

§ 18 Modifications to this bond are as follows:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL

Company: _____
(Corporate Seal)

SURETY

Company: _____
(Corporate Seal)

Signature: _____
Name and Title: _____
Address _____

Signature: _____
Name and Title: _____
Address _____

R I D E R

To be attached to and form part of

Bond No.

on behalf of

in favor of

dated

It is hereby understood and agreed that:

is/are added as additional Obligee(s).

Provided, however, that:

1. The Principal and the Surety shall not be liable under this bond to the Obligees, or either of them, unless said Obligees, or either of them shall make payments to the Principal (or to Surety if it arranges for performance of the Contract) in accordance with the terms of said contract as to payment and shall perform all the other obligations to be performed under said contract at the time and in the manner therein set forth.
2. Provided, however, that the attached bond as changed by this Rider shall be subject to all its agreements, terms and conditions and limitations except as herein expressly modified and that the liability under the attached bond as changed by this Rider shall not be cumulative and shall be limited in the aggregate to the penalty of the said bond.

Signed and dated this _____ day of _____, 201

By _____

By _____

EXHIBIT N

Form of Project Application For Payment

EXHIBIT N
RIALTO POLICE STATION
Griffin|Swinerton, LLC
1 Technology Drive, Building i, Suite 829
Irvine, CA 92618

Monthly Invoice

To: City of Rialto
Attn: Angela Perry
150 S. Palm Avenue
Rialto, CA 92376

Date: _____
Project: City of Rialto Police Station
Invoice No.: _____
Monthly Development Report and Invoice: # _____
Reporting Period: _____

Budget Category	Contract Amount (After Reallocations)	Current Month's Bills	Previously Billed	Amount Billed to Date	Contract Balance Remaining
1 A/E SERVICES					
1.1 AE Basic Fee				\$ -	\$ -
				\$ -	\$ -
2 MISC CONSULTANTS					
2.1 Structural Peer Review				\$ -	\$ -
2.2 Commissioning, Enhanced Commissioning, and MEP peer review				\$ -	\$ -
2.3 Roofing and Waterproofing peer review				\$ -	\$ -
2.4 Dry Utility Coordination				\$ -	\$ -
2.5 As-Built Communications Cabling Infrastructure				\$ -	\$ -
2.6 ADA Peer Review				\$ -	\$ -
2.7 Field Revisions Allowance				\$ -	\$ -
				\$ -	\$ -
3 GEOTECHNICAL SERVICES					
3.1 Design fee for completion of CD's, final reports				\$ -	\$ -
4 CONSTRUCTION SERVICES					
4.1 Base Project Construction Costs - Buildings and Site				\$ -	\$ -
4.2 Builder's Risk Insurance				\$ -	\$ -
5 TESTING AND INSPECTIONS					
5.1 Soils Testing (Geotechnical Inspections)				\$ -	\$ -
5.2 Materials Testing (Deputy Inspections)				\$ -	\$ -
5.3 Roofing and Waterproofing Inspections				\$ -	\$ -
5.4 Lead and Asbestos abatement observation, testing, clearance report				\$ -	\$ -
				\$ -	\$ -
6 FIXTURES, FURNISHINGS, AND EQUIPMENT ALLOWANCE					
6.1 Interior Furniture (Desks, Chairs, Files, Appliances)				\$ -	\$ -
7 UTILITY COMPANY CONNECTION SERVICES AND FEES					
7.1 Electrical				\$ -	\$ -
8 COUNTY, CITY, AND AGENCY FEES - All permits and fees are excluded					
8.1 Development Impact Fees				\$ -	\$ -
9 MISC OWNER COSTS					
10 DEVELOPMENT AND CONSTRUCTION MANAGEMENT					
10.1 Legal				\$ -	\$ -
10.2 Reimbursables				\$ -	\$ -
10.3 Developer Overhead				\$ -	\$ -
10.4 Developer Contingency				\$ -	\$ -
10.5 Developer Fee				\$ -	\$ -
10.6 Developer Insurance				\$ -	\$ -
CITY CONTINGENCY				\$ -	\$ -
GRAND TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -

Current Amount To Be F \$ -

EXHIBIT O

Intentionally omitted

EXHIBIT P

City-Approved Procurement Plan

EXHIBIT P - PROCUREMENT PLAN

RIALTO POLICE STATION

October 23, 2023

TWO PROCUREMENT PACKAGES

- Package #1 – To be bid from 100% DD Documents
- Package #2 – To be bid from permit approved drawings

TRADE CONTRACTOR PROCUREMENT

- Prequalify All Trade Contractors (Swinerton prequalification standard format)
- Trade Contractors will be selected based on lowest responsive and responsible bidder.
- GC may select individual Trade Contractors based on best value or qualifications only subject to approval by Developer and City on a case-by-case basis.

PROCUREMENT PACKAGE #1

Trades (Procurement Critical):

- SWPPP
- Surveying
- Earthwork
- *Demolition
- Site Utilities
- *Tilt-up Concrete
- Rebar
- Masonry
- Structural Steel
- Waterproofing
- Glass and Glazing
- Modular Office Relocation
- Detention Systems
- Elevators
- Plumbing
- Mechanical
- Electrical

Design Build

- Steel Stairs
- (Tactical) Range Systems
- Solar Canopy
- Fire Sprinklers
- Fire Alarm

BID PACKAGE #1 CONTENT

- 100% DD Drawings
- Narrative 1 – Memorial, Basis of design
- Narrative 2 – Range, Basis of design
- Narrative 3 – Patrol Armory, Basis of design
- Narrative 4 – Server Room Cooling, Basis of design
- Narrative 5 – Telescoping Gate, Basis of design
- 100% Trade Specifications

- Soils Report
- Project General Requirements
- Trade Contractor Agreement
- Exhibits/Attachments from Trade Contractor Agreement
- Instructions to Bidders and Bid Forms

BID PACKAGE EXHIBITS

- Attachment A – Insurance
- Attachment B – Document List
- Attachment C – Scope of Work
- *Attachment D - Contract Recapitulation*
- Attachment E – Billing Procedure
- Attachment F – Project Schedule
- Attachment G - Project Procedures Manual
- Attachment H - Collective Bargaining Agreement
- Attachment I - Safety, Health and Environmental Minimum Performance Standard
- *Attachment J - MBE/WBE/DVBE*
- Attachment K – Trade Contractor Modifications to Standard Documents
- Attachment L – Project Labor Agreement ~ pending
- Attachment M - Virtual Design & Construction Guidelines
- Attachment N - LEED Guidelines
- Attachment O – Not Used
- Attachment P – Phasing and Logistics Plans
- Attachment Q – Quality Control Program

BID PACKAGE PROCESS

- Project Team to Prequalify Trade Contractor Utilizing Team Format
- Project Team to Distribute Bid Packages to Prequalified Trade Contractors
- Project Team to Manage Trade Contractors Bid Process
- Project Team to Receive Trade Contractors Proposals
- Project Team to Review and Level Trade Contractors Proposals
- Project Team to Present Trade Leveling Sheets
- Project Team to Award Trade Contractors

PROCUREMENT PACKAGE # 2

Trades:

(Schedule Critical)

- Metal Decking
- Misc Steel
- *Framing and Drywall/Insulation
- Sheet Metal
- *Firestopping
- Caulking and Sealants
- Roofing
- Site Concrete
- Asphalt Paving
- Landscape and Irrigation
- *Doors and Frames

- *Millwork
- Tile and Stone
- Acoustical Ceilings
- Flooring
- Painting
- Signage
- *Specialties
- Window Treatments
- Site Furnishings
- Fencing
- Misc. Items

BID PACKAGE # 2 CONTENT

- Permit Submission Set of Drawings
- 100% Trade Specifications
- Soils Report
- Project General Requirements
- Trade Contractor Agreement Exhibits/Attachments from Trade Contractor Agreement
- Instructions to Bidders and Bid Forms

*City Approved Trades below which General Contractor is authorized to bid in accordance with the Development Agreement regarding General Contractors Self Performing Work is as follows:

1. Demolition and abatement
2. Concrete
3. Millwork
4. Fire stopping
5. Doors, frames, and hardware
6. Drywall
7. Specialties

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Regulatory Disclosure

Disclosure of Conflicts of Interest and Legal or Disciplinary Events. Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. (“UFI”) and its associated persons.

Conflicts of Interest. Compensation. UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e., hourly or fixed fee based) may also present a potential conflict of interest regarding UFI’s ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

Other Municipal Advisor Relationships. UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

Legal or Disciplinary Events. UFI does not have any legal events or disciplinary history on UFI’s Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel

Regulatory Disclosure

Disclosure of Conflicts of Interest and Legal or Disciplinary Events. Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. (“UFI”) and its associated persons.

Conflicts of Interest. Compensation. UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e., hourly or fixed fee based) may also present a potential conflict of interest regarding UFI’s ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

Other Municipal Advisor Relationships. UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

Legal or Disciplinary Events. UFI does not have any legal events or disciplinary history on UFI’s Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel



City of Beaumont

Cost Proposal for Financial Advisory Services

Urban Futures, Inc.
June 13, 2025



Please explain the firm's proposed fee schedule for the work proposed and the various financing alternatives. Explain how fees may differ in the cases of a competitive versus a negotiated sale. If the firm proposes that the City bear the costs of incidental (out-of-pocket) expense associated with a financing, clearly state what type of incidental expenses the City will be expected to bear and the expected cost of these incidental expenses. What controls will be used to keep costs to a minimum? Incidental expenses shall be subject to a negotiated expense cap for the term of the contract. The City would prefer a fee schedule with an all-inclusive flat price per sale of bonds regardless of issue size to be paid from bond proceeds. Please summarize your schedule of fees in the following format. Please attach to this cost proposal and submit entire cost proposal separate from the rest of the proposal.

For municipal advisory financing assignments, UFI proposes the fee schedule below based on transaction offering type. For new money competitive and negotiated bond issuances, UFI proposes a flat fee of **\$40,000** per transaction. For refunding competitive and negotiated transactions, UFI proposes a flat fee of **\$40,000** per transaction for GO Bonds, Revenue Bonds, Sewer, WIFIA, COPs and Other Bonds. For Special District and CFD refunding bonds, we propose a fee of **\$12,500** per underlying refunded CFD, and a minimum total fee of **\$40,000** per pooled refunding. Given our significant history with the City, the proposed fee structure represents a 10-15% reduction in current fees.

All of our financing engagements are structured as a contingent fee. We work with the City upfront to understand the objectives, complexity and expected timeframe for a particular financing to set an appropriate budget and stay within the not-to-exceed fee. For hourly engagements, we establish a not-to-exceed amount upon engagement and complete deliverables at or under the stated not-to-exceed amount. On all transactions we strive to operate in an efficient manner and keep costs to a minimum. With advisors based in Southern California, UFI is able to meet with the City in person as often as is needed to complete assignments while keeping travel costs to a minimum.

Continuing our work with the City is of highest priority for the firm; as such, we are willing to negotiate our fees should the City desire to do so.

A. Debt Issuances

DESCRIPTION	NEW MONEY COMPETITIVE	NEW MONEY NEGOTIATED	REFUNDING COMPETITIVE	REFUNDING NEGOTIATED
GO Bonds	\$40,000	\$40,000	\$40,000	\$40,000
Revenue Bonds (Voter Authorized or Non- voter authorized):	\$40,000	\$40,000	\$40,000	\$40,000
Sewer	\$40,000	\$40,000	\$40,000	\$40,000
WIFIA	\$40,000	\$40,000	\$40,000	\$40,000
MPC or Certificates of Participation (COPS)	\$40,000	\$40,000	\$40,000	\$40,000

Special District Bonds	\$40,000*	\$40,000*	\$12,500 per underlying CFD; \$40,000 minimum	\$12,500 per underlying CFD; \$40,000 minimum
CFD (General Obligation Bonds)	\$40,000*	\$40,000*	\$12,500 per underlying CFD; \$40,000 minimum	\$12,500 per underlying CFD; \$40,000 minimum
CFD (Special Assessment Bonds)	\$40,000*	\$40,000*	\$12,500 per underlying CFD; \$40,000 minimum	\$12,500 per underlying CFD; \$40,000 minimum
Other	\$40,000	\$40,000	\$40,000	\$40,000

*Proposed fee Includes assistance with CFD formations

B. Identify which fees proposed are on a not-to-exceed basis.

All of the above municipal advisory fees are proposed on a not-to-exceed basis.

C. Describe any conditions attached to the fee proposal.

All of our municipal advisory assignments for financing transactions are contingent upon bond closing and are paid out of bond proceeds.

D. State which costs are included in the proposed fees and what costs are to be reimbursed.

Our fees for municipal advisory services are inclusive of out-of-pocket expenses such as travel, data recovery, third party data fees, and internal compliance requirements.

E. Other Financial Advisory Services; F. Special Consulting Projects & G. Fees for services that do not result in a bond issuance or financing closing.

For other financial advisory services that are pre-authorized by the City and provided outside the requested Scope of Services, Special Consulting Projects, and services that do not result in a bond issuance, UFI proposes the following hourly rates for assigned staff.

UFI's Hourly Fee Schedule	
Chief Strategy Officer	\$300
Managing Director/Director	\$275
Associate/Analyst	\$175

****TAXES**

1. Do not include any use, or federal excise tax in your bid. The City is exempt from the payment of federal excise tax and will add use tax as applicable.

Regulatory Disclosure

Disclosure of Conflicts of Interest and Legal or Disciplinary Events. Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. ("UFI") and its associated persons.

Conflicts of Interest. Compensation. UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI's ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e., hourly or fixed fee based) may also present a potential conflict of interest regarding UFI's ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

Other Municipal Advisor Relationships. UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

Legal or Disciplinary Events. UFI does not have any legal events or disciplinary history on UFI's Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel

EXHIBIT “C”

CERTIFICATES OF INSURANCE AND ENDORSEMENTS
(Insert behind this page.)