

City Council Regular Meeting

Regular Meeting

Tuesday, November 1, 2016

6:00 PM

City Council Chambers

and

Teleconference by Councilmember Mark Burton

1216 2nd Street, Manhattan Beach, CA. 90266



Mayor Tony D'Errico

Mayor Pro Tem David J. Lesser

Councilmember Amy Howorth

Councilmember Wayne Powell

Councilmember Mark Burton

Executive Team

Mark Danaj, City Manager

Quinn Barrow, City Attorney

Robert Espinosa, Fire Chief

Teresia Zadroga-Haase, Human Resources Director

Eve R. Irvine, Police Chief

Mark Leyman, Parks & Recreation Director

Bruce Moe, Finance Director

Sanford Taylor, Information Technology Director

Nadine Nader, Assistant City Manager

Raul Saenz, Interim Public Works Director

Liza Tamura, City Clerk

Marisa Lundstedt, Community

Development Director

MISSION STATEMENT:

The City of Manhattan Beach is recognized for providing exemplary municipal services and contributing to the exceptional quality of life afforded to residents, businesses and visitors who enjoy living in and visiting California's safest beach community

November 1, 2016

City Council Meeting Agenda Packet

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MANHATTAN BEACH'S CITY COUNCIL WELCOMES YOU!

Your presence and participation contribute to good city government.

By your presence in the City Council Chambers, you are participating in the process of representative government. To encourage that participation, this agenda provides an early opportunity for public comments under "Public Comments," at which time speakers may comment on any matter within the subject matter jurisdiction of the City Council, including items on the agenda. In addition, speakers may comment during agenda items and during any public hearing after the public hearing on an item has been opened.

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are available for review on the City's website at www.citymb.info, the Police Department located at 420 15th Street, and are also on file in the Office of the City Clerk for public inspection. Any person who has any question concerning any agenda item may call the City Clerk's office at (310) 802 5056.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Office of the City Clerk at (310) 802 5056 (voice) or (310) 546 3501 (TDD). Notification 36 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting. The City also provides closed captioning of all its Regular City Council Meetings for the hearing impaired.

BELOW ARE THE AGENDA ITEMS TO BE CONSIDERED. THE RECOMMENDED COUNCIL ACTION IS LISTED IMMEDIATELY AFTER THE TITLE OF EACH ITEM IN BOLD CAPITAL LETTERS.

A. PLEDGE TO THE FLAG

Charles Hiatt, Meadows Elementary School

B. ROLL CALL

C. CEREMONIAL CALENDAR

1. Presentation of a Proclamation Declaring November 2016 as National Family Caregivers Month. [16-0469](#)
PRESENT
2. Presentation of a Proclamation to the Manhattan Beach Soroptimist International Organization Recognizing October 2016 as Breast Cancer Awareness Month and November 2016 as Domestic Violence Prevention Month. [16-0511](#)
PRESENT
3. Presentation of Certificates of Recognition to the Winners of the 2016 Fire Department Annual "Home Escape Plan" Contest. [16-0470](#)
PRESENT

D. CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

I, Liza Tamura, City Clerk of the City of Manhattan Beach, California, state under penalty of perjury that this notice/agenda was posted on Wednesday, October 26, 2016, on the City's Website and on the bulletin boards of City Hall, Joslyn Community Center and Manhattan Heights.

E. APPROVAL OF AGENDA AND WAIVER OF FULL READING OF ORDINANCES

By motion of the City Council, this is the time to: (a) notify the public of any changes to the agenda; (b) remove items from the consent calendar for individual consideration; or (c) rearrange the order of the agenda.

F. CITY COUNCIL AND COMMUNITY ORGANIZATION ANNOUNCEMENTS OF UPCOMING EVENTS (1 MINUTE PER PERSON)

City Councilmembers and community organization representatives may inform the public about upcoming events.

G. CITY MANAGER REPORT**H. CITY ATTORNEY REPORT****I. PUBLIC COMMENTS (3 MINUTES PER PERSON FOR ONE ITEM, A MAXIMUM OF 6 MINUTES IF A SPEAKER WANTS TO COMMENT ON MORE THAN ONE ITEM)**

Speakers may provide public comments on any matter that is within the subject matter jurisdiction of the City Council, including items on the agenda. The Mayor may determine whether an item is within the subject matter jurisdiction of the City Council. While all comments are welcome, the Brown Act does not allow City Council to take action on any item not on the agenda. Each speaker may speak for up to 3 minutes per matter, up to a total of 6 minutes if a speaker wants to comment on more than one matter. With respect to non-public hearing agenda items, speakers may provide their comments during "Public Comments" or at the time the agenda item is being considered. This is also the time for speakers to comment on items on the consent calendar that have not been previously removed by the City Council for individual consideration. For public hearings, speakers are encouraged to speak during the public hearing, if they want their comments to be included in the record for the public hearing.

Please complete the "Request to Address the City Council" card by filling out your name, city of residence, the item(s) you would like to offer public comment, and returning it to the City Clerk.

J. PLANNING COMMISSION QUASI-JUDICIAL DECISIONS (RECEIVE AND FILE)

This is an opportunity for a Councilmember to submit a written request that the City Council review the Planning Commission decision, in which case a duly noticed public hearing on the matter will be scheduled for a later date. In the absence of a written request, the matter will be received and filed by order of the chair.

The Planning Commission recently took action on the following matter(s): None.

K. CONSENT CALENDAR (APPROVE)

Items on the "Consent Calendar" are routine and customary business items and will be enacted with one vote. Removal of items from the Consent Calendar for individual consideration will be at a City Councilmember's discretion. In such case, the item will be heard during general business.

4. Approve a Three-Year Agreement to ESRI for Enterprise Wide Geographic Information Systems (GIS) Software Licensing with Annual Amount of \$35,000 (Information Technology Director Taylor). [CON 16-0034](#)
WAIVE FORMAL BIDDING AND APPROVE
Attachments: [Software Agreement with ESRI](#)

5. Award Professional Services Contract to Fire Information Support Services Inc. to Provide Record Management System Services with an Estimated Value of \$79,050 (Fire Chief Espinosa). [CON 16-0038](#)
APPROVE
Attachments: [Agreement with Fire Information Support Services, Inc.](#)

6. Completion of the Construction Contract by American Asphalt South, Inc. for the Slurry Seal Area 2 and 3 Project and Release of Retention Amount of \$25,253.94 (Interim Public Works Director Saenz). [16-0478](#)
APPROVE

7. Amendments to Professional Service Agreements with Municipal Advisor (KNN Public Finance) and Bond/Disclosure Counsel (Stradling Yocca Carlson & Rauth) Converting The Fee Structure for Debt Issuance Related Services to a Non-Contingency Basis (Finance Director Moe). [CON 16-0039](#)
APPROVE
Attachments: [KNN Public Finance Contract Agreement \(2015\)](#)
[KNN Public Finance Amendment \(2016\)](#)
[Stradling Yocca Carlson & Rauth, Inc. Contract Agreement \(2015\)](#)
[Stradling Yocca Carlson & Rauth, Inc. Amendment \(2016\)](#)

8. Financial Report: [16-0441](#)
Schedules of Demands: September 29, 2016 (Finance Director Moe).
ACCEPT REPORT AND DEMANDS
Attachments: [Schedule of Demands for September 29, 2016 Staff Report](#)

9. City Council Minutes: [16-0471](#)
This Item Contains Minutes of the following City Council Meeting:
City Council Regular Meeting Minutes of October 18, 2016
(City Clerk Tamura).
APPROVE
Attachments: [City Council Regular Meeting Minutes of October 18, 2016](#)

L. PUBLIC HEARINGS (3 MINUTES PER PERSON)

M. OLD BUSINESS

N. NEW BUSINESS

10. Refunding of Marine Sports Field Variable Rate Debt into Fixed Rate Debt (Finance Director Moe).

[RES 16-0067](#)

APPROVE; ADOPT RESOLUTION

Attachments: [City Council Resolution No. 16-0067](#)
[Capital Improvements Corporation Resolution No. CIC-8](#)
[Supplement to 2013 Trust Agreement](#)
[Amendment to Site and Facilities Lease](#)
[Amendment to Lease Agreement](#)
[Certificate Purchase Contract](#)
[Official Statement \(Preliminary\)](#)
[Amendment to Assignment Agreement](#)
[Continuing Disclosure Certificate](#)
[KNN Presentation to City Council](#)

O. ADJOURN CITY COUNCIL MEETING TO A MEETING OF THE MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION

I. CALL MEETING TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT ON CAPITAL IMPROVEMENTS CORPORATION

IV. GENERAL BUSINESS

11. Refunding of 2002 Marine Sports Field Certificates of Participation in the not-to-exceed amount of \$6,340,000 (Chief Financial Officer Moe).

[RES CIC-8](#)

ADOPT RESOLUTION NO. CIC-8

Attachments: [Capital Improvements Corporation Resolution No. CIC-8](#)

P. ADJOURN MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION AND RECONVENE CITY COUNCIL MEETING

N. NEW BUSINESS (CONTINUED)

12. Adoption of Resolution(s) for the March 7, 2017 General Municipal Election; Consider Los Angeles County's Request to Consolidate (City Clerk Tamura). [16-0467](#)

ADOPT RESOLUTION(S)

Attachments: [Resolution No. 16-0062 - Call and Notice of General Municipal Election](#)
[Resolution No. 16-0063 - Authorization for Assistance from the LA County Board](#)
[Resolution No. 16-0064 - Candidate's Requirements](#)
[Resolution No. 16-0065 - Conduct of a Special Runoff Election](#)
[Resolution No. 16-0071 - Request Assistance for Consolidated or Standalone E](#)
[Letter from the Los Angeles County-RecorderCounty Clerk](#)
[Board of Supervisors Motion Regarding Countywide Special Election in March 2](#)
[Diagram Comparing City Standalone vs. County Consolidated Election](#)

13. Status Update on Accela Automation Project Implementation (Community Development Director Lundstedt and Information Technology Director Taylor). [16-0357](#)

RECEIVE REPORT AND PROVIDE DIRECTION

Attachments: [PowerPoint Presentation](#)

Q. CITY COUNCIL REPORTS, OTHER COUNCIL BUSINESS, AND COMMITTEE AND TRAVEL REPORTS**R. FORECAST AGENDA AND FUTURE DISCUSSION ITEMS**

14. Agenda Forecast (City Clerk Tamura). [16-0498](#)
DISCUSS AND PROVIDE DIRECTION

Attachments: [October 26, 2016 Agenda Forecast](#)

S. INFORMATIONAL ITEMS

This section is for items that do not require City Council action.

T. CLOSED SESSION**U. ADJOURNMENT**

V. FUTURE MEETINGS

CITY COUNCIL MEETINGS

Nov. 15, 2016 - Tuesday -- 6:00 PM - City Council Meeting
Dec. 6, 2016 - Tuesday -- 6:00 PM - City Council Meeting
Dec. 20, 2016 - Tuesday -- 6:00 PM - City Council Meeting
Jan. 3, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Jan. 17, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Feb. 7, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Feb. 21, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Mar. 8, 2017 - Wednesday -- 6:00 PM - City Council Meeting
Mar. 21, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Apr. 4, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Apr. 18, 2017 - Tuesday -- 6:00 PM - City Council Meeting
May 2, 2017 - Tuesday -- 6:00 PM - City Council Meeting
May 16, 2017 - Tuesday -- 6:00 PM - City Council Meeting
June 6, 2017 - Tuesday -- 6:00 PM - City Council Meeting
June 20, 2017 - Tuesday -- 6:00 PM - City Council Meeting
July 5, 2017 - Tuesday -- 6:00 PM - City Council Meeting
July 18, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Aug. 1, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Aug. 15, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Sept. 5, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Sept. 19, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Oct. 3, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Oct. 17, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Nov. 7, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Nov. 21, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Dec. 5, 2017 - Tuesday -- 6:00 PM - City Council Meeting
Dec. 19, 2017 - Tuesday -- 6:00 PM - City Council Meeting

BOARDS, COMMISSIONS AND COMMITTEE MEETINGS

November 8, 2016 - Tuesday - 6:00 PM - Cultural Arts Commission Meeting
November 9, 2016 - Wednesday - 6:30 PM - Planning Commission Meeting
November 14, 2016 - Monday - 6:30 PM - Library Commission Meeting
November 23, 2016 - Wednesday - 6:30 PM - Planning Commission Meeting
November 28, 2016 - Monday - 6:30 PM - Parks and Recreation Commission Meeting

W. CITY OFFICES CLOSED

CITY HOLIDAYS:

Nov. 11, 2016 – Friday – Veterans Day
Nov. 24-25, 2016 - Thursday & Friday - Thanksgiving Holiday
Dec. 26, 2016 - Monday - Christmas Day Observed
Jan. 2, 2017 – Monday – New Years Day Observed
Jan. 16, 2017 – Monday – Martin Luther King Day
Feb. 20, 2017 - Monday - Presidents Day
May 29, 2017 – Monday – Memorial Day
Jul. 4, 2017 - Tuesday - Independence Day
Sep. 4, 2017 - Monday - Labor Day
Oct. 9, 2017 – Monday – Columbus Day

CITY OFFICES CLOSED ON FOLLOWING ALTERNATIVE FRIDAYS:

Nov. 11, 2016 - Friday

Nov. 25, 2016 - Friday

Dec. 9, 2016 - Friday

Dec. 23, 2016 - Friday

Jan. 6, 2017 - Friday

Jan. 20, 2017 - Friday

Feb. 3, 2017 - Friday

Feb. 17, 2017 - Friday

Mar. 3, 2017 - Friday

Mar. 17, 2017 - Friday

Mar. 31, 2017 - Friday

Apr. 14, 2017 - Friday

Apr. 28, 2017 - Friday

Agenda Date: 11/1/2016

TO:

Members of the City Council

FROM:

Mayor D'Errico

SUBJECT:

Presentation of a Proclamation Declaring November 2016 as National Family Caregivers Month.

PRESENT

**The City Council of the City of Manhattan Beach
Does Hereby Present a
Proclamation Declaring November 2016
As National Family Caregivers Month**

Agenda Date: 11/1/2016

TO:

Members of the City Council

FROM:

Mayor D'Errico

SUBJECT:

Presentation of a Proclamation to the Manhattan Beach Soroptimist International Organization Recognizing October 2016 as Breast Cancer Awareness Month and November 2016 as Domestic Violence Prevention Month.

PRESENT

**The City Council of the City of Manhattan Beach
Does Hereby Proudly Present
Manhattan Beach Soroptimist International Organization with a Proclamation
Declaring October 2016 as Breast Cancer Awareness Month and
November 2016 as Domestic Violence Prevention Month**

Agenda Date: 11/1/2016

TO:

Members of the City Council

FROM:

Mayor D'Errico

SUBJECT:

Presentation of Certificates of Recognition to the Winners of the 2016 Fire Department Annual "Home Escape Plan" Contest.

PRESENT

**The City Council of the City of Manhattan Beach
Does Hereby Proudly Recognize
the Winners of the
2016 Fire Department Annual
"Home Escape Plan" Contest.**

**Rebecca Morton, American Martyrs Catholic School
Brighton Lipson, Grand View Elementary School
Oliver Harris, Meadows Elementary School
Brooke Jadon, Robinson Elementary School
Leighton Devereux, Pacific Elementary School
Marlo Libbey, Pennekamp Elementary School**

**The following Principals and teachers will be recognized at their respective schools
at a later time for their commitment to the safety of their students:**

American Martyrs Catholic School

Principal Camryn Friel

PJ Cantwell

Becky Shaw

Jen Greenhalgh

Grand View Elementary School

Principal Nancy Doyle

Lori Desmond
Angela Glassman
Evon Daughdrill
Kari Pliaconis
Terry Gladstone

Meadows Elementary School
Principal Katherine Whittaker Stopp
Renee Sokol
Jan Kajiya
Danielle Radl

Robinson Elementary School
Principal John Jackson
Lisa Tanita
Megan Johnson

Pacific Elementary School
Principal Rhonda Steinberg
Katie Wallace
Nanci Schnebly
Nancy Lim
Michelle Lautanen

Pennekamp Elementary School
Principal Dr. Toni Brown
Juliet Smith
Wendy Fletcher
Tami Freeman
Dana Cannon

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Sanford Taylor, Information Technology Director

Leilani Emnace, Information Systems Manager

Bonnie Shrewsbury, GIS Analyst

SUBJECT:

Approve a Three-Year Agreement to ESRI for Enterprise Wide Geographic Information Systems (GIS) Software Licensing with Annual Amount of \$35,000 (Information Technology Director Taylor).

WAIVE FORMAL BIDDING AND APPROVE

RECOMMENDATION:

Staff recommends that the City Council waive formal bidding in accordance with Municipal Code Section 2.36.140 (waivers) and approve a three-year agreement to ESRI for Enterprise Wide Geographic Information Systems (GIS) software licensing with annual amount of \$35,000.

FISCAL IMPLICATIONS:

Sufficient funds are available in the Fiscal Year 2016-2017 budget and will be included in future budgets.

BACKGROUND:

ESRI is the world's leading Geographic Information System (GIS) software platform and the standard GIS solution used in Southern California. Nearly all City, County and other agencies utilize ESRI software. It is critical that the City of Manhattan Beach is on the same GIS platform as neighboring agencies for sharing data, resources, and expertise. This is especially true in GIS support for Disaster Planning and Emergency Response.

GIS integrates hardware, software, and data for capturing, managing, analyzing, and displaying all forms of geographically referenced information. GIS provides a graphical view, to understand, question, interpret, and visualize data in many ways that reveal relationships, patterns, and trends in the form of maps, applications, reports, and charts. GIS assists in

answering questions and solving problems by looking at data in a way that is quickly understood and easily shared.

DISCUSSION:

One of the projects identified in the Information Systems Master Plan (ISMP) was the expansion of the City's Geographic Information System (GIS) as an enterprise wide platform. In accordance with this ISMP directive, the City changed its contract with ESRI from per-software licensing to an Enterprise License Agreement (ELA) in 2013. While the City has been using GIS since 1989, this upgrade in the licensing has provided the foundation of an enterprise wide platform. The ELA provides support for existing GIS services and will allow GIS to support other ISMP projects, including Permitting, Document Management, Work Order Management, Enterprise Resource Management (ERP), and Asset Management solutions. The ESRI ELA will also provide future capabilities for our public safety departments whereby GIS mapping resources may be viewed on mobile devices.

The current three-year ELA expires on November 24, 2016. Renewal of this ELA will continue to provide the City with nearly unlimited GIS software integrations, extension licenses, as well as additional field users for ArcGIS Online (supports mobile devices), and discounts on training.

ESRI licensing is available only through ESRI, therefore competitive bidding is not possible. As a result, staff recommends that the City Council waive formal bidding for this requirement.

POLICY ALTERNATIVES:

Return to the per-individual-license cost structure.

PROS:

This could be slightly less costly, depending on the software demands.

CONS:

This does not provide the flexibility and scalability needed for the integration of enterprise applications, such as permitting, document management, and a future ERP solution.

PUBLIC OUTREACH/INTEREST:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and contract and determined that no additional legal analysis is necessary.

Attachment:

1. Software Agreement with ESRI



Quotation # 20491296

Date: July 20, 2016

ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE, INC.
380 New York St Bldg W1
Redlands, CA 92373-8100
Phone: (909) 793-2853 ext.2058 Fax: (909) 307-3025
DUNS Number: 06-313-4175 CAGE Code: 0AMS3

Customer # 1455 Contract #
City of Manhattan Beach
Public Works Dept
1400 Highland Ave
Manhattan Beach, CA 90266-4795
ATTENTION: Bonnie Shrewsbury
PHONE: (310) 802-5360
FAX: 310-802-5351

To expedite your order, please attach a copy of this quotation to your purchase order.
Quote is valid from: 07/20/2016 To: 10/18/2016

Material	Qty	Description	Unit Price	Total
110036	1	Populations of 25,001 to 50,000 Small Government Term Enterprise License Agreement - Year 1	35,000.00	35,000.00
110036	1	Populations of 25,001 to 50,000 Small Government Term Enterprise License Agreement - Year 2	35,000.00	35,000.00
110036	1	Populations of 25,001 to 50,000 Small Government Term Enterprise License Agreement - Year 3	35,000.00	35,000.00
			Item Total:	105,000.00
			Subtotal:	105,000.00
			Sales Tax:	0.00
			Estimated Shipping & Handling(2 Day Delivery) :	0.00
			Contract Pricing Adjust:	0.00
			Total:	\$105,000.00

Esri may charge a fee to cover expenses related to any customer requirement to use a proprietary vendor management, procurement, or invoice program.

For questions contact: Jonathon Corbridge **Email:** jcorbridge@esri.com **Phone:** (909) 793-2853 ext.2058 x2058

The items on this quotation are subject to the terms set forth herein and the terms of your signed agreement with Esri, if any, or, where applicable, Esri's standard terms and conditions at www.esri.com/legal, which are incorporated by reference. Federal government entities and government prime contractors authorized under FAR 51.1 may purchase under the terms of Esri's GSA Federal Supply Schedule. Acceptance is limited to the terms of this quotation. Esri objects to and expressly rejects any different or additional terms contained in any purchase order, offer, or confirmation sent to or to be sent by buyer. All terms of this quotation will be incorporated into and become part of any additional agreement regarding Esri's products and services.

If sending remittance, please address to: Esri, File No. 54630, Los Angeles, Ca 90074-4630



Esri Use Only:
 Cust. Name City of Manhattan Beach
 Cust. # 1455
 PO # _____
 Esri Agreement # 313107

Esri, 380 New York St., Redlands, CA 92373-8100 USA • TEL 909-793-2853 • FAX 909-793-5953

**SMALL ENTERPRISE AGREEMENT
 COUNTY AND MUNICIPALITY GOVERNMENT
 (E214-2)**

This Agreement is by and between the organization identified in the Quotation ("**Licensee**") and **Environmental Systems Research Institute, Inc. ("Esri")**.

This Agreement sets forth the terms for Licensee's use of Products and incorporates by reference (i) the Quotation and (ii) the License Agreement. Should there be any conflict between the terms and conditions of the documents that comprise this Agreement, the order of precedence for the documents shall be as follows: (i) the Quotation, (ii) this Agreement, and (iii) the License Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state in which Licensee is located without reference to conflict of laws principles, and the United States of America federal law shall govern in matters of intellectual property. The modifications and additional rights granted in this Agreement apply only to the Products listed in Table A.

**Table A
 List of Products**

Uncapped Quantities

Desktop Software and Extensions

ArcGIS for Desktop Advanced
 ArcGIS for Desktop Standard
 ArcGIS for Desktop Basic
 ArcGIS for Desktop Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Geostatistical Analyst, ArcGIS Publisher, ArcGIS Network Analyst, ArcGIS Schematics, ArcGIS Workflow Manager for Desktop, ArcGIS Data Reviewer

Server Software and Extensions

ArcGIS for Server Workgroup and Enterprise (Advanced, Standard, and Basic)
 ArcGIS for Server Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Geostatistical Analyst, ArcGIS Network Analyst, ArcGIS Schematics, ArcGIS Workflow Manager for Server, ArcGIS Image Extension for Server

Developer Tools

ArcGIS Engine
 ArcGIS Engine Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Engine Geodatabase Update, ArcGIS Network Analyst, ArcGIS Schematics
 ArcGIS Runtime Standard
 ArcGIS Runtime Standard Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Network Analyst

Limited Quantities

One (1) Annual Subscription to Esri Developer Network (EDN) Standard*
 One (1) Esri CityEngine Advanced Single Use License
 One (1) Esri CityEngine Advanced Concurrent Use License
 One (1) Level 3 ArcGIS Online Subscription+
 One (1) Level 3 Portal for ArcGIS Subscription+

OTHER BENEFITS

Number of Esri User Conference registrations provided annually	3
Number of Tier 1 Help Desk individuals authorized to call Esri	3
Maximum number of sets of backup media, if requested**	2
Self-Paced e-Learning	Uncapped
Five percent (5%) discount on all individual commercially available instructor-led training classes at Esri facilities purchased outside this Agreement (Discount does not apply to Small Enterprise Training Package.)	

*Maintenance is not provided for these items.

**Additional sets of backup media may be purchased for a fee.

+The quantity of named users and credits are specified in the corresponding program description.

Licensee may accept this Agreement by signing and returning the whole Agreement with a signed sales quotation, purchase order, or other document that matches the Quotation and references this Agreement ("Ordering Document"). **ADDITIONAL OR CONFLICTING TERMS IN LICENSEE'S ORDERING DOCUMENT WILL NOT APPLY, AND THE TERMS OF THIS AGREEMENT WILL GOVERN.** This Agreement is effective as of the date of Esri's receipt of Licensee's Ordering Document incorporating this Agreement by reference, unless otherwise agreed to by the parties ("Effective Date").

Term of Agreement: Three (3) years

This Agreement supersedes any previous agreements, proposals, presentations, understandings, and arrangements between the parties relating to the licensing of the Products. Except as provided in Article 4—Product Updates, no modifications can be made to this Agreement.

Accepted and Agreed:

(Licensee)

By: _____
Authorized Signature

Printed Name: _____

Title: _____

Date: _____

Environmental Systems Research Institute, Inc. (Esri)

By:  _____

Chris Johnson

Manager, Commercial & Government Contracts

October 5, 2016

LICENSEE CONTACT INFORMATION

Contact: _____

Telephone: _____

Address: _____

Fax: _____

City, State, Postal Code: _____

E-mail: _____

Country: _____

Quotation Number (if applicable): _____

1.0—ADDITIONAL DEFINITIONS

In addition to the definitions provided in the License Agreement, the following definitions apply to this Agreement:

"Deploy", "Deployed" and "Deployment" mean to redistribute and install the Products and related Authorization Codes within Licensee's organization(s).

"Fee" means the fee set forth in the Quotation.

"Incident" means a failure of the Software or Online Services to operate according to the Documentation where such failure substantially impacts operational or functional performance.

"License Agreement" means (i) the applicable license agreement incorporated by this reference that is found at <http://www.esri.com/legal/software-license>; composed of the General License Terms and Conditions (E204) and Exhibit 1, Scope of Use (E300); and available in the installation process requiring acceptance by electronic acknowledgment or (ii) a signed license agreement between the parties that supersedes such electronically acknowledged license agreement.

"Maintenance" means Tier 2 Support, Product updates, and Product patches provided to Licensee during the Term of Agreement.

"Product(s)" means the products identified in Table A—List of Products and any updates to the list Esri provides in writing.

"Quotation" means the offer letter and quotation provided separately to Licensee.

"Technical Support" means the technical assistance for attempting resolution of a reported Incident through error correction, patches, hot fixes, workarounds, replacement deliveries, or any other type of Product corrections or modifications.

"Tier 1 Help Desk" means Licensee's point of contact(s) to provide all Tier 1 Support within Licensee's organization(s).

"Tier 1 Support" means the Technical Support provided by the Tier 1 Help Desk.

"Tier 2 Support" means the Technical Support provided to the Tier 1 Help Desk when an Incident cannot be resolved through Tier 1 Support. Licensee will receive Tier 2 Support from Esri.

2.0—ADDITIONAL GRANT OF LICENSE

2.1 Grant of License. Subject to the terms and conditions of this Agreement, Esri grants to Licensee a personal, nonexclusive, nontransferable license solely to use, copy, and Deploy quantities of the Products listed in Table A—List of Products for the term provided on the first page (i) for the applicable Fee and (ii) in accordance with the License Agreement.

2.2 Consultant Access. Esri grants Licensee the right to permit Licensee's consultants or contractors to use the Products exclusively for Licensee's benefit. Licensee will be solely responsible for compliance by consultants and contractors with this Agreement and will ensure that the consultant or contractor discontinues use of Products upon completion of work for Licensee. Access to or use of Products by consultants or contractors not exclusively for Licensee's benefit is prohibited. Licensee may not permit its consultants or contractors to install Software or Data on consultant, contractor, or third-party computers or remove Software or Data from Licensee locations, except for the purpose of hosting the Software or Data on Contractor Servers for the benefit of Licensee.

3.0—TERM, TERMINATION, AND EXPIRATION

3.1 Term. This Agreement and all licenses hereunder will commence on the Effective Date and continue for the duration identified in the Term of Agreement, unless this Agreement is terminated earlier as provided herein. Licensee is only authorized to use Products during the Term of Agreement. For an Agreement with a limited term, Esri does not grant Licensee an indefinite or a perpetual license to Products.

3.2 No Use upon Agreement Expiration or Termination. All Product licenses and all Maintenance, Esri Virtual Campus access, and Esri User Conference registrations terminate on expiration or termination of this Agreement.

3.3 Termination for a Material Breach. Either party may terminate this Agreement for a material breach by the other party. The breaching party will have thirty (30) days from the date of written notice to cure any material breach.

3.4 Termination for Lack of Funds. For an Agreement with government or government-owned entities, either party may terminate this Agreement before any subsequent year if Licensee is unable to secure

funding through the legislative or governing body's approval process.

3.5 Follow-on Term. If the parties enter into another agreement substantially similar to this Agreement for an additional term, the effective date of the follow-on agreement will be the day after the expiration date of this Agreement.

4.0—PRODUCT UPDATES

4.1 Future Updates. Esri reserves the right to update the list of Products in Table A—List of Products by providing written notice to Licensee. Licensee may continue to use all Products that have been Deployed, but support and upgrades for deleted items may not be available. As new Products are incorporated into the standard program, they will be offered to Licensee via written notice for incorporation into the Products schedule at no additional charge. Licensee's use of new or updated Products requires Licensee to adhere to applicable additional or revised terms and conditions of the License Agreement.

4.2 Product Life Cycle. During the Term of Agreement, some Products may be retired or may no longer be available to Deploy in the identified quantities. Maintenance will be subject to the individual Product Life Cycle Support Status and Product Life Cycle Support Policy, which can be found at <http://support.esri.com/en/content/productlifecycles>. Updates for Products in the mature and retired phases may not be available. Licensee may continue to use Products already Deployed during the Term of Agreement, but Licensee will not be able to Deploy retired Products.

5.0—MAINTENANCE

The Fee includes standard maintenance benefits during the Term of Agreement as specified in the most current applicable Esri Maintenance and Support Program document (found at <http://www.esri.com/legal>). At Esri's sole discretion, Esri may make patches, hot fixes, or updates available for download. No Software other than the defined Products will receive Maintenance. Licensee may acquire maintenance for other Software outside this Agreement.

a. Tier 1 Support

1. Licensee will provide Tier 1 Support through the Tier 1 Help Desk to all Licensee's authorized users.

2. The Tier 1 Help Desk will be fully trained in the Products.
3. At a minimum, Tier 1 Support will include those activities that assist the user in resolving how-to and operational questions as well as questions on installation and troubleshooting procedures.
4. The Tier 1 Help Desk will be the initial points of contact for all questions and reporting of an Incident. The Tier 1 Help Desk will obtain a full description of each reported Incident and the system configuration from the user. This may include obtaining any customizations, code samples, or data involved in the Incident. The Tier 1 Help Desk may also use any other information and databases that may be developed to satisfactorily resolve the Incident.
5. If the Tier 1 Help Desk cannot resolve the Incident, an authorized Tier 1 Help Desk individual may contact Tier 2 Support. The Tier 1 Help Desk will provide support in such a way as to minimize repeat calls and make solutions to problems available to Licensee.
6. Tier 1 Help Desk individuals are the only individuals authorized to contact Tier 2 Support. Licensee may change the Tier 1 Help Desk individuals by written notice to Esri.

b. Tier 2 Support

1. Tier 2 Support will log the calls received from Tier 1 Help Desk.
2. Tier 2 Support will review all information collected by and received from the Tier 1 Help Desk including preliminary documented troubleshooting provided by the Tier 1 Help Desk when Tier 2 Support is required.
3. Tier 2 Support may request that Tier 1 Help Desk individuals provide verification of information, additional information, or answers to additional questions to supplement any preliminary information gathering or troubleshooting performed by Tier 1 Help Desk.
4. Tier 2 Support will attempt to resolve the Incident submitted by Tier 1 Help Desk.
5. When the Incident is resolved, Tier 2 Support will communicate the information to Tier 1 Help Desk, and Tier 1 Help Desk will disseminate the resolution to the user(s).

6.0—ENDORSEMENT AND PUBLICITY

This Agreement will not be construed or interpreted as an exclusive dealings agreement or Licensee's endorsement of Products. Either party may publicize the existence of this Agreement.

7.0—ADMINISTRATIVE REQUIREMENTS

7.1 OEM Licenses. Under Esri's OEM or Solution OEM programs, OEM partners are authorized to embed or bundle portions of Esri products and services with their application or service. OEM partners' business model, licensing terms and conditions, and pricing are independent of this Agreement. Licensee will not seek any discount from the OEM partner or Esri based on the availability of Products under this Agreement. Licensee will not decouple Esri products or services from the OEM partners' application or service.

7.2 Annual Report of Deployments. At each anniversary date and ninety (90) calendar days prior to the expiration date of this Agreement, Licensee will provide Esri with a written report detailing all Deployments. Upon request, Licensee will provide records sufficient to verify the accuracy of the annual report.

8.0—ORDERING, ADMINISTRATIVE PROCEDURES, DELIVERY, AND DEPLOYMENT

8.1 Orders, Delivery, and Deployment

- a. Upon the Effective Date, Esri will invoice Licensee and provide Authorization Codes to activate the nondestructive copy protection program that enables Licensee to download, operate, or allow access to the Products. If this is a multi-year Agreement, Esri may invoice the Fee thirty (30) calendar days before the annual anniversary date for each additional year.
- b. Undisputed invoices will be due and payable within thirty (30) calendar days from the date of invoice. Esri's federal ID number is 95-2775-732.
- c. If requested, Esri will ship backup media to the ship-to address identified on the Ordering Document, FOB Destination, with shipping charges prepaid. Licensee acknowledges that should sales or use taxes become due as a result of any shipments of tangible media, Esri has a right to invoice and Licensee will pay any such sales or use tax associated with the receipt of tangible media.

8.2 Order Requirements. Esri does not require Licensee to issue a purchase order. Licensee may submit a purchase order in accordance with its own process requirements, provided that if Licensee issues a purchase order, Licensee will submit its initial purchase order on the Effective Date. If this is a multi-year Agreement, Licensee will submit subsequent purchase orders to Esri at least thirty (30) calendar days before the annual anniversary date for each additional year.

- a. All orders pertaining to this Agreement will be processed through Licensee's centralized point of contact.
- b. The following information will be included in each Ordering Document:
 - (1) Licensee name; Esri customer number, if known; and bill-to and ship-to addresses
 - (2) Order number
 - (3) Applicable annual payment due

9.0—MERGERS, ACQUISITIONS, OR DIVESTITURES

If Licensee is a commercial entity, Licensee will notify Esri in writing in the event of (i) a consolidation, merger, or reorganization of Licensee with or into another corporation or entity; (ii) Licensee's acquisition of another entity; or (iii) a transfer or sale of all or part of Licensee's organization (subsections i, ii, and iii, collectively referred to as "Ownership Change"). There will be no decrease in Fee as a result of any Ownership Change.

- 9.1 If an Ownership Change increases the cumulative program count beyond the maximum level for this Agreement, Esri reserves the right to increase the Fee or terminate this Agreement and the parties will negotiate a new agreement.
- 9.2 If an Ownership Change results in transfer or sale of a portion of Licensee's organization, that portion of Licensee's organization will transfer the Products to Licensee or uninstall, remove, and destroy all copies of the Products.
- 9.3 This Agreement may not be assigned to a successor entity as a result of an Ownership Change unless approved by Esri in writing in advance. If the assignment to the new entity is not approved, Licensee will require any successor entity to uninstall, remove, and destroy the Products. This Agreement will terminate upon such Ownership Change.

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Robert Espinosa, Fire Chief

Scott Hafdell, Battalion Chief

Walberto Martin, Senior Management Analyst

SUBJECT:

Award Professional Services Contract to Fire Information Support Services Inc. to Provide Record Management System Services with an Estimated Value of \$79,050 (Fire Chief Espinosa).

APPROVE

RECOMMENDATION:

Staff recommends that City Council award RFP #1048-16 to Fire Information Support Services, Inc. for a three-year contract to provide fire record management system services with an estimated value of \$79,050.

FISCAL IMPLICATIONS:

Sufficient funds are budgeted annually for these services in the Fire Department's budget and will be provided in future fiscal years for this service.

BACKGROUND:

The Fire Records Management System (FireRMS) software is used for mandatory incident reporting to local, state, and national agencies. This proprietary software is used for managing fire inspection records, fire incident reports, patient care records, staff scheduling, safe-keeping and tracking of personnel training records, mandatory training and state reporting.

The City has contracted with Fire Information Support Services Inc. since fiscal year of 2002 for these services. Fire Department and the Information Technology staffs does not have in-house expertise to provide this type of specialized service; the department relies on outside contractors for the maintenance and updates of the software and in-house Information Technology staff to maintain connectivity and hardware. Contractors provide the

expertise and knowledge on creating algorithms and scripts that code data necessary for performance analysis. The data needs to be constantly monitored, updated and inspected for quality assurance.

DISCUSSION:

The specifications were directly emailed to the only two known vendors in California and posted on the City's website. Only two responses were received; both vendors offered the same hourly rate.

Because this is a services contract, vendor selection is based on many factors, including consulting staff availability, experience, quality control and cost. The proposal from Fire Information Support Services, Inc. and BLD Consulting were very similar except for level of availability. Fire Information Support Services, Inc. offers a full-time staff person that can be dedicated to our projects, whereas BLD Consulting consists of an active Fire Captain from the City of Ontario, California. Consequently, the consultant may not be available when needed or scheduled. Staff recommends contracting with the vendor that has a higher probability of being available. This is of primary concern where many of the necessary reports are legally mandated and support is based on-demand that is dependent on staff availability and project complexity. The absence of these specialized services can lead to the loss of grants and funding that is tied to the types of reports generated from this specialized service.

PUBLIC OUTREACH/INTEREST:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has reviewed and approved the proposed Professional Services Agreement as-to-form.

Attachment:

1. Agreement with Fire Information Support Services, Inc.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is dated November 2, 2016 ("Effective Date") and is between the City of Manhattan Beach, a California municipal corporation ("City") and FIRE INFORMATION SUPPORT SERVICES, INC., a California corporation, ("Contractor"). City and Contractor are sometimes referred to herein as the "Parties", and individually as a "Party".

RECITALS

- A. City issued Request for Proposals No. 1048-16 on 14th day of August, 2015, seeking proposals for the provision of Fire Department System Maintenance.
- B. Contractor submitted a proposal dated September 2, 2015 in response to the RFP.
- C. City desires to utilize the services of Contractor as an independent contractor to provide the services in the RFP.
- D. Contractor represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.
- E. City desires to retain Contractor and Contractor desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The Parties therefore agree as follows:

1. Contractor's Services.

A. Scope of Services. Contractor shall perform the services described in the Scope of Services (the "Services"), attached as **Exhibit A**. City may request, in writing, changes in the Scope of Services to be performed. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Contractor Representative shall be Carol Breshears, President (the "Contractor Representative"). The Contractor Representative shall directly manage Contractor's Services under this Agreement. Contractor shall not change the Contractor Representative without City's prior written consent.

C. Time for Performance. Contractor shall commence the Services on the Effective Date and shall perform all Services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

D. Standard of Performance. Contractor shall perform all Services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

E. Personnel. Contractor has, or will secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services required under this Agreement shall be performed by Contractor or under its supervision, and all personnel engaged in the work shall be qualified to perform such Services.

F. Compliance with Laws. Contractor shall comply with all applicable federal, state and local laws, ordinances, codes, regulations and requirements.

G. Permits and Licenses. Contractor shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of Services under this Agreement, including a business license.

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through November 1, 2019, unless sooner terminated as provided in Section 12 of this Agreement or extended. The City Manager shall have the option, in his sole discretion, to extend the term by up to two additional one (1) year terms.

3. Compensation.

A. Compensation. As full compensation for Contractor's Services provided under this Agreement, City shall pay Contractor the total sum of \$79,050 (the "Maximum Compensation"), as set forth in the Approved Fee Schedule attached hereto as **Exhibit B**. If the initial term is extended, the Maximum Compensation shall be increased by the sum of \$29,350 for each one year extension.

B. Expenses. The amount set forth in paragraph 3.A. above shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

C. Additional Services. City shall not allow any claims for additional Services performed by Contractor, unless the City Council or City Representative, if applicable, and the Contractor Representative authorize the additional Services in writing prior to Contractor's performance of the additional Services or incurrence of additional expenses. Any additional Services or expenses authorized by the City Council or City Representative shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the Parties. City shall make payment for additional Services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Contractor shall submit to City an invoice, on a monthly basis for the Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the

amount due. City shall review each invoice and notify Contractor in writing within ten business days of receipt of any disputed invoice amounts.

B. Payment. City shall pay all undisputed invoice amounts within 30 calendar days after receipt up to the maximum compensation set forth in Section 3 of this Agreement. City does not pay interest on past due amounts. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Contractor.

C. Audit of Records. Contractor shall make all records, invoices, time cards, cost control sheets and other records maintained by Contractor in connection with this Agreement available during Contractor's regular working hours to City for review and audit by City.

5. Independent Contractor. Contractor is, and shall at all times remain as to City, a wholly independent contractor. Contractor shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Agreement. Contractor shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City.

6. Information and Documents.

A. Contractor covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Contractor or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Contractor without prior written authorization by City. City shall grant such authorization if applicable law requires disclosure. Contractor, its officers, employees, agents, or subcontractors shall not without written authorization from the City Manager or unless requested in writing by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary," provided Contractor gives City notice of such court order or subpoena.

B. Contractor shall promptly notify City should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the City. City may, but has no obligation to, represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, City's right to review any such response does not imply or mean the right by City to control, direct or rewrite the response.

C. All Data required to be furnished to City in connection with this Agreement shall become City's property, and City may use all or any portion of the Data submitted by Contractor as City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services shall become City's sole property and may be used, reused or otherwise disposed of by City without Contractor's permission. Contractor may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Contractor.

D. Contractor's covenants under this Section 6 shall survive the expiration or termination of this Agreement.

7. Conflicts of Interest. Contractor and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Contractor's Services under this Agreement, including the Political Reform Act (Gov. Code § 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Contractor may perform similar Services for other clients, but Contractor and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Contractor is not currently performing work that would require Contractor or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Contractor shall incorporate a clause substantially similar to this Section 7 into any subcontract that Contractor executes in connection with the performance of this Agreement.

8. Indemnification.

A. Indemnities for Third Party Claims.

1) To the fullest extent permitted by law, Contractor shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the Parties. Contractor shall defend

the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Contractor shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Contractor shall pay all required taxes on amounts paid to Contractor under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Contractor shall fully comply with the workers' compensation law regarding Contractor and Contractor's employees. Contractor shall indemnify and hold City harmless from any failure of Contractor to comply with applicable workers' compensation laws. City may offset against the amount of any fees due to Contractor under this Agreement any amount due to City from Contractor as a result of Contractor's failure to promptly pay to City any reimbursement or indemnification arising under this subparagraph A.2).

3) Contractor shall obtain executed indemnity agreements with provisions identical to those in this Section 8 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance of this Agreement. If Contractor fails to obtain such indemnity obligations, Contractor shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the Parties.

B. Workers' Compensation Acts not Limiting. Contractor's indemnifications and obligations under this Section 8, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Contractor expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Contractor because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 8 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against City.

D. Survival of Terms. Contractor's indemnifications and obligations under this Section 8 shall survive the expiration or termination of this Agreement.

9. Insurance.

A. Minimum Scope and Limits of Insurance. Contractor shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of \$1,000,000.00 per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of \$2,000,000.00 per project or location. If Contractor is a limited liability company, the commercial general liability coverage shall be amended so that Contractor and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a limit of \$100,000 per occurrence and a combined single limit of \$300,000.00 per accident for bodily injury and property damage. If Contractor does not use any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Contractor shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section 9.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of \$1,000,000.00 per accident for bodily injury or disease. If Contractor has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Contractor shall execute a declaration that it has no employees.

B. Acceptability of Insurers. The insurance policies required under this Section 9 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self-insurance shall not be considered to comply with the insurance requirements under this Section 9.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 9 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Contractor's insurance and shall not contribute with it.

E. Contractor's Waiver of Subrogation. The insurance policies required under this Section 9 shall not prohibit Contractor and Contractor's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Contractor hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, Contractor shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Contractor shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Contractor shall not cancel, reduce or otherwise modify the insurance policies required by this Section 9 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to City. If any insurance policy required under this Section 9 is canceled or reduced in coverage or limits, Contractor shall, within two business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Contractor does not maintain the policies of insurance required under this Section 9 in full force and effect during the term of this Agreement, or in the event any of Contractor's policies do not comply with the requirements under this Section 9, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Contractor's expense, the premium thereon. Contractor shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Contractor.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Contractor shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 9. The endorsements are subject to City's approval. Contractor may provide complete, certified copies of all required insurance policies to City. Contractor shall maintain current endorsements on file with City's Risk Manager. Contractor shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Contractor shall furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Contractor shall not be construed as a limitation of Contractor's liability or as full performance of Contractor's duty to indemnify City under Section 8 of this Agreement.

K. Subcontractor Insurance Requirements. Contractor shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 9.

10. Mutual Cooperation.

A. City's Cooperation. City shall provide Contractor with all pertinent Data, documents and other requested information as is reasonably available for Contractor's proper performance of the Services required under this Agreement.

B. Contractor's Cooperation. In the event any claim or action is brought against City relating to Contractor's performance of Services rendered under this Agreement, Contractor shall render any reasonable assistance that City requires.

11. Records and Inspections. Contractor shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by City that relate to the performance of the Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to City, its designees and representatives at reasonable times, and shall allow City to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three years after receipt of final payment.

12. Termination of Agreement.

A. Right to Terminate. City may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Contractor at least five calendar days before the termination is to be effective. Contractor may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least 60 calendar days before the termination is to be effective.

B. Obligations upon Termination. Contractor shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Contractor, City shall pay Contractor based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Contractor be entitled to receive more than the amount that would be paid to Contractor for the full performance of the Services required by this Agreement. Contractor shall have no other claim against City by reason of such termination, including any claim for compensation.

13. Force Majeure. Contractor shall not be liable for any failure to perform its obligations under this Agreement if Contractor presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Contractor's reasonable control and not due to any act by Contractor.

14. Default.

A. Contractor's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Contractor is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Contractor for any work performed after the date of default.

B. If the City Manager or his delegate determines that Contractor is in default in the performance of any of the terms or conditions of this Agreement, City shall serve Contractor with written notice of the default. Contractor shall have ten calendar days after service upon it of the notice in which to cure the default by rendering a satisfactory performance. In the event that Contractor fails to cure its default within such period of time, City may, notwithstanding any other provision of this Agreement, terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

15. Notices. Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Contractor's and City's regular business hours, or (c) three business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

If to City:
Attn: Mark Danaj
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266
Telephone: 310-802-5050
Email: mdanaj@citymb.info

If to Contractor:
Attn: Carol Breshears, President
Fire Information Support Svc's
42485 Buck Road
Hemet, California 92544
Email: cbreshea@att.net

With a courtesy copy to:

Quinn M. Barrow, City Attorney
1400 Highland Avenue
Manhattan Beach, CA 90266
Telephone: (310) 802-5061
Email: qbarrow@citymb.info

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Contractor will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

17. Prohibition of Assignment and Delegation. Contractor shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Contractor from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 17 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 17, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

18. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

19. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

20. Final Payment Acceptance Constitutes Release. The acceptance by Contractor of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Contractor for anything done, furnished or relating to Contractor's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Contractor, its employees, sub-contractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Contractor, its employees, sub-contractors and agents.

21. Corrections. In addition to the above indemnification obligations, Contractor shall correct, at its expense, all errors in the work which may be disclosed during City's review of Contractor's report or plans. Should Contractor fail to make such correction in a reasonably timely manner, such correction may be made by City, and the cost thereof shall be charged to Contractor. In addition to all other available remedies, City may deduct the cost of such correction from any retention amount held by City or may withhold payment otherwise owed Contractor under this Agreement up to the amount of the cost of correction.

22. Non-Appropriation of Funds. Payments to be made to Contractor by City for services preformed within the current fiscal year are within the current fiscal budget and

within an available, unexhausted fund. In the event that City does not appropriate sufficient funds for payment of Contractor's services beyond the current fiscal year, the Agreement shall cover payment for Contractor's services only to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

23. Exhibits. Exhibits A and B, constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Contractor's proposal, the provisions of this Agreement shall control.

24. Entire Agreement and Modification of Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by both Parties.

25. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the Parties to this Agreement.

26. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Business Days. "Business days" means days Manhattan Beach City Hall is open for business.

29. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior or federal court with geographic jurisdiction over the City of Manhattan Beach.

30. Attorneys' Fees. In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall

be entitled to recover actual attorneys' fees, experts' fees, and other costs, in addition to all other relief to which that Party may be entitled.

31. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

32. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

33. Corporate Authority. The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement on behalf of the Parties and that by their execution, the Parties are formally bound to the provision of this Agreement.

[SIGNATURE PAGE FOLLOWS]

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

City:
City of Manhattan Beach,
a California municipal corporation

Contractor:
Fire Information Support Services

By: _____
Name: Mark Danaj
Title: City Manager

By: 
Name: Carol Breshears
Title: President

ATTEST:

By: _____
Name: Liza Tamura
Title: City Clerk

APPROVED AS TO FORM:

By: 
Name: Quinn M. Barrow
Title: City Attorney

APPROVED AS TO CONTENT:

By: _____
Name: Bruce Moe
Title: Finance Director

EXHIBIT A SCOPE OF SERVICES

Introduction

This Scope of Services is for use between Fire Information Support Services, Inc. and the Manhattan Beach FD. Fire Information Support Services, Inc. is providing professional services for the above named project.

This SOW is intended for all projects encompassing standard products. This document is executed between Fire Information Support Services, Inc. and the Manhattan Beach FD and includes only those products and services to be provided by Fire Information Support Services, Inc.

Products and Services to be Provided

Under the agreement between by Fire Information Support Services, Inc. and Rescue Net Products (ZOLL, Inc.), only standard products are provided. The normal work provided but not limited to software installations and upgrades, are JAC Training Reporting and Training Records Management, CSFM Incident Reporting and Incident Records and CADLink Management, Fire Prevention Records Management, My Fire Rules maintenance and upkeep, and base produces as they relate to target solutions and TeleStaff (PDFI) reporting, and other duties as deemed necessary by the department.

Any non-standard products or professional services, including but not limited to systems integration, project or program management, systems engineering or custom application support are considered additional items for which the appropriate charge shall apply. These additional services or products shall be documented in detail on the appropriate purchase order and Change Order form and will be the sole responsibility of the Manhattan Beach FD. Any costs incurred for phone support from Zoll or on-site professional services will be the sole responsibility of the Manhattan Beach FD. The term of this project is annual and renewable.

Methodology and Work Plan

- Each month there are defined jobs that need completion. Some at the beginning of the month and some at the end of the month.
- Occupancy Inspection Assignments are reviewed and updated for the following month and delivered to Fire Prevention for distribution.
- Correct Occupancy records and validate for accuracy prior to Monthly Fire Prevention Assignments and Review.
- Monthly Business License Updates and Reporting to Fire Prevention, report of changes are prepared and delivered to Fire Prevention.

- Monthly JAC reports are prepared and submitted to JAC, report copies delivered to Training Officer.
- Miscellaneous reporting is provided as required by the department staff.
- Each quarter and the end of the quarter Incidents are exported for validation and any corrections made to make sure the submission to CSFM is error free. This export is run through the NFIRS Validation Tool online and results are reviewed and corrected in FireRMSS as needed. Consistent or repetitive errors made are reported to the Battalion Chief on duty to pass along to the station staff for their review.
- Bi-Annual updates to the Zoll FireRMS product are first tested in a stand-alone environment on a copy of the Fire database. Once tested and found stable is upgraded to the Server and all Client workstations throughout the department.
- Currently the department is interested in utilizing the iPad hardware that has been recently purchased for a mobile EMS application. FireRMS is not native to Apple products so another solution is under investigation that will allow the use of the iPad hardware with a mobile or Wi-Fi access to desktops utilizing the FireRMS client. Meetings, further testing and approval of the City's IT department are required before a roll out of this solution is utilized.

Responsibilities of the Manhattan Beach FD

A. The Manhattan Beach FD is responsible for all aspects of the project including, but not limited to, installation and configuration of the desktop and server software, provision of all hardware including operating systems and dependant software applications, connections from the server to the state CSFM database, local networks and/or databases, and wireless infrastructures. User and administrative training for FireRMS, system testing and acceptance, and system testing and acceptance are also the responsibility of the Manhattan Beach FD and Fire Information Support Services, Inc. Any changes to these requirements must be detailed in this Statement of Work or a resulting change order.

B. The Manhattan Beach FD shall provide Fire Information Support Services Inc. personnel the necessary IP addresses and connection information to provide for remote VPN and VNC support.

C. The Manhattan Beach FD shall ensure that all hardware meets or exceeds Zoll, Inc. currently published system requirements and specifications.

E. The Manhattan Beach FD is solely responsible for the configuration and maintenance of the communications infrastructure and local or wide area networks. Additional server seats, applications, or functionality may affect the throughput and/or efficiency of the data communications system. Communications coverage, as well as

network or communications infrastructure loading or reliability, are the sole responsibility of the Manhattan Beach FD or agency.

F. The Manhattan Beach FD is responsible for providing end-user contact information, communications infrastructure provider, and the name of the CAD/RMS software in use at the agency, as appropriate.

G. Changes may be made to the order referenced above. All changes that will affect deliverables, established timelines, or services must be documented in a Change Order Form and executed by the Manhattan Beach FD and Fire Information Support Services, Inc. Any such changes may result in additional costs and project delays as appropriate.

**EXHIBIT B
APPROVED FEE SCHEDULE**

Manhattan Beach Fire Department – Schedule for 2015-2016

Ongoing Services Schedule of Support/Training Costs

On Site Support (General and Systems Administration)	\$100.00 per hour
Off Site (VPN connection, includes Systems Administration) NOTE: Purchased in blocks of 10-hour segments	\$100.00 per hour
Training (Additional Modules) Average Training per Module = 8 hours Average Shift Training Per Module = 8 Hours Per Shift (Split 4 hour ½ shift) Minimum of 4 hours required	\$100.00 per hour
24 by 7 support by Fire Information Support Services (Immediate) NOTE: Supplements Zoll's standard support and maintenance	\$150.00 per hour
24 by 7 support by Fire Information Support Services (4 hour delay) NOTE: Supplements Zoll's standard support and maintenance	\$125.00 per hour
Standard Service Hourly rate (Installs, Upgrades, Backup, Quarterly Reports, JAC) NOTE: Materials are included with Zoll's standard support and maintenance	\$100.00 per hour
Upgrade Software as released by Zoll's post testing (each upgrade) Two upgrades per year are standard (January and June/July)	\$3,750.00
<hr/>	
Travel	No Charge
Lodging and meals if required for upgrade projects	\$250.00 per day



GOVERNMENT EMPLOYEES INSURANCE COMPANY

Washington DC

VERIFICATION OF COVERAGE
(SEE BELOW UNDER CAUTIONARY NOTE)

INSURED

CAROL LYNN BRESHEARS
42485 BUCK RD
HEMET, CA 92544-9455

Policy Number: 4351095726
Effective Date: 05-17-16
Expiration Date: 11-17-16
Registered State: CALIFORNIA

To whom it may concern:

This letter is to verify that we have issued the policyholder coverage under the above policy number for the dates indicated in the effective and expiration date fields for the vehicle listed. This should serve as proof that the below mentioned vehicle meets or exceeds the financial responsibility requirement for your state.

This verification of coverage does not amend, extend or alter the coverage afforded by this policy.

Vehicle Year: 2013
Make: TOYOTA
Model: PRIUS
VIN: JTDKN3DUXD0354753

COVERAGES	LIMITS	DEDUCTIBLES
BODILY INJURY LIABILITY	\$100,000/\$300,000	
PROPERTY DAMAGE LIABILITY	\$50,000	
UNINSURED & UNDERINSURED MOTORISTS	\$100,000/\$300,000	
COMPREHENSIVE		\$500 DED
COLLISION		\$500 DED/WAIVER
EMERGENCY ROAD SERVICE	FULL	NON-DED
RENTAL REIMBURSEMENT	\$50/DAY-\$1500 MAX	

Lienholder Additional Insured Interested Party

THE CITY OF MANHATTAN BEACH
415TH ST
MANHATTAN BEACH, CA 90266-0000

Additional Information:

Issued 9/9/2016

If you have any additional questions, please call 1-800-841-3000.

CAUTIONARY NOTE: THE CURRENT COVERAGES, LIMITS, AND DEDUCTIBLES MAY DIFFER FROM THE COVERAGES, LIMITS, AND DEDUCTIBLES IN EFFECT AT OTHER TIMES DURING THE POLICY PERIOD. THIS VERIFICATION OF COVERAGE REFLECTS THE COVERAGES, LIMITS AND DEDUCTIBLES AS OF THE ISSUED DATE OF THIS DOCUMENT WHICH IS SHOWN UNDER "ADDITIONAL INFORMATION" OR IF AN ISSUED DATE IS NOT SHOWN, THE DATE OF THIS FACSIMILE.

U-33 10-07



City of Manhattan Beach

Human Resources

Phone: (310) 802-5250
FAX: (310) 802-5251

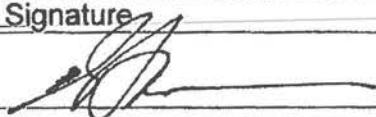
WORKERS' COMPENSATION STATEMENT

FY2016-2017
July 1, 2016 to June 30, 2017

(For Contractor or Vendor not Subject to California Workers' Compensation Laws)

I, Carol L. Breshears, certify that in the performance of my agreement with the City of Manhattan Beach, shall not employ any person in any manner so as to become subject to the Workers' Compensation Laws of California.

I agree that should I become subject to the Workers' Compensation Laws of California during the term of the agreement, I will notify the City of Manhattan Beach and I will comply with those laws immediately.

VENDOR USE ONLY:	
Name as it Appears on Contract	Vendor Number
Fire Information Support Services Inc	16063
Signatory's Printed Name	Telephone Number
Carol L Breshears	949-632-0034 cell 951-767-0280 ofc
Signature	Date Signed
	9/9/16

REVIEWED BY:	
Risk Management Division Representative	Date Signed

City Hall Address: 1400 Highland Avenue, Manhattan Beach, CA 90266
Visit the City of Manhattan Beach web site at <http://www.citymb.info>

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Raul Saenz, Interim Public Works Director
Prem Kumar, City Engineer

SUBJECT:

Completion of the Construction Contract by American Asphalt South, Inc. for the Slurry Seal Area 2 and 3 Project and Release of Retention Amount of \$25,253.94 (Interim Public Works Director Saenz).

APPROVE

RECOMMENDATION:

Staff recommends that the City Council:

1. Formally accept the construction contract for the Slurry Seal Area 2 and 3 Project as complete;
2. Authorize filing of the appropriate Notice of Completion and the release of retention in the amount of \$25,253.94 to American Asphalt South, Inc. (AASI).

FISCAL IMPLICATIONS:

On May 3, 2016, the City Council awarded the construction contract for the Slurry Seal Area 2 and 3 Project in the amount of \$506,987 to AASI and authorized a construction contract contingency in the amount of \$50,000 for a grand total of \$556,987. The final completed construction contract cost is \$530,332. The construction contract was fully funded utilizing Gas Tax Funds.

BACKGROUND:

As a routine maintenance measure, the Public Works Department slurry seals asphalt streets on a seven-year cycle. In this cycle, the streets that were slurry sealed were in the area bounded by Artesia Boulevard, Aviation Boulevard, Manhattan Beach Boulevard and Sepulveda Boulevard generally described as Slurry Seal Areas 2 and 3. Slurry seal is a mixture of fine aggregates and emulsified asphalt spread in a thin layer over asphalt pavements. The City's street crew fills potholes and depressions prior to the slurry seal operation.

DISCUSSION:

The contractor began the project in mid-June 2016 and completed all work in late August 2016. In order to complete construction of the project, additional work was requested of the contractor to crack seal all streets prior to the slurry seal operation. This process filled cracks that are ¼-inch in width and larger, which would reduce water intrusion, therefore enhancing the longevity of the street pavement. During the course of the project, several street striping modifications were made to enhance motor vehicle driver attention and focus on the road. The additional work resulted in a net increase of cost in the amount of \$23,343, which was within the construction contingency amount of \$50,000 approved by City Council at the time of contract award.

The Public Works Department has determined that the Contractor has completed the work in accordance with the contract documents. Therefore, City Council is requested to:

1. Formally accept the construction contract for the Slurry Seal Area 2 and 3 Project as complete;
2. Authorize filing of the appropriate Notice of Completion and the release of retention in the amount of \$25,253 to AASI.

POLICY ALTERNATIVES:

Do not accept the construction contract as complete and do not release the retention amount.

PROS:

Funds would not be expended because the retention amount would not be released. However this would be inconsistent with the provisions of the executed contract that the contractor must be fully paid for the work completed.

CONS:

The contractor may be entitled to contract dispute claims resulting in additional costs incurred by the City.

PUBLIC OUTREACH/INTEREST:

City staff performed outreach to residents and businesses before construction started.

ENVIRONMENTAL REVIEW:

Based on the California Quality Act (CEQA) requirements, a Notice of Exemption was filed for the project with the Los Angeles County Clerk's office.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachment:

None.

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Bruce Moe, Finance Director
Quinn Barrow, City Attorney

SUBJECT:

Amendments to Professional Service Agreements with Municipal Advisor (KNN Public Finance) and Bond/Disclosure Counsel (Stradling Yocca Carlson & Rauth) Converting The Fee Structure for Debt Issuance Related Services to a Non-Contingency Basis (Finance Director Moe).

APPROVE

RECOMMENDATION:

Staff recommends that the City Council approve contract amendments with KNN Public Finance (Municipal Advisor) and Stradling Yocca Carlson & Rauth (Bond and Disclosure Counsel) converting the fee structure for debt issuance related services to a non-contingency basis.

FISCAL IMPLICATIONS:

In the event the Marine Avenue refunding proceeds to a successful closing, the costs of issuance will be added to the principal amount borrowed refunding proceeds and paid from such proceeds. In the event the Marine Avenue refunding does not successfully close, pursuant to these amendments, the City will be contractually obligated to pay for the costs and fees incurred by the Municipal Advisor, Bond and Disclosure Counsel. The amount is capped at \$40,000, \$45,000 and \$25,000 for each respectively (these were the previous flat fees). It may result in the City paying fees to the Municipal Advisor, Bond Counsel and Disclosure Counsel without the benefit of receiving such funds from the debt issuance. The funds would need to be appropriated in order to effect payment.

BACKGROUND:

In 2015, City Council approved professional services agreements ("2015 Agreements") with KNN Public Finance for Municipal Advisory services, and with Stradling Yocca Carlson & Rauth for Bond Counsel and Disclosure Counsel services. These agreements were put in

place in anticipation of potential debt issuance for major capital improvement projects. While those projects are yet to be fully developed, these services are now needed to perform a refunding of existing Marine Sports Field debt, which appears separately on the agenda for Council consideration.

Government Code Section 1090 ("Section 1090") prohibits public officers and employees from making or participating in the making of contracts in which they have a financial interest.

DISCUSSION:

Traditionally, the services of Municipal Advisor (formerly referred to as Financial Advisor), Bond Counsel and Disclosure Counsel have been performed on a fee contingent basis; payments for services were rendered only upon the successful completion of the debt issuance. However, in the specific context of a bond issuance, the Attorney General recently concluded that a city attorney may not serve as bond counsel where the payment for such services is based on: (1) whether the bonds issue at all, or (2) the amount of the bond issuance. Although the Attorney General was asked only to opine on whether Section 1090 prohibited a compensation scheme dependent on the percentage of the bond issuance amount, the Attorney General suggested in that opinion that a compensation scheme based on the mere issuance of the bonds also would be prohibited by Section 1090. Under the Attorney General's reasoning, therefore, a consultant's compensation cannot be contingent upon the issuance of the bonds (nor can the amount of the compensation be based on the amount of the bond issuance).

Accordingly, staff is recommending that the City Council approve amendments to agreements with KNN Public Finance for Municipal Advisory services, and with Stradling Yocca Carlson & Rauth for Bond Counsel and Disclosure Counsel services. The amendments include an hourly rate, with a maximum amount equal to the flat fees indicated in the 2014 Agreements. While the amendments are being recommended to avoid a potential challenge based upon Section 1090, they are also required in order for the City Attorney to be able to provide the required opinion on the City's financing - a key component to the sale.

Approving these amendments will allow the Marine Sports Field Refunding to move forward if approved separately by the City Council. The agreements do not result in additional costs if the refunding is successfully completed.

POLICY ALTERNATIVES:

ALTERNATIVE #1:

Do not approve the agreements

PROS:

None

CONS:

The Marine Avenue Sports Fields refunding will not proceed due to absence of the required City Attorney opinion. The City will not be able to take advantage of locking

in low fixed rates and will be subject to future interest rate risk, potentially resulting in higher borrowing costs.

PUBLIC OUTREACH/INTEREST:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

None required.

LEGAL REVIEW:

The City Attorney brought this issue to the City's attention. These contract amendments are necessary to avoid any potential Section 1090 problem, and are required in order for the City Attorney to provide the required opinion for the refunding to proceed.

Attachments:

1. KNN Public Finance Contract Agreement (2015)
2. KNN Public Finance Amendment (2016)
3. Stradling Yocca Carlson & Rauth, Inc. Contract Agreement (2015)
4. Stradling Yocca Carlson & Rauth, Inc. Amendment (2016)

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into on this 16th day of September, 2015, by and between the City of Manhattan Beach, a California municipal corporation ("City") and KNN Public Finance, Inc. ("Contractor") (collectively, the "Parties").

RECITALS

A. City desires to obtain financial advisory services for the purpose of financing capital improvements.

B. Contractor represents that it is qualified and able to perform the services ("Services") required by this Agreement.

NOW, THEREFORE, in consideration of the Parties' performance of the promises, covenants, and conditions stated herein, the Parties hereto agree as follows:

Section 1. Contractor's Services. Contractor shall perform the Services described in Exhibit A in a manner satisfactory to City and consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

Section 2. Term of Agreement. This Agreement shall apply to services rendered on or after September 16, 2015, and shall terminate when the work is completed, unless sooner terminated by City.

Section 3. Time of Performance. Contractor shall commence its services under this Agreement upon receipt of a written notice to proceed from City. Contractor shall complete the services in conformance with the timeline to be agreed upon between Contractor and City's representative.

Section 4. Compensation.

(a) Compensation is based solely upon the successful sale and issuance of any bonds for future capital projects. Bond proceeds shall be used for remuneration. There is no guarantee that bonds will be issued. Actual professional service fees to be paid for each bond issue will be negotiated at the time a project is identified and the bond issuance process commences.

(b) Contractor shall be entitled to reimbursement for expenses only to the extent they are approved by City in advance with the compensation described in section 4 (a); any such reimbursement shall be paid for out of bond proceeds. Any expenses incurred by Contractor that are not expressly authorized by this Agreement will not be reimbursed by City.

Section 5. Method of Payment. City shall pay Contractor the agreed upon compensation in accordance with the method and schedule of payment set forth in any respective bond documents. Contractor shall submit to City a detailed invoice for the services performed pursuant to this Agreement, which shall describe in detail the services rendered. City shall pay all undisputed amounts included on the invoice with bond proceeds.

Section 6. Independent Contractor. The Parties agree, understand, and acknowledge that Contractor is not an employee of City, but is solely an independent contractor. Contractor expressly acknowledges and agrees that City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance or other employee benefits and that any person employed by Contractor shall not be in any way an employee of City. Contractor shall have the sole legal responsibility to remit all federal and state income and social security taxes and to provide for his/her own workers' compensation and unemployment insurance and that of his/her employees or subcontractors. Neither City nor any of its agents shall have control over the conduct of Contractor or any of Contractor's employees. Contractor shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Contractor shall indemnify and hold harmless City and its elected officials, officers and employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from Contractor's personnel practices. City shall have the right to offset against the amount of any fees due to Contractor under this Agreement any amount due to City from Contractor as a result of Contractor's failure to promptly pay to City any reimbursement or indemnification arising under this Section 6.

Section 7. Assignment. This Agreement shall not be assigned, in whole or in part, by Contractor without the prior written approval of City. Any attempt by Contractor to so assign this Agreement or any rights, duties, or obligations arising hereunder shall be void and of no effect.

Section 8. Responsible Principals.

(a) Contractor's responsible principal, Mark T. Young, shall be principally responsible for Contractor's obligations under this Agreement and shall serve as principal liaison between City and Contractor. Designation of another Responsible Principal by Contractor shall not be made without prior written consent of City.

(b) City's Responsible Principal shall be the City Manager or designee, who shall administer the terms of the Agreement on behalf of City.

Section 9. Personnel. Contractor represents that it has, or shall secure at its own expense, all personnel required to perform the Services under this Agreement. All personnel engaged in the work shall be qualified to perform such Services.

Section 10. Permits and Licenses. Contractor shall obtain and maintain during the term of this Agreement all necessary licenses, permits, and certificates required by law for the provision of the Services.

Section 11. Interests of Contractor.

(a) Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the Services, or which would conflict in any manner with the performance of the Services. Contractor further covenants that, in performance of this Agreement, no person having any such interest shall be employed by it. Furthermore, Contractor shall avoid the appearance of having any interest, which would conflict in any manner with the performance of the Services. Contractor shall not accept any employment or representation during the term of this Agreement which is or may likely make Contractor "financially interested" (as provided in California Government Code §§ 1090 and 87100) in any decision made by City on any matter in connection with which Contractor has been retained.

(b) Contractor further warrants and maintains that it has not employed or retained any person or entity, other than a bona fide employee working exclusively for Contractor, to solicit or obtain this Agreement. Nor has Contractor paid or agreed to pay any person or entity, other than a bona fide employee working exclusively for Contractor, any fee, commission, gift, percentage, or any other consideration contingent upon the execution of this Agreement. Upon any breach or violation of this warranty, City shall have the right, at its sole and absolute discretion, to terminate this Agreement without further liability, or to deduct from any sums payable to Contractor hereunder the full amount or value of any such fee, commission, percentage or gift.

(c) Contractor warrants and maintains that it has no knowledge that any officer or employee of City has any interest, whether contractual, non-contractual, financial, proprietary, or otherwise, in this transaction or in the business of Contractor, and that if any such interest comes to the knowledge of Contractor at any time during the term of this Agreement, Contractor shall immediately make a complete, written disclosure of such interest to City, even if such interest would not be deemed a prohibited "conflict of interest" under applicable laws as described in this subsection.

Section 12. Insurance.

(a) Contractor shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1. A policy or policies of comprehensive general liability insurance, with minimum limits of \$2,000,000 for each occurrence, combined single limit, against any personal injury, death, loss, or damage resulting from the wrongful or negligent acts by Contractor.

2. A policy or policies of comprehensive vehicle liability insurance covering personal injury and property damage, with minimum limits of \$1,000,000 per occurrence combined single limit, covering any vehicle utilized by Contractor in performing the services required by this Agreement.

3. Workers' compensation insurance as required by the State of California.

4. A policy or policies of professional liability insurance (errors and omissions) with minimum limits of \$2,000,000 per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to and be approved by City. Further, Contractor agrees to maintain in full force and effect such insurance for one year after performance of work under this Agreement is completed.

(b) Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. City, its officers, officials, employees, designated volunteers and agents serving as independent contractors in the role of City officials, are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of Contractor; premises owned, occupied or used by Contractor; or automobiles owned, leased, hired or borrowed by Contractor. The coverage shall contain no limitations on the scope of protection afforded to City, its officers, officials, employees, designated volunteers or agents serving as independent contractors in the role of City officials which are not also limitations applicable to the named insured.

2. For any claims related to this Agreement, Contractor's insurance coverage shall be primary insurance as respects City, its officers, officials, employees, designated volunteers and agents serving as independent contractors in the role of City officials. Any insurance or self-insurance maintained by City, its officers, officials, employees, designated volunteers or agents serving as independent contractors in the role of City officials shall be excess of contractor's insurance and shall not contribute with it.

3. Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

4. Each insurance policy, except for the professional liability policy, required by this clause shall expressly waive the insurer's right of subrogation against City and its elected officials, officers, employees, servants, attorneys, designated volunteers, and agents serving as independent contractors in the role of City officials.

5. If insurance coverage is canceled or reduced in coverage or in limits below those required by this clause, Contractor shall within two business days of notice from insurer, phone, fax and/or notify City via certified mail, return receipt requested, of the changes to or cancellation of the policy.

(c) City's Risk Manager may, in writing, waive any or all of the insurance provisions set forth herein. If, during the term of this Agreement or any extension thereof there is a material change in the scope of services, City's Risk Manager reserves the right to adjust the provisions set forth herein. Such changes may only be made by an amendment to the Agreement. In such case, the Contractor shall comply with the insurance provisions required by City's Risk Manager.

(d) The policy or policies required by this Agreement shall be issued by an insurer authorized to do business in the State of California and with a rating of at least A-;VII in the latest edition of Best's Insurance Guide, unless waved in writing by City's Risk Manager.

(e) Contractor agrees that if it does not keep the aforesaid insurance in full force and effect, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Contractor's expense, the premium thereon.

(f) All insurance coverages shall be confirmed by execution of certificates on forms approved by City. The certificates are to be signed by an authorized representative of the insurer. All certificates are to be received and approved by City before services commence. Contractor shall, upon request, provide copies of the policy endorsements or language providing additional insured status, primary and noncontributory coverage, and waiver of subrogation.

(g) Any deductibles or self-insured retentions must be declared to and approved by City, and shall not exceed \$5,000,000 for the professional liability policy and \$25,000 for all other policies.

(h) Contractor shall require each of its sub-contractors (if any) to maintain insurance coverage that meets all of the requirements of this Agreement.

Section 13. Indemnification. Contractor shall defend, indemnify, and hold harmless City, its officials, and every officer, employee and agent of City (collectively "City") from any claim, liability or financial loss (including, without limitation, attorneys fees and costs), injuries to property or persons (including without limitation, attorneys

fees and costs) arising out of any acts or omissions of Contractor, its officials, officers, employees or agents in connection with the performance of this Agreement, except for such claim, liability or financial loss or damage arising from the sole negligence or willful misconduct of City, as determined by final arbitration or court decision or by the agreement of the Parties. Contractor shall defend City, with counsel of City's choice, at Contractor's own cost, expense, and risk, and shall pay and satisfy any judgment, award, or decree that may be rendered against City. Contractor shall reimburse City for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Contractor or City. All duties of Contractor under this Section shall survive termination of this Agreement.

Section 14. Termination.

(a) City shall have the right to terminate this Agreement for any reason or for no reason upon five calendar days' written notice to Contractor. Contractor agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) City may at any time, for any reason, with or without cause, suspend this Agreement, or any portion hereof, by serving upon the Contractor written notice. Upon receipt of said notice, the Contractor shall immediately cease all work under this Agreement, unless the notice provides otherwise. If City suspends only a portion of this Agreement, such suspension shall not make void or invalidate the remainder of this Agreement.

(c) In the event of termination or cancellation of this Agreement by City, Contractor shall have no other claim against City by reason of such termination, including any claim for compensation.

Section 15. City's Responsibility. City shall provide Contractor with all pertinent data, documents, and other requested information as is available for the proper performance of Contractor's Services.

Section 16. Information and Documents.

(a) Contractor covenants that all data, documents, discussion, or other information (collectively "Data") developed or received by Contractor or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Contractor without prior written authorization by City. City shall grant such authorization if applicable law requires disclosure. Contractor, its officers, employees, agents, or subcontractors, shall not without written authorization from the City Manager or unless requested in writing by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within City. Response to a subpoena or court order shall not

be considered “voluntary,” provided Contractor gives City notice of such court order or subpoena.

(b) Contractor shall promptly notify City should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent Contractor and/or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, City’s right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

(c) All Data required to be furnished to City in connection with this Agreement shall become the property of City, and City may use all or any portion of the Data submitted by Contractor as City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the Services shall become the sole property of City and may be used, reused or otherwise disposed of by City without Contractor’s permission.

(d) Contractor shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of the Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to City, its designees and representatives at reasonable times, and shall allow City to examine and audit said books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of 3 years after receipt of final payment.

(e) Contractor’s covenants under this Section shall survive the termination of this Agreement.

Section 17. Default.

(a) Contractor's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Contractor is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Contractor for any work performed after the date of default and can terminate this Agreement immediately by written notice to Contractor. If such failure by Contractor to make progress in the performance of work hereunder arises out of causes beyond Contractor's control, and without fault or negligence of Contractor, it shall not be considered a default.

(b) If the City Manager or his delegate determines that the Contractor is in default in the performance of any of the terms or conditions of this Agreement, City shall serve the Contractor with written notice of the default. The Contractor shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Contractor fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

Section 18. Changes in the Services. City shall have the right to order, in writing, changes in the Services or the services to be performed. Any changes in the Services requested by Contractor must be made in writing and approved by both Parties.

Section 19. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid, to the addresses set forth below, or to such other addresses as the Parties may, from time to time, designate in writing pursuant to this section.

If to City: City of Manhattan Beach
 1400 Highland Avenue
 Manhattan Beach, California 90266
 Attn: Bruce Moe

If to Contractor: KNN Public Finance
 5757 W. Century Blvd.- Suite 700
 Los Angeles, CA 90045
 Attn: Mark Young

Section 20. Attorneys' Fees. If a party commences any legal, administrative, or other action against the other party arising out of or in connection with this Agreement, the prevailing party in such action shall be entitled to have and recover from the losing party all of its attorneys' fees and other costs incurred in connection therewith, in addition to such other relief as may be sought and awarded.

Section 21. Entire Agreement. This Agreement represents the entire integrated agreement between City and Contractor, and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both City and Contractor.

Section 22. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 23. Venue. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with geographic jurisdiction over the City of Manhattan Beach.

Section 24. City Not Obligated to Third Parties. City shall not be obligated or liable under this Agreement to any party other than Contractor.

Section 25. Exhibits; Precedence. All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

Section 26. Corporate Authority. The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by their execution, the Parties are formally bound to the provision of this Agreement.

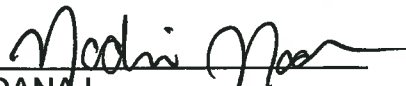
Section 27. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

[Signatures Begin Next Page]

EXECUTED on the date first written above at Manhattan Beach, California.

CITY OF MANHATTAN BEACH

CONTRACTOR:




MARK DANA
City Manager



MARK T. YOUNG
Managing Director

ATTEST:

 9-16-15

LIZA TAMURA
City Clerk

APPROVED AS TO FORM:

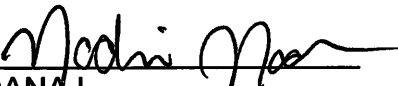


QUINN M. BARROW
City Attorney

EXECUTED on the date first written above at Manhattan Beach, California.

CITY OF MANHATTAN BEACH

CONTRACTOR:




MARK DANA
City Manager



MARK T. YOUNG
Managing Director

ATTEST:

 9-2-15

LIZA TAMURA
City Clerk

APPROVED AS TO FORM:



QUINN M. BARROW
City Attorney

EXHIBIT A

SCOPE OF SERVICES

Scope of Services

The scope of work to be performed under this agreement includes any and all services customarily provided by a Financial Advisor to a public agency in the course of analyzing and issuing debt for public purposes. This includes, but is not limited to:

- § General Financial Advisory Services may include the following tasks:
- § Develop and recommend strategies to maintain credit ratings.
- § Assist in evaluating financial proposals and/or economic influences and/or governmental actions affecting financial objectives of the City.
- § Assist in preparing materials for rating agencies presentations and other members of the financial community.
- § Evaluate existing financial plans, cash flows and their fundamental objectives, recommending timing and financial requirements.
- § Provide advice as to the effect of current and proposed state legislation, assist in the identification of financing alternatives and recommend adjustments where appropriate.
- § Evaluate bond proceeds reinvestment procedures to help ensure optimal yields and funding needs.
- § Provide advice as to the effect of federal tax legislation on the City.
- § Provide advice and expertise in liability management.
- § Provide advice and expertise in the analysis of existing and prospective joint ventures. Evaluate the transactions of these organizations with respect to the effect on the City.
- § Provide an assessment of the relevant bond market trends, develop appropriate timetables and work schedules for the successful marketing, sale, and issuance of bonds.
- § Analyze costs, financial impacts and risks of financing or investment structures.
- § Assist bond counsel and staff in all aspects of the bond issuance process.
- § Helping to provide and interpret current information on financial trends in the municipal debt markets.
- § Act as an expert witness or spokesperson before governmental bodies, organizations or public forums.

- § Provide financial advice as needed and requested by the City.
- § Review of revenue structure, capital plans, and revenue enhancement mechanisms as directed.

**FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE
CITY OF MANHATTAN BEACH AND KNN PUBLIC FINANCE, LLC.**

This First Amendment ("First Amendment") to that certain agreement dated September 16, 2015 by and between the City of Manhattan Beach, a California municipal corporation ("City") and KNN Public Finance, LLC, a California limited liability company ("Contractor") (collectively, the "Parties") is hereby entered into as of this November 1, 2016.

RECITALS

A. On September 16, 2015, the City and Contractor entered into an agreement to obtain municipal advisor services for the purpose of financing capital improvements;

B. The Parties desire to modify the compensation provisions of the Agreement.

NOW, THEREFORE, the Parties agree as follows:

Section 1. Section 4 (Compensation) of the Agreement is hereby amended as follows:

"Section 4. Compensation.

Contractor shall be compensated for its services as set forth on Exhibit B. That fee shall be payable upon completion of all services for each Bond financing or proposed Bond financing."

Section 2. Exhibit B, Fees for Service, attached to this First Amendment, is hereby added to the Agreement.

Section 3. Except as specifically amended by this First Amendment, all terms and conditions set forth in the Agreement shall remain in full force and effect.

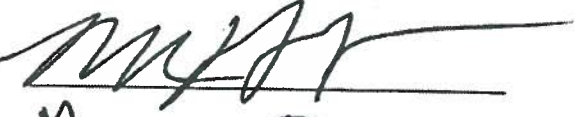
IN WITNESS THEREOF, the Parties hereto have executed this Amendment No. 1 on the day and year first shown above.

[signatures begin on next page]

CITY OF MANHATTAN BEACH,
a California municipal corporation

KNN PUBLIC FINANCE, LLC
a California limited liability company

By: _____
Mark Danaj, City Manager

By: 
Its: MANAGING DIRECTOR

ATTEST:

By: _____
Liza Tamura, City Clerk

By: _____

APPROVED AS TO FORM:

Its: _____

By: 
Quinn M. Barrow, City Attorney

EXHIBIT B
FEEES FOR SERVICE



October 26, 2016

Bruce Moe, Finance Director
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

Re: KNN Public Finance Hourly Fee Rates

Dear Bruce:

The table below represents our standard hourly charges. The maximum compensation for each transaction shall not exceed \$40,000 per financing for general lease and assessment district financings, and shall not exceed \$7,000 per additional district in the same assessment district financing. We would propose annual escalation of fees by 3% a year.

We would seek reimbursement only for out of pocket expenses, including conference calls, any overnight delivery costs, color copying, any charges for outside copying, airfare, California Municipal Statistics, Inc. reports, and \$550 for outside sources of data, such as Bloomberg and TM3. We would agree to cap our expenses at \$1,500 per transaction.

Hourly Rates

Title	Hourly Fee
Managing Director	\$325
Director	\$300
Vice President	\$275
Assistant Vice President	\$245
Associate	\$215
Analyst	\$190

Very truly yours,

Mark Young
Managing Director

AGREEMENT FOR BOND AND DISCLOSURE COUNSEL SERVICES

This Agreement is entered into this 16th day of September, 2015, by and between THE CITY OF MANHATTAN BEACH, a California municipal corporation ("CITY"), and STRADLING YOCCA CARLSON & RAUTH, A PROFESSIONAL CORPORATION ("COUNSEL").

RECITALS

1. CITY desires to utilize COUNSEL to provide legal services as bond counsel and/or disclosure counsel relating to the issuance of bonds or other debt obligations for various purposes ("BONDS").

2. COUNSEL desires to provide these legal services in accordance with the terms and conditions hereinafter set forth.

3. COUNSEL represents to CITY that it has licenses, capital, and experience necessary to qualify to serve as bond and disclosure counsel for any such financing.

NOW, THEREFORE, in consideration of the mutual promises made between the parties, and other consideration, the receipt of which is hereby acknowledged, CITY hereby engages the services of the COUNSEL, and COUNSEL agrees to perform the following services.

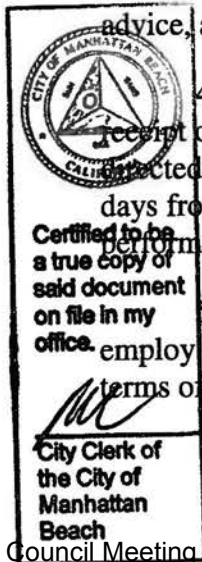
1. SCOPE OF SERVICES. COUNSEL shall perform legal services as described in the Scope of Services attached to this Agreement as Exhibit A and incorporated by reference. The specific services to be provided by COUNSEL shall be as set forth in a Notice to Proceed issued by CITY.

2. TERM. This Agreement shall be effective as of the date first set forth above. Unless earlier terminated in accordance with paragraph 7 of this Agreement, this Agreement shall terminate upon the first to occur of (a) June 30, 2020 or (b) COUNSEL'S completion and CITY'S acceptance of all work specified in this Agreement and authorized by a Notice to Proceed.

3. PROFESSIONAL STANDARDS. COUNSEL shall maintain or exceed the level of competency presently maintained by other practicing bond and disclosure counsel in the State of California, for the professional technical soundness, accuracy and adequacy of all work, advice, and materials furnished under this Agreement.

4. TIME OF PERFORMANCE. COUNSEL shall commence performance upon receipt of a Notice to Proceed from CITY and shall complete performance in a timely manner as directed by CITY. COUNSEL shall deliver final transcripts to CITY no later than forty-five (45) days from the date of closing. However, CITY in its sole discretion may extend the time for performance of any service.

5. OUTSIDE COUNSEL. COUNSEL may, at COUNSEL'S sole cost and expense, employ such other person as may, in the opinion of COUNSEL, be needed to comply with the terms of this Agreement, if such persons possess the necessary qualifications to perform such



services. The engagement of such persons shall be subject to the prior approval of CITY's Finance Director.

6. **COMPENSATION.** COUNSEL shall be compensated for its work as bond and disclosure counsel as set forth on Exhibit B. That fee shall be payable upon completion of all bond/disclosure counsel services and receipt by CITY of the proceeds of the sale of Bonds. CITY's obligation to pay the compensation to COUNSEL is limited to the availability of proceeds of the sale of BONDS for which COUNSEL provided services.

7. **KEY EMPLOYEE.** COUNSEL agrees that KEVIN CIVALE shall be the lead attorney ("Lead Attorney") responsible for all services provided to CITY pursuant to this Agreement. COUNSEL shall not change the Lead Attorney without prior written approval from CITY's Finance Director.

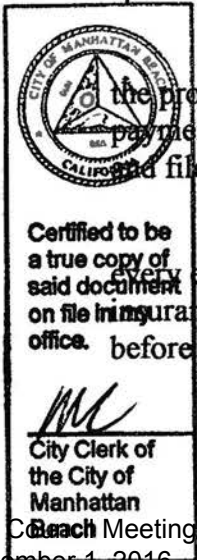
8. **TERMINATION OF AGREEMENT.** City may terminate this Agreement at any time without cause by giving COUNSEL fifteen (15) days prior written notice of its intent to terminate. In the event the Agreement is so terminated by CITY, COUNSEL shall receive no compensation or damages. Upon receipt of a termination notice, COUNSEL shall (1) promptly discontinue all services affected (unless the notice directs otherwise); and (2) promptly deliver all data, reports, estimates, summaries, and such other information and materials as may have been accumulated by COUNSEL in performing the Agreement to CITY, whether completed or in progress.

9. **INSURANCE.** COUNSEL shall not commence work under this Agreement until it has obtained all insurance required hereunder issued by a company or companies acceptable to CITY nor shall COUNSEL allow any subcontractor to commence work on a subcontract until all insurance required of the subcontractor has been obtained. Policies shall provide that they shall not be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY by certified mail. COUNSEL shall furnish CITY with copies of all such policies or certificates promptly upon receipt. COUNSEL shall take out and maintain at all times during term of this Agreement the following policies of insurance:

9.1 **Workers' Compensation Insurance.** Before beginning work, full workers' compensation insurance, or other proof that COUNSEL has adequate self-insurance, covering all persons whom it may employ directly or through subcontractors in carrying out the work specified herein, in accordance with the laws of the State of California.

9.2 **Certification of Workers' Compensation Coverage.** In accordance with the provision of the California Labor Code, section 3700, every employer shall secure the payment of compensation to his employees. COUNSEL prior to commencing work, shall sign and file with CITY certification as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which requires 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 provision before commencing the performance of the work of this agreement."



9.3 **Professional Errors and Omissions.** Throughout the term of this Agreement, at COUNSEL'S sole cost and expense, COUNSEL shall provide Professional Liability insurance with minimum limits of twenty million dollars (\$20,000,000) per claim and aggregate. This policy shall be issued by an insurance company which is qualified to do business in the State of California and contain a clause that the policy may not be canceled until thirty (30) days written notice of cancellation is mailed to CITY.

9.4 **Additional Insurance.** COUNSEL may obtain for its own account insurance not required under this Agreement.

10. **COMPLIANCE WITH LAW.** COUNSEL will at all times during the course of this Agreement, comply with all laws, ordinances, regulations and rules of the federal, state and local governments including, without limitation, any rules promulgated by the Municipal Securities Rulemaking Board.

11. **INDEPENDENT CONTRACTOR.** The parties, in the performance of this Agreement shall be acting as independent contractors and not as agents, employees, partners, joint ventures, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party, except as specifically agreed herein.

12. **ATTORNEYS' FEES.** In the event that legal action is necessary to enforce the provisions of the Agreement, or to declare the right of the parties hereunder, the parties agree that the prevailing party in the legal action shall be entitled to recover actual attorneys' fees and court cost from the opposing party.

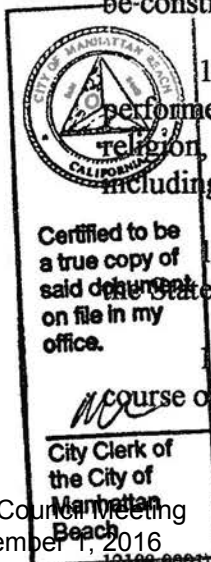
13. **ASSIGNMENT.** Neither this Agreement nor any duties or obligations hereunder shall be assigned by COUNSEL without prior written consent of CITY.

14. **ENTIRE AGREEMENT.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representations, by any party which are not embodied herein and that no other agreement, statement or promise not contained in this Agreement shall be valid and binding. Any modification of this Agreement will be effective only if it is in writing signed by the parties. Any issue with respect to the interpretation or construction of this Agreement are to be resolved without resorting to the presumption that ambiguities should be construed against the drafter.

15. **NONDISCRIMINATION PROVISION.** COUNSEL, with regard to the work performed by it during the term of the Agreement, shall not discriminate on the grounds of race, religion, color, sex, age, or national origin in the selection and retention of subcontractors, including procurement materials and leases of equipment.

16. **GOVERNING LAW.** This Agreement shall be construed pursuant to the laws of the State of California.

17. **MODIFICATION.** CITY or COUNSEL may, from time to time during the course of this Agreement, request modifications of or changes in the Statement of Work to be



performed hereunder. Such changes or modifications are mutually agreed upon in writing by and between CITY and the COUNSEL, shall be incorporated in a written amendment to this Agreement and shall be effective only upon execution of the amendment.

18. **OWNERSHIP OF MATERIAL AND DOCUMENTS.** All documents, studies, models, and reports prepared by COUNSEL under this Agreement shall be considered works for hire for copyright purposes and the sole property of CITY.

19. **NOTICE.** Any notice to be given to COUNSEL shall be deemed duly and properly given upon delivery, if sent to COUNSEL, postage-prepaid to:

Stradling Yocca Carlson & Rauth
500 Capitol Mall, Suite 1120
Sacramento, CA 95814

Attn: Kevin Civale

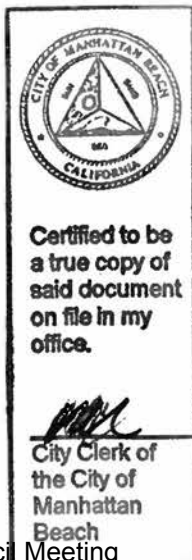
or personally delivered to COUNSEL at such address or other specified to CITY in writing by COUNSEL.

Any notice to be given to CITY shall be deemed duly and properly given upon delivery, if sent to CITY postage-prepaid to:

Finance Director
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

City Attorney
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

or personally delivered to CITY at such address or other address specified to COUNSEL in writing by the CITY.



IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

CITY OF MANHATTAN BEACH, a
municipal corporation

By: *[Signature]*

ATTEST:

[Signature] 9-16-15
City Clerk

APPROVED AS TO FORM:

[Signature]
City Attorney

a Professional Corporation

By: *[Signature]*



Certified to be a true copy
of the original of said
document on file in my
office.

[Signature] (for L.T.)
City Clerk of the City of
Manhattan Beach, California

EXHIBIT A

SCOPE OF SERVICES

Perform all customary duties performed by Bond Counsel and Disclosure Counsel.

Specific project review, participation in negotiation and drafting of legal agreements (including credit enhancement documents), preparation of the official statement and all other necessary marketing documents and other documents supporting the transaction (e.g., lease agreements for lease backs et al.). Advise and consult with City representatives; participate at finance team meetings, assist with reviews by the rating agencies; issuance of unqualified approving opinions and tax opinions.

Appear at and make presentations to the City's Finance Committee and City Council with regard to each issuance.

Undertake any necessary research into legal matters, including tax matters relative to issuing documents, opinions and obligations.

Seek, on behalf of the City, any necessary opinions, letter rulings or other documentation from the Internal Revenue Service or other bodies.

Provide legal advice after the close of a particular financing on issues that may arise in connection with the transaction.

Perform continuing disclosure.

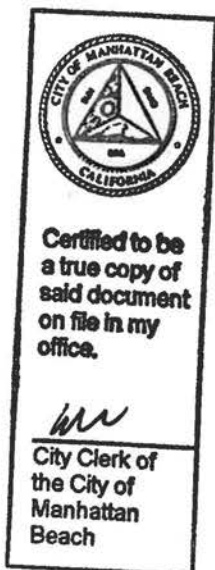


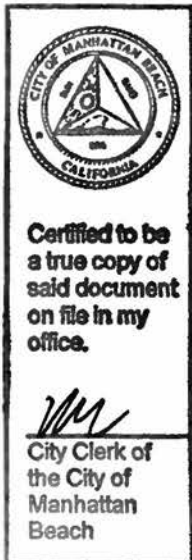
EXHIBIT B
FEES FOR SERVICE

Bond Counsel

General Lease Financings (General, CIP, Parking Funds)	\$45,000 inclusive of expenses
Assessment District Financings	\$45,000 per district (incl. expenses)
	\$7,000 per additional district in same financing

Disclosure Counsel

General Leases and Assessments (above)	\$25,000 per financing including all expenses
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**FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE
CITY OF MANHATTAN BEACH AND STRADLING YOCCA
CARLSON & RAUTH, INC.**

This First Amendment ("First Amendment") to that certain agreement dated September 2, 2015 by and between the City of Manhattan Beach, a California municipal corporation ("City") and Stradling Yocca Carlson & Rauth, a professional corporation ("Counsel") (collectively, the "Parties") is hereby entered into as of this November 1, 2016.

RECITALS

A. On September 2, 2015, the City and Counsel entered into an Agreement for Bond and Disclosure Counsel Services ("Agreement");

B. The Parties desire to modify the compensation provisions of the Agreement.

NOW, THEREFORE, the Parties agree as follows:

Section 1. Section 6 (Compensation) of the Agreement is hereby amended as follows:

"6. COMPENSATION. Counsel shall be compensated for its work as bond and disclosure counsel as set forth on Exhibit B. That fee shall be payable upon completion of all bond/disclosure counsel services for each Bond financing or proposed Bond financing."

Section 2. Exhibit B, Fees for Service of the Agreement is hereby replaced by the revised Exhibit B, Fees for Service attached to this First Amendment.

Section 3. Except as specifically amended by this First Amendment, all terms and conditions set forth in the Agreement shall remain in full force and effect.

IN WITNESS THEREOF, the Parties hereto have executed this Amendment No. 1 on the day and year first shown above.

[signatures begin on next page]

CITY OF MANHATTAN BEACH,
a California municipal corporation

STRADLING YOCCA CARLSON &
RAUTH, a professional corporation

By: _____
Mark Danaj, City Manager

By: Kerrin Livak

Its: _____

ATTEST:

By: _____
Liza Tamura, City Clerk

APPROVED AS TO FORM:

By: Quinn M. Barrow
Quinn M. Barrow, City Attorney

EXHIBIT B

FEEES FOR SERVICE

Bond Counsel

General Lease Financings
(General, CIP, Parking Funds) An hourly rate of \$450 for shareholders, \$275-\$350 for associates, in a total amount not to exceed \$45,000 per financing, inclusive of expenses

Assessment District Financings An hourly rate of \$450 for shareholders, \$275-\$350 for associates, in a total amount not to exceed \$45,000 per district, inclusive of expenses

An hourly rate of \$450 for shareholders, \$275-\$350 for associates, not to exceed \$7,000 per additional district in same financing

Disclosure Counsel

General Leases and Assessments
(above) An hourly rate of \$450 for shareholders, \$275-\$350 for associates, not exceed \$25,000 per financing including all expenses

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Bruce Moe, Finance Director

SUBJECT:

Financial Report:

Schedules of Demands: September 29, 2016 (Finance Director Moe).

ACCEPT REPORT AND DEMANDS

RECOMMENDATION:

Staff recommends that the City Council accept the attached report and demands.

FISCAL IMPLICATIONS:

The financial report included herein is designed to communicate fiscal activity based upon adopted and approved budget appropriations. No further action of a fiscal nature is requested as part of this report.

The total value of the warrant registers for September 29, 2016 is \$3,611,801.63.

BACKGROUND:

Finance staff prepares a variety of financial reports for City Council and the Finance Subcommittee. A brief discussion of the attached report follows.

DISCUSSION:

Schedule of Demands:

Every two weeks staff prepares a comprehensive listing of all disbursements with staff certification that the expenditure transactions listed have been reviewed and are within budgeted appropriations.

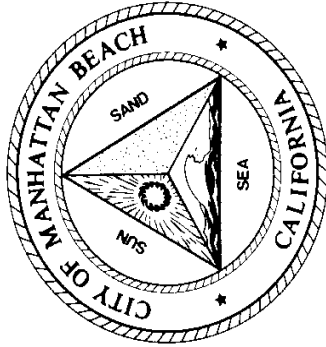
CONCLUSION:

Staff recommends that the City Council accept the attached report and demands.

Attachment:

1. Schedules of Demands for September 29, 2016

City of Manhattan Beach




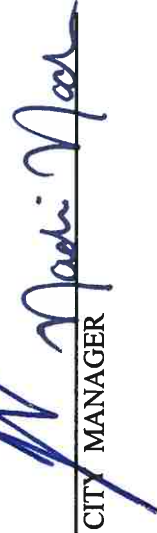
Schedule of Demands September 29, 2016

CITY OF MANHATTAN BEACH
WARRANT REGISTER

WARRANT(S) WR 7A & WR 7B
DATED: 09/29/2016

I HEREBY CERTIFY THAT THE CLAIMS OR DEMANDS COVERED BY THE ABOVE WARRANT(S) IN THE AMOUNT OF \$3,611,801.63 HAVE BEEN REVIEWED AND THAT SAID CLAIMS OR DEMANDS ARE ACCURATE, ARE IN CONFORMANCE WITH THE ADOPTED BUDGET, AND THAT THE FUNDS ARE AVAILABLE THEREOF.



 FINANCE DIRECTOR


 CITY MANAGER

THIS 1ST DAY OF NOVEMBER

WARRANT REGISTER(S)	WR 7A & WR 7B	WARRANT(S)	7A	550,427.94
PREPAID WIRES / MANUAL CKS			7B	1,709,131.71
			7A	271,950.39
			7B	217,133.49
		SUBTOTAL WARRANTS		<u>2,748,643.53</u>
VOIDS			7A	0.00
			7B	(10,957.25)
PAYROLL	PE 09/16/2016		PY	874,115.35
		TOTAL WARRANTS		<u><u>3,611,801.63</u></u>

CITY OF MANHATTAN BEACH
WARRANT REGISTER

WARRANT BATCH NUMBER:

WT 7a

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
92616	9/26/2016	T	UNION BANK	FIT/MEDICARE/SIT	271,950.39
SUBTOTAL					271,950.39
526064	9/22/2016	N	AT&T	LONG DISTANCE SERVICE	765.25
526065	9/22/2016	N	JUSTIN BAKER	JR SIX MAN OFFICIAL	255.00
526066	9/22/2016	N	COSTAR REALTY INFORMATION	DATABASE SUBSCRIPTION	495.48
526067	9/22/2016	N	BOB DORN	JR SIX MAN OFFICIAL	325.00
526068	9/22/2016	N	FRONTIER CALIFORNIA INC	CABLE SERVICE	685.29
526069	9/22/2016	N	MICHELE R HARRIS	JR SIX MAN OFFICIAL	305.00
526070	9/22/2016	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - CITY MANAGER: PAYMENT	847.27
526071	9/22/2016	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - 2.5%: PAYMENT	2,894.66
526072	9/22/2016	N	ICMA RETIREMENT TRUST - 457	DEFERRED COMP AND LOAN REPAYMENT	67,253.44
526073	9/22/2016	N	ICMA RETIREMENT TRUST 401	LOAN REPAY 401 - 4.5%: PAYMENT	6,421.87
526074	9/22/2016	N	DIANA JOHNSON	JR SIX MAN OFFICIAL	325.00
526075	9/22/2016	N	JPMORGAN CHASE BANK NATL ASSC	MONTHLY LEASE-SEWER TRUCK	16,488.30
526076	9/22/2016	N	JENNIFER KALLOK	EARNINGS WITHHOLDING	184.62
526077	9/22/2016	N	LIEBERT CASSIDY WHITMORE	LEGAL SERVICES	10,386.73
526078	9/22/2016	N	LOS ANGELES XTREME BASEBALL	BASEBALL CAMP INSTRUCTOR	10,403.40
526079	9/22/2016	N	M B POLICE MGMT ASSC	DUES \$ (POL MGT ASSN): PAYMENT	399.00
526080	9/22/2016	N	M B POLICE OFFICERS ASSOCIA	DUES \$ (POLICE FIXED): PAYMENT	6,520.60
526081	9/22/2016	N	M B WATER DEPARTMENT	MONTHLY WATER CHARGES	32,564.93
526082	9/22/2016	N	MAGIC HAMMER DEVELOPMENT INC	NADER CONSTRUCTION LOAN #30	21,639.50
526083	9/22/2016	N	MBPOA RETREE	MD TRUST (MED TRUST): PAYMENT	2,250.00
526084	9/22/2016	N	JENA NITZEL	JR SIX MAN OFFICIAL	305.00

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

WT 7a

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526085	9/22/2016	N	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	272,405.25
526086	9/22/2016	N	SOUTHERN CALIFORNIA EDISON	STREET LIGHTING CHARGES	23,138.37
526087	9/22/2016	N	SOUTHERN CALIFORNIA EDISON	MONTHLY ELECTRIC CHARGES	56,579.07
526088	9/22/2016	N	SOUTHERN CALIFORNIA GAS CO	MONTHLY GAS CHARGES	886.95
526089	9/22/2016	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING - ROBERT SCHREIBE	1,074.93
526090	9/22/2016	N	NAOTO TASHIRO	JR SIX MAN OFFICIAL	350.00
526091	9/22/2016	N	TOTAL ADMINISTRATIVE SVCS CORP	CHILD125 (CHILD 125 PLAN): PAYMENT	8,444.94
526092	9/22/2016	N	U.S. BANK	P/T EMP RETIREMENT CONTRIB: PAYMENT	3,005.36
526093	9/22/2016	N	UNITED PARCEL SERVICE	DELIVERY SERVICE	50.00
526094	9/22/2016	N	VANTAGEPOINT TRANSFER AGENTS	RETMTN HLTH SAVINGS CONTRIB: PAYMENT	1,670.03
526095	9/22/2016	N	ROBIN L VARGAS	REPLACEMENT CK# 525935 LOST IN MAIL	553.85
526096	9/22/2016	N	ROBIN L VARGAS	EARNINGS WITHHOLDING	553.85
SUBTOTAL					550,427.94
COMBINED TOTAL					822,378.33

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wt 7a

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
92616	9/26/2016	T	UNION BANK	FIT/MEDICARE/SIT	271,950.39
SUBTOTAL					271,950.39
526071	9/22/2016	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - 2.5%: PAYMENT	2,894.66
526072	9/22/2016	N	ICMA RETIREMENT TRUST - 457	DEFERRED COMP AND LOAN REPAYMENT	67,253.44
526073	9/22/2016	N	ICMA RETIREMENT TRUST 401	LOAN REPAY 401 - 4.5%: PAYMENT	6,421.87
526075	9/22/2016	N	JPMORGAN CHASE BANK NATL ASSC	MONTHLY LEASE-SEWER TRUCK	16,488.30
526077	9/22/2016	N	LIEBERT CASSIDY WHITMORE	LEGAL SERVICES	10,386.73
526078	9/22/2016	N	LOS ANGELES XTREME BASEBALL	BASEBALL CAMP INSTRUCTOR	10,403.40
526080	9/22/2016	N	M B POLICE OFFICERS ASSOCIA	DUES \$ (POLICE FIXED): PAYMENT	6,520.60
526081	9/22/2016	N	M B WATER DEPARTMENT	MONTHLY WATER CHARGES	32,564.93
526082	9/22/2016	N	MAGIC HAMMER DEVELOPMENT INC	NADER CONSTRUCTION LOAN #30	21,639.50
526085	9/22/2016	N	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	272,405.25
526086	9/22/2016	N	SOUTHERN CALIFORNIA EDISON	STREET LIGHTING CHARGES	23,138.37
526087	9/22/2016	N	SOUTHERN CALIFORNIA EDISON	MONTHLY ELECTRIC CHARGES	56,579.07
526091	9/22/2016	N	TOTAL ADMINISTRATIVE SVCS CORP	CHILD125 (CHILD 125 PLAN): PAYMENT	8,444.94
526092	9/22/2016	N	U.S. BANK	P/T EMP RETIREMENT CONTRIB: PAYMENT	3,005.36
SUBTOTAL					538,146.42
COMBINED TOTAL					810,096.81

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

Report of Warrant Disbursements
wr 7a

Description	Amount
General	745,953.46
Street Light	23,936.62
Water	13,096.02
Storm	920.16
Waste Water	1,951.06
Parking	3,314.31
County Parking Lot	947.60
State Pier Lots	2,769.52
Information Services	164.17
Vehicle Fleet	16,747.85
Building Maintenance	12,577.56
	<u>822,378.33</u>
	<u>822,378.33</u>

CITY OF MANHATTAN BEACH PAYROLL
PAY PERIOD: 09/03/16 TO 09/16/16
PAY DATE: 09/23/16

NET PAY **874,115.35**

	<u>DESCRIPTION</u>	AMOUNT
100	General Fund	1,195,228.06
210	Asset Forfeiture Fund	545.53
230	Prop. A Fund	18,805.97
232	AB 2766 Air Quality Fund	840.00
501	Water Fund	27,603.54
502	Stormwater Fund	3,040.85
503	Wastewater Fund	9,013.94
510	Refuse Fund	4,072.87
520	Parking Fund	2,995.38
521	County Parking Lots Fund	802.19
522	State Pier and Parking Lot Fund	802.19
601	Insurance Reserve Fund	12,519.30
605	Information Technology Fund	30,932.37
610	Fleet Management Fund	9,277.50
615	Building Maintenance & Operations Fund	11,654.59
801	Pension Trust Fund	8,826.70
	Gross Pay	<u>1,336,960.98</u>
	Deductions	462,845.63
	Net Pay	<u><u>874,115.35</u></u>

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
92216	9/22/2016	T	CMB RISK MGMT WORKERS COMP	MONTHLY DISBURSAL WORKERS COMP	174,903.17
9222016	9/22/2016	T	CMB RISK MGMT LIABILITY	MONTHLY DISBURSAL LIAB ACCT	42,230.32
SUBTOTAL					217,133.49
526097	9/29/2016	N	AC MARTIN PARTNERS INC	MGMT SVCS WELCOME CENTER & REMODEL	10.75
526098	9/29/2016	N	ALLIANCE FOR INNOVATION INC	ANNUAL MEMBERSHIP RENEWAL	2,550.00
526099	9/29/2016	N	SCOTT ANDERSON	CASH KEY REFUND	53.00
526100	9/29/2016	N	ANDERSONPENNA PARTNERS INC	SEWER MAIN REHABILITATION PHASE2	8,819.50
526101	9/29/2016	N	ANI ACQUISITION SUB DOCULYNX	CONTRACT SERVICES	41.43
526102	9/29/2016	N	AQUA FLO	IRRIGATION SUPPLIES CONTRACT	3,147.75
526103	9/29/2016	N	ARAKELIAN ENTERPRISES INC	STREET SWEEPING EXTRAS	30,682.69
526104	9/29/2016	N	AT&T	REVERSE 911 PHONE UPDATES	444.34
526106	9/29/2016	N	AT&T MOBILITY	CELLULAR CHARGES	8,199.10
526107	9/29/2016	N	AVALON ROOFING INC	PERMIT REFUND	628.90
526108	9/29/2016	N	BALDWIN CONSTRUCTION	DUPLICATE PAYMENT	876.30
526109	9/29/2016	N	LINDA BOICE	CASH KEY REFUND	130.00
526110	9/29/2016	N	JULIE BONDARCHUK	REIMBURSEMENT-TRAVEL EXPENSE	989.21
526111	9/29/2016	N	ROSA BRAVO	CASH KEY REFUND	31.00
526112	9/29/2016	N	DOTY BROTHERS	CITATION REFUND	53.00
526113	9/29/2016	N	KYLE BROWN	CITATION REFUND	53.00
526114	9/29/2016	N	CA PUBLIC EMPLOYEES'	MEDICAL PREMIUMS	318,215.37
526115	9/29/2016	N	ERNEST CASTILLO	DISC JOCKEY OLDER ADULT PROGRAM	350.00
526116	9/29/2016	N	CELLCO PARTNERSHIP	CARDIAC MONITOR DATA LINES	35.10
526117	9/29/2016	N	CITY OF MANHATTAN BEACH	PETTY CASH REPLENISHMENT	562.27

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526118	9/29/2016	N	CIVIL SOURCE INC	2013-14 WATER MAIN REPLACEMENT	17,017.00
526119	9/29/2016	N	CLE ELECTRIC INC	ON-CALL ELECTRICIAN	4,758.00
526120	9/29/2016	N	CLEANSTREET	LANDSCAPE SERVICES EXTRAS	29,826.26
526121	9/29/2016	N	CLINICAL LAB OF SAN BERNARDINO	WATER QUALITY TESTING SERVICES CONTRAC	1,677.70
526122	9/29/2016	N	SONA COFFEE	REIMBURSEMENT-TRAVEL EXPENSE	140.34
526123	9/29/2016	N	DAVE COLLARD	CITATION OVERPAYMENT	53.00
526124	9/29/2016	N	CONTEMPORARY SERVICES CORP	UNARMED SECURITY SERVICES	53,000.20
526125	9/29/2016	N	CONTROL AUTOMATION DESIGN INC	CONTRACT SERVICES	2,900.00
526126	9/29/2016	N	DAVID VOLZ DESIGN	VETERANS PARKWAY TRAIL IMPROVEMENTS	4,650.00
526127	9/29/2016	N	JOE DELIA	POLYGRAPHS	400.00
526128	9/29/2016	N	DELTA DENTAL OF CALIFORNIA	DENTAL PREMIUM	30,412.58
526129	9/29/2016	N	RICK DULMAGE	AMBULANCE PAYMENT REFUND	127.38
526130	9/29/2016	N	DUTHIE ELECTRIC SERVICES	AUXILIARY GENERATOR MAINTENANCE SERVI	3,243.41
526131	9/29/2016	N	EMPLOYMENT TAX SPECIALISTS INC	CONTRACT SERVICES	375.00
526132	9/29/2016	N	ENVIRON ARCHITECTURE INC	TRAFFIC OFFICE ARCHITECTURAL PLAN	3,478.50
526133	9/29/2016	N	FACIALS AT THE SEA	OVERPAYMENT ON BUSINESS LICENSE REFUNI	48.54
526134	9/29/2016	N	FIRST CALL STAFFING INC	TEMPORARY EMPLOYEE SERVICES	3,038.00
526135	9/29/2016	N	DEMETRIO FOIADELLI	CASH KEY REFUND	10.00
526136	9/29/2016	N	FRONTIER CALIFORNIA INC	TELEPHONE SERVICE	2,623.70
526137	9/29/2016	N	MORGART GAMBLE	CASH KEY REFUND	39.00
526138	9/29/2016	N	GARDA CL WEST INC	ARMORED SERVICES	712.64
526139	9/29/2016	N	GRIFFIN STRUCTURES INC	MB CIP PROGRAM ASSESSMENT	3,500.00

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526140	9/29/2016	N	MARK LEE GROH	CONTRACT SERVICES	648.00
526141	9/29/2016	N	HARRIS & ASSOCIATES INC	MANHATTAN BEACH BLVD RESURFACING	6,520.00
526142	9/29/2016	N	HARRIS & ASSOCIATES INC	OAK/REDONDO AVE & 11TH ST RESURFACING	5,950.00
526143	9/29/2016	N	HARRIS & ASSOCIATES INC	UUAD #12	3,117.50
526144	9/29/2016	N	HARRIS & ASSOCIATES INC	MANHATTAN BEACH BLVD RAISED MEDIAN	1,710.00
526145	9/29/2016	N	JULIETTE HART	PARKS & RECREATION REFUND	100.00
526146	9/29/2016	N	SCOTT HOOPER	PARKS & RECREATION REFUND	19.13
526147	9/29/2016	N	INFOSEND INC	UB BILL/WEB PORTAL/BL	6,996.02
526148	9/29/2016	N	IPS GROUP INC	PARKING METER CC FEES	23,555.46
526149	9/29/2016	N	IPS GROUP INC	PARKING METER REPLACEMENT PARTS & LAB	4,877.00
526150	9/29/2016	N	JOAN STEIN JENKINS	PROSECUTION SERVICES	6,831.00
526151	9/29/2016	N	VICTORIA HELEN JOHNSON	ARTHRITIS INSTRUCTOR	675.00
526152	9/29/2016	N	KEVORK ENTERPRISES INC	AUTO BODY REPAIRS	384.50
526153	9/29/2016	N	L.A. COUNTY	PERMITS	841.00
526154	9/29/2016	N	L.A. COUNTY DEPT OF P W	TRAFFIC SERVICES	11,799.55
526155	9/29/2016	N	L.A. COUNTY MTA	AUG 2016 TAP	426.00
526156	9/29/2016	N	L.A. COUNTY SHERIFFS DEPT	POLICE DEPT JAIL SUPPLIES	686.40
526157	9/29/2016	N	DONALD LEONHARDT	CITATION REFUND	53.00
526158	9/29/2016	N	RACHEL LITOFF	PARKS & RECREATION REFUND	156.45
526159	9/29/2016	N	KAREN LORIG	PARKING METER REFUND	1.25
526160	9/29/2016	N	LOS ANGELES SUPERIOR COURT	BAIL PAYMENT	50,000.00
526161	9/29/2016	N	ANNA LUKE-JONES	REIMBURSEMENT-TRAVEL EXPENSE	261.74

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526162	9/29/2016	N	SCOTT LYNCH	CASH KEY REFUND	20.00
526163	9/29/2016	N	RICHARD MACEDO	DUPLICATE ALARM PAYMENT 2016	54.00
526164	9/29/2016	N	JANIE S MACHARG	AMBULANCE PAYMENT REFUND	169.19
526165	9/29/2016	N	MAGELLAN BEHAVIORAL HEALTH INC	CONTRACT SERVICES	2,000.43
526166	9/29/2016	N	MANAGEMENT EDUCATION GROUP INC	MANAGEMENT AND EMPLOYEE TRAINING	8,000.00
526167	9/29/2016	N	MANHATTAN STITCHING COMPANY	EMBROIDERY/PRINTING SERVICES	940.67
526168	9/29/2016	N	MARINE RESOURCES INC	TEMPORARY EMPLOYEE SERVICES	13,663.75
526169	9/29/2016	N	CHRISTIAN MCARTHUR	REIMBURSEMENT	65.00
526170	9/29/2016	N	JOHN MCKISSOCK	PARKING METER REFUND	0.75
526171	9/29/2016	N	MELAD AND ASSOCIATES INC	PLAN CHECK AND INSPECTION SERVICES	8,563.98
526172	9/29/2016	N	MERCHANTS LANDSCAPE SVCS INC	LANDSCAPE SERVICES EXTRAS	39,106.21
526173	9/29/2016	N	MERRIMAC ENERGY GROUP	BULK FUEL DELIVERIES	17,671.15
526174	9/29/2016	N	JULIE MICHAEL	PARKS & RECREATION REFUND	17.38
526175	9/29/2016	N	MATTY MORO	METER COIN REFUND	5.00
526176	9/29/2016	N	RICH NICHOLS	CASH KEY REFUND	37.00
526177	9/29/2016	N	ORANGE COUNTY SHERIFF'S DEPT	REGISTRATION-BASIC TRAFFIC COLLISION INV	70.00
526178	9/29/2016	N	PACIFIC COAST ELEVATOR CORP	ELEVATOR MAINTENANCE	3,937.32
526179	9/29/2016	N	PACKET FUSION INC	BLOCK 35 LOUD BELL INSTALLATION	646.26
526180	9/29/2016	N	PENCO ENGINEERING INC	STAFF AUGMENTATION-ROSS ANDERSON	14,400.00
526181	9/29/2016	N	PROVIDENCE MEDICAL INSTITUTE	MEDICAL SERVICES	125.00
526182	9/29/2016	N	PSOMAS	PKG STRUCTURE LOT 2 REHABILITATION	18,784.42
526183	9/29/2016	N	MARINA RAMIREZ	CASH KEY REFUND	33.00

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526184	9/29/2016	N	RELIANT IMMED CARE MED GRP INC	MEDICAL SERVICES	330.00
526185	9/29/2016	N	ARS RESCUE ROOTER	PLUMBING SERVICES	644.25
526186	9/29/2016	N	SCOTT ROBERT	GOLF INSTRUCTOR	2,187.50
526187	9/29/2016	N	DALE RODBERG	OVERPAYMENT ON UTILITY BILL	2,156.02
526188	9/29/2016	N	RAUL SAENZ	REIMBURSEMENT	2,200.00
526189	9/29/2016	N	NICOLE SANDERS	FACE PAINTING SERVICES	320.00
526190	9/29/2016	N	SBRPCA	COMMUNICATIONS EQUIPMENT	1,311.92
526191	9/29/2016	N	EDEN SERINA	MB FIT/YOGA INSTRUCTOR	2,959.00
526192	9/29/2016	N	SMART SOURCE OF CALIFORNIA LLC	PRINTING AND DIRECT MAILING SERVICES	3,249.96
526193	9/29/2016	N	SO BAY CITIES COUNCIL OF GOV	SOUTH BAY HWY PROGRAM-PROJ MGMT COUF	80.00
526194	9/29/2016	N	SPCA LA	ANIMAL SHELTERING SERVICES	550.00
526195	9/29/2016	N	SPEED ELECTRIC	PERMIT REFUND	104.50
526196	9/29/2016	N	SPRINT SOLUTIONS INC	MOBILE CONNECTION	37.99
526197	9/29/2016	N	STANDARD INSURANCE COMPANY	STD PREMIUMS	704.92
526198	9/29/2016	N	STANDARD INSURANCE COMPANY	LIFE AD&D LTD PREMIUMS	13,304.27
526199	9/29/2016	N	STANTEC CONSULTING INC	CONSULTING SERVICES	29,000.00
526200	9/29/2016	N	STATE OF CALIFORNIA	LIVE SCAN FINGERPRINTS	952.00
526201	9/29/2016	N	STEPHANIE STEWART	PARKS & RECREATION REFUND	141.75
526202	9/29/2016	N	SULLY MILLER CONTRACTING CO	ASPHALT/EMULSION	349.37
526203	9/29/2016	N	SUPERIOR COURT OF CA-CO OF LA	CITATION SURCHARGE-AUG 2016	76,410.70
526204	9/29/2016	N	SUSAN SAXE CLIFFORD PHD	APPLICANT PSYCH EXAM	425.00
526205	9/29/2016	N	FRAN SWEENEY	CASH KEY REFUND	20.00

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526206	9/29/2016	N	MICHAEL A TAYLOR	EMPLOYEE REIMBURSEMENT	249.99
526207	9/29/2016	N	THE DAVEY TREE EXPERT COMPANY	STREET TREE MASTER PLAN SERVICE	2,270.00
526208	9/29/2016	N	TERRELL LYNN THOMPSON	GYMNASTICS BIRTHDAY PARTIES	2,500.00
526209	9/29/2016	N	THOMSON REUTERS-WEST PUBLISH	CONTRACT SERVICES	167.01
526210	9/29/2016	N	TIME WARNER CABLE INC	5-YEAR FIBER OPTIC MAINTENANCE AGREEME	1,650.00
526211	9/29/2016	N	TIRE CENTERS LLC	16-02170C REPLACEMENT TIRES	3,755.19
526212	9/29/2016	N	TOTAL ADMINISTRATION SVCS CORP	MONTHLY FEES-AUG 2016	490.25
526213	9/29/2016	N	TURBO DATA SYSTEMS INC	CITATION PROCESSING-AUG 2016	12,844.87
526214	9/29/2016	N	PAUL TZANETOPOULOS	PIER COMFORT STATION & SEA WALL MURAL	8,668.75
526215	9/29/2016	N	UNITED SITE SVCS OF CA INC	PORTABLE RESTROOMS	799.76
526216	9/29/2016	N	UNITED STATES SWIMMING INC	2017 ANNUAL MEMBERSHIP	64.00
526217	9/29/2016	N	US BANCORP CARD SERVICES INC	P-CARD CHARGES	146,838.25
526218	9/29/2016	N	US HEALTHWORKS MEDICAL GRP PC	MEDICAL SERVICES	357.00
526219	9/29/2016	N	VAN LINGEN BODY SHOP INC	TOWING AND VEHICLE STORAGE	104.50
526220	9/29/2016	N	VERIZON CALIFORNIA INC	CONTRACT SERVICES	877.99
526221	9/29/2016	N	VISION SERVICE PLAN - (CA)	VISION PREMIUMS	3,961.29
526222	9/29/2016	N	WALTERS WHOLESAL E ELECTRIC CO	ELECTRICAL SUPPLIES	1,903.25
526223	9/29/2016	N	WATER REPLENISHMENT DISTRICT	MONTHLY WATER PURCHASES	3,721.41
526224	9/29/2016	N	DARA WEINTRAUB	CASH KEY REFUND	20.00
526225	9/29/2016	N	MICHAEL WELLS	CITATION REFUND	53.00
526226	9/29/2016	N	ROBIN WESSER	CASH KEY REFUND	72.00
526227	9/29/2016	N	WEST BASIN MUNICIPAL WATER DIS	MONTHLY WATER PURCHASES	585,931.80

CITY OF MANHATTAN BEACH
WARRANT REGISTER

WARRANT BATCH NUMBER: **wr 7b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526228	9/29/2016	N	WESTCHESTER MEDICAL GROUP	MEDICAL SERVICES	1,450.00
526229	9/29/2016	N	RENEE WOLF	AMBULANCE PAYMENT REFUND	1,047.53
526230	9/29/2016	N	ARITA WONG	CASH KEY REFUND	20.00
526231	9/29/2016	N	BRIAN WU	PARKING METER REFUND	1.25
526232	9/29/2016	N	MARLENE YAMADA	PARKS & RECREATION REFUND	50.00
SUBTOTAL					1,709,131.71
COMBINED TOTAL					1,926,265.20

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
92216	9/22/2016	T	CMB RISK MGMT WORKERS COMP	MONTHLY DISBURSAL WORKERS COMP	174,903.17
9222016	9/22/2016	T	CMB RISK MGMT LIABILITY	MONTHLY DISBURSAL LIAB ACCT	42,230.32
SUBTOTAL					217,133.49
526098	9/29/2016	N	ALLIANCE FOR INNOVATION INC	ANNUAL MEMBERSHIP RENEWAL	2,550.00
526100	9/29/2016	N	ANDERSONPENNA PARTNERS INC	SEWER MAIN REHABILITATION PHASE2	8,819.50
526102	9/29/2016	N	AQUA FLO	IRRIGATION SUPPLIES CONTRACT	3,147.75
526103	9/29/2016	N	ARAKELIAN ENTERPRISES INC	STREET SWEEPING EXTRAS	30,682.69
526106	9/29/2016	N	AT&T MOBILITY	CELLULAR CHARGES	8,199.10
526114	9/29/2016	N	CA PUBLIC EMPLOYEES'	MEDICAL PREMIUMS	318,215.37
526118	9/29/2016	N	CIVIL SOURCE INC	2013-14 WATER MAIN REPLACEMENT	17,017.00
526119	9/29/2016	N	CLE ELECTRIC INC	ON-CALL ELECTRICIAN	4,758.00
526120	9/29/2016	N	CLEANSTREET	LANDSCAPE SERVICES EXTRAS	29,826.26
526124	9/29/2016	N	CONTEMPORARY SERVICES CORP	UNARMED SECURITY SERVICES	53,000.20
526125	9/29/2016	N	CONTROL AUTOMATION DESIGN INC	CONTRACT SERVICES	2,900.00
526126	9/29/2016	N	DAVID VOLZ DESIGN	VETERANS PARKWAY TRAIL IMPROVEMENTS	4,650.00
526128	9/29/2016	N	DELTA DENTAL OF CALIFORNIA	DENTAL PREMIUM	30,412.58
526130	9/29/2016	N	DUTHIE ELECTRIC SERVICES	AUXILIARY GENERATOR MAINTENANCE SERVI	3,243.41
526132	9/29/2016	N	ENVIRON ARCHITECTURE INC	TRAFFIC OFFICE ARCHITECTURAL PLAN	3,478.50
526134	9/29/2016	N	FIRST CALL STAFFING INC	TEMPORARY EMPLOYEE SERVICES	3,038.00
526136	9/29/2016	N	FRONTIER CALIFORNIA INC	TELEPHONE SERVICE	2,623.70
526139	9/29/2016	N	GRIFFIN STRUCTURES INC	MB CIP PROGRAM ASSESSMENT	3,500.00
526141	9/29/2016	N	HARRIS & ASSOCIATES INC	MANHATTAN BEACH BLVD RESURFACING	6,520.00
526142	9/29/2016	N	HARRIS & ASSOCIATES INC	OAK/REDONDO AVE & 11TH ST RESURFACING	5,950.00

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526143	9/29/2016	N	HARRIS & ASSOCIATES INC	UUAD #12	3,117.50
526147	9/29/2016	N	INFOSEND INC	UB BILL/WEB PORTAL/BL	6,996.02
526148	9/29/2016	N	IPS GROUP INC	PARKING METER CC FEES	23,555.46
526149	9/29/2016	N	IPS GROUP INC	PARKING METER REPLACEMENT PARTS & LAB	4,877.00
526150	9/29/2016	N	JOAN STEIN JENKINS	PROSECUTION SERVICES	6,831.00
526154	9/29/2016	N	L.A COUNTY DEPT OF P W	TRAFFIC SERVICES	11,799.55
526160	9/29/2016	N	LOS ANGELES SUPERIOR COURT	BAIL PAYMENT	50,000.00
526166	9/29/2016	N	MANAGEMENT EDUCATION GROUP INC	MANAGEMENT AND EMPLOYEE TRAINING	8,000.00
526168	9/29/2016	N	MARINE RESOURCES INC	TEMPORARY EMPLOYEE SERVICES	13,663.75
526171	9/29/2016	N	MELAD AND ASSOCIATES INC	PLAN CHECK AND INSPECTION SERVICES	8,563.98
526172	9/29/2016	N	MERCHANTS LANDSCAPE SVCS INC	LANDSCAPE SERVICES EXTRAS	39,106.21
526173	9/29/2016	N	MERRIMAC ENERGY GROUP	BULK FUEL DELIVERIES	17,671.15
526178	9/29/2016	N	PACIFIC COAST ELEVATOR CORP	ELEVATOR MAINTENANCE	3,937.32
526180	9/29/2016	N	PENCO ENGINEERING INC	STAFF AUGMENTATION-ROSS ANDERSON	14,400.00
526182	9/29/2016	N	PSOMAS	PKG STRUCTURE LOT 2 REHABILITATION	18,784.42
526191	9/29/2016	N	EDEN SERINA	MB FIT/YOGA INSTRUCTOR	2,959.00
526192	9/29/2016	N	SMART SOURCE OF CALIFORNIA LLC	PRINTING AND DIRECT MAILING SERVICES	3,249.96
526198	9/29/2016	N	STANDARD INSURANCE COMPANY	LIFE AD&D LTD PREMIUMS	13,304.27
526199	9/29/2016	N	STANTEC CONSULTING INC	CONSULTING SERVICES	29,000.00
526203	9/29/2016	N	SUPERIOR COURT OF CA-CO OF LA	CITATION SURCHARGE-AUG 2016	76,410.70
526208	9/29/2016	N	TERRELL LYNN THOMPSON	GYMNASTICS BIRTHDAY PARTIES	2,500.00
526211	9/29/2016	N	TIRE CENTERS LLC	16-02170C REPLACEMENT TIRES	3,755.19

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wr 7b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
526213	9/29/2016	N	TURBO DATA SYSTEMS INC	CITATION PROCESSING-AUG 2016	12,844.87
526214	9/29/2016	N	PAUL TZANETOPOULOS	PIER COMFORT STATION & SEA WALL MURAL	8,668.75
526217	9/29/2016	N	US BANCORP CARD SERVICES INC	P-CARD CHARGES	146,838.25
526221	9/29/2016	N	VISION SERVICE PLAN - (CA)	VISION PREMIUMS	3,961.29
526223	9/29/2016	N	WATER REPLENISHMENT DISTRICT	MONTHLY WATER PURCHASES	3,721.41
526227	9/29/2016	N	WEST BASIN MUNICIPAL WATER DIS	MONTHLY WATER PURCHASES	585,931.80
SUBTOTAL					1,666,980.91
COMBINED TOTAL					1,884,114.40

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

Bank code: union

Check #	Date	Vendor	Status	Clear/Void Date	Invoice	Inv. Date	Amount Paid	Check Total
525841	09/01/2016	31190 LOS ANGELES XTREME BASEE	V	09/27/2016	SUMMER 2016	08/22/2016	10,403.40	10,403.40
525935	09/08/2016	25967 ROBIN L VARGAS	V	09/27/2016	09-08-16	09/08/2016	553.85	553.85

union Total: **10,957.25**

2 checks in this report

Total Checks: **10,957.25**

Report of Warrant Disbursements
wr 7b

Description	Amount
General	843,043.32
Street Light	14,342.03
Streets & Highways	16,410.00
Asset Forfeiture	3,478.50
Prop A	524.21
Prop C	3,000.00
Measure R	4,110.00
Capital Improvements	39,961.46
Water	622,987.34
Storm	28,674.72
Waste Water	10,030.91
Refuse	1,102.46
Parking	60,435.73
County Parking Lot	3,019.37
State Pier Lots	17,774.22
Insurance	220,714.17
Information Services	2,897.06
Vehicle Fleet	20,456.02
Building Maintenance	13,303.68

1,926,265.20

1,926,265.20

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Liza Tamura, City Clerk

SUBJECT:

City Council Minutes:

This Item Contains Minutes of the following City Council Meeting:

City Council Regular Meeting Minutes of October 18, 2016

(City Clerk Tamura).

APPROVE

RECOMMENDATION:

The attached minutes are for information only:

Attachments:

City Council Regular Meeting Minutes of October 18, 2016

City of Manhattan Beach

1400 Highland Avenue
Manhattan Beach, CA 90266



Meeting Minutes - Draft

Tuesday, October 18, 2016

6:00 PM

Regular Meeting

City Council Chambers

City Council Regular Meeting

Mayor Tony D'Errico
Mayor Pro Tem David J. Lesser
Councilmember Amy Howorth
Councilmember Wayne Powell
Councilmember Mark Burton

PLEASE NOTE THAT THE CITY ARCHIVES THE VIDEO RECORDINGS OF ALL REGULAR CITY COUNCIL MEETINGS AND THE VIDEO FOR THIS MEETING IS HEREBY INCORPORATED BY THIS REFERENCE. ALSO IN SUPPORT OF MORE TRANSPARENCY AND THE AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE, THE CITY OFFERS CLOSED CAPTIONING FOR REGULAR CITY COUNCIL MEETINGS. FOR A COMPLETE RECORD OF THIS CITY COUNCIL MEETING, GO TO: www.citymb.info/city-officials/city-clerk/city-council-meetings-agendas-and-minutes

A. PLEDGE TO THE FLAG

Joseph Ungoco led the Pledge of Allegiance.

B. ROLL CALL

Present: 5 - Mayor D'Errico, Mayor Pro Tem Lesser, Councilmember Howorth, Councilmember Powell and Councilmember Burton

C. CEREMONIAL CALENDAR

None.

D. CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

City Clerk Liza Tamura confirmed that the meeting was properly posted.

E. APPROVAL OF AGENDA AND WAIVER OF FULL READING OF ORDINANCES

Councilmember Burton pulled for individual consideration Item No. 2 (Ordinance establishing new General Municipal Election dates) and Item No. 3 (Resolution to amend the personnel rules to compensate Battalion Chiefs at time and a half for overtime work performed for Fire Suppression).

City Attorney Quinn Barrow clarified that Item No. 12 would not be a public hearing and would be heard in Section M. Old Business as the first item.

A motion was made by Councilmember Burton, seconded by Councilmember Powell to approve the agenda and waive the full reading of ordinances, to move Item Nos. 2-3 from the Consent Calendar (to be heard as the last Items in Section M. Old Business) and Item No. 12 would not be a Public Hearing and would be heard as the first Item of Section M. Old Business. The motion carried by the following vote:

Aye: 5 - D'Errico, Lesser, Howorth, Powell and Burton

F. CITY COUNCIL AND COMMUNITY ORGANIZATION ANNOUNCEMENTS OF UPCOMING EVENTS (1 MINUTE PER PERSON)

Chuck Milam and Lynn Gross reported that "Sea Starry Night" the Roundhouse Aquarium Fundraiser will be held on October 25, 2016, at the Manhattan Beach Country Club.

Melissa McCullum, Manhattan Beach Library, reminded residents that the library is closed this week for installation of public art and provided upcoming events for the Library.

Linda Ming announced that the Pier to Pier Run would take place on November 12, 2016.

Councilmember Burton reminded everyone that October is Breast Cancer Awareness Month and the Police and Fire Departments have t-shirts available for purchase and further added that the "Best of Manhattan" will be held on October 20, 2016 at the Marriott Hotel.

Councilmember Powell announced that on Thursday, October 20, 2016, the Dine and Discover Luncheon will provide an impartial analysis of the ballot propositions.

Mayor D'Errico noted that the Girl Scouts had visited the City Council Chambers last night.

G. CITY MANAGER REPORT

City Manager Mark Danaj invited Planning Manager Laurie Jester to give an update on the Gelson's Market and the Downtown Specific Plan.

City Manager Danaj also announced that the MB Cares Team would be participating in the Pier to Pier Walk this week end.

H. CITY ATTORNEY REPORT

City Attorney Quinn Barrow reported that the Manhattan Village Mall trial is scheduled for November 2, 2016.

I. PUBLIC COMMENTS (3 MINUTES PER PERSON FOR ONE ITEM, A MAXIMUM OF 6 MINUTES IF A SPEAKER WANTS TO COMMENT ON MORE THAN ONE ITEM)

Franca Staduec spoke in support of Measure C and EE (School Bonds).

James McCleary reported on the proposed crosswalk at 38th and Highland Avenue.

Steve Oliveira asked for a different plan for the crosswalk at 38th and Highland Avenue with input from the North End BID (Business Improvement District).

Marc Krigsman used the document reader to provide information regarding the proposed Exer Urgent Care Facility on Sepulveda Avenue.

Chris Prodromides expressed concern about the proposed Exer Urgent Care regarding traffic flow.

Geoffrey Kelsch concerned about the traffic from the Exer Urgent Care.

Will Arvizo spoke about Item No. 2 the change of election dates and Item No. 5 condominiums and lots being split unevenly. He further expressed concerns about the proposed Urgent Care Facility.

Joe Charles spoke about the Pier to Pier Run and doing push-ups.

J. PLANNING COMMISSION QUASI-JUDICIAL DECISIONS (RECEIVE AND FILE)

- 1. Planning Commission Approval of Use Permit for Proposed On-Site Instructional Alcohol Tasting (Type 86) at an Existing Supermarket at 2700 Sepulveda Boulevard, Ralph's - Manhattan Village Mall. (Community Development Director Lundstedt) [16-0482](#)

BY ORDER OF THE CHAIR, RECEIVE AND FILE

By order of the Chair this item was received and filed.

K. CONSENT CALENDAR (APPROVE)

A motion was made by Councilmember Burton, seconded by Councilmember Powell to approve the Consent Calendar Item Nos. 4-12 (Item Nos. 2-3 were previously moved to be heard last in Section M. Old Business). The motion carried by the following vote:

Aye: 5 - D'Errico, Lesser, Howorth, Powell and Burton

- 2. Ordinance Establishing New General Municipal Election Dates to be Held in November of Even Years beginning in November 2020, to Meet State Mandates Imposed by California Senate Bill 415 (City Clerk Tamura). [ORD 16-0026](#)

ADOPT ORDINANCE NO. 16-0026

This item was moved to Section M.Old Business to be heard after Item No. 14.

- 3. Resolution to Amend The Personnel Rules to Compensate Battalion Chiefs at Time and a Half for Overtime Work Performed for Fire Suppression (Human Resources Director Zadroga-Haase). [RES 16-0059](#)

ADOPT RESOLUTION NO. 16-0059

This item was moved to Section M.Old Business to be heard after Item No. 14 and Item No. 2.

- 4. Completion of the Construction Contract for the Parking Structure No. 2 Rehabilitation Project (Interim Public Works Director Saenz). [16-0445](#)

APPROVE

The recommendation for this item was approved on the Consent Calendar.

- 5. Zoning Text Amendment and Local Coastal Program Amendment Proposal for Detached Condominiums (Community Development Director Lundstedt). [16-0413](#)

DIRECT PLANNING COMMISSION TO SCHEDULE HEARING ON ZONING TEXT AMENDMENT

The recommendation for this item was approved on the Consent Calendar.

- 6. First Reading of Ordinance Adopting By Reference the 2016 Edition of the California Fire Code and Certain Amendments, Deletions, and Additions, and Amending Title 3 of the Manhattan Beach Municipal Code (Fire Chief Espinosa). [ORD 16-0021](#)

INTRODUCE ORDINANCE NO. 16-0021 (FIRE CODE 2016 EDITION) AND SCHEDULE A PUBLIC HEARING

The recommendation for this item was approved on the Consent Calendar.

7. Award a Professional Services Contract to GHD, Inc. (Attachment 1) for Engineering Services for the Manhattan Avenue/Highland Avenue Improvement Project and the Parkview Avenue Sidewalk and Access Ramp Improvement Project in the Amount Not-to-Exceed \$119,053 (Interim Public Works Director Saenz). [CON 16-0037](#)

APPROVE

The recommendation for this item was approved on the Consent Calendar.

8. Second Reading on Ordinance Consolidating and Codifying Manhattan Beach's Existing Construction Rules (Community Development Director Lundstedt). [ORD 16-0020](#)

**ADOPT ORDINANCE NO 16-0020, AN ORDINANCE
CONSOLIDATING AND CODIFYING EXISTING CONSTRUCTION
RULES**

The recommendation for this item was approved on the Consent Calendar.

9. Contingency Report for the Capital Improvement Plan Projects Completed in Fiscal Year 2015-2016 (Interim Public Works Director Saenz). [16-0442](#)

RECEIVE AND FILE

The recommendation for this item was approved on the Consent Calendar.

10. Financial Report: [16-0426](#)
a) Schedule of Demands: September 15, 2016
b) Investment Portfolio for the Month Ending August 31, 2016
c) Month End Report for August 31, 2016
(Finance Director Moe).

ACCEPT REPORT AND DEMANDS

The recommendation for this item was approved on the Consent Calendar.

11. City Council Minutes: [16-0432](#)
This Item Contains Minutes of the following City Council Meeting:
City Council Regular Meeting Minutes of October 4, 2016
(City Clerk Tamura).

APPROVE

The recommendation for this item was approved on the Consent Calendar.

L. PUBLIC HEARINGS (2 MINUTES PER PERSON)

None.

M. OLD BUSINESS

- 12. Ordinance to Authorize an Amendment to the Contract Between the Board of Administration of the California Public Employees' Retirement System and the City of Manhattan Beach to allow police officers and fire fighters to share the cost of employer contributions on a pre-tax basis. (Human Resources Director Zadroga-Haase). **ORD 16-0006**

INTRODUCE ORDINANCE NO. 16-0006

Mayor D'Errico introduced Human Resources Director Teresia Zadroga-Haase who provided the Staff presentation.

Human Resources Director Zadroga-Haase responded to City Council questions

Mayor D'Errico opened the floor to public comment.

The following individual provided public comment:

Will Arvizo commented on CalPers (California Public Employess Retirement System).

Seeing no further requests to speak, the Mayor closed the floor to public comment.

City Attorney Quinn Barrow read the title of the ordinance into the record: An Ordinance of the City of Manhattan Beach authorizing an Amendment to the contract between the City of Manhattan Beach and the Board of Administration of the California Public Employees' Retirement System to allow police officers and fire fighters to share the cost of employer contributions on a pre-tax basis.

A motion was made by Councilmember Burton, seconded by Councilmember Powell, to introduce Ordinance No. 16-0006. The motion carried by the following vote:

Aye: 5 - D'Errico, Lesser, Howorth, Powell and Burton

13. Report on Southern California Gas Company's Loop Project and the January 7, 2016 Gas Ignition at their Playa del Rey Storage Facility (Interim Public Works Director Saenz).

[16-0461](#)

RECEIVE REPORT, DISCUSS, AND PROVIDE DIRECTION

Mayor D'Errico introduced Interim Public Works Director Raul Saenz who presented Southern California Gas Company Public Outreach Manager Kristine Lloyd.

Public Outreach Manager Kristine Lloyd provided the PowerPoint Presentation with an overview of the Loop Project.

Public Outreach Manager Kristine Lloyd, Senior Project Manager Ron Bott, City Manager Mark Danaj, City Attorney Quinn Barrow and Interim Public Works Director Saenz responded to City Council questions.

Mayor D'Errico opened the floor to public comment.

Seeing no requests to speak, Mayor D'Errico closed the floor to public comment.

Councilmember Burton is concerned that CEQA (California Environmental Quality Act) analysis hasn't been done on a major project having potential health and safety issues for the residents of the community. The City needs to do its due diligence for its residents. He also requested that the Gas Company return with other routes.

Councilmember Lesser questioned the discretion of the City and noted that other municipalities are involved and that the PUC (Public Utilities Commission) is the lead agency. He stated that it is appropriate to be asking questions and advocate for our residents, but the City is part of a broader region.

Councilmember Howorth remarked that she understands seeking CEQA review, but does not necessarily agree with it. She further added that there may not be other routes for this project.

Councilmember Powell related that it is troubling to him to speak of the "cost" and "high consequence area" and he would rather see the pipe go in a commercial area or some other area.

A motion was made by Councilmember Burton, seconded by Councilmember Powell, to direct the City Manager and Staff to not issue any additional permits for the Loop Project until the City Attorney and Staff report back on the CEQA applicabil,ity and whether or not the permits are discretionary under the law. The City Attorney is directed to research CEQA applicability and whether required City permits are discretionary. The motion carried by the following vote:

Aye: 3 - D'Errico, Powell and Burton

Nay: 2 - Lesser and Howorth

Councilmember Powell stated that he was deeply disappointed that there was not a presentation on the Playa del Ray underground storage facility. He requested that this item be returned and asked that questions about the safety valves be answered at that time.

Mayor D'Errico asked the City Manager to arrange for the Gas Company to return with answers for the City Council on the Playa del Ray project.

City Manager Danaj explained that Staff does not have the authority to compel the Gas Company to come. Staff will try to facilitate a future discussion.

At 8:05 PM City Council recessed and reconvened at 8:14 PM with all Councilmembers present.

- 14.** Update Report on the Fire and Medical Services in Manhattan Beach If Hermosa Beach Contracts Fire Services with Los Angeles County Fire Department (Fire Chief Espinosa).

[16-0457](#)

INFORMATION ITEM ONLY

Mayor D'Errico introduced Fire Chief Bob Espinosa who provided the Staff presentation.

City Manager Mark Danaj and Fire Chief Espinosa responded to City Council questions.

Mayor D'Errico opened the floor to public comment.

Seeing no requests to speak, Mayor D'Errico closed the floor to public comment.

By order of the Chair, this report was received and filed.

2. Ordinance Establishing New General Municipal Election Dates to be Held in November of Even Years beginning in November 2020, to Meet State Mandates Imposed by California Senate Bill 415 (City Clerk Tamura).

[ORD 16-0026](#)

ADOPT ORDINANCE NO. 16-0026

Mayor D'Errico introduced the item.

City Council held a discussion of the item to decide if the election dates for the City should be changed.

City Clerk Liza Tamura and City Attorney Quinn Barrow responded to City Council questions.

Mayor D'Errico opened the floor to public comment.

Seeing no requests to speak, Mayor D'Errico closed the floor to public comment.

City Attorney Barrow read the title of Ordinance No. 16-0026 into the record: An Ordinance of the City of Manhattan Beach moving the date of the City's General Municipal Election from the first Tuesday after the first Monday in March of odd numbered years to the first Tuesday after the first Monday in November of even-numbered years beginning in November 2020.

City Attorney Barrow clarified that this is a special ordinance affecting an election and it has been adopted tonight. There is no second reading.

A motion was made by Councilmember Burton, seconded by Councilmember Howorth, to adopt Ordinance No. 16-0026 establishing new General Municipal Election dates to be held in November of even years beginning in November 2020, to meet State mandates Imposed by California Senate Bill 415 . The motion carried by the following vote:

Aye: 5 - D'Errico, Lesser, Howorth, Powell and Burton

City Attorney Barrow clarified that this is an ordinance relating to an election and it has been adopted tonight. There is no second reading.

3. Resolution to Amend The Personnel Rules to Compensate Battalion Chiefs at Time and a Half for Overtime Work Performed for Fire Suppression (Human Resources Director Zadroga-Haase).

[RES 16-0059](#)

ADOPT RESOLUTION NO. 16-0059

Mayor D'Errico introduced Human Resources Director Teresia Zadroga-Haase who presented the Staff presentation.

Human Resources Director Teresia Zadroga-Haase responded to City Council questions.

Mayor D'Errico opened the floor to public comment.

Seeing no requests to speak, Mayor D'Errico closed the floor to public comment.

A motion was made by Councilmember Burton, seconded by Councilmember Howorth, to adopt Resolution No. 16-0059 amending personnel rules to compensate Battalion Chiefs at time and a half for overtime worked for Fire Suppression Operations/Job Duties. The motion carried by the following vote:

Aye: 5 - D'Errico, Lesser, Howorth, Powell and Burton

N. NEW BUSINESS

None.

O. CITY COUNCIL REPORTS, OTHER COUNCIL BUSINESS, AND COMMITTEE AND TRAVEL REPORTS

Councilmember Burton, Mayor Pro Tem Lesser, Councilmember Howorth, Councilmember Powell and Mayor D'Errico attended the California League of Cities Conference and provided reports as required by AB1234..

Councilmember Powell also spoke of the Puttnam Award that was awarded to the "Older Adults Program" for the City of Manhattan Beach and the Beacon Award.

Mayor Pro Tem Lesser noted that the public can go to the City's website for links to available conference materials.

P. FORECAST AGENDA AND FUTURE DISCUSSION ITEMS

15. Agenda Forecast (City Clerk Tamura).
DISCUSS AND PROVIDE DIRECTION

[16-0477](#)

Councilmember Burton noted that he will call in for some items on the November 1, 2016, City Council Meeting.

Councilmember Powell wants the Southern California Gas Company to return with answers for the Playa del Rey underground storage and the Loop Project for a future agenda and a future discussion of the ICA membership.

Q. INFORMATIONAL ITEMS

None.

R. CLOSED SESSION

None.

S. ADJOURNMENT

At 9:15 PM Mayor D'Errico adjourned the October 18, 2016, Regular City Council Meeting to a Closed Session Meeting on Thursday, October 27, 2016, at 1:30 PM in the City Council Chambers in said City.

Martha Alvarez
Recording Secretary

Tony D'Errico
Mayor

ATTEST:

Liza Tamura
City Clerk

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Bruce Moe, Finance Director
Henry Mitzner, Controller
Libby Bretthauer, Financial Analyst

SUBJECT:

Refunding of Marine Sports Field Variable Rate Debt into Fixed Rate Debt (Finance Director Moe).

APPROVE; ADOPT RESOLUTION

RECOMMENDATION:

The Finance Subcommittee and City staff recommend that the City Council adopt Resolution No. 16-0067 approving the refunding (refinancing) of the 2002 Marine Sports Field variable rate debt Certificates of Participation (COPs), converting it to fixed rate debt, and approving the execution and delivery of related documents. Resolution No. 16-0067 approves a Supplement to a Trust Agreement, an Amendment to a Site and Facilities Lease, an Amendment to a Lease Agreement, a Certificate Purchase Contract, an Official Statement, a Continuing Disclosure Certificate; and authorizes the taking of certain actions in connection with the refunding of outstanding Certificates of Participation and the execution and delivery of not-to-exceed \$6,340,000 Certificates of Participation (Marine Field Refunding) Series 2016.

EXECUTIVE SUMMARY:

The City has the opportunity to refund the existing Marine Sports Field variable rate debt and convert it to long term fixed rates, thereby mitigating short term interest rate volatility which has been prevalent in the market for the past 7-8 months. While the conversion to fixed rates is expected to result in higher debt service costs than current variable rates, we believe that the longer term outlook is for higher short term and long term interest rates which will result in higher interest costs under the current variable rate financing method. However, by taking advantage of near-historic low fixed rate financing at this time, the City can lock-in low cost financing and avoid exposure to variable interest rate risk. Further, converting to fixed rate financing at this time will ensure that the debt service for the

remaining sixteen year amortization period will be below the budgeted debt service for this facility.

FISCAL IMPLICATIONS:

Refunding of the 2002 Marine Sports Field COPs from variable rate to fixed rate debt is recommended as a defensive move and a hedge against continued increases in short term variable interest rates upon which the current debt is based (rates have been increasing since March 2016). Further, long term rates are at or near historic lows, providing the opportunity to lock-in low fixed rates while keeping the existing amortization schedule. Additionally, while the new debt service will be based on slightly higher interest rates than the current variable rates, payments will remain within the budgeted debt service due to existing bond requirements that the City budget at an assumed interest rate of 3.58%. Further fiscal implications are discussed below.

BACKGROUND:

On December 8, 1999, the City purchased approximately seven acres of land adjacent to the existing Marine Avenue Park site for \$7.3 million from TRW (now Northrop Grumman). The land was being used by TRW for employee parking, but was being considered for sale by TRW for commercial development purposes. City Council approved the purchase in an effort to help relieve the shortage of athletic fields, and to preserve open space within Manhattan Beach.

Initially, and in order to close the sale in a timely fashion, the City utilized funds set aside for future capital projects (Police/Fire Facility) to purchase the property. Then, in order to reimburse CIP funds and construct the athletic fields, the City entered into a sale/leaseback agreement with the Beach Cities Health District in FY 2000-2001 under which the City sold the seven acre site, with the leaseback being for roughly 6 acres for athletic fields, plus \$2.5 million in improvements. The improvements were completed in Fiscal Year 2000-2001. Beach Cities Health District retained approximately one acre and constructed the existing Adventure Plex at their expense.

In Fiscal Year 2001-2002, the City issued variable rate Certificates of Participation (COPs) to refund (refinance) the Marine Sports Field and reduce borrowing costs. The proceeds were used to pay in-full all principal and interest obligations under the aforementioned lease with BCHD. The term of the financing was thirty years (fully amortized principal and interest) based on a variable rate which is calculated for budgeting purposes at a minimum rate of 3.58% (the bond covenants require the City to budget debt service at this interest rate even if prevailing rates are below this amount). There are approximately 16 years remaining on the COPs (to August 2032).

DISCUSSION:

For the past fourteen years, the City has maintained a variable rate debt structure for the Marine Avenue Sports Fields. This method of financing the acquisition and improvements was selected at the time due to the cost effective nature (variable rates were often below what the City's investment portfolio earned) and the fact that the City held (and continues to hold) reserves equal to or in excess of that amount borrowed, which serves as a sentinel to rate fluctuations (as variable rates rise on the debt side, so too do the City's portfolio yields).

Technically speaking, the City has maintained a direct pay letter of credit (LC), currently with Union Bank, in support of the 2002 Marine Sports Field Certificates of Participation (COPs). The direct pay letter of credit is the credit facility that provides liquidity for the monthly interest expense payments and annual principal payments. Draws are made to the LC each month and are reimbursed by the City. This is a key component of the variable rate debt instruments.

The following is a brief overview of the components of the City's variable rate debt:

- Variable Interest Rate - this is the rate used to calculate the interest due on the COPs outstanding. This rate is variable and resets every week. As of October 19, 2016, the weekly rate was 0.74%.
- Remarketing Fees - this fee is paid to the remarketing agent who remarkets the COPs every week. The City's remarketing agent on the 2002 Marine Sports Field COPs is currently Loop Capital and the remarketing fee paid is 0.07% or 7 basis points.
- Direct Pay Letter of Credit - this is the credit facility that provides liquidity for the monthly interest expense payments and bi-annual principal payments. Draws are made to the LC each month and are reimbursed each month by the City. The cost is 1.0161%.

The following is a breakdown of the total cost:

Marine Avenue COPs:

Recent variable interest	74 basis points
Remarketing rate	7 basis points
Direct pay LOC (effective rate)	102 basis points
 Total Overall Costs	 183 basis points (1.826%)

The variable interest rate component adjusts on a weekly basis (the Remarketing and LOC fees are fixed). Over the past few months the rate has increased from 0.02% to as high as 0.91%. These increases directly translate to higher borrowing costs. For example, the City's all-in interest rate on the Marine Sports Field debt has increased from 1.09% in March 2016 to 1.93% in October 2016. At the same time, long term rates are at or near historical lows, with 20 year and 30 year bonds being higher than current rates 97% and 97.8% of the time respectively.

While the future of interest rates is uncertain, the Finance Subcommittee and City staff, in consultation with the City's Municipal Advisor (previously referred to as Financial Advisor), believes that now is the time to lock in long term fixed rates to avoid the risk and uncertainty of potentially higher variable rates. At the same time, while variable rates have increased, long term rates have declined to near all-time low levels. Under current market conditions, a fixed rate conversion would lock in rates in the mid 2% range for the remaining 16 years, while keeping the existing amortization schedule. The actual rates will depend on market

conditions at the time of refunding.

To be clear, under current short term interest rates, it is less expensive to maintain variable rate debt. However, the Finance Subcommittee, City staff and the City's Municipal Advisor believe that market conditions are appropriate to convert from variable to fixed rates as a hedge against rising short term rates, including those used to determine the debt service for Marine Sports Field debt. The conversion can be accomplished within the existing budgeted debt service allocation.

Scenarios were developed to provide a range of costs (or savings) compared to the current variable rate structure to provide a sense of magnitude of what the refunding will generate (the variable rates referred below to include the costs for Remarketing and LOC):

- If variable rates remain at current levels (1.826%) for the remainder of the existing debt service schedule, the total cost of borrowing will increase by a total of \$438,056 for the remaining sixteen years
- If variable rates rise to 2.85% then the conversion to fixed rate will be breakeven
- If variable rates rise above 2.85% savings will be achieved. For example, if rates rise to the 3.58% threshold (used for budgeting purposes) then savings of \$410,483 will be realized from the fixed rate conversion

Refunding

In order to refund the City's debt, a new series of Certificates of Participation (2016 COPs) will be issued as a General Fund lease. In consultation with Bond Counsel, the Underwriter (Bank of America Merrill Lynch) and Municipal Advisor, it was determined that it is advantageous to issue the 2016 COP as "additional COPs" pursuant to the 2013 lease related to the Police/Fire Facility.

Issuing the 2016 COPs as additional COPs under the Police/Fire Facility lease results in the COPs being more attractive to investors since the City is pledging an essential facility as collateral. In doing so, investors are reassured that the City will continue to make lease payments in order to retain the use of the facility, and in turn, are willing to accept a lower yield, resulting in a lower cost of borrowing for the City. As a result, the documents presented for City Council and Capital Improvements Corporation approval reflect that structure (e.g. amendments to existing agreements where applicable).

Documents to be Approved

There are several documents that require Council and/or Capital Improvements Corporation approval in order to move ahead with this financing. In the interest of source reduction, all of the documents, regardless of whether approved by one or both entities, are presented once within this staff report. A brief description of each document is listed as well.

Resolution No. 16-0067 (Attachment #1)

If adopted, the City resolution approves the documents (Supplement to a Trust Agreement, an Amendment to a Site and Facilities Lease, an Amendment to a Lease Agreement, a Certificate Purchase Contract, an Official Statement, a Continuing Disclosure Certificate) and authorizes the execution and delivery of COPs for the refunding of the existing Marine

Sports Field certificates.

Capital Improvements Corporation Resolution No. CIC-8 (Attachment #2)

If adopted, the Capital Improvements Corporation resolution approves the documents (Supplement to the Trust Agreement, Amended Site and Facilities Lease, Amendment to the Lease Agreement, Certificate Purchase Contract, Amendment to Assignment Agreement) and authorizes the execution and delivery of COPs for the refunding of the existing Marine Sports Field COPs.

Supplement to 2013 Trust Agreement (Attachment #3)

This document establishes/continues the City's existing relationship with U.S. Bank as trustee to encompass the 2016 COPs. U.S. Bank will be responsible for receiving proceeds of the refunding 2016 COPs and distributing funds, handling on-going principal and interest payments, as well as other expenses associated with the 2016 Certificates of Participation. (Executed by City and Capital Improvements Corporation)

Amendment to Site and Facilities Lease (Attachment #4)

This agreement amends the existing lease on the Police/Fire Facility land and improvements from the City to the City's Capital Improvements Corporation to encompass the 2016 COPs. (Executed by City and Capital Improvements Corporation)

Amendment to Lease Agreement (Attachment #5)

This agreement amends the existing lease of the property from the City's Capital Improvements Corporation back to the City. This establishes the framework for lease payments to be made by the City to the Capital Improvements Corporation. The Capital Improvements Corporation assigns these lease payments to the Trustee, who then pays the investors (in practice, the actual payments are made directly from the City to the Trustee - see the Assignment Agreement below). (Executed by City and Capital Improvements Corporation)

Certificate Purchase Contract (Attachment #6)

This agreement is among the Underwriter (Bank of America Merrill Lynch, through its broker-dealer subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated), the City and the Capital Improvements Corporation whereby Merrill Lynch, Pierce, Fenner & Smith Incorporated agrees to purchase the COPs from the City for marketing purposes. (Executed by City and Capital Improvements Corporation)

Official Statement (Attachment #7)

This document is used to market the COPs and includes demographic, financial and other information about the City and the refunding. Under federal securities laws, this document must contain all relevant information relating to the refunding and to City finances generally that would be material to investors. For approval purposes, the statement is preliminary, subject to minor modifications. (Executed by City and Capital Improvements Corporation)

Amendment to Assignment Agreement (Attachment #8)

This document amends the existing assignment by the Capital Improvements Corporation of its rights to receive lease payments from the City pursuant to the lease agreement directly to the Trustee (U.S. Bank) to encompass the 2016 COPs. (Executed by Capital Improvements Corporation)

Corporation only)

Continuing Disclosure Certificate (Attachment #9)

This document, executed by the City, includes a list of annual City reporting requirements and events that, if they were to occur, would require disclosure during the life of the COPs.

Copies of all of the documents have been included with this report. These documents are in substantially final form; however, minor modifications may need to be made during the course of the financing including the final terms of the pricing subject to the thresholds included in the Resolution. By adopting Resolutions 16-0067 and (CIC-8) the City Council (and Board of Directors) authorize the Mayor (President) and City Manager (Chief Administrative Officer) to negotiate those changes, and execute the final versions of the agreements when in final form. **All final documents will be approved as to form by the Special Counsel.** If the financing is approved, the documents will be finalized with the sale of the certificates of participation expected to take place later this month, subject to market conditions.

Marketing of Certificates of Participation

As has been approved by City Council for recent debt issuances for the Police/Fire Facility Refunding and Metlox and Water/Wastewater COP Refunding, staff has included Bank of America Merrill Lynch as the underwriter for this refunding. Bank of America Merrill Lynch has retail and institutional marketing channels which will ensure a successful sale of the COPs. In addition to the usual channels, Bank of America Merrill Lynch will place an advertisement in The Beach Reporter to notify residents of the opportunity to purchase the COPs. In past City bond sales, this approach has generated a high degree of interest among residents.

Capital Improvements Corporation

The Manhattan Beach Capital Improvements Corporation was formed in 1996 to facilitate the execution and delivery of COPs for improvements to the water and wastewater systems (which were refunded in 2012). The Capital Improvements Corporation was also the conduit for the Marine Sports Field COPs in 2002, the Metlox Public Improvements in 2003 (and the refunding in 2012), and the original Police & Fire Facility financing in 2004 (also refunded in 2013).

On the agenda this evening is a meeting of the City's Capital Improvements Corporation. That meeting is an integral part of the approval process. Please refer to the associated staff report for that agenda item.

Rating

Staff has requested a rating from Standard and Poor's for this issue. S&P performed a rating call with the City on October 27th. The actual rating is expected to be received by November 3rd in advance of marketing the COPs. With the City's maintenance of Triple-A General Obligation (G.O.) Bond rating from both S&P and Moody's, the expected rating of this issue is AA+. It is standard that COPs, which are not backed by the City's general taxing authority, are rated one level below the G.O. rating, which places this at the AA+ level. Staff will advise the Council upon receipt of the rating from S&P.

POLICY ALTERNATIVES:

ALTERNATIVE #1:

Do not approve Marine Avenue Sports Fields Refunding

PROS:

Continue to take advantage of current low variable rate interest rates which are currently below available fixed rates

CONS:

Could result in greater borrowing costs if variable rates continue to increase and surpass the fixed rates available today

PUBLIC OUTREACH/INTEREST:

After analysis, staff determined that public outreach was not required for this issue. However, if approved, the Underwriters will locally and publically advertise the sale of COPs to provide the community an opportunity to purchase.

ENVIRONMENTAL REVIEW

None required.

LEGAL REVIEW

Special Counsel has reviewed and approved the associated documents.

Attachments:

1. City Council Resolution No. 16-0067
2. Capital Improvements Corporation Resolution No. CIC-8
3. Supplement to 2013 Trust Agreement
4. Amendment to Site and Facilities Lease
5. Amendment to Lease Agreement
6. Certificate Purchase Contract
7. Official Statement (Preliminary)
8. Amendment to Assignment Agreement
9. Continuing Disclosure Certificate
10. KNN Presentation to City Council

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH APPROVING A FIRST SUPPLEMENT TO TRUST AGREEMENT, A FIRST AMENDMENT TO SITE AND FACILITIES LEASE, A FIRST AMENDMENT TO LEASE AGREEMENT, A CERTIFICATE PURCHASE CONTRACT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION WITH THE PREPAYMENT OF OUTSTANDING CERTIFICATES OF PARTICIPATION AND THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$6,340,000 CERTIFICATES OF PARTICIPATION (MARINE FIELD REFUNDING) SERIES 2016

WHEREAS:

(a) The Manhattan Beach Capital Improvements Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and the City of Manhattan Beach, a political subdivision duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City") previously entered into a Lease Agreement (the "2002 Project Lease"), dated as of April 1, 2002 for the purpose of acquiring the Marine Field as described therein (the "Improvements"); and

(b) In order to finance the Improvements, the City executed and delivered the City of Manhattan Beach Variable Rate Demand Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the "2002 Certificates"), and

(c) The City has determined that refinancing the costs of the Improvements by prepaying and refunding the 2002 Certificates and the base rental payments becoming due under the 2002 Project Lease is necessary and proper for City purposes and uses under the terms of applicable law and is for the common benefit of the City as a whole; and

(d) In order to implement the foregoing, the City and the Corporation, propose to enter into a First Amendment to Site and Facilities Lease, dated as of December 1, 2016 (the "First Amendment to Site and Facilities Lease"), which amends a Site and Facilities Lease, dated as of February 1, 2013 (the "Original Site Lease") pursuant to which the City leased to the Corporation certain real property and improvements generally consisting of the police department and fire department headquarters facility (the "Leased Premises"); and

(e) The City and the Corporation propose to enter into a First Amendment to Lease Agreement, dated as of December 1, 2016 (the "First Amendment to Lease Agreement"), which amends a Lease Agreement, dated as of February 1, 2013 (the "Original Lease") pursuant to which the Corporation leased the Leased Premises to the City in consideration for which the City will continue make payments of base rental ("Base Rental") for the use and possession of the Leased Premises; and

(f) The Corporation proposes to enter into a First Amendment to Assignment Agreement, dated as of December 1, 2016 ("First Amendment to Assignment Agreement"), which amends an Assignment Agreement, dated as of February 1, 2013 (the "Original Assignment Agreement") pursuant to which the Corporation assigned and transferred to U.S. Bank National

Association, as trustee (the "Trustee"), certain of its rights, title and interest in and to the Lease Agreement, including its right to receive payments of Base Rental thereunder; and

(g) The City, the Corporation and the Trustee propose to enter into a Supplement to Trust Agreement, dated as of December 1, 2016 (the "Supplement to Trust Agreement") pursuant to which the Trustee will execute and deliver Certificates of Participation (Marine Field Refunding) Series 2016 (the "2016 Certificates") representing proportionate undivided interests in the Lease Agreement, including the right to receive payments of Base Rental thereunder; and

(h) The City proposes to enter into a Continuing Disclosure Certificate, dated as of December 1, 2016 (the "Continuing Disclosure Certificate (as hereinafter defined) in order to assist the Underwriter (as defined herein) in complying with the Rule (as defined therein); and

(i) The City, the Corporation and the Underwriter propose to enter into a Purchase Contract (as hereinafter defined) pursuant to which the Underwriter will purchase the 2016 Certificates; and

(j) Pursuant to Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), under certain circumstances, certain obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code may be designated by the issuer thereof as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institution's interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 of the Code;

(k) The City wishes to designate the 2016 Certificates as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; and

(l) The City is authorized to undertake all of the above pursuant to applicable laws of the State of California.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH DOES HEREBY RESOLVE AS FOLLOWS:

1. The Council hereby determines the above findings are true and correct.
2. The form of First Amendment to Site and Facilities Lease by and between the City and the Corporation, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby approved. The term of the Site and Facilities Lease, as extended by the First Amendment to Site and Facilities Lease, shall not extend beyond January 1, 2038.
3. The form of First Amendment to Lease Agreement by and between the City and the Corporation, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, is hereby approved. The term of the Lease Agreement, as extended by the First Amendment to Lease Agreement, shall not extend beyond January 1, 2038. The amount of Base Rental Payments attributable to the 2016 Certificates shall not exceed \$510,774 in any year.
4. The form of First Supplement to Trust Agreement among the City, the Corporation and the Trustee, a copy of which is attached hereto as Exhibit "C" and incorporated herein by this reference, is hereby approved. The Trust Agreement may be amended to provide for the use of a

debt service reserve fund if any Responsible Officer determines that inclusion of such reserve fund would be in the best interests of the City, which determination shall be evidenced by the execution of the First Supplement to Trust Agreement by any Responsible Officer.

5. The execution and delivery, pursuant to the First Supplement to Trust Agreement, of the 2016 Certificates in an aggregate principal amount not to exceed \$6,340,000 is hereby approved.

6. The form of Purchase Contract (the "Purchase Contract") between the City and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"), a copy of which is attached hereto as Exhibit "D" and incorporated herein by this reference, is hereby approved. In connection with the execution and delivery of the Purchase Agreement, any Responsible Officer is further authorized and directed to negotiate the price and the interest rates for the 2016 Certificates to be sold pursuant to the Purchase Agreement. The true interest cost of payments to be made in connection with the 2016 Certificates shall not exceed 3.00 percent per annum and the underwriter's discount from the principal amount of the 2016 Certificates shall not exceed 0.65% of the aggregate amount thereof.

7. Any one of the Mayor, the City Manager, or any deputy thereof, or person duly appointed in writing to act in the stead of such officer (collectively, the "Responsible Officers"), is hereby authorized and directed for and in the name of and on behalf of the City to execute and deliver the First Amendment to Site and Facilities Lease, the First Amendment to Lease Agreement, the First Supplement to Trust Agreement, the Purchase Contract and the Continuing Disclosure Certificate, each in substantially the form presented to and considered at this meeting, with such changes therein, deletions therefrom and additions thereto as may be approved (i) by any Responsible Officer, in such person's discretion, as being in the best interests of the City, and (ii) by Stradling Yocca Carlson & Rauth, Special Counsel; such approval to be conclusively evidenced by the execution and delivery thereof by the person executing the same on behalf of the City.

8. The City hereby consents to the execution by the Corporation of the First Amendment to Assignment Agreement and hereby approves the form of the First Amendment to Assignment Agreement by and between the Corporation and the Trustee, a copy of which is attached hereto as Exhibit "E" and incorporated herein by this reference.

9. The proposed form of preliminary official statement relating to the 2016 Certificates, presented to this meeting and a copy of which is attached hereto as Exhibit "F," is hereby approved. The Underwriter of the 2016 Certificates and the Responsible Officers are hereby authorized to distribute to persons who may be interested in the purchase of the 2016 Certificates a preliminary official statement in substantially said form with such changes therein, deletions therefrom and additions thereto as may be approved (i) by any such officer, and (ii) by Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel. Upon approval of such changes by any Responsible Officer as evidenced by execution of a certificate, substantially in the form on file with the City Clerk and incorporated herein by this reference, the preliminary official statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended. Any Responsible Officer is, hereby authorized, for and in the name of and on behalf of the City, to execute a final official statement for the 2016 Certificates authorized hereby, in substantially the form of said preliminary official statement, with such insertions and changes therein as such officer or officers, with the advice of said Special Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The underwriter or underwriters of the

2016 Certificates and the Responsible Officers of the City are hereby authorized and directed to deliver copies of the final official statement to all actual purchasers of the 2016 Certificates.

10. The form of Continuing Disclosure Certificate, in substantially the form of the draft attached hereto as Exhibit "G" and incorporated herein by reference, to be dated the date of initial delivery of the 2016 Certificates, is hereby authorized to be executed and delivered by any Responsible Officer. The City covenants with the holders from time to time of the 2016 Certificates that it will, and hereby authorizes the appropriate officers and employees of the City to take all action necessary or appropriate to, comply with and carry out all of the provisions of the Continuing Disclosure Certificate as amended from time to time. Notwithstanding any other provision of this Resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default or an Event of Default under the Resolution or the Trust Agreement, and the rights and remedies provided by the Resolution and the Trust Agreement upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but the Continuing Disclosure Certificate may be enforced only as provided therein.

11. All actions heretofore taken by any officer of the City with respect to the issuance and sale of the 2016 Certificates, and the redemption and refunding of the 2002 Certificates, including, but not limited to, the execution of the Supplement to Trust Agreement by and among U.S. Bank National Association, as trustee, the Corporation and the City, dated as of October 1, 2016, supplementing the Trust Agreement, dated as of April 1, 2002, among U.S. Bank National Association, as trustee, the City and the Corporation relating to the 2002 Certificates, are hereby approved, confirmed and ratified.

12. Based on the following representations, the 2016 Certificates are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code: (i) the 2016 Certificates are not private activity bonds within the meaning of Section 141 of the Code; (ii) the City, together with all of its subordinate entities, has not issued any obligations (other than those obligations described in clause (iv) below) in the calendar year in which the 2016 Certificates are issued the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code; (iii) the City reasonably anticipates that it, together with its subordinate entities, will issue during the remainder of the calendar year in which the 2016 Certificates are issued obligations (other than those obligations described in clause (iv) below) the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code which, when aggregated with all obligations described in clause (ii) above, will not exceed an aggregate principal amount of \$10,000,000; and (iv) notwithstanding clauses (ii) and (iii) above, the City and its subordinate entities may have issued in the calendar year in which the 2016 Certificates are issued and may continue to issue during the remainder of the calendar year in which the 2016 Certificates are issued private activity bonds other than qualified 501(c)(3) bonds as defined in Section 145 of the Code.

13. The Responsible Officers are, and each of them acting alone is, hereby authorized and directed to take such actions and to execute such documents and certificates as may be necessary or desirable to effectuate the purposes of this resolution, including the execution and delivery of the 2016 Certificates, the paying and refunding of the base rental payments becoming due under the 2002 Lease Agreement, and the publication of any notices necessary or desirable in connection with the sale of the 2016 Certificates and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other

documents, which they, or any of them, deem necessary or advisable in order to consummate the transactions as described herein and in the Official Statement.

14. This Resolution shall take effect upon its adoption by this Council. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED this 1st day of November, 2016.

Ayes:
Noes:
Absent:
Abstain:

_____, Mayor
City of Manhattan Beach, California

ATTEST:

Liza Tamura, City Clerk

APPROVED AS TO FORM:

Special Counsel

RESOLUTION NO. CIC-__

RESOLUTION OF THE MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION APPROVING A FIRST SUPPLEMENT TO TRUST AGREEMENT, A FIRST AMENDMENT TO SITE AND FACILITIES LEASE, A FIRST AMENDMENT TO LEASE AGREEMENT, A PURCHASE CONTRACT, A FIRST AMENDMENT TO ASSIGNMENT AGREEMENT; AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION WITH THE PREPAYMENT OF OUTSTANDING CERTIFICATES OF PARTICIPATION AND THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$6,340,000 CERTIFICATES OF PARTICIPATION (MARINE FIELD REFUNDING) SERIES 2016

WHEREAS:

(a) The Manhattan Beach Capital Improvements Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and the City of Manhattan Beach, a political subdivision duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City") previously entered into a Lease Agreement (the "2002 Project Lease"), dated as of April 1, 2002 for the purpose of paying the acquiring Marine Field described therein (the "Improvements"); and

(b) In order to finance the Improvements, the City executed and delivered the City of Manhattan Beach Variable Rate Demand Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the "2002 Certificates"), and

(c) The City and the Corporation have determined that refinancing the costs of the Improvements by prepaying and refunding the base rental payments becoming due under the 2002 Project Lease is necessary and proper for City purposes and uses under the terms of applicable law and is for the common benefit of the City as a whole; and

(d) In order to implement the foregoing, the City and the Corporation, propose to enter into a First Amendment to Site and Facilities Lease, dated as of December 1, 2016 (the "First Amendment to Site Lease"), which amends a Site and Facilities Lease, dated as of February 1, 2013 (the "Original Site Lease") pursuant to which the City leased to the Corporation certain real property and improvements generally consisting of the police department and fire department headquarters facility (the "Leased Premises"); and

(e) The City and the Corporation propose to enter into a First Amendment to Lease Agreement, dated as of December 1, 2016 (the "First Amendment to Lease Agreement"), which amends a Lease Agreement, dated as of February 1, 2013 (the "Original Lease") pursuant to which the Corporation leased the Leased Premises to the City in consideration for which the City will make payments of base rental ("Base Rental") for the use and possession of the Leased Premises; and

(f) The Corporation proposes to enter into a First Amendment to Assignment Agreement, dated as of December 1, 2016 ("First Amendment to Assignment Agreement"), which amends an Assignment Agreement, dated as of February 1, 2013 (the "Original Assignment Agreement") pursuant to which the Corporation has assigned and transferred to U.S. Bank National

Association, as trustee (the "Trustee"), certain of its rights, title and interest in and to the Lease Agreement, including its right to receive payments of Base Rental thereunder; and

(g) The City, the Corporation and the Trustee propose to enter into a Supplement to Trust Agreement, dated as of December 1, 2016 (the "Supplement to Trust Agreement") pursuant to which the Trustee will execute and deliver Certificates of Participation (Marine Field Refunding) Series 2016 (the "2016 Certificates") representing proportionate undivided interests in the Lease Agreement, including the right to receive payments of Base Rental thereunder; and

(h) The City, the Corporation and the Underwriter (as defined herein) propose to enter into a Purchase Contract (as hereinafter defined) pursuant to which the City will sell the 2016 Certificates; and

(i) The Corporation is authorized to undertake all of the above pursuant to applicable laws of the State of California.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION AS FOLLOWS:

1. The form of First Amendment to Site and Facilities Lease by and between the City and the Corporation, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby approved.

2. The form of First Amendment to Lease Agreement by and between the City and the Corporation a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, is hereby approved.

3. The form of First Amendment to Assignment Agreement by and between the Corporation and the Trustee, a copy of which is attached hereto as Exhibit "C" and incorporated herein by this reference, is hereby approved.

4. The form of Purchase Contract (the "Purchase Contract") among the City, the Corporation and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"), a copy of which is attached hereto as Exhibit "D" and incorporated herein by this reference, is hereby approved.

5. The form of First Supplement to Trust Agreement, a copy of which is attached hereto as Exhibit "E" and incorporated herein by this reference, is hereby approved.

6. The President, the Chief Administrative Officer, the Chief Financial Officer, and the other officers of the Corporation are, and each of them acting alone is, hereby authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver the First Amendment to Site and Facilities Lease, the First Amendment to Lease Agreement, the First Amendment to Assignment Agreement, the Purchase Agreement and the First Supplement to Trust Agreement each in substantially the form presented to and considered at this meeting, with such changes therein, deletions therefrom and additions thereto as may be approved (i) by the officer executing the same on behalf of the Corporation, in such officer's discretion, as being in the best interests of the Corporation, and (ii) by Stradling Yocca Carlson & Rauth, a Professional

Corporation, Special Counsel; such approval to be conclusively evidenced by the execution and delivery of such document by the officer executing the same on behalf of the Corporation.

7. All actions heretofore taken by any officer of the Corporation in connection with or related to any of the agreements referenced herein, the prepayment and refunding of the 2002 Certificates or the issuance of the 2016 Certificates, including but not limited to, the execution of the Supplement to Trust Agreement by and among U.S. Bank National Association, as trustee, the Corporation and the City, dated as of October 1, 2016, supplementing the Trust Agreement, dated as of April 1, 2002, among U.S. Bank National Association, as trustee, the City and the Corporation relating to the 2002 Certificates, are hereby approved, confirmed and ratified.

8. The President, Vice-President and the Secretary of the Corporation and all other officers of the Corporation are, and each of them acting alone is, hereby authorized and directed to take such actions and to execute such documents and certificates (including certificates relating to the accuracy and completeness of the information in the Official Statement relating to the 2016 Certificates as set forth in the Certificate Purchase Contract) as may be necessary or desirable to effectuate the purposes of this Resolution, including but not limited to the execution and delivery of the 2016 Certificates, the refunding of the 2002 Certificates, and related agreements, and the execution of any documents and certificates in connection therewith, to the extent not inconsistent with this resolution.

9. This Resolution shall take effect upon its adoption by this Board. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Manhattan Beach Capital Improvements Corporation this 1st day of November, 2016.

Ayes:
Noes:
Absent:
Abstain:

President
Manhattan Beach Capital Improvements Corporation

ATTEST:

Secretary

APPROVED AS TO FORM:

Special Counsel

FIRST SUPPLEMENT TO TRUST AGREEMENT

By and among

U.S. BANK NATIONAL ASSOCIATION

and

**MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION,
as Corporation**

and

**CITY OF MANHATTAN BEACH,
as City**

Dated as of December 1, 2016

**Entered into in Connection with the Sale and Delivery of
\$ _____
City of Manhattan Beach
Certificates of Participation
(Marine Field Refunding)
Series 2016**

FIRST SUPPLEMENT TO TRUST AGREEMENT

THIS FIRST SUPPLEMENT TO TRUST AGREEMENT, dated as of July 1, 2016 (the “First Supplement to Trust Agreement”), is entered into by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized under the laws of the United States of America, as trustee (the “Trustee”), MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessor under the Lease hereinafter described (the “Corporation”), and CITY OF MANHATTAN BEACH, a general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessee under said Lease (the “City”), and supplements and amends in certain respects that certain Trust Agreement among the City, the Trustee and the Corporation dated as of February 1, 2013 (the “Original Trust Agreement” and together with this First Supplement to Trust Agreement, the “Trust Agreement”);

WITNESSETH :

In consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

WHEREAS, WHEREAS, concurrently herewith, the City has leased to the Corporation its fee interest in the City’s police department and fire department headquarters (the “Leased Premises”), pursuant to a Site and Facilities Lease, dated as of February 1, 2013 (the “Original Site Lease”), by and between the City and the Corporation, as amended by that First Amendment to Site and Facilities Lease, dated as of December 1, 2016 (the “First Amendment to Site Lease” and, together with the Original Site Lease, the “Site Lease”);

WHEREAS, the Corporation and the City entered into a Lease dated as of September 1, 2013, (the “Lease”), as amended by the First Amendment to Lease Agreement, dated as of December 1, 2016 (the “First Amendment to Lease Agreement” and, together with the Original Lease Agreement, the “Lease”), pursuant to which the City has leased from the Corporation the Leased Premises for the purpose of facilitating the execution and delivery of the Certificates of Participation (Police and Fire Facility Refunding) Series 2013 (the “2013 Certificates”); and

WHEREAS, the Corporation and the City desire to refund the City’s outstanding Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the “Refunded Certificates”) through the execution and delivery of the Certificates of Participation (Marine Field Refunding) Series 2016 (the “2016 Certificates”) which are being executed and delivered as Additional Certificates under Section 2.12 of the Original Trust Agreement as supplemented by this First Supplement to Trust Agreement; and

WHEREAS, pursuant to that certain Assignment Agreement dated as of February 1, 2013 (the “Original Assignment Agreement”), as amended by that First Amendment to Assignment Agreement, dated as of December 1, 2016 (the “First Amendment to Assignment Agreement” and, together with the Original Assignment Agreement, the “Assignment Agreement”), the Corporation has transferred all of its rights, title and interest (excluding its rights to indemnification and payment or reimbursement of its costs and expenses) in and to the Site Lease and the Lease, including the right to receive certain rental payments due thereunder (the “Lease Payments”), to the Trustee for the

benefit of the Owners of all Certificates that are Outstanding under the Trust Agreement from time to time; and

WHEREAS, the parties hereto intend to supplement the Original Trust Agreement in accordance with Section 2.12 in order to effect the execution and delivery of the 2016 Certificates as Additional Certificates; and

WHEREAS, the City and the Corporation represent that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this First Supplement to Amended and Restated Trust Agreement do exist, have happened and have been performed in due time, form and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Second Supplement to Amended and Restated Trust Agreement; and

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the Additional Certificates to be executed and delivered hereunder by the Owners thereof, and to fix and declare the terms and conditions upon which such Additional Certificates are to be executed, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, and to secure the payment of the Additional Certificates and the interest with respect thereto according to their tenor, purpose and effect, and to secure the performance and observance of all of the covenants, agreements and conditions contained therein, herein and in the Lease, the City and the Corporation by these presents do hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in and pledge unto the Trustee for the benefit of the Owners of the Additional Certificates to be executed and delivered hereunder all their right, title and interest in and to the Trust Estate:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions. The terms set forth in this section shall have the meanings ascribed to them for all purposes of this First Supplement to Trust Agreement and the Trust Agreement unless the context clearly indicates some other meaning. All other capitalized terms not defined herein shall have the meaning set forth in the Trust Agreement.

“Refunded Certificates” shall mean the Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002, issued pursuant to the Refunded Bonds Trust Agreement.

“Refunded Certificates Trust Agreement” means the Trust Agreement, dated as of April 1, 2002, by and among U.S. Bank National Association, the Corporation and the City.

“2016 Certificates” shall mean the \$ _____ Certificates of Participation (Marine Field Refunding) Series 2016 being executed and delivered pursuant to the terms hereof.

Section 102. Rules of Construction. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

Section 103. Exhibits. The following exhibits are attached to and by this reference made a part of this Trust Agreement:

Exhibit A: Form of 2016 Certificate

ARTICLE II

REPRESENTATIONS AND RECITALS

Section 201. Conditions Precedent Satisfied. All acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this First Supplement to Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law.

Section 202. Due Authorization and Execution. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Second First Supplement to Amended and Restated Trust Agreement, and has taken all actions necessary to authorize the execution and delivery of this First Supplement to Trust Agreement.

ARTICLE III

TERMS AND PROVISIONS OF THE 2016 CERTIFICATES

Section 301. Preparation of 2016 Certificates. The Corporation hereby directs the Trustee to execute and deliver to the original purchaser or purchasers thereof 2016 Certificates in an aggregate principal amount of \$ _____ evidencing undivided proportionate interests in certain rights under the Lease, including the right to receive a *pro rata* portion of the Lease Payments to be paid by the City under the Lease. The 2016 Certificates originally shall be registered in the name of the Nominee and be in book-entry form subject to the provisions of Section 2.10 of the Trust Agreement. The 2016 Certificates shall be designated "Certificates of Participation (Marine Field Refunding) Series 2016." The 2016 Certificates shall be executed and delivered substantially in the form set forth in Exhibit A hereto.

Section 302. Description of the 2016 Certificates.

(a) The 2016 Certificates shall be dated the Closing Date for the 2016 Certificates and the Principal Components evidenced thereby shall become due as set forth in Section 302(b) below. The Certificates shall be executed and delivered in the aggregate Principal Component of _____ Million ___ Hundred Thousand Dollars (\$ _____) with Interest Components accruing from the Closing Date for the 2016 Certificates. The first Interest Payment Date for the 2016 Certificates shall be July 1, 2017.

(b) The 2016 Certificates shall mature on January 1 in the years and amounts and interest with respect thereto shall be payable at the rates as shown below:

***Maturity Date
(January 1)***

Principal Component

Interest Rate

Section 303. Prepayment of 2016 Certificates. The 2016 Certificates shall be subject to prepayment at such times, in such amount, upon such terms as are provided in this Section 303 and Article IV of the Trust Agreement, including, but not limited to, Section 4.2 from Net Proceeds.

(a) Optional Prepayment of 2016 Certificates. The 2016 Certificates maturing on or after January 1, 20__ are subject to prepayment prior to maturity in whole or in part on any date on or after January 1, 20__, at the option of the City, in the event the City exercises its option under Section 4.4 of the Lease to prepay all or a portion of the principal component of the Lease Payments, at a prepayment price equal to the principal component to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

In the event the City gives notice to the Trustee of its intention to exercise such option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the City will continue to pay the Lease Payments as if no such notice had been given.

(b) Mandatory Sinking Account Payment of 2016 Certificates. The 2016 Certificates maturing on January 1, 20__ (the “20__ Term Certificates”) are subject to prepayment in part by lot, on January 1 in each of the following years from sinking account payments as set forth below at a prepayment price equal to the principal amount thereof to be prepaid, without premium; provided, however, that if some but not all of the 20__ Term Certificates have been prepaid pursuant to an optional or extraordinary prepayment, the total amount of all future sinking account payments will be reduced pro rata by the aggregate principal amount of the 20__ Term Certificates so prepaid. In addition, in lieu of prepayment thereof, the 20__ Term Certificates may be purchased by the City and tendered to the Trustee pursuant to the provisions of the Trust Agreement.

***Mandatory Prepayment
Date
(January 1)***

***Sinking Account
Payment***

* Final Maturity

If prior to one of the mandatory prepayment dates specified above the City purchases any 20__ Term Certificates, then at least 45 days prior to the prepayment date the City shall notify

the Trustee as to the principal amount purchased, and the amount of 2016 Certificates so purchased shall be credited at the time of purchase, to the extent of the full principal amount thereof, to reduce the upcoming sinking account payment for the applicable maturity of the 2016 Certificates so purchased. All 2016 Certificates purchased pursuant to this subsection shall be cancelled pursuant to Section 4.8 of the Trust Agreement.

APPLICATION OF FUNDS

Section 304. Application of Proceeds of 2016 Certificates and Other Funds. On the Closing Date of the 2016 Certificates, the Trustee agrees to receive from the Corporation the net proceeds of the 2016 Certificates, representing the payment by the Corporation of the rental due to the City under the Site Lease on the Closing Date for the 2016 Certificates. Upon receipt of the proceeds of the 2016 Certificates, the City hereby directs the Trustee to apply the proceeds of the 2016 Certificates as follows:

- (a) \$_____ to the Delivery Costs Account for disbursement in accordance with Section 3.1 of the Trust Agreement; and
- (b) \$_____ to Union Bank, N.A., as “Bank” pursuant to the Refunded Bonds Trust Agreement.

ARTICLE IV

MISCELLANEOUS

Section 401. Execution in Counterparts. This First Supplement to Trust 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 agreement.

Section 402. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed and attested this First Supplement to Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

CITY OF MANHATTAN BEACH

By: _____
City Manager

ATTEST:

City Clerk

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION

By: _____
Chief Financial Officer

ATTEST:

Secretary

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

[FORM OF CERTIFICATE OF PARTICIPATION]

**CITY OF MANHATTAN BEACH
CERTIFICATE OF PARTICIPATION
(Marine Field Refunding)
SERIES 2016**

Evidencing the Proportionate Interest of the Owner
Hereof in Lease Payments to Be Made by

CITY OF MANHATTAN BEACH

As Rental for Certain Leased Premises
Pursuant to a Lease Agreement with

MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION

Interest Rate %	Maturity Date January 1,	Dated Date	CUSIP NO.
--------------------	-----------------------------	------------	-----------

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns (the “Registered Owner”), of this Certificate of Participation (the “Certificate”) is the owner of a proportionate and undivided interest in the right to receive certain Lease Payments and Prepayments (the “Lease Payments”) to be made by the CITY OF MANHATTAN BEACH, a general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), pursuant to the Lease Agreement (the “Original Lease”), dated as of February 1, 2013, by and between the MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), and the City, as amended by that First Amendment to Lease Agreement (the “First Amendment to Lease Agreement” and, together with the Original Lease Agreement, the “Lease Agreement”), dated as of December 1, 2016, between the City and the Corporation, which Lease Payments and certain other rights and interests under the Lease have been assigned to U.S. BANK NATIONAL ASSOCIATION, as trustee (the “Trustee”), having a corporate trust office at which it conducts corporate trust business in Los Angeles, California (said office being herein referred to as the “Principal Office”).

The Certificates are being executed and delivered to refund the City of Manhattan Beach Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 and pay certain costs of issuance.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Trustee or any Certificate executed and delivered is registered in the name of Cede

& Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY OTHER PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the maturity date specified above, the principal amount specified above, representing a portion of the Lease Payments designated as principal (the "Principal Component") coming due on January 1 of each year (each, a "Principal Payment Date"), for the preceding twelve months, and to receive on July 1, 2017, and semiannually thereafter on January 1 and July 1 of each year (each, an "Interest Payment Date") until payment in full of said Principal Component, the Registered Owner's portion of the Lease Payments designated as interest (the "Interest Component") coming due during the six months immediately preceding each Payment Date (collectively, each Principal Payment Date and Interest Payment Date is hereinafter referred to as a "Payment Date"); provided, that such Interest Component shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate (unless (i) this Certificate is executed as of an Interest Payment Date in which event interest should be payable from the date thereof; or (ii) it is executed after a Record Date and before the following Interest Payment Date, in which event the Interest Component shall be payable from such following Interest Payment Date, or (iii) this Certificate is executed on or before June 15, 2017, in which event interest shall be payable from the original dated date of the Certificates). The "Record Date" is the close of business on the fifteenth day of the month preceding a Payment Date, whether or not such day is a business day. There shall be no execution or registration of transfer of Certificates during the period established by the Trustee for selection of Certificates for prepayment or any Certificate selected for prepayment. The Interest Component is the result of the multiplication of the Principal Component by the rate per annum identified above. Interest with respect to the Certificates shall be calculated on the basis of a 360-day year, comprised of twelve months of 30 days each. Said amounts are payable by check in lawful money of the United States of America. The amount representing Principal Component payable at maturity or upon prepayment in whole is payable to the Registered Owner by check of the Trustee upon presentation and surrender of this Certificate at the Principal Office. The amounts representing the Interest Component are payable by check mailed by first class mail by the Trustee to the Registered Owner hereof at his address as it appears on the registration books of the Trustee or by wire transfer to a bank account in the United States in the case of Registered Owners owning \$1,000,000 or more in aggregate principal amount of Certificates who have furnished instructions in writing to the Trustee at least 15 days prior to the Payment Date.

The total amount of each payment of Principal Component or Interest Component made to the Registered Owner of this Certificate is comprised of interests in the Principal Component of Lease Payments made by the City with respect to Certificates maturing on the maturity date stated above, and with an Interest Component at the rate indicated above.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of that Trust Agreement (the "Original Trust Agreement"), dated as of February 1, 2013, by and among the City, the Corporation and the Trustee, as supplemented by the Supplemented by that First Supplement to Trust Agreement ("First Supplement to Trust Agreement" and, together with the Original Trust Agreement, the "Trust Agreement")), dated as of December 1, 2016, by and among the City, the Corporation and the Trustee. The City is authorized to enter into the Lease and the Trust Agreement under the Constitution and the laws of the State of California. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Principal Office) for a

description of the terms on which the Certificates are executed and delivered, the rights thereunder of the Registered Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of which Lease and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees. To the extent and in the manner permitted by the terms of the Trust Agreement, Additional Certificates on a parity with the Certificates may be executed and delivered.

The City is obligated to pay Lease Payments from any source of legally available funds, and the City has covenanted in the Lease to make the necessary annual appropriations therefor. The obligations of the City to pay the Lease Payments do not constitute obligations 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. The obligations of the City to pay Lease Payments do not constitute debts of the City, the State of California or any of its political subdivisions, and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Under certain circumstances, the City is not obligated to make its payments of Lease Payments due to the loss or destruction of all or a portion of the Leased Premises. To the extent that the City receives net proceeds of property damage and business or rental interruption insurance, such net proceeds will be applied to offset abated Lease Payments.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the Registered Owners of at least 51% in aggregate principal amount of the Certificates then Outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the Registered Owners of the Certificates are materially adversely affected. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of Interest Component, or reducing the amount of Principal Component thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Registered Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Certificate is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer, a new Certificate or Certificates, of authorized denomination or denominations, for the same aggregate Principal Component, maturity and interest rate, will be delivered to the transferee. This Certificate also may be exchanged for a like aggregate Principal Component of Certificates of other authorized denominations as prescribed in the Trust Agreement. The City, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes whether or not this Certificate shall be overdue, and the City, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Certificates are subject to prepayment as provided in the Trust Agreement.

As provided in the Trust Agreement, notice of prepayment shall be mailed by first class mail, not less than 20 nor more than 60 days before the prepayment date, to the Registered Owners of affected Certificates, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment.

If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, the Interest Component shall cease to accrue with respect hereto from and after the date fixed for prepayment.

THIS IS TO FURTHER CERTIFY that all acts, conditions and things required to have been performed by or in relation to the Trustee precedent to and in connection with the execution and delivery of this Certificate have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

THE LESSEE HAS CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of California and the provisions of the Trust Agreement to exist, to have happened and to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

The Trustee has no obligation or liability to the Registered Owners to make payments of Principal or Interest Components or Lease Payments pertaining to the Certificates except from Lease Payments paid to the Trustee and from the various funds and accounts established under the Trust Agreement. The Trust Agreement provides that the recitals of facts, covenants and agreements in the Certificate shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Date of Execution: December 1, 2016

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(please print or typewrite name, address and social security or other identifying number of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints:

attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

NOTICE: Signature(s) must be guaranteed by a qualified guarantor institution.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

RECORDING REQUESTED BY:)
City of Manhattan Beach)
)
AND WHEN RECORDED MAIL TO:)
Stradling Yocca Carlson & Rauth)
500 Capitol Mall, Suite 1120)
Sacramento, California 95814)
Attn: Kevin M. Civale, Esq.

[Space above for Recorder.]

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE CITY OF MANHATTAN BEACH, AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE GOVERNMENT CODE. THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES.

FIRST AMENDMENT TO SITE AND FACILITIES LEASE

by and between

**CITY OF MANHATTAN BEACH,
as Lessor**

and

**MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION,
as Lessee**

Dated as of December 1, 2016

Relating to:

**§ _____
CITY OF MANHATTAN BEACH
CERTIFICATES OF PARTICIPATION
(MARINE FIELD REFUNDING)
SERIES 2016**

FIRST AMENDMENT TO SITE AND FACILITIES LEASE

This First Amendment to Site and Facilities Lease (the “First Amendment to Site and Facilities Lease”) is made and entered into as of December 1, 2016, by and between the CITY OF MANHATTAN BEACH, a municipal corporation and a general law city duly organized and existing under and by virtue of the laws of the State, as lessor (the “City”), and the MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessee (the “Corporation”), and amends, in part, that certain Site and Facilities Lease between the City, as lessor, and the Corporation, as lessee, dated as of February 1, 2013 and recorded in the official records of the County of Los Angeles (the “County”) on February 13, 2013 as Document No. 2013-0212868 (the “Original Site Lease” and, together with this First Amendment to Site and Facilities Lease, the “Site Lease”).

W I T N E S S E T H :

WHEREAS, the City has entered into the Original Site Lease with the Corporation for the purpose of leasing to the Corporation, as lessee thereunder, the real property (including all existing improvements thereon) described in Exhibit A thereto; and

WHEREAS, the City and the Corporation desire to enter into this First Amendment to Site and Facilities Lease in order to facilitate the execution and delivery of those certain \$_____ City of Manhattan Beach Certificates of Participation (Marine Field Refunding) Series 2016 (the “2016 Certificates”); and

WHEREAS, the 2016 Certificates are being executed and delivered as Additional Certificates under that certain Trust Agreement, dated as of February 1, 2013, as amended by that Supplement to Trust Agreement, dated as of February 1, 2016, (collectively, the “Trust Agreement”), by and among the Corporation, the City and U.S. Bank National Association, as trustee; and

WHEREAS, pursuant to Section 18 of the Original Site Lease the City and the Corporation reserved the right to amend the Original Site Lease; and

WHEREAS, pursuant to Section 18 of the Original Site Lease and Section 4.7 of that certain Lease Agreement, dated as of December 1, 2016 by and between the City, as lessee, and the Corporation, as lessor, and recorded in the official records of the County on February 13, 2013 as Document No. 2013-0212869, as amended by the First Amendment to Lease Agreement dated as of December 1, 2016 being recorded concurrently herewith (collectively, the “Lease”), the City and the Corporation reserved the right to amend the Site Lease and the Lease in connection with the execution and delivery of Additional Certificates; and

WHEREAS, to facilitate the execution and delivery of the 2016 Certificates, the City and the Corporation have determined to enter into this First Amendment to Site Lease to reflect that the Corporation shall pay to the City as additional rental payment hereunder an amount equal to the net proceeds of the 2016 Certificates; and

WHEREAS, the parties hereto have agreed to amend the Site Lease as described herein, and have determined that such amendments do not adversely affect the interests of the Owners of the 2016 Certificates or any Additional Certificates;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration, it is hereby mutually agreed as follows:

SECTION 1. Definitions. Unless the context otherwise requires, the capitalized terms herein which are not defined herein shall have the meanings referenced in the Original Site and Facilities Lease.

SECTION 2. Additional Rental. Section 4 of the Site Lease is amended, in part, by amending the last sentence thereto to state as follows: “The Corporation, and any assignee or successor in interest of the Corporation under this Site Lease, shall pay to the City as an additional rental payment hereunder an amount equal to the net proceeds of the 2016 Certificates and any Additional Certificates, which shall be deposited with the Trustee and be applied as set forth in the Trust Agreement.

SECTION 3. No Other Amendments. Except as expressly set forth in Section 2 above, all other provisions of the Site Lease remain in full force and effect.

SECTION 4. Counterparts. This First Amendment to Site Lease 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused this First Amendment to Site Lease to be executed by their duly authorized officers on the date and year first above written.

CITY OF MANHATTAN BEACH, as Lessor

By: _____
City Representative

ATTEST:

City Clerk

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION, as Lessee

By: _____
Corporation Representative

ATTEST:

Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed under the foregoing to the Manhattan Beach Capital Improvements Corporation (the "Corporation"), a body corporate and politic, is hereby accepted by the undersigned officer or agent on behalf of the Board of Directors of the Corporation (the "Board"), pursuant to Corporation conferred by resolution of said Board adopted on November 1, 2016, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: December __, 2016

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION

By: _____
Corporation Representative

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

DESCRIPTION OF THE LEASED PREMISES

Real property in the City of Manhattan Beach, County of Los Angeles, State of California, described as follows:

LOTS 46 THROUGH 56, LOTS 65 THROUGH 74, LOTS 83 THROUGH 92 AND A PORTION OF LOT C (EASTERLY OF A LINE DRAWN BETWEEN THE WESTERLY BORDERS OF LOTS 65 AND 83), AND VACATED STREET (EASTERLY OF A LINE DRAWN EXTENDING THE WESTERLY BORDER OF LOT 65 TO THE SOUTHERLY BORDER OF LOT 46), TRACT NO. 2541 IN THE CITY OF MANHATTAN BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 24, PAGE 86 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8940-211-016

RECORDING REQUESTED BY:)
City of Manhattan Beach)
)
AND WHEN RECORDED MAIL TO:)
Stradling Yocca Carlson & Rauth)
500 Capitol Mall, Suite 1120)
Sacramento, California 95814)
Attn: Kevin M. Civale, Esq.)

[Space above for Recorder.]

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE CITY OF MANHATTAN BEACH AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE GOVERNMENT CODE. THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES. LEASE TERM LESS THAN 35 YEARS.

**FIRST AMENDMENT TO LEASE AGREEMENT
by and between**

**CITY OF MANHATTAN BEACH,
as Lessee**

and

**MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION,
as Lessor**

Dated as of December 1, 2016

Relating to:

**\$ _____
CITY OF MANHATTAN BEACH
CERTIFICATES OF PARTICIPATION
(MARINE FIELD REFUNDING)
SERIES 2016**

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT, dated as of December 1, 2016 (“First Amendment to Lease Agreement”), is entered into by and between the CITY OF MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessor (the “Corporation”), and the CITY OF MANHATTAN BEACH, a municipal corporation and a general city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessee (the “City”), and amends, in part, that certain Lease Agreement between the City, as lessee, and the Corporation, as lessor, dated as of February 1, 2013, and recorded in the official records of the County of Los Angeles (the “County”) on February 13, 2013 as Document No. 2013-0212869 (the “Original Lease” and, together with this First Amendment to Lease Agreement, the “Lease”);

WITNESSETH :

WHEREAS, pursuant to the Government Code of the State of California, the City may enter into leases and agreements relating to real property to be used by the City; and

WHEREAS, the Corporation is authorized pursuant to the laws of the State of California to provide financial assistance to the City by acquiring, constructing and financing various public facilities, land and equipment and the leasing of facilities, land and equipment for the use, benefit and enjoyment of the public; and

WHEREAS, the Corporation entered into the Original Lease with the City for the purpose of leasing the real property (including all existing and future improvements thereon) described in Exhibit A thereto (and Exhibit 1 hereto) to the City, as lessee thereunder to facilitate the execution and delivery of those certain \$10,510,000 City of Manhattan Beach Certificates of Participation (Police and Fire Facility Refunding) (the “2013 Certificates”); and

WHEREAS, the City and the Corporation desire to enter into this First Amendment to Lease Agreement in order to facilitate the execution and delivery of those certain \$_____ City of Manhattan Beach Certificates of Participation (Marine Field Refunding) Series 2016 (the “2016 Certificates”) to refund of the outstanding City of Manhattan Beach Variable Rate Demand Certificates of Participation (Marine Sports Field Capital Lease Refinancing) (the “Refunded Certificates”); and

WHEREAS, the 2016 Certificates are being executed and delivered as Additional Certificates under that certain Trust Agreement, dated as of February 1, 2013, as amended by that certain First Supplement to Trust Agreement, dated as of December 1, 2016 (collectively, the “Trust Agreement”), each by and among U.S. Bank National Association, as Trustee, the Corporation and the City; and

WHEREAS, pursuant to Section 4.7 of the Original Lease, the City and the Corporation reserved the right to amend the Original in connection with the execution and delivery of Additional Certificates; and

WHEREAS, to facilitate the execution and delivery of the 2016 Certificates, the City and the Corporation desire to amend the Original Lease as described herein;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Definitions. Unless the context otherwise requires, the capitalized terms used herein shall have the meanings specified in the Original Lease and the Trust Agreement.

SECTION 2. Schedule of Lease Payments. Upon the execution and delivery of the 2016 Certificates, Exhibit A to the Lease shall be deleted in its entirety and replaced by Exhibit 2 hereto.

SECTION 3. No Other Amendments. Except as expressly set forth in Section 2 above, all other provisions of the Lease remain in full force and effect.

SECTION 4. Counterparts. This First Amendment to Lease 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Corporation has caused this FIRST AMENDMENT TO LEASE AGREEMENT to be executed in its name by its duly authorized officers, and the City has caused this FIRST AMENDMENT TO LEASE AGREEMENT to be executed in its name by its duly authorized officers, as of the date first above written.

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION, as Lessor

By: _____
Corporation Representative

ATTEST:

Donna Norris
Secretary

CITY OF MANHATTAN BEACH, as Lessee

By: _____
City Representative

ATTEST:

City Clerk

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT 1

DESCRIPTION OF THE LEASED PREMISES

Real property in the City of Manhattan Beach, County of Los Angeles, State of California, described as follows:

LOTS 46 THROUGH 56, LOTS 65 THROUGH 74, LOTS 83 THROUGH 92 AND A PORTION OF LOT C (EASTERLY OF A LINE DRAWN BETWEEN THE WESTERLY BORDERS OF LOTS 65 AND 83), AND VACATED STREET (EASTERLY OF A LINE DRAWN EXTENDING THE WESTERLY BORDER OF LOT 65 TO THE SOUTHERLY BORDER OF LOT 46), TRACT NO. 2541 IN THE CITY OF MANHATTAN BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 24, PAGE 86 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8940-211-016

EXHIBIT 2
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date*	2013 Certificate		2016 Certificates		Total
	Principal Component	Interest Component	Principal Component	Interest Component	
7/1/2013		\$130,722.74			
1/1/2014	\$480,000	169,281.25			
7/1/2014		164,481.25			
1/1/2015	450,000	164,481.25			
7/1/2015		159,981.25			
1/1/2016	455,000	159,981.25			
7/1/2016		153,156.25			
1/1/2017	465,000	153,156.25			
7/1/2017		146,181.25			
1/1/2018	480,000	146,181.25			
7/1/2018		138,981.25			
1/1/2019	500,000	138,981.25			
7/1/2019		131,481.25			
1/1/2020	515,000	131,481.25			
7/1/2020		123,756.25			
1/1/2021	530,000	123,756.25			
7/1/2021		115,806.25			
1/1/2022	545,000	115,806.25			
7/1/2022		107,631.25			
1/1/2023	560,000	107,631.25			
7/1/2023		99,231.25			
1/1/2024	575,000	99,231.25			
7/1/2024		87,731.25			
1/1/2025	600,000	87,731.25			
7/1/2025		75,731.25			
1/1/2026	620,000	75,731.25			
7/1/2026		63,331.25			
1/1/2027	650,000	63,331.25			
7/1/2027		50,331.25			
1/1/2028	675,000	50,331.25			
7/1/2028		39,784.38			
1/1/2029	695,000	39,784.38			
7/1/2029		28,490.63			
1/1/2030	720,000	28,490.63			
7/1/2030		16,790.63			
1/1/2031	745,000	16,790.63			
7/1/2031		4,218.75			
1/1/2032	250,000	4,218.75			
7/1/2032					
1/1/2033					
Total	\$10,510,000	\$3,714,197.77			

Due date for payment of City of Lease Payments is set forth in Section 4.3(a) of the Lease Agreement.

**[\$Par Amount]
CERTIFICATES OF PARTICIPATION
(Marine Field Refunding) Series 2016
Evidencing the Proportionate Interests of the Owners
Thereof In Lease Payments To Be Made By The
CITY OF MANHATTAN BEACH
As the Rental for Certain Leased Premises Pursuant to a Lease Agreement with the
Manhattan Beach Capital Improvements Corporation**

Bank Qualified

[Pricing Date]

PURCHASE CONTRACT

Manhattan Beach Capital
Improvements Corporation
Manhattan Beach, California

City of Manhattan Beach
Manhattan Beach, California

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”), offers to enter into this Purchase Contract (this “Purchase Contract”) with the Manhattan Beach Capital Improvements Corporation (the “Corporation”) and the City of Manhattan Beach, California (the “City”), which upon acceptance will be binding upon the Underwriter, the Corporation and the City. This offer is made subject to the Corporation’s and the City’s acceptance by the execution of this Purchase Contract and their delivery to the Underwriter on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Corporation and the City at any time prior to the acceptance hereof by the Corporation and the City. All capitalized terms used herein, which are used and not otherwise defined herein, shall have the meanings ascribed to such terms in the Trust Agreement, dated as of February 1, 2013 (the “Original Trust Agreement”), as supplemented by the First Supplement to Trust Agreement, dated as of December 1, 2016 (the “Supplement” and, together with the Original Trust Agreement, the “Trust Agreement”), each by and among the Corporation, the City and U.S. Bank National Association, as trustee (the “Trustee”).

The Certificates are being executed and delivered to (a) prepay and refund the City’s outstanding Variable Rate Demand Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the “Refunded Certificates”) and (b) pay certain costs of issuance associated with the above-captioned Certificates (the “Certificates”).

The City and the Corporation, will enter into a First Amendment to Site and Facilities Lease, dated as of December 1, 2016 (the “Amendment to Site and Facilities Lease”), which amends the Site and Facilities Lease, dated as of February 1, 2013 (the “Original Site Lease”

and, together with the Amendment to Site and Facilities Lease, the “Site Lease”) pursuant to which the City leased to the Corporation certain real property and improvements generally consisting of the police department and fire department headquarters facility (the “Leased Premises”).

The Certificates evidence and represent the proportionate undivided interests of the registered owners thereof in certain Lease Payments to be made by the City as the rental for the use and possession of the Leased Premises to be leased from the Corporation pursuant to the Lease Agreement, dated as of February 1, 2013 (the “Original Lease Agreement”), as amended by the First Amendment to Lease Agreement, dated as of December 1, 2016 (the “Amendment to Lease Agreement” and, together with the Original Lease Agreement, the “Lease Agreement”), each by and between the Corporation and the City. Pursuant to the Assignment Agreement, dated as of February 1, 2013 (the “Original Assignment Agreement”), as amended by the First Amendment to Assignment Agreement, dated as of December 1, 2016 (the “Amendment to Assignment Agreement” and, together with the Original Assignment Agreement, the “Assignment Agreement”), each by and between the Corporation and the Trustee, the Corporation has and will assign to the Trustee, for the benefit of the owners, its rights under the Lease Agreement.

Section 1. Purchase, Sale and Delivery of the Certificates.

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Corporation, and the Corporation hereby agrees to sell to the Underwriter, all (but not less than all) of the Certificates, dated the date of delivery, bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The obligation of the City to make Lease Payments as set forth in the Lease Agreement constitutes an obligation of the City, payable during such period as the City has full use and occupancy of the Leased Premises, from funds of the City legally available therefor.

The purchase price for the Certificates shall be \$_____ (representing the principal amount of the Certificates of \$[Par Amount], plus/minus [net] premium/discount of \$_____ and less an Underwriter’s discount of \$_____); it being acknowledged that the Underwriter will on the Closing Date, deliver net proceeds to the City in the amount of \$_____. The Certificates shall be substantially in the form described in, shall be executed and delivered and secured under the provisions of the Trust Agreement.

The City and the Corporation each acknowledge and agree that: (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm’s-length commercial transaction between the City, the Corporation and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and are not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and has not assumed a fiduciary responsibility in favor of the City or the Corporation with respect to the offering of the Certificates or the process leading thereto (whether or not the Underwriter has advised or is currently advising the City or the Corporation on other matters); (iii) the only obligations the Underwriter has to the City and the Corporation

with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; (iv) the City and the Corporation have each consulted their own municipal, legal, accounting, financial, tax and other advisors to the extent they have deemed it appropriate; and (v) the Underwriter has financial interests that may differ from and be adverse to those of the City and the Corporation.

(b) Pursuant to the authorization of the City and the Corporation, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2016, relating to the Certificates, which, together with the cover page, the inside cover page and appendices thereto, and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, is herein called the "Preliminary Official Statement." By their acceptance of this Purchase Contract, the Corporation and the City hereby ratify the use by the Underwriter of the Preliminary Official Statement; and the City agrees to execute a final official statement relating to the Certificates (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 promulgated under the Exchange Act ("Rule 15c2-12") and any amendments or supplements thereto, as have been approved by the City, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Special Counsel ("Special Counsel"), and as Disclosure Counsel ("Disclosure Counsel") and the Underwriter, is referred to herein as the "Official Statement") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of the City, Special Counsel and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 3(p) hereof. The City hereby authorizes the Underwriter to use and promptly distribute, in connection with the offer and sale of the Certificates, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Corporation and the City further authorize the Underwriter to use and distribute, in connection with the Purchase Contract and all information contained herein, all other documents, certificates and statements furnished by or on behalf of the Corporation or the City to the Underwriter in connection with the transactions contemplated by this Purchase Contract. The Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the City and the Corporation as of its date, except for the omission of such information as is permitted to be omitted in accordance with Rule 15c2-12.

(c) Except as the Underwriter and the City may otherwise agree, the City will deliver to the Underwriter, at the offices of Special Counsel or at such other location as may be mutually agreed upon by the Underwriter and the City, the documents hereinafter mentioned and the Corporation will deliver to the Underwriter at the offices of The Depository Trust Company ("DTC") in New York, New York or to the Trustee, if the closing will occur under DTC's "FAST" program, the Certificates, in definitive form (all Certificates bearing CUSIP numbers), duly executed by the Corporation and authenticated by the Trustee in the manner provided for in the Trust Agreement at 8:00 a.m. California time, on December 1, 2016 (the "Closing Date"), and the Underwriter will accept such delivery and pay the purchase price of the Certificates as set forth in paragraph (a) of this Section, in immediately available funds (such delivery and payment being herein referred to as the "Closing"). The Certificates shall be made available to the Underwriter for inspection not later than two Business Days prior to the Closing Date. The Certificates shall be in fully registered book-entry form and shall be registered in the name of Cede & Co., as nominee of DTC.

(d) The Underwriter agrees to make a *bona fide* public offering of all the Certificates initially at prices not in excess of the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change such initial offering price or prices as the Underwriter shall deem necessary in connection with the marketing of the Certificates and to offer and sell the Certificates to certain dealers unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth herein. The Underwriter also reserves the right (i) to over-allot or effect transactions which stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market, and (ii) to discontinue such stabilizing, if commenced at any time.

(e) To assist the Underwriter in complying with Rule 15c2-12, the Corporation and the City will, pursuant to the Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), dated as of the Closing Date, between the City and the Trustee, as dissemination agent thereunder, undertake to provide certain annual financial information and notices of the occurrence of specified events. A description of this undertaking is set forth in the Preliminary Official Statement and the final Official Statement.

Section 2. Representations, Warranties and Agreements of the Corporation. The Corporation represents, warrants to, covenants and agrees with, the Underwriter that:

(a) The Corporation is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California (the “State”) and has, and at the Closing Date, will have, full legal right, power and authority (i) to enter into, execute, deliver and perform its obligations under this Purchase Contract, the Trust Agreement, the Lease Agreement, the Site Lease and the Assignment Agreement (collectively, the “Corporation Documents”), (ii) to execute and deliver the Certificates to the Underwriter pursuant to the Trust Agreement and as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the Corporation Documents and the Official Statement. To the best knowledge of the Corporation, each of the Corporation Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(b) The Corporation has complied, and will at the Closing Date be in compliance, in all respects with the Corporation Documents.

(c) The Board of Directors of the Corporation has, by all necessary action of the Corporation, including the adoption of a resolution adopted by the Board of Directors of the Corporation on November 1, 2016 (the “Corporation Resolution”), duly and validly: (i) approved and authorized the execution and delivery of the Corporation Documents, the Certificates and the Official Statement and approved the distribution of the Preliminary Official Statement, and (ii) authorized and approved the performance by the Corporation of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, the Corporation Resolution and each of such documents. The

Corporation Resolution was duly adopted at a meeting of the Corporation called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(d) Except as described in the Official Statement, to the best knowledge of the Corporation, the Corporation is not in any material respect in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Corporation is a party or is otherwise subject or bound, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Corporation is a party or is otherwise subject or bound, and the performance by the Corporation of its obligations under the Corporation Resolution, the Certificates, the Corporation Documents or any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict, in any material way, with or constitute a material breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Corporation is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Corporation of its obligations under the Corporation Resolution, the Certificates or the Corporation Documents.

(e) To the best of the Corporation's knowledge, except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Corporation of its obligations under each of the Corporation Documents and the Certificates have been obtained by the Corporation.

(f) The information concerning the Corporation contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement, as of its date and at all times after the date of the Official Statement up to and including the Closing Date, relating to the Corporation, was, is and will be true, correct and complete in all material respects and did not and does not, and on the Closing Date such information concerning the Corporation will not, contain any untrue statement of a material fact or omit to state any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect.

(g) If after the date of this Purchase Contract and until twenty-five (25) days after the End of the Underwriting Period (as hereinafter defined), any event shall occur, of which the Corporation has notice, as a result of which it may be necessary to supplement the Official Statement to make the statements therein, in the light of the circumstances existing at such time, not misleading, the Corporation shall immediately notify the City and the Underwriter of any

such event of which it has knowledge and, if in the opinion of the Underwriter such event requires an amendment or supplement to the Official Statement, the Corporation will at its own expense, or will cause the City, at its own expense, to amend or supplement the Official Statement in a form and manner jointly approved by the City, the Corporation and the Underwriter so that the statements therein as so amended or supplemented will not be misleading in the light of the circumstances existing at such time and the Corporation will promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. As used herein the term “End of the Underwriting Period” means the later of such time as (i) the Corporation delivers the Certificates to the Underwriter, or (ii) the Underwriter does not retain an unsold balance of the Certificates for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Corporation at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

(h) No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body is pending and notice of which has been served on and received by the Corporation, or, to the best knowledge of the Corporation, threatened in any way affecting the existence of the Corporation or the titles of its officers to their respective offices or seeking to restrain or to enjoin the execution and delivery of the Certificates, the application of the proceeds thereof in accordance with the Corporation Documents, the assignment of the Lease Payments to the Trustee under the Assignment Agreement or in any way contesting or affecting the validity or enforceability of the Certificates, the Corporation Resolution or any action of the Corporation contemplated by any of such documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the Corporation or its authority with respect to the Certificates, the Corporation Resolution, the Corporation Documents or any action of the Corporation contemplated by any of such documents, or which contests the exclusion from gross income for federal income tax purposes of interest paid on the Certificates or the exemption of interest paid on the Certificates from State personal income taxation, or which, if adversely determined, could materially adversely affect the financial position or operating condition of the Corporation or the transactions contemplated by the Official Statement or any of the other Corporation Documents. The Corporation shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Certificates.

(i) The Corporation will apply the proceeds of the Certificates in accordance with the Trust Agreement.

(j) Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Certificates at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest with respect to the Certificates and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Corporation will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Trust Agreement.

Section 3. Representations, Warranties and Agreements of the City. The City represents, warrants to, covenants and agrees with the Underwriter that:

(a) The City is a general law city duly organized and existing under the laws of the State, with full right, power and authority to enter into and perform its duties under this Purchase Contract, the Trust Agreement, the Lease Agreement, the Site Lease, and the Continuing Disclosure Agreement (collectively, the “City Documents”), and, when executed and delivered by the respective parties thereto, the City Documents will constitute the legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against cities in the State. To the best knowledge of the City, each of the City Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(b) By all necessary official action of the City, prior to or concurrently with the acceptance hereof, including by resolution adopted by the City Council of the City on November 1, 2016 (the “City Resolution”), the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement. The City Resolution was duly adopted at a meeting of the City called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The information contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement, as of its date and at all times after the date of the Official Statement up to and including the Closing Date, was, is and will be true, correct and complete in all material respects and did not and does not, and on the Closing Date such information will not, contain any untrue statement of a material fact or omit to state any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect (except this representation does not include information under the caption “TAX MATTERS” and in Appendix C – “PROPOSED FORM OF OPINION OF SPECIAL COUNSEL” and information relating to DTC or its book-entry only system,). If the information in the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the time of the Closing, the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) To the best knowledge of the City, the execution and delivery of the City Documents and compliance with the provisions on the City’s part contained herein and therein will not, to any material extent, conflict with or constitute a material breach of or default under the City’s duties under said documents or any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, articles, bylaws, agreement or other instrument

to which the City is a party or is otherwise subject, which material conflict, breach or default could have a material adverse effect on the ability of the City to perform its obligations under the City Resolution or City Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, articles, bylaws, agreement or other instrument, except as provided by the City Documents.

(e) Except as described in the Official Statement, to the best knowledge of the City, the City is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, articles, bylaws, resolution, agreement or other instrument to which the City is a party or is otherwise subject which could have a material adverse effect on the City's ability to perform its obligations under the City Resolution or the City Documents and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or an event of default under any such instrument.

(f) To the best of the City's knowledge, except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the City of its obligations under each of the City Documents and the Certificates.

(g) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Certificates for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions; provided, however, that the City shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction. It is understood that such "blue sky" registration is the sole responsibility of the Underwriter.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending and notice of which has been served on and received by the City or, to the best knowledge of the City, threatened against the City affecting the existence of the City or challenging the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of this Purchase Contract, the City Resolution or the City Documents or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness, accuracy or fairness of the Official Statement or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates, the City Resolution or the City

Documents, or which, if adversely determined, could materially adversely affect the financial position or operating condition of the Corporation or the transactions contemplated by the Official Statement or any of the other Corporation Documents. The City shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Certificates.

(i) Between the date hereof and the time of the Closing, the City shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the City or except for such borrowings as may be described in or contemplated by the Official Statement

(j) If between the date hereof and the date which is 25 days following the End of the Underwriting Period for the Certificates an event occurs of which the City has knowledge, which might or would cause the information relating to the City contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in light of the circumstances under which it was presented, not misleading, the City will notify the Corporation and the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to such portions of the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City.

(k) The Leased Premises and the City's use and enjoyment thereof is essential to City operations and the exceptions set forth in the title insurance policy for the Leased Premises insuring, subject only to Permitted Encumbrances, the fee interest of the City in the Leased Premises, the Corporation's leasehold estate in the Leased Premises under the Site Lease, and the City's leasehold estate in the Leased Premises under the Lease Agreement, do not materially impair the use of the Leased Premises, the existing facilities and the sites thereof for the purposes for which they are or may reasonably be expected to be held.

(l) The financial statements of, and other financial information regarding, the City contained in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth.

(m) Since June 30, 2015, no material adverse change has occurred in the financial condition, assets, properties or results of operation of the City which is not described in the Preliminary Official Statement.

(n) As of the Closing Date, no event affecting the City shall have occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) Except as described in the Preliminary Official Statement and the Official Statement, the City has not failed to comply in the last five years in any material respect with the terms of any continuing disclosure agreement entered into prior to the date hereof relating to the provision of annual reports or notices of enumerated events in accordance with Rule 15c2-12.

(p) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the City shall deliver to the Underwriter a final Official Statement relating to the Certificates dated the date hereof and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the Municipal Securities Rulemaking Board (the "MSRB") and to meet potential customer requests for copies of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the City, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The City shall execute the Official Statement by an authorized officer of the City. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions, and revisions and recent developments in the Official Statement which are approved by the Underwriter or which the City or its Counsel determines is required under applicable law. The Underwriter hereby agrees to cooperate and assist in the preparation of the Official Statement. The City hereby agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("SEC").

The execution and delivery of this Purchase Contract by the City shall constitute a representation to the Underwriter that the representations and warranties contained in this Section 3 are true as of the date hereof.

Section 4. Conditions Precedent. The Underwriter has entered into this Purchase Contract in reliance upon the representations and agreements of the City and the Corporation contained herein and the performance by the City and the Corporation of their obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriter's obligations under this Purchase Contract are and shall be subject to the following further conditions:

(i) The representations of the City and the Corporation contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) At the time of the Closing, the Official Statement, the City Resolution, the Corporation Resolution, the City Documents and the Corporation Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(iii) The City shall perform or have performed all of its obligations required under or specified in the City Resolution, the City Documents, and the Official Statement to be performed at or prior to the Closing.

(iii) The Corporation shall perform or have performed all of its obligations required under or specified in the Corporation Resolution, the Corporation Documents, and the Official Statement to be performed at or prior to the Closing.

(iv) The City shall have delivered to the Underwriter final Official Statements by the time, and in the numbers, required by Section 3(p) of this Purchase Contract.

(v) As of the date hereof and at the time of Closing, all necessary official action of the City relating to the City Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(v) As of the date hereof and at the time of Closing, all necessary official action of the Corporation relating to the Corporation Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(vi) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the City, the Corporation, the City Resolution, the Corporation Resolution, the City Documents, the Corporation Documents, the Lease Payments or the Certificates as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Certificates.

(vii) At or prior to the Closing, the Underwriter shall receive the following documents (in each case with only such changes as the Underwriter shall approve):

(1) The Official Statement, executed on behalf of the City by the City Manager;

(2) The Corporation Documents and the City Documents duly executed and delivered by the parties thereto;

(3) The City Resolution authorizing the execution and delivery of the City Documents, together with a certificate of the Secretary of the City Council, dated as of the Closing Date, to the effect that such resolutions are true, correct and complete copies of the resolutions duly adopted by the City Council;

(4) The Corporation Resolution, together with a certificate of the Secretary of the Corporation, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the Board of Directors of the Corporation;

(5) An approving opinion, dated the Closing Date and addressed to the City and the Corporation, of Special Counsel in substantially the form included as Appendix C to the Official Statement, together with a reliance letter of Special Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the City and the Corporation may be relied upon by the Underwriter to the same extent as if such opinion was addressed to the Underwriter;

(6) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Special Counsel, to the effect that: (i) this Purchase Contract, the Corporation Documents and the City Documents have been duly authorized, executed and delivered by the Corporation and the City, as appropriate, and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid and binding agreements of the Corporation and the City, respectively, enforceable in accordance with their terms, except as limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law, to the joint exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California); (ii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the statements in the Official Statement under the captions "THE 2016 CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 CERTIFICATES," "TAX MATTERS" and "CONTINUING DISCLOSURE" and in Appendix B to the Official Statement, insofar as such statements purport to summarize certain provisions of the Certificates, the Corporation Documents, the City Documents and Special Counsel's final opinion present a fair and accurate summary of such provisions;

(7) An opinion of Disclosure Counsel, dated the Closing Date and addressed to the City and the Underwriter, to the effect that, without passing upon or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and without having independently verified the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with the City, the City Attorney, the Underwriter, Underwriter's Counsel and others, and their reliance thereon and on certain specified records, documents, certificates, opinions and matters, no facts came to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Certificates which caused them to believe that the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any CUSIP numbers, financial, accounting, statistical, economic, engineering or

demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices A and E thereof, and information regarding DTC and its book- entry only system contained in the Official Statement);

(8) An opinion of the City Attorney as counsel to the City, and as counsel to the Corporation (in such capacity, "Corporation Counsel"), dated the date of the Closing, which counsel may also serve as counsel to the City, and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(9) An opinion of Norton Rose Fulbright US LLP, Los Angeles, California ("Underwriter's Counsel"), dated the Closing Date, addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(10) A certificate, dated the Closing Date and signed by an authorized representative of the Corporation or his or her authorized designee, to the effect that: (i) the representations and warranties of the Corporation contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, (ii) the Corporation Documents have been duly authorized and executed and are in full force and effect, (iii) the Corporation has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Corporation Documents and the Official Statement at or prior to the Closing Date, and (iv) except as described in the Official Statement, no litigation is pending and notice of which has been served on and received by the Corporation or, to his or her knowledge, threatened (A) seeking to restrain or enjoin the execution or delivery of any of the Certificates, (B) in any way contesting or affecting any authority for the execution or delivery of the Certificates or the validity of the Certificates, the Corporation Resolution or any Corporation Document, (C) in any way contesting the creation, existence or powers of the Corporation or the application of the proceeds of the Corporation, or (D) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Corporation or the transactions contemplated by the Official Statement or any Corporation Document; and (v) to the best of his or her knowledge, no event affecting the Corporation has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which should be disclosed therein in order to make the statements and information therein not misleading in any material respect;

(11) A certificate of the City, dated the Closing Date and signed by an authorized signatory, on behalf of the City to the effect that: (i) the representations and warranties of such City contained in the City Documents are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, (ii) the City Documents have been duly authorized and executed and are in full force and effect; (iii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which

should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect, (iv) the City has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the City Documents and the Official Statement at or prior to the Closing Date, (v) except as described in the Official Statement, no litigation is pending and notice of which has been served on and received by the City or, to his or her knowledge, threatened (A) seeking to restrain or enjoin the execution or delivery of any of the Certificates, (B) in any way contesting or affecting any authority for the execution or delivery of the Certificates or the validity of the Certificates, the City Resolution or any City Document, (C) in any way contesting the creation, existence or powers of the Corporation or the application of the proceeds of the City, or (D) which, if adversely determined, could materially adversely affect the financial position or operating condition of the City or the transactions contemplated by the Official Statement or any City Document; and (vi) except as disclosed in the Official Statement, since June 30, 2015, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the City and the City has not incurred since June 30, 2015, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

(12) A transcript of all proceedings relating to the authorization, execution and delivery of the Certificates, including certified copies of each of the Corporation Resolution and the City Resolution;

(13) Certified copies of the general resolution, or excerpt thereof, of U.S. Bank National Association, as Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Trust Agreement, the Continuing Disclosure Agreement and the Assignment Agreement;

(14) A certificate of the Trustee, dated the Closing Date, to the effect that (i) the Trustee has been duly organized and is validly existing in good standing as a national banking association duly organized under the laws of the United States of America with full corporate power to undertake the trust of the Trust Agreement; (ii) the Trustee is authorized to carry out corporate trust powers, and has full power and authority to perform its duties under the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement; (iii) the Trustee is duly authorized to execute and deliver the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement, to accept the obligations created by the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement and to authenticate the Certificates pursuant to the terms of the Trust Agreement; (iv) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Certificates of the consummation by the Trustee of the other transactions

contemplated to be performed by the Trustee in connection with the authentication of the Certificates and the acceptance and performance of the obligations created by the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement; (v) compliance with the terms of the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties; (vi) there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Certificates, the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement; and (vii) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Certificates or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Certificates, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Trust Agreement or the power and authority of the Trustee to enter into and perform its duties under the Trust Agreement and to authenticate and deliver the Certificates to or upon the order of the Underwriter;

(15) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter, the City and the Corporation to the effect that (i) the Trustee has been duly organized and is validly existing in good standing as a national banking association duly organized under the laws of the United States of America with full corporate power to undertake the trust of the Trust Agreement; (ii) the Trustee has duly authorized, executed and delivered the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement and, assuming due execution and delivery by the other parties thereto, the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement constitute the legal, valid and binding obligations of the Trustee, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought; (iii) exclusive of federal or state securities laws and regulations, other than routine filings required to be made with governmental agencies in order to preserve the

Trustee's authority to perform a trust business (all of which routine filings counsel believes, after reasonable inquiry and investigation, to have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Trust Agreement, the Assignment Agreement, or the Continuing Disclosure Agreement or the execution and delivery of the Certificates; and (iv) there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Certificates, the Trust Agreement, the Assignment Agreement, and the Continuing Disclosure Agreement;

(16) A certified copy of each of the Articles of Incorporation and Bylaws of the Corporation;

(17) An original or certified good standing certificate of the Secretary of State of the State of California, with respect to the Corporation bearing the seal of the Secretary of State of the State of California;

(18) A Tax Certificate delivered by the City on the Closing Date in form and substance acceptable to Special Counsel and the Underwriter;

(19) Evidence of the existence and validity of a policy or policies of Title Insurance with respect to the Leased Premises;

(20) Certificates by the City's official responsible for risk management that the insurance required pursuant to the Lease Agreement has been obtained;

(21) Evidence that the Certificates have been rated "___" by Standard & Poor's;

(22) A copy of the Blue Sky Survey with respect to the Certificates; and

(23) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Corporation and the City contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Corporation and the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City and the Corporation in connection with the transactions contemplated hereby and by the Official Statement.

Section 5. Termination. If the City or the Corporation shall be unable to satisfy their conditions of the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Underwriter to the City and the

Corporation in writing, or by telephone confirmed in writing. The performance by the City and the Corporation of any and all conditions contained in this Purchase Contract for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligations to purchase the Certificates, by written notice by the Underwriter to the City and the Corporation, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Certificates or the market prices of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates shall have been materially and adversely affected, in the professional judgment of the Underwriter, by:

(1) An amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the City or the Corporation or upon interest received on obligations of the general character of the Certificates which, in the judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the City or the Corporation, its property or income, its securities (including the Certificates) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or State authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Certificates, other securities of the City or the Corporation or obligations of the general character of the Certificates are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the City or the Corporation, the City Resolution, the Corporation Resolution, the City Documents, the Corporation Documents, the Lease Payments or the Certificates as the foregoing matters are described in the Official Statement, which in the professional judgment of the Underwriter materially impairs the investment quality of the Certificates; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the execution or delivery of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the execution or delivery of the Certificates, or the execution and delivery of any City Documents or Corporation Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision

of applicable federal securities laws, including the 1933 Act, the Exchange Act or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the execution or delivery of the Certificates, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Certificates, the City Resolution, the Corporation Resolution, the City Documents, the Corporation Documents or the existence or powers of the City or the Corporation with respect to its obligations under the City Documents, the Corporation Documents or the Certificates; or

(viii) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by Standard & Poor's to assign the long-term rating of "AA+" to the Certificates.

Section 6. Expenses.

(a) Whether or not the Underwriter accepts delivery of and pays for the Certificates as set forth herein, it shall be under no obligation to pay, and the Corporation shall pay or cause the City to pay out of the proceeds of the Certificates or any other legally available funds of the City or the Corporation, all expenses incidental to the performance of the Corporation's obligations hereunder, including but not limited to the cost of printing and delivering the Certificates, the City Documents and the Corporation Documents to the Underwriter; the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities; the fees and disbursements of the Corporation, the Trustee and its counsel, Special Counsel, Corporation Counsel, the City Attorney, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City or the Corporation in connection with the issuance and sale of the Certificates; rating agency fees; advertising expenses; and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance and sale of the Certificates. The Corporation shall pay, or cause the City to pay out of the proceeds of the Certificates, for any expenses incurred by the Underwriter on behalf of the City's or the Corporation's employees and representatives which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, and lodging of those employees and representatives.

(b) Whether or not the Certificates are delivered to the Underwriter as set for herein, the Corporation shall be under no obligation to pay, and the Underwriter shall be responsible for and pay (which may be included as an expense component of the Underwriter's discount), MSRB, CUSIP Bureau and CDIAAC fees and expenses to qualify the Certificates for sale under any "blue sky" laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Certificates not specifically enumerated in paragraph (a) of this Section, including the cost of preparing this Purchase Contract and other Underwriter documents, travel expenses and the fees and disbursements of their counsel.

Section 7. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City of Manhattan Beach, 1400 Highland Avenue, Manhattan Beach, California 90266, Attention: City Manager; any notice or other communication to be given to the Corporation under this Purchase Contract

may be given by delivering the same in writing to the Manhattan Beach Capital Improvements Corporation, c/o City of Manhattan Beach, 1400 Highland Avenue, Manhattan Beach, California 90266 Attention: Chief Administrative Officer; any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 333 S. Hope Street, Suite 2310, Los Angeles, California 90071, Attention: Jeffrey D. Bower.

Section 8. Parties in Interest. This Purchase Contract is made solely for the benefit of the Corporation, the City and the Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 9. Survival of Representations and Warranties. The representations and warranties of the Corporation and the City hereunder shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City of the Corporation and regardless of the delivery of and payment for the Certificates or any termination of this Purchase Contract.

Section 10. Execution in Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11. No Prior Agreements. This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings among the parties hereto in relation to the sale of the Certificates for the Corporation. This Purchase Contract, when accepted by the Corporation and the City, shall constitute the entire agreement among the Corporation, the City and the Underwriter with respect to the subject matter hereof.

Section 12. Effective Date. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Corporation and shall be valid and enforceable as of the time of such acceptance.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof

Section 14. State Law Governs. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE. IN THE EVENT OF ANY DISPUTE CONCERNING THIS AGREEMENT, SUIT MAY BE BROUGHT ONLY IN A COURT OF COMPETENT JURISDICTION IN THE COUNTY OF LOS ANGELES, CALIFORNIA.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED

By: _____
Jeffrey D. Bower
Managing Director

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION

By: _____
Chief Administrative Officer

CITY OF MANHATTAN BEACH

By: _____
Mark Danaj
City Manager

EXHIBIT A

MATURITY SCHEDULE

<u>Maturity Date (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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[add term bond placeholder if relevant]

EXHIBIT B

OPINION OF CITY ATTORNEY AND CORPORATION COUNSEL

_____, 2016

Manhattan Beach Capital Improvements
Corporation
1400 Highland Avenue
Manhattan Beach, California 90266

Merrill Lynch, Pierce, Fenner &
Smith Incorporated
333 S. Hope Street, Suite 2310
Los Angeles, California 90071

City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266

Opinion of City Attorney and Corporation Counsel

with reference to

[\$Par Amount]

**CERTIFICATES OF PARTICIPATION
(MARINE FIELD REFUNDING) SERIES 2016
Evidencing The Proportionate Interests Of the Owners
Thereof In Lease Payments To Be Made By The
CITY OF MANHATTAN BEACH**

As the Rental for Certain Leased Premises Pursuant to a Lease Agreement with the
MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION

BANK QUALIFIED

Ladies and Gentlemen:

In my capacity as the City Attorney to the City of Manhattan Beach (the “City”) and General Counsel to the Manhattan Beach Capital Improvements Corporation (the “Corporation”) in connection with the execution and delivery of the above-referenced certificates of participation (the “2016 Certificates”), I have examined such documents, certificates and records as I have deemed relevant and necessary as the basis for the opinion set forth herein. Capitalized terms used and not otherwise defined herein shall have the same meanings as assigned to them in the Purchase Contract, dated [Pricing Date] (the “Purchase Contract”), by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriter, and accepted by the City and the Corporation.

Relying on my examination described above and pertinent law and subject to the limitations and qualifications set forth hereinafter, I am of the following opinion:

1. The City is a municipal corporation organized and validly existing under the laws of the State of California.

2. Resolution No. ___ of the City Council of the City (the “City Resolution”) has been duly adopted at a meeting of such City Council that was duly called and held pursuant to law, with all required public notice and at which a quorum was present and acting throughout. The City Resolution is in full force and effect and has not been amended or repealed.

3. To the best of my knowledge, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been accomplished on the City) or threatened wherein an unfavorable decision, ruling or finding would (a) affect the creation, organization, existence or powers of the City or the titles of its officers to their respective offices, (b) in any way question or affect the validity or enforceability of the City Agreements or the 2016 Certificates, (c) find illegal, invalid or unenforceable the City Agreements or the transactions contemplated thereby, or any other agreement or instrument related to the execution and delivery of the 2016 Certificates to which the City is a party, or (d) have a material adverse effect on the ability of the City to make Lease Payments when due.

4. To the best of my knowledge, the execution and delivery of the Official Statement and the City Agreements and compliance with the provisions of each thereof, will not conflict in any material way with or constitute a breach of or default, in any material way, under any applicable law or administrative rule or regulation of the State of California, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound in a manner which would materially adversely affect the City's performance under the City Agreements.

5. The Corporation is a nonprofit public benefit corporation organized and validly existing under the laws of the State of California.

6. Resolution No. ___ of the Corporation (the “Corporation Resolution”) has been duly adopted at a meeting of the Board of Directors of the Corporation that was duly called and held pursuant to law, with all required public notice and at which a quorum was present and acting throughout. The Corporation Resolution is in full force and effect and has not been amended or repealed.

7. To the best of my knowledge, the execution and delivery by the Corporation of the Corporation Agreements and the other instruments contemplated by any of such documents to which the Corporation is a party, and compliance with the provisions of each thereof, will not conflict in any material way with or constitute a breach of or default, in any material way, under any applicable law or administrative rule or regulation of the State of California, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Corporation is a party or is otherwise subject or bound in a manner which would materially adversely affect the Corporation's performance under the Corporation Agreements.

8. To the best of my knowledge, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been accomplished on the Corporation) or threatened wherein an unfavorable decision, ruling or finding would (a) affect the creation, organization, existence or powers of the Corporation or the titles of its officers to their respective offices, (b) in any way question or affect the validity or enforceability of the Corporation Agreements or the 2016 Certificates, or (c) find illegal, invalid or unenforceable the Corporation Agreements or the transactions contemplated thereby, or any other agreement or instrument related to the execution and delivery of the 2016 Certificates to which the Corporation is a party.

This opinion is based on such examination of the laws of the State of California as I deemed relevant for the purposes of this opinion. I have not considered the effect, if any, of the laws of any other jurisdiction upon matters covered by this opinion. I have assumed the genuineness of all documents and signatures, presented to me. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. I express no opinion as to the status of the 2016 Certificates or the interest thereon, the Corporation Agreements or the City Agreements under any federal securities laws or any state securities or "Blue Sky" law or any federal, state or local tax law. No opinion is expressed herein with respect to the validity of the 2016 Certificates or the power of the City and the Corporation to execute and deliver the 2016 Certificates under state law, for which the Corporation and the City are relying on the opinion given by Special Counsel. Further, I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Corporation Agreements and the City Agreements. Without limiting any of the foregoing, I express no opinion as to any matter other than as expressly set forth above.

Whenever a statement herein is qualified by "to the best of my knowledge," it shall be deemed to indicate that, during the course of my representation of the City and the Corporation in connection with the financing described herein, no information that would give me current, actual knowledge of the inaccuracy of such statement has come to my attention. I have not, however, undertaken any independent investigation to determine the accuracy of such statements, and any limited inquiry undertaken during the preparation of this opinion letter should not be regarded as such investigation. No inference as to my knowledge of any matters bearing upon the accuracy of any such statement should be drawn from the fact of my general representation of the Corporation and the City.

I am furnishing this opinion as City Attorney to the City and General Counsel to the Corporation. Except for the City and the Corporation, no attorney-client relationship has existed or exists between me and the addressees hereof in connection with the 2016 Certificates or by virtue of this opinion. This opinion is rendered solely in connection with the financing described herein, and may not be relied upon by you for any other purpose. I disclaim any obligation to update this opinion. This opinion shall not extend to, and may not be used, quoted, referred to, or relied upon by any other person, firm, corporation or other entity without my prior written consent.

Respectfully submitted,

Richards Watson & Gershon,
A Professional Corporation

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2016

NEW ISSUE - BOOK ENTRY ONLY

RATING:
S&P: “___”
(See “RATING” herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California (“Special Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2016 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Special Counsel, interest (and original issue discount) on the 2016 Certificates is exempt from State of California personal income tax. See “Tax Matters” herein with respect to tax consequences relating to the 2016 Certificates. The 2016 Certificates have been designated as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

§ _____*

CERTIFICATES OF PARTICIPATION

(Marine Field Refunding) Series 2016

Evidencing the Proportionate Interests of the Owners

Thereof in Lease Payments to be made by the

CITY OF MANHATTAN BEACH

As the Rental for Certain Leased Premises Pursuant to a Lease Agreement with the

Manhattan Beach Capital Improvements Corporation

(Bank Qualified)

Dated: Date of Delivery

Due: January 1, as shown on the Inside cover.

The \$_____ Certificates of Participation (Marine Field Refunding) Series 2016 (the “2016 Certificates”) are being executed and delivered to (a) refund the City of Manhattan Beach (the “City”) \$6,165,000 outstanding Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the “2002 Certificates”); and (b) pay certain costs of issuance. The 2016 Certificates will be dated the date of their delivery and executed and delivered in the denominations of \$5,000 each or any integral multiple thereof. Interest with respect to the 2016 Certificates will be payable semiannually on each January 1 and July 1, commencing July 1, 2017. The 2016 Certificates will evidence and represent the proportionate interests of the registered owners thereof in Lease Payments (the “Lease Payments”) to be made by the City as rent for the use of certain real property located in the City generally consisting of the police department and fire department headquarters facility (the “Leased Premises”), subject to abatement. The Leased Premises are leased by the City pursuant to a Lease Agreement, dated as of February 1, 2013 (the “Original Lease Agreement”), between the City, as lessee, and the Manhattan Beach Capital Improvements Corporation (the “Corporation”), as lessor, as amended by the First Amendment to Lease Agreement dated as of December 1, 2016, between the Corporation and the City (the “First Amendment to Lease Agreement,” and, together with the Original Lease Agreement, the “Lease Agreement”). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2016 CERTIFICATES.”

The 2016 Certificates are being executed and delivered in fully registered form pursuant to a First Supplement to Trust Agreement, dated as of December 1, 2016 (the “First Supplement to Trust Agreement”), by and among the City, the Corporation and U.S. Bank National Association, as trustee (the “Trustee”), supplementing the Trust Agreement, dated as of February 1, 2013 (the “Original Trust

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Agreement”). The Original Trust Agreement as supplemented by the First Supplement to Trust Agreement is referred to herein as the “Trust Agreement.”

The 2016 Certificates are payable from Lease Payments on a parity with the City’s Certificates of Participation (Police and Fire Facility Refunding) Series 2013 (the “2013 Certificates”). Subject to satisfaction of the conditions set forth in the Trust Agreement, additional Certificates payable on a parity from Lease Payments may be issued from time to time. The 2013 Certificates, 2016 Certificates and any Additional Certificates are referred to herein as the “Certificates.”) See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Additional Certificates.”

When delivered, the 2016 Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2016 Certificates. Individual purchases of the 2016 Certificates will be made in book-entry form only. Purchasers will not receive certificates representing their interests in the 2016 Certificates purchased. Principal, prepayment premium, if any, and interest payable with respect to the 2016 Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the 2016 Certificates. See APPENDIX E - “BOOK-ENTRY ONLY SYSTEM.”

The 2016 Certificates are subject to optional and mandatory prepayment prior to maturity, as described herein. See “PREPAYMENT.”

The obligation of the City to make Lease Payments will be abated during any period in which, by reason of condemnation, damage or destruction, there is substantial interference with the use and possession of the Leased Premises by the Lessee. See “RISK FACTORS - Abatement of Lease Payments” herein.

THE OBLIGATION OF THE CITY TO PAY THE LEASE 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. THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, AND DOES NOT CONSTITUTE AN INDEBTEDNESS 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. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The 2016 Certificates are offered when, as and if delivered and received by the Underwriter subject to approval by Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel to the City. Certain legal matters will be passed upon for the City and for the Corporation by the City Attorney, by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the City and for the Underwriter by its counsel, Norton Rose Fulbright US LLP. It is anticipated that the 2016 Certificates will be available for delivery in New York, New York, through the book-entry facilities of DTC, on or about December 1, 2016.

BofA Merrill Lynch

Dated: November __, 2016

\$ _____ *

CERTIFICATES OF PARTICIPATION
(Marine Field Refunding) Series 2016
(Bank Qualified)

MATURITY SCHEDULE
(Base CUSIP[†]: 562765)

<u>Maturity</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
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* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Corporation, the City or the Underwriter and are included solely for the convenience of the holders of the 2016 Certificates. None of the Corporation, the City or the Underwriter is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the 2016 Certificates or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 2016 Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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 the 2016 Certificates.

**CITY OF MANHATTAN BEACH
MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION**

City Council/Corporation Board

Tony D'Errico, Mayor/President
David Lesser, Mayor Pro-Tem/Vice-President
Amy Howorth, Councilmember/Board Member
Mark Burton, Councilmember /Board Member
Wayne Powell, Councilmember/Board Member

Tim Lilligren, City Treasurer

City Staff

Mark Danaj, City Manager/CAO
Nadine Nader, Assistant City Manager
Quinn Barrow, Richards Watson Gershon, City Attorney/Counsel
Bruce Moe, Finance Director/Treasurer and CFO
Henry Mitzner, City Controller
Liza Tamura, City Clerk
Libby Bretthauer, Financial Analyst

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel to the City

Stradling Yocca Carlson & Rauth, a Professional Corporation

Trustee

U.S. Bank National Association

Municipal Advisor

KNN Public Finance, LLC

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations in connection with the offer or sale of the 2016 Certificates described herein, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Corporation, 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 2016 Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City, the Corporation and other sources which are believed to be reliable. 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 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.

Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations that such estimates, assumptions and opinions will be realized or fulfilled. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create only implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2016 Certificates.

Certain statements included or incorporated by reference in the following information constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "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 which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the City's forecasts in any way. Except as set forth in the Continuing Disclosure Agreement, neither the City nor the Corporation plans 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 or do not occur.

IN CONNECTION WITH THE OFFERING OF THE 2016 CERTIFICATES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2016 CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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§ _____ *

**CERTIFICATES OF PARTICIPATION
(Marine Field Refunding) Series 2016
Evidencing the Proportionate Interests of the Owners
Thereof in Lease Payments to be made by the
CITY OF MANHATTAN BEACH
As the Rental for Certain Leased Premises Pursuant to a Lease Agreement with the
MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION
(Bank Qualified)**

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover and appendices hereto, and the documents described herein. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. Unless the context otherwise requires, capitalized terms not defined herein shall have the meanings given to them in the Trust Agreement (defined below).

This Official Statement (which includes the cover page, inside cover, table of contents and appendices hereto) (the “Official Statement”), provides certain information concerning the sale and delivery of City of Manhattan Beach Certificates of Participation (Marine Field Refunding) Series 2016 (the “2016 Certificates”), in an aggregate principal amount of \$ _____*. The 2016 Certificates are being executed and delivered to (a) refund the City of Manhattan Beach (the “City”) \$6,165,000 outstanding Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the “2002 Certificates”); and (b) pay certain costs of issuance. The 2016 Certificates will evidence and represent the proportionate interests of the registered owners thereof in Lease Payments (the “Lease Payments”) to be made by the City as rent for the use of certain real property located in the City generally consisting of the City’s police department and fire department headquarters (the “Leased Premises”), subject to abatement. The Leased Premises are leased by the City pursuant to a Lease Agreement, dated as of February 1, 2013 (the “Original Lease Agreement”), between the City, as lessee, and the Manhattan Beach Capital Improvements Corporation (the “Corporation”), as lessor, as amended by the First Amendment to Lease Agreement, dated as of December 1, 2016, between the Corporation and the City (the “First Amendment to Lease Agreement” and, together with the Original Lease Agreement, the “Lease Agreement”). See “THE LEASED PREMISES” herein. The City holds fee title to the Leased Premises, and leased the Leased Premises to the Corporation, pursuant to a Site and Facilities Lease, dated as of February 1, 2013 (the “Original Site Lease”), by and between the City and the Corporation, as amended by a First Amendment to Site and Facilities Lease, dated as of December 1, 2016 (the “First Amendment to Site Lease” and, together with the Original Site Lease, the “Site Lease”), between the Corporation and the City.

* Preliminary; subject to change.

The 2016 Certificates will be executed and delivered pursuant to the First Supplement to Trust Agreement, dated as of December 1, 2016 (the “First Supplement to Trust Agreement”), by and among the City, the Corporation and U.S. Bank National Association, as trustee (the “Trustee”), supplementing the Trust Agreement, dated as of February 1, 2013 (the “Original Trust Agreement”). The Original Trust Agreement as supplemented by the First Supplement to Trust Agreement is referred to herein as the “Trust Agreement.”

Pursuant to an Assignment Agreement, dated as of February 1, 2013 (the “Original Assignment Agreement”), as amended by a First Amendment to Assignment Agreement, dated as of December 1, 2016 (the “First Amendment to Assignment Agreement” and, together with the Original Assignment Agreement, the “Assignment Agreement”), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners, certain of its rights under the Lease Agreement, including all of its rights to receive the Lease Payments from the City under the Lease Agreement, and its right to exercise remedies under the Lease Agreement as may be necessary to enforce payment of the Lease Payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.”

The 2016 Certificates are payable from Lease Payments on a parity with the City’s Certificates of Participation (Police and Fire Facility Refunding) Series 2013 (the “2013 Certificates”). Subject to satisfaction of the conditions set forth in the Trust Agreement, additional Certificates payable on a parity from Lease Payments may be issued from time to time. The 2013 Certificates, 2016 Certificates and any Additional Certificates are referred to herein as the “Certificates.”) The City entered into the Site Lease, the Lease Agreement and the Original Trust Agreement in connection with the issuance of the 2013 Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Additional Certificates.”

The City has covenanted under the Lease Agreement that it will take such action as may be necessary to include all Lease Payments in its budgets and to make the necessary appropriations therefor; provided, however, that Lease Payments are subject to complete or partial abatement during any period in which, by reason of condemnation, damage or destruction, there is substantial interference with the use and possession of the Leased Premises by the City. See “RISK FACTORS — Abatement” herein.

The 2016 Certificates are subject to prepayment as described herein. See “PREPAYMENT” herein.

The City has designated the 2016 Certificates as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

THE OBLIGATION OF THE CITY TO PAY THE LEASE 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. THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS, AND DOES NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

For more complete and detailed information, see “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Included herein are brief summaries of the Trust Agreement, the Lease Agreement, the Site Lease and the Assignment Agreement (collectively, the “Legal Documents”). Such summaries do not purport to be complete or definitive, and reference is made to such documents and report for full complete statements of the contents thereof. Copies of this Official Statement and Legal Documents are available for inspection during the period of the offering from the Underwriter and following delivery of the 2016 Certificates, on file at the office of the Trustee in Los Angeles, California.

THE 2016 CERTIFICATES

The 2016 Certificates will be dated the date of their delivery and principal with respect to the 2016 Certificates will be payable on the dates set forth on the inside cover of this Official Statement. The 2016 Certificates represent undivided beneficial interests of the Owners thereof in the Lease Payments to be made under the Lease Agreement. Interest with respect to the 2016 Certificates will be payable semiannually on each January 1 and July 1, commencing July 1, 2017 (each, an “Interest Payment Date”) and will be computed on the basis of a 360-day year, comprised of 12 months of 30 days each. Lease Payments are due on each December 15 and June 15 under the Lease Agreement.

The 2016 Certificates will be executed and delivered in book-entry form only and, as and when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the 2016 Certificates. Individual purchases of the 2016 Certificates will be made in book-entry form only. Purchasers of the 2016 Certificates will not receive certificates representing their ownership interests in the 2016 Certificates purchased, Principal and interest payments represented by the 2016 Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2016 Certificates. See APPENDIX E - “BOOK-ENTRY ONLY SYSTEM.”

Interest will be paid by the Trustee on each Interest Payment Date with regard to each Certificate to the person registered as the Owner thereof at the close of business on the Record Date with respect to such interest payment and shall be paid by check mailed by first class mail to such Owner at such Owner’s address as it appears on the Certificate registration books or, upon the written request of an Owner of at least \$1,000,000 in principal amount of the 2016 Certificates received at least fifteen (15) days prior to a Record Date under the Trust Agreement, by wire transfer in immediately available funds to an account in the United States designated by such Owner, irrespective of the cancellation of such Certificate upon any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall default in the payment of interest due with respect to such Interest Payment Date. Payment of principal or premium due shall be paid only upon surrender of such Certificate at the Principal Office of the Trustee. In the event of any default in the payment of interest, such defaulted interest shall be payable to the Owner of such Certificate in the manner described in the Trust Agreement. “Record Date” means, with respect to any Interest Payment Date with respect to the 2016 Certificates, except for a payment of defaulted interest, the fifteenth day of the calendar month preceding any Interest Payment Date, whether or not such fifteenth day is a Business Day. With respect to any payment of defaulted interest, a special record date shall be established in accordance with the provisions of this Trust Agreement.

Prepayment

Optional Prepayment. The 2016 Certificates maturing on or after January 1, 20__ are subject to prepayment in whole or in part (in integral multiples of \$5,000) on any date on or after January 1, 20__ from moneys deposited into the Prepayment Fund as a result of the exercise by the City of its option to prepay its Lease Payments, at a prepayment price equal to the Principal Component of Certificates to be prepaid plus accrued interest to the date fixed for prepayment, without premium.

Prepayment from Net Insurance Proceeds. The 2016 Certificates are subject to prepayment on any Interest Payment Date, in whole or in part (in integral multiples of \$5,000), from Net Insurance Proceeds deposited in the Prepayment Fund at least 60 days prior to a Payment Date and credited towards the Prepayment made by the City in accordance with the Lease Agreement, at a prepayment price equal to the Principal Component thereof, together with accrued Interest Component to the date fixed for prepayment, without premium.

Partial Prepayment of Certificates. Upon surrender by the Owner of a Certificate for partial prepayment, payment of such partial prepayment of the Principal Component will be made by check mailed by first class mail to the Owner at his address as it appears on the registration books of the Trustee. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates which shall be of authorized denominations equal in aggregate principal amount to the unprepaid Principal Component of the Certificate surrendered and of the same interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment.

Notice of Prepayment. When prepayment is authorized or required pursuant to the Trust Agreement, the Trustee shall give notice of the prepayment of the affected 2016 Certificates. Such notice shall specify: (a) that the 2016 Certificates or a designated portion thereof are to be prepaid, (b) the CUSIP numbers, the numbers and dates of maturity of the 2016 Certificates to be prepaid, (c) the date of prepayment, and (d) the place or places where the prepayment will be made. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the Principal Component to be prepaid, together with the Interest Component accrued to said date, and that from and after such date the Interest Component shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first class mail, postage prepaid, to the City, the Corporation and the respective Owners of any 2016 Certificates designated for prepayment at their addresses appearing on the 2016 Certificate registration books, not less than 20 days, but not more than 60 days, prior to the prepayment date; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such 2016 Certificates. Failure by an Owner, securities depository or information service to receive notice as provided in the Trust Agreement shall not affect the validity of the prepayment.

Any such notice of prepayment (other than a notice of mandatory sinking fund prepayment) may be (a) cancelled and annulled by a subsequent request of the City given to the Trustee at least five (5) days prior to the date fixed for prepayment and/or (b) made conditional upon the receipt of money or securities by the Trustee or the City or upon any other event, and, in each case, the Trustee

shall thereupon forthwith give appropriate notice of such cancellation and annulment or the non-occurrence of such condition.

Effect of Notice of Prepayment. Notice having been given as set forth above and in the Trust Agreement, and the moneys for the prepayment (including the Interest Component accruing through the applicable date of prepayment) having been set aside in the Prepayment Fund, the 2016 Certificates so called shall become due and payable on said date of prepayment, and upon presentation and surrender thereof at the office or offices specified in said notice, said Certificates shall be paid in the amount of the unpaid Principal Component, plus the Interest Component accrued and unpaid to said date of prepayment. If, on said date of prepayment, moneys for the prepayment of all the 2016 Certificates to be prepaid, and premium, if any, together with Interest Component accrued to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, the Interest Component with respect to such Certificates shall cease to accrue and become payable.

THE LEASED PREMISES

The Leased Premises consist of the City's two story police and fire facility encompassing approximately 60,000 square feet, adjacent to the existing City Hall and public library. The Leased Premises were constructed in 2004 and include approximately 350 parking spaces for the Police and Fire Departments and public and staff parking for the City Hall and public library on a below-grade level. The balance of the below-grade level includes jail operations, a firing range and fitness area.

PLAN OF REFUNDING

On the date of delivery of the 2016 Certificates, the 2002 Certificates will be redeemed with a drawing on a letter of credit securing the 2002 Certificates (the "Letter of Credit"). The City will apply a portion of the proceeds of the sale of the 2016 Certificates, together with other lawfully available funds designated by the City, to repay such drawing to the issuer of the Letter of Credit. The 2002 Certificates were executed and delivered to provide funds to acquire Marine Field located in the City.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2016 Certificates and other available amounts are expected to be applied approximately as set forth below:

Sources

Principal Amount of Certificates
Net Original Issue Premium
City Contribution
Total Sources

Uses

Payment to the Letter of Credit Bank
Delivery Costs⁽¹⁾
Total Uses

- (1) Delivery costs include, without limitation, Special Counsel and Disclosure Counsel fees, rating agency fees, initial trustee fees and expenses, legal, printing, underwriter's discount and other financing costs.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

General

Each Certificate represents an undivided proportionate interest in the Lease Payments to be made by the City to the Corporation. The Corporation, pursuant to the Assignment Agreement, has assigned and set over to the Trustee all of its rights in the Lease Agreement including, but not limited to, all of the Corporation's rights to receive and collect the Lease Payments, Prepayments, Additional Payments and any other amounts required to be paid pursuant to the Lease Agreement or pursuant to the Trust Agreement, excepting only its right to indemnification. All Lease Payments and Prepayments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Lease Payments and Prepayments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments, Prepayments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund or the Prepayment Fund, as appropriate.

The Lease Payments have been pledged to and shall be used for the punctual payment of the Interest Component and the Principal Component, and the Lease Payments shall not be used for any other purpose while any of the 2013 Certificates, the 2016 Certificates, and any Additional Certificates that may be issued from time to time, remain outstanding. In the Trust Agreement, the City covenants that such pledge will constitute a first and exclusive lien on the Lease Payments in accordance with such Trust Agreement. Subject to the abatement of Lease Payments, the City has covenanted under the Lease Agreement that so long as the Leased Premises, or a portion of such Leased Premises with a fair market value in excess of the aggregate Principal Components under such Lease Agreement then remaining unpaid, are available for the City's use, the City will take such action as may be necessary to include all Lease Payments and Additional Payments due under such Lease Agreement in its budgets and to make the necessary appropriations for all such Lease Payments and Additional Payments. The Corporation and the City, as their interests may appear, have granted to the Trustee, for the benefit of the Owners, a lien on and a security interest in all moneys in the funds and accounts held by the Trustee under the Trust Agreement, including without limitation, the Lease Payment Fund, the Prepayment Fund and the Net Insurance Proceeds Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified in the Trust Agreement and in the Lease Agreement.

THE OBLIGATION OF THE CITY TO PAY THE LEASE 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. THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE, OR OF ANY OF ITS POLITICAL SUBDIVISIONS, AND DOES NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Release or Substitution of Leased Premises

The Lease Agreement provides that the City has the right to substitute alternate real property or improvements for the Leased Premises, release existing property or add additional real property or equipment to the Leased Premises, upon written notice of such substitution or addition to all rating agencies, if any, then rating the Certificates and compliance with other requirements of the Lease Agreement. See APPENDIX B - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - LEASE AGREEMENT."

Source of Lease Payments

Under the terms of each Lease Agreement, the Corporation has leased the Leased Premises to the City, and the City is required to make the Lease Payments semiannually to the Trustee, plus Additional Payments as necessary to pay all fees, costs and expenses of the Corporation in its performance of the Lease Agreement and Trust Agreement, including fees and expenses of the Trustee in performance of its duties under the Trust Agreement. The City will pay to the Corporation, its successors and assigns, as rental for the use and possession of each of the Leased Premises, the Lease Payments, each comprised of a Principal Component and an Interest Component in the amounts specified in the Lease Agreement, as due and payable on the 15th day of each December and June or, if any such day is not a Business Day, then the next succeeding Business Day (each, a "Lease Payment Date"). Such payments are intended to be sufficient in both time and amount to pay when due the portion of the Principal Component and Interest Component evidenced and represented by the Certificates and becoming due on the next Payment Date.

The Lease Payments will be paid from any source of legally available funds of the City, and the City has covenanted that the City will take such action as may be necessary to include all such Lease Payments due under the Lease Agreement in its budgets and to make the necessary appropriations for all such Lease Payments, which covenants of the City shall be deemed to be, and shall be, ministerial 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 made by the City under such Lease Agreement.

The Trustee has established a special fund designated as the "City of Manhattan Beach Series Lease Payment Fund" (the "Lease Payment Fund"). There will be deposited into the Lease Payment Fund certain deposits received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to the Lease Agreement or pursuant to the Trust Agreement. All moneys at any time deposited by the Trustee in the Lease Payment Fund will be held by the Trustee in trust for the benefit of the Owners of the Certificates and amounts on deposit in the Lease Payment Fund not required for the purpose of paying the Principal Component and the Interest Component then due and payable will be credited toward the Lease Payment due on the next succeeding Lease Payment Date. So long as any Certificates are Outstanding, neither the City nor the Corporation will have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys will be used and applied by the Trustee as set forth in the Trust Agreement.

Except as provided in the Trust Agreement with respect to application of investment earnings and reimbursement provisions, all amounts in the Lease Payment Fund will be used and withdrawn by the Trustee solely for the purpose of paying the Principal Component and the Interest Component as the same shall become due and payable, in accordance with the Trust Agreement.

Except as provided in the previous paragraph, the Trustee will apply moneys on deposit in the Lease Payment Fund in the following order of priority:

(a) On or before each Payment Date, an amount sufficient to pay the Interest Component due and payable on such date shall be set aside by the Trustee and applied to the payment of such Interest Component;

(b) On or before each Principal Payment Date, an amount sufficient to pay the Principal Component coming due and payable on the Certificates on such date shall be set aside and applied to the payment of such Principal Component; and

(c) To the extent that Prepayments are made on each date set for prepayment of any Certificates in accordance with the Trust Agreement, the amount prepaid shall be deposited into the Prepayment Fund to be applied for the prepayment of the Certificates being redeemed in accordance with the Trust Agreement.

Abatement of Lease Payments

The obligation of the City to make Lease Payments is subject to abatement in the event of condemnation, damage or destruction of the Leased Premises, or if there is substantial interference with the use and possession of the Leased Premises by the City. The amount of such abatement shall be determined by the City such that the resulting Lease Payments represent fair consideration for the use and possession of the portion of the Leased Premises not condemned, damaged or destroyed. Such abatement shall commence on the date of condemnation, damage or destruction and shall end with the substantial completion of the replacement or work of repair. Except as provided in the Trust Agreement, in the event of any such condemnation, damage or destruction, the Lease Agreement shall nonetheless continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such condemnation, damage or destruction. See “RISK FACTORS — Abatement” and APPENDIX B - “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - Lease Agreement.”

No Reserve Fund

No reserve fund has been established with respect to the 2013 Certificates or the 2016 Certificates.

Lease Payments

Lease Payments are required to be made by the City to the Trustee under the Lease Agreement on the Lease Payment Date, which are intended to be sufficient in both time and amount to pay when due the portion of the Principal Component and Interest Component evidenced and represented by the Certificates and due on the next Payment Date.

The Trust Agreement requires that the Lease Payments be deposited in the Lease Payment Fund. All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the City nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys shall be used and applied by the Trustee as set forth in the Trust Agreement.

There shall be deposited into the Lease Payment Fund all Lease Payments received by the Trustee and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to the Trust Agreement. On or prior to each June 1, and December 1, the Trustee shall notify the City of the amounts on deposit in the Lease Payment Fund to be credited toward the Lease Payments due on the next succeeding Lease Payment Date.

Additional Certificates

Subject to compliance with the requirements of the Trust Agreement, the City, the Corporation and the Trustee may by execution of a Supplemental Trust Agreement and without the consent of the Owners, provide for the execution and delivery of Additional Certificates in one or more Series. The Trustee may execute and deliver to or upon the request of the Corporation such Additional Certificates, in such principal amounts as shall reflect the additional principal components of the Lease Payments and the proceeds of such Additional Certificates may be applied to pay the project costs of any additional project. Such Additional Certificates may only be executed and delivered upon compliance by the City with the provisions of the Trust Agreement, and subject to specific conditions set forth therein. See APPENDIX B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Any Additional Certificates will be on a parity with, and each Owner thereof will have the same rights upon an event of default as the Owner of, any other Certificates executed and delivered under the Trust Agreement, except as otherwise provided in the Supplemental Trust Agreement under which Additional Certificates are executed and delivered.

Additional Payments

Throughout the Term of the Lease Agreement, the City will also make Additional Payments. Additional Payments encompass all administrative costs of the Corporation relating to the Leased Premises or the execution, sale and delivery of the Certificates, including, without limitation, all expenses, compensation and indemnification of the Trustee, taxes, if any, payable by the Corporation as a result of its ownership of the Leased Premises, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement or to defend the Corporation and its directors, officers and employees in connection therewith. Additional Payments are payable by the City directly to the person or persons to whom such amounts are payable when due or within ten days after notice in writing from the Trustee.

Insurance

The Lease Agreement requires that the City shall maintain or cause to be maintained, throughout the Term of the Lease Agreement, a commercial general liability insurance policy or policies in protection of the City and the Corporation, their respective officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City. Said policy or policies shall provide coverage in the minimum liability limits of \$5,000,000 for personal injury or death of each person. Deductibles, if any, shall be in such amounts as may reasonably be obtained by a city of comparable size to the City, in the same county as the City, insuring risks comparable to those that are the subject of said insurance coverage. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City.

The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid, including, where appropriate, the application of Net Insurance Proceeds with respect to the prepayment of the Lease Payments as provided in the Lease Agreement.

The Lease Agreement also provides the City shall maintain workers' compensation insurance as required under the laws of the State of California. Workers' compensation insurance may, to the extent provided by law, be maintained in the form of self-insurance.

The Lease Agreement requires that the City maintain or cause to be maintained, throughout the Term of the Lease Agreement, "All Risk" property insurance, in an aggregate amount at least equal to the aggregate Principal Component of Certificates at that time Outstanding except that such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the City, and may be maintained in the form of self-insurance by the City. The Net Insurance Proceeds of each policy or coverage shall be applied as provided in accordance with the Lease Agreement and the Trust Agreement.

In addition, the City covenants that it shall maintain or cause to be maintained rental interruption insurance in an amount not less than the maximum remaining scheduled Lease Payments in any consecutive two-year period, to insure against loss of use of either Leased Premises caused by perils covered by the insurance required in the paragraph immediately above. Such insurance may be subject to a deductible clause of not to exceed \$10,000 and may be maintained as part of or in conjunction with any other rental interruption insurance carried by the City but may not be maintained in the form of self-insurance. The Net Insurance Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited toward the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

The City shall obtain an ALTA title insurance policy or policies insuring the leasehold interest established under the Lease Agreement, in an aggregate amount no less than the aggregate Principal Component of the 2016 Certificates.

The City also covenants that it shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement. The City will deliver to the Corporation and the Trustee in the month of December in each year a certificate to the effect that the requirements set forth above have been satisfied.

Lease Payment Schedule

Following is the Lease Payment schedule with respect to the 2013 Certificates and the 2016 Certificates:

Lease Payment Date	2013 Certificates		2016 Certificates		Total
	Principal Component	Interest Component	Principal Component	Interest Component	
1/1/2017	\$465,000	\$153,156.25			
7/1/2017		146,181.25			
1/1/2018	480,000	146,181.25			
7/1/2018		138,981.25			
1/1/2019	500,000	138,981.25			
7/1/2019		131,481.25			
1/1/2020	515,000	131,481.25			
7/1/2020		123,756.25			
1/1/2021	530,000	123,756.25			
7/1/2021		115,806.25			
1/1/2022	545,000	115,806.25			
7/1/2022		107,631.25			
1/1/2023	560,000	107,631.25			
7/1/2023		99,231.25			
1/1/2024	575,000	99,231.25			
7/1/2024		87,731.25			
1/1/2025	600,000	87,731.25			
7/1/2025		75,731.25			
1/1/2026	620,000	75,731.25			
7/1/2026		63,331.25			
1/1/2027	650,000	63,331.25			
7/1/2027		50,331.25			
1/1/2028	675,000	50,331.25			
7/1/2028		39,784.38			
1/1/2029	695,000	39,784.38			
7/1/2029		28,490.63			
1/1/2030	720,000	28,490.63			
7/1/2030		16,790.63			
1/1/2031	745,000	16,790.63			
7/1/2031		4,218.75			
1/1/2032	250,000	4,218.75			
7/1/2032					
1/1/2033					
Total					

THE CITY

History

The City of Manhattan Beach is a general law city located in the South Bay area of Los Angeles County on the shore of the Pacific Ocean, bordered by El Segundo to the north, Hawthorne,

Lawndale and Redondo Beach to the east and Hermosa Beach to the south. The City was incorporated on December 12, 1912.

The City encompasses approximately 2,492 acres or 3.9 square miles, which is essentially fully developed consisting primarily of residential development, with commercial development along the major arterials and some light industrial development in the northeast portion of the City. The terrain is characterized by rolling hills that slope to the Pacific Ocean. Elevations vary from sea level to approximately 200 feet above sea level.

General Economic Condition and Outlook of the City

General Fund. The Fiscal Year 2014-15 General Fund had a year-end surplus (revenues in excess of expenditures) of approximately \$1.9 million. This surplus is primarily due to revenues exceeding original budget by \$3.1 million. Notable revenue categories include: Property Tax, exceeded budget by \$524,034 (2.2%); Taxes and Assessments by \$936,235 (5.1%); Licenses and Permits by \$134,763 (6.6%); and Service Charges by \$594,148 (9.7%).

Fiscal Year 2015-16 results are being finalized and audited, and will be available by early 2017. Preliminary (pre-audit) results indicate a year-end surplus (revenues in excess of expenditures) of \$496,919 in Fiscal Year 2015-16. However, two notable nonrecurring items occurred during the year. Revenues included a \$780,000 property transfer fee from the sale of the Marriot Hotel property. Expenditures included the one-time outlay of \$2,092,765 of Economic Uncertainty reserve funds for a temporary, short-term home loan for the Assistant City Manager approved by City Council. Excluding the one-time property transfer fee and loan outlay, the General Fund surplus totaled \$1,809,684. Revenues exceeded budget by \$2,380,255 (not including the one-time property transfer fee).

Fiscal Year 2016-17 General Fund Revenues. For Fiscal Year 2016-17, the adopted General Fund budget projects revenues of \$67,822,465; an increase of \$975,217 (1.5%) over the Fiscal Year 2015-16 unaudited results. Not including the one-time property transfer fee, revenues in FY 2016-17 are budgeted \$1.8 million (2.7%) over FY 2015-16. Anticipated increases in Property Tax and Transient Occupancy Tax are expected to contribute to the rise in revenue. With a desirable housing market and residential construction and remodeling adding to the assessed valuation of properties, the City anticipates a measured continuation of growth in Property Tax, the General Fund's largest revenue source. Modest increases above prior year results are projected in other significant General Fund revenues, including Sales Tax and Transient Occupancy Taxes, based on steady local restaurant, hotel and retail activity.

Fiscal Year 2016-17 General Fund Expenditures. Adopted expenditures for Fiscal Year 2016-17 total \$67,406,040, which is a 1.6% increase over the Fiscal Year 2015-16 unaudited expenditure results. Not including the one-time outlay of loan funds in FY 2015-16, budgeted expenditures in FY 2016-17 are expected to increase 4.9% (\$3.1 million). Personnel costs, which total about 67% of total General Fund expenditures, represent the largest increase from the prior year. The \$1.5 million (3.4%) increase includes new positions in the Parks and Recreation Older Adults program and Police Community Affairs program as well as salary adjustments negotiated through new three-year labor agreements in Fiscal Year 2015-16. Materials and services costs are increasing by \$1.1 million (5.6%) mainly due to higher internal services charges related to insurance costs (\$895,740 or 45%). This internal allocation from the General Fund to the Insurance Fund provides for Workers' Compensation and Liability claims paid as well as to sustain the Insurance Fund's reserves. Also contributing to the rise in Materials and Services are utility costs, the biennial election

in March 2017 and staff training on customer service and performance evaluations to maintain our employees' high service levels standards.

The Fiscal Year 2016-17 adopted budget includes an assumed vacancy factor (4%) for full-time staffing of \$1.4 million in the General Fund, which assumes that there will be times throughout the year that positions are vacant through attrition and retirements, and that the City will achieve salary savings during those vacancies. This practice reduces funds allocated for staffing, but may result in insufficient funding if such assumed vacancies do not occur.

Reserves. The City Council by policy maintains reserves equal to 20% of General Fund expenditures. For Fiscal Year 2016-17, the amount budgeted to be reserved as of June 30, 2017 totals \$13.5 million. Additionally, the City Council has maintained an economic uncertainty reserve totaling \$4.0 million for several years. The aforementioned temporary home loan was funded from the economic uncertainty reserve leaving a current balance of \$1.9 million. As the loan is repaid, the economic uncertainty reserve is replenished to its historical balance of \$4.0 million. These reserves, plus \$1.3 million in unreserved fund balance, equal 25% of estimated expenditures in Fiscal Year 2016-17.

**TABLE 1
FISCAL YEAR 2016-17 ADOPTED GENERAL FUND BUDGET**

	<i>FY 2015 Actual</i>	<i>FY 2016 Adopted</i>	<i>FY 2017 Adopted</i>	<i>Variance of FY 2017 from</i>			
				<i>FY 2016 Adopted</i>		<i>FY 2015 Actual</i>	
				\$	%	\$	%
REVENUES							
Property Tax	\$24,435,185	\$25,948,000	\$27,822,060	\$1,874,060	7.2%	\$3,386,875	13.9%
Other Taxes & Assessments	19,292,893	18,311,900	20,066,000	1,754,100	9.6%	773,107	4.0%
Licenses & Permits	2,174,968	2,637,030	3,034,390	397,360	15.1%	859,422	39.5%
Fines	2,506,873	2,926,000	2,796,000	(130,000)	-4.4%	289,127	11.5%
Interests & Rents	3,141,167	3,164,136	3,461,745	297,609	9.4%	320,578	10.2%
From Other Agencies	1,012,079	265,837	319,500	53,663	20.2%	(692,579)	-68.4%
Services	6,712,074	6,721,367	6,413,340	(308,027)	-4.6%	(298,734)	-4.5%
Interfund Charges & Transfers	2,913,324	2,996,530	2,996,530	-	0.0%	83,206	2.9%
Miscellaneous	806,792	681,700	912,900	231,200	33.9%	106,108	13.2%
TOTAL REVENUES	62,995,355	63,652,500	67,822,465	\$4,169,965	6.6%	\$4,827,110	7.7%
EXPENDITURES							
Personnel Services	41,243,986	\$43,133,053	\$45,219,462	2,086,409	4.8%	\$3,975,476	9.6%
Materials & Services	18,586,443	19,415,453	20,844,836	1,429,383	7.4%	2,258,393	12.2%
Capital Outlay	129,423	416,372	652,121	235,749	56.6%	522,698	403.9%
Debt Service	1,116,127	581,231	671,614	90,383	15.6%	(444,513)	-39.8%
Interfund Transfers	21,388	19,053	18,007	(1,046)	-5.5%	(3,381)	-15.8%
TOTAL EXPENDITURES	\$61,097,367	\$63,565,162	\$67,406,040	\$3,840,878	6.0%	\$6,308,673	10.3%
SURPLUS/(DEFICIT)	\$1,897,988	\$87,338	\$416,425				

Total full-time employees for Fiscal Year 2016-17 is 294 (including six elected officials).

Positive variance indicates the Fiscal Year 2016-17 Adopted is higher than the prior year Adopted or Actual. Negative variance indicates the Fiscal Year 2016-17 Adopted is lower than the prior year Adopted or Actual.

Note: Includes one-time loan expenditure outlay and loan payment proceeds.

Source: City of Manhattan Beach

Municipal Government

The City Council, consisting of five members, and City Treasurer are elected at large for four-year terms. The City's current elected officials are:

<i>Title</i>	<i>Member</i>	<i>Term Expires March</i>
Mayor	Tony D'Errico	March 2017
Mayor Pro Tem	David Lesser	March 2019
Councilperson	Mark Burton	March 2017
Councilperson	Amy Howorth	March 2019
Councilperson	Wayne Powell	March 2017
City Treasurer	Tim Lilligren	March 2017

Appointed staff members serving the City are

Mark Danaj	City Manager
Nadine Nader	Assistant City Manager
Quinn Barrow	City Attorney
Bruce Moe	Finance Director
Liza Tamura	City Clerk
Henry Mitzner	Controller
Libby Bretthauer	Financial Analyst

The City has 294 full-time positions and approximately 64 full-time equivalents.

Population and Employment

The City has a population of approximately 35,000 residents and is basically "built-out." A substantial number of City residents commute to work outside of the City.

Major employers in the City include Northrop Grumman, Kinecta Federal Credit Union, Target Corporation, the Manhattan Beach Unified School District, Skechers USA Inc., the City of Manhattan Beach, Macy's West LLC, Fry's Electronics Inc., Marriott Hotel, Ralphs Grocery Co., Tecolote Research, Bristol Farms, Olive Garden, Houston's Restaurants Inc. and 24 Hour Fitness.

Construction

The following table shows residential and commercial construction activity in the City for each of the last ten fiscal years:

TABLE 2
City of Manhattan Beach
Construction Values
(Fiscal Years 2007-16)

<i>Fiscal Year</i>	<i>Residential Construction</i>		<i>Commercial Construction</i>	
	<i>Number of Permits</i>	<i>Total Value</i>	<i>Number of Permits</i>	<i>Total Value</i>
2007	1,122	73,059,760	136	7,837,573
2008	943	56,178,789	199	12,302,857
2009	776	31,098,756	300	14,671,160
2010	857	38,900,854	397	15,175,420
2011	1,023	58,150,910	297	12,388,604
2012	1,103	64,987,984	385	25,229,904
2013	1,320	92,943,546	227	13,254,672
2014	1,651	90,825,222	174	14,428,796
2015	1,411	109,926,628	238	37,010,740
2016	1,491	151,139,373	189	29,538,933

Source: City of Manhattan Beach Community Development Department.

Taxable Transactions

Revenues from taxable sales have ebbed and flowed with the economy over the last five years. Representing various major industry groups and geographic locations within the City, about 20 businesses generate approximately 50% of the City's sales tax revenues. The most consistent revenue generating business types include casual dining and fine dining restaurants, a motor vehicle dealer, and a variety of retail stores, including electronics/appliances, apparel, general merchandise and discount department stores. The following table sets forth the taxable sales in the City for the last five fiscal years for which data is available.

TABLE 3
City of Manhattan Beach
Taxable Sales
(Calendar Years 2010-14)
(In Thousands)

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>	
Motor Vehicle & Parts Dealers	\$	#	\$	#	\$	#	\$	#	\$	#
Home Furnishings & Appliance		#		#	60,569		53,706		48,126	
Bldg. Matrl. & Garden Equip		#		#		#		#		#
Food & Beverage stores		52,078		54,154		56,916		59,338		60,704
Gasoline stations		28,547		35,462		41,753		43,167		42,785
Clothing & Accessories		61,663		65,069		66,999		66,843		66,633
Gen. merchandise stores		101,491		103,731		104,323		106,037		104,278
Food and drinking places		141,412		152,155		164,360		172,079		179,626
Other Retail Group		206,575		213,171		160,838		167,996		158,982
Total Retail & Food Services		591,768		623,743		655,759		669,166		661,133
All Other Outlets		146,900		197,724		213,309		212,245		212,690
Total All Outlets	\$	738,668	\$	821,467	\$	869,068	\$	881,411	\$	873,823
City direct sales tax rate		1.00%		1.00%		1.00%		1.00%		1.00%

Sales omitted because their publication would result in the disclosure of confidential information.
Source: California State Board of Equalization.

Transportation

The City is located 3 miles south of the Los Angeles International Airport (“LAX”). The City is served by Los Angeles County Metropolitan Transportation Authority (“MTA”) buses. MTA’s train service, Metrolink is within 2 miles of the City.

The City offers a shared-ride, curb to curb bus service for senior (age 55 and older) and disabled citizens called Dial-a-Ride. The City has approximately 120 miles of paved streets.

Public Utilities

Electrical service is provided by Southern California Edison; Southern California Gas provides natural gas. The City is served by Verizon and Time Warner for communications and video services.

Water and wastewater services are provided by the City. The City’s water system currently consists of four pump stations, two storage reservoirs, one elevated storage tank, two water supply wells and approximately 112 miles of water distribution pipelines. The City wastewater system includes gravity lines, manholes, pumping stations and force mains and serves the majority of the area within the City.

Education

Approximately 6,790 of the City’s students are served by the Manhattan Beach Unified School District presided over by a separately elected board. The public school system includes five elementary schools, one middle school and one high school. There are also five private elementary schools within the City.

Community Facilities

There are forty acres of recreational beach area and a pier along the shoreline of the City. Two community centers are available within the City. The Parks & Recreation Department provides an array of facilities that include athletic fields, tennis, paddle tennis, volleyball and basketball courts, jogging and bike paths, swimming pool, and dozens of sports programs and fitness classes. Throughout the City there are 11 parks providing 80 acres of parkland including 18 ball fields, 5 batting cages, 18 tennis courts (including 2 paddle tennis courts), 4 racquetball courts, 3 basketball courts, 2 par golf courses, a 1.7-mile jogging path, a 9-hole golf course and a large recreational pool. At Mira Costa High School, in addition to athletic fields and tennis courts, facilities available for public use include a gymnasium and track. Also located within the City is a 2-mile walking and jogging path that runs parallel to a bike path along the beach. Stretching along the beach spanning north and south of the Manhattan Beach Pier are over 150 volleyball courts which are also available for private or public use. The County of Los Angeles maintains the beaches and one library.

Public Safety

The City provides police and fire services to the community. There are two fire stations within the City and 30 sworn positions. There is one police station serving the City with 65 sworn personnel.

Street and highway maintenance is under the supervision of the City's Public Works department. Building inspection and code enforcement services are provided by the City.

City Financial Information

Fund Types. The City maintains three main governmental fund types into which its revenues are deposited: General Fund, Special Revenue Fund and Capital Projects Fund.

General Fund. The General Fund is the general operating fund of the City. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital improvement costs which are not paid through other funds.

Special Revenue Funds. The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

Capital Projects Funds. The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Revenue Available for Lease Payments. The City will make Lease Payments on each Interest Payment Date from moneys held in the General Fund. The General Fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund. See "APPENDIX A - CITY OF MANHATTAN BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015" herein. See Notes to Financial Statements for Obligations of the City. General Fund revenues for fiscal years ended June 30, 2011 through 2015, are shown below, compiled from the City's audited financial statements.

The following table shows the City's General Fund revenues by source for each of the last five completed fiscal years:

TABLE 4
City of Manhattan Beach
General Fund Revenues

	<i>Fiscal Year Ended June 30</i>					
Source:	2011	2012	2013	2014	2015	2016 (Unaudited)
Property Tax	\$ 19,791,425	\$ 20,408,314	\$ 21,626,173	\$ 23,353,741	\$ 24,435,184	\$ 26,344,276
Other Taxes (Sales, Hotel, Business License)	15,834,382	16,665,542	18,037,100	18,380,900	19,292,893	19,818,435
Licenses and Permits (Building, Construction, Film Permits)	1,281,400	1,414,596	1,499,285	1,730,108	2,174,968	2,796,837
Fines (Parking Citations, Vehicle Code Fines)	2,757,132	2,689,591	2,466,837	2,437,700	2,506,870	2,503,274
Interest and Rents (including Ground Leases)	2,569,397	2,541,577	2,538,827	2,959,996	3,090,304	3,717,745
Received From Other Agencies (Vehicle License Fees, Grants)	499,736	714,958	395,087	477,385	1,012,077	524,218
Service Charges (Plan Check Fees, P&R Class, Ambulance Fees)	5,818,102	5,728,403	5,575,335	6,539,004	6,712,071	6,572,391
Interfund Charges (Admin Service Charge)	3,025,305	3,276,516	2,913,324	2,913,324	2,913,324	2,996,532
Miscellaneous	450,921	547,886	910,279	519,723	805,742	1,494,448
Total	<u>\$ 52,027,800</u>	<u>\$ 53,987,382</u>	<u>\$ 55,962,248</u>	<u>\$ 59,311,886</u>	<u>\$ 62,943,431</u>	<u>\$ 66,768,156</u>

Source: City of Manhattan Beach

The City's General Fund revenues showed improvement in Fiscal Year 2014-15 from Fiscal Year 2013-14, particularly in Property Taxes, Other Taxes (sales, transient occupancy, business license, etc.) and Licenses and Permits. The following table shows a breakdown of particular tax revenues for the last three completed fiscal years.

TABLE 5
City of Manhattan Beach
General Fund Tax Revenues
Fiscal Year Ended June 30

Source:	2013	2014	2015	2016 (Unaudited)
Property Tax, levied for general purposes	\$ 21,626,173	\$ 23,353,741	\$ 24,435,184	\$26,344,276
Transient Occupancy Tax ⁽¹⁾	3,881,174	4,289,009	4,809,421	5,139,425
Sales Tax	9,301,730	9,135,807	9,171,515	9,348,605
Franchise Taxes	1,371,197	1,441,769	1,539,453	1,439,957
Business License Tax	3,122,501	3,140,273	3,376,113	3,475,792
Other Taxes	926,779	1,000,520	1,091,379	1,141,604
Motor Vehicle in Lieu	18,887	15,631	15,099	14,430
Homeowner Property Tax	151,613	143,514	148,193	149,503
Total	<u>\$ 40,400,054</u>	<u>\$ 42,520,264</u>	<u>\$ 44,586,357</u>	<u>\$ 47,053,592</u>

⁽¹⁾ Includes portion deposited directly into Capital Improvements Fund and Vacation Rental Transient Occupancy Tax.

Source: City of Manhattan Beach

Budget Process. The fiscal year of the City begins on the first day of July of each year and ends on the thirtieth day of June the following year. A recent change to the City's process was the implementation of a two-year budget to encourage longer range planning and link the spending plan to the vision of the Strategic Plan, which prioritizes the City's goals for the coming years. The multi-year budget is also linked to other planning efforts such as community surveys. The advantages include a greater emphasis on management, service delivery, program evaluation and monitoring. It also improves long-term planning, reallocation of human resources to more value-added activities other than budget preparation, and reduction in staff time spent on budget development in the second budget year.

Under the two year budget, the first year of the biennial budget (FY 2016-17) is adopted and the second year (FY 2017-18) is approved as a spending plan but not adopted – that occurs before the beginning of the second year. At the end of the first year, the City performs an abbreviated review process for any critical changes to the second year spending plan and then formally adopts the second year spending plan.

As the Budget is developed, requests are submitted by departmental managers to the City Manager for review. The City Manager, the Finance Director and department heads meet to review the requests and establish program objectives for the coming two years. The City Manager then prepares his recommendations to the City Council and the Finance Director submits the financing plan to fund the recommended budget.

The City Council typically receives the proposed budget by the second week of May and thereafter schedules two or more public study sessions to review the recommendations with the City Manager and department heads. Tentative approvals are made by the City Council, pending determination of final fund balance and revenue figures. The Finance Director usually submits the City Council approved budget for final public hearing and adoption in early June.

Early in the calendar year, the finance department presents a mid-year review of the budget performance. At that time, mid-year results are presented to the City Council with a special emphasis placed on the financial performance to date and the state of the economy. A projection of fund balances through the end of the fiscal year is presented as well as key performance measures to assist in tracking operational goals.

From the effective date of the budget, the several amounts adopted as expenditures become appropriated to the several departments, offices and agencies for the projects and purposes named. All appropriations (except appropriations for capital projects which are in effect until the project is completed) lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. At any public meeting after the adoption of the budget, the City Council may amend or supplement the adopted budget with a majority vote of the members of the Council.

At the beginning of each fiscal year the City Council employs an independent certified public accounting firm which, at such times as specified by the City Council, but not less than annually, examines the financial statements. As soon as practicable after the end of each fiscal year, these financial statements and an accountant's report are submitted by the accounting firm to the City Council.

City Assessed Valuation. The County assesses property values and collects and distributes secured and unsecured property taxes to the County, cities, school districts- and other special districts within the County area.

Set forth in the table below is a listing of the assessed valuations on taxable property in the City of Manhattan Beach for fiscal years ending June 30, 2006 through June 30, 2017.

TABLE 6
City of Manhattan Beach
Assessed Value and Estimated Actual Value of Taxable Property

<i>Fiscal Year Ended June 30</i>	<i>Residential Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>	<i>Other Property</i>	<i>Total Taxable Assessed Value</i>
2006	\$7,676,737,831	\$708,333,276	\$265,885,057	\$429,932,918	\$9,080,889,082
2007	8,574,425,369	739,118,781	219,928,225	391,992,459	9,925,464,834
2008	9,424,677,494	794,484,003	224,326,781	417,862,475	10,861,350,753
2009	10,133,650,383	841,096,243	280,998,547	442,154,427	11,697,899,600
2010	10,311,669,005	868,380,495	286,618,511	405,009,100	11,871,677,111
2011	10,339,491,445	857,048,245	272,285,842	444,776,787	11,913,602,319
2012	10,636,686,256	900,445,878	355,749,068	309,065,564	12,190,853,653
2013	11,112,696,748	873,285,030	273,166,539	454,181,448	12,713,329,765
2014	11,775,490,298	922,073,989	275,869,861	479,869,752	13,453,303,900
2015	12,495,767,450	959,161,027	281,151,363	460,823,493	14,196,903,333
2016	13,612,129,553	1,012,183,101	293,730,521	434,452,308	15,352,495,483
2017	14,546,642,100	1,104,891,728	298,209,901	492,604,175	16,442,347,904

Note: Secured property is property secured by the property as opposed to the property's owner. Unsecured property is property secured by the property owner. Secured property generally includes land and improvements. Unsecured property generally includes business property, boats, permanent (unlicensed) mobile homes, and other movable, assessable assets.

Source: Los Angeles County Auditor-Controller.

Tax Levies and Delinquencies. The basic tax rate for all taxing entities within a particular tax code area is \$1 per \$100 of assessed valuation in accordance with Article XIII A of the State Constitution. To this may be added whatever tax rates are necessary to meet debt service on indebtedness approved by the voters.

The City uses the services of the County for the assessment and collection of taxes. City taxes are collected at the same time and on the same tax rolls as are County, school district and special district taxes.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. 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 property and property secured by a lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Taxes on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year and become delinquent after December 10 and April 10 respectively. Taxes on unsecured property are assessed and payable March 1 and become delinquent on August 31 in the next fiscal year. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% of the delinquent taxes per month begins to accrue beginning November 1 of the fiscal year.

Commencing in June 1982, a 10% penalty was added to delinquent taxes which have been levied on property on the secured roll (a 6% penalty is charged on property taxes that became

delinquent prior to June 1982). In addition, property on the secured roll with respect to which taxes are delinquent is declared to -be tax-defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more the tax-defaulted property is declared to be subject to the County Tax Collector's power of sale and may be subsequently sold within two years by the County Tax Collector.

Major Property Taxpayers. The following table sets forth sets forth a list of the top ten principal taxpayers within the City as of June 30, 2016, the net valuation of their property and the percentage which such taxpayer's property represents of the total assessed valuation of the taxable property in the City.

TABLE 7
City of Manhattan Beach
Principal Property Taxpayers
Fiscal Year 2016-17

<i>Taxpayer</i>	<i>Category</i>	<i>Net Value</i>	<i>Percentage of Total Assessed Valuation</i>
Northrop Grumman Space & Mission	Aerospace and Electronics	\$194,972,729	1.19%
RReef America Reit II Corporation BBB	Mall	170,620,388	1.04%
CRP MB Studios LLC	Movie, Television and Media Studios	156,184,923	0.95%
Manhattan Beach Hotel TRS, LLC	Marriott Hotel	89,970,780	0.55%
Parstem Realty Company Inc.	Office and Manufacturing Facilities	70,936,316	0.43%
1230 and 1240 Rosecrans Ave Hold LLC	Office Buildings	62,283,089	0.38%
WH Manhattan Beach LP	Residence Inn Hotel	54,173,100	0.33%
Michael Greenberg Trust	Residential	43,227,019	0.26%
Skechers USA Inc.	Corporate Headquarters	42,764,320	0.26%
Ponderosa Belamar LLC	Belamar Hotel	40,596,996	0.25%
 Top Ten Total		 <u>\$925,729,660</u>	 <u>5.63%</u>
 City Total		 <u>\$16,442,347,904</u>	

Source: County of Los Angeles

Financial Statements. All governmental funds, including the General Operating Funds and, the Capital Projects Funds, are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

The City employs an independent certified public accounting firm to annually audit the City’s financial statements in conformity with generally accepted accounting principles for governmental entities and to review internal financial controls. The audited Comprehensive Annual Financial Report of the City has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for fiscal year 2015. The City has consistently been awarded the Certificate for sixteen years. The annual audit report is generally available by February 1 of the succeeding fiscal year.

TABLE 8
City of Manhattan Beach
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Years ended June 30, 2011 through June 30, 2015

	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Revenues					
Taxes and assessments	\$ 37,697,637	\$ 39,389,241	\$ 42,273,666	\$ 44,213,347	\$ 46,601,118
Licenses, fees and permits	1,289,183	1,418,230	1,513,821	1,759,180	2,185,871
Charges for services	9,396,606	9,706,289	9,202,436	10,253,540	10,362,276
Fines and forfeitures	2,867,072	2,805,559	2,588,865	2,566,436	2,637,538
Intergovernmental	1,749,382	2,566,478	1,599,821	2,183,990	2,495,207
Interest and Rents	2,723,666	2,692,576	2,633,124	3,048,749	3,184,502
Net change fair value investments	21,680	21,265	95,900	(30,910)	13,651
Other revenues	<u>707,752</u>	<u>835,945</u>	<u>1,675,812</u>	<u>552,690</u>	<u>820,295</u>
Total revenues	\$ 56,452,978	\$ 59,435,583	\$ 61,583,445	\$ 64,547,022	\$ 68,300,458
Expenditures					
General government	8,660,865	8,560,273	9,101,953	10,467,524	11,838,504
Public safety	29,176,141	30,449,560	30,470,567	33,525,828	34,897,663
Culture and recreation	6,192,471	5,552,632	5,680,001	6,831,568	7,349,487
Public works	<u>6,149,939</u>	<u>6,369,092</u>	<u>7,155,292</u>	<u>6,527,537</u>	<u>8,026,650</u>
Total operating expenditures	\$ 50,179,416	\$ 50,931,557	\$ 52,407,813	\$ 57,352,457	62,112,304
Excess of revenues over expenditures	6,273,562	8,504,026	9,175,632	7,194,565	6,188,154
Capital outlay	1,510,341	4,272,496	2,485,027	2,819,131	2,275,709
Debt service					
Interest and Administrative Fees	896,096	820,494	640,413	379,123	412,240
Principal	1,425,000	1,485,000	2,985,000	1,830,000	1,480,000
Cost of issuance			150,944	-	-
Payment to refunded bond escrow agent			821,153	-	-
Total Non-Operating expenditures	\$3,831,437	\$6,577,990	\$4,597,510	5,028,254	4,167,949
Excess of revenues over expenditures	\$2,442,125	\$1,926,036	\$2,093,095	\$ 2,166,311	\$ 2,020,205
Other Financing Sources (Uses)					
Refunding bonds issued	-	-	10,510,000	-	-
Premium on bonds issues	-	-	500,846	-	-
Payment to bond escrow agent	-	-	(10,851,624)	-	-
Capital Contribution	-	-	-	-	-
Proceeds from sale of capital assets	5,829	434	-	693,612	1,050
Transfers in	830,712	3,353,075	3,770,569	1,260,327	534,480
Transfers out	(724,350)	(3,253,191)	(3,569,986)	(1,059,869)	(284,156)
Total other financing sources (uses)	\$112,191	\$100,318	359,805	894,070	251,374
Prior Period Adjustment	-	-	-	-	-
Net change in fund balances	\$2,554,316	\$2,026,354	\$2,452,900	\$3,060,381	\$ 2,271,549
Debt - % of Operating Expenditures	4.6%	4.5%	6.9%	3.9%	3.0%

Note: Debt Ratio for fiscal year ending June 30, 2013 includes Cost of Issuance and Refunding Payments.

Source: City of Manhattan Beach

The following tables show the General Fund balance sheet for fiscal years 2010-11 through Fiscal Year 2014-15.

TABLE 9
City of Manhattan Beach
General Fund Balance Sheet
June 30, 2011 through June 30, 2015

	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Assets:					
Pooled cash and investments	\$ 19,545,360	\$ 18,724,690	\$ 19,491,970	\$ 20,366,333	\$ 23,340,690
Receivables:					
Accounts	413,219	568,560	915,965	765,703	680,767
Taxes	3,215,761	3,913,678	3,005,196	2,819,774	2,958,175
Notes and loans	432,000	432,000	432,000	1,700,000	1,649,129
Accrued interest	223,554	241,578	221,918	236,218	173,774
Prepaid costs	19,519	48,989	42,514	46,823	46,080
Due from other governments	205,184	411,508	247,328	206,359	178,258
Due from other funds	22,488	22,488	22,488	22,488	22,488
Due from OPEB Trust Fund	-	-	-	-	149,485
Advances to other funds	-	-	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	<u>1,277,355</u>	<u>1,317,020</u>	<u>1,177,037</u>	813,407	<u>32,566</u>
Total Assets	<u>\$ 25,354,440</u>	<u>\$ 25,680,511</u>	<u>\$ 25,556,416</u>	<u>\$ 26,977,105</u>	<u>\$ 29,231,412</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1,231,922	\$ 1,322,852	\$ 1,562,741	\$ 1,561,963	\$ 1,519,472
Accrued liabilities	1,566,975	1,843,263	1,813,951	2,154,722	2,369,672
Deferred revenues ¹	1,025,021	1,097,941	-	-	-
Unearned revenues	830,978	695,445	730,138	899,453	879,432
Deposits payable	699,838	788,509	843,489	763,252	888,697
Due to other funds	-	-	-	-	-
Interest payable	<u>95,084</u>	<u>71,908</u>	<u>46,603</u>	-	-
Total Liabilities	<u>\$ 5,449,818</u>	<u>\$ 5,819,918</u>	<u>\$ 4,996,922</u>	<u>\$5,379,390</u>	<u>\$5,657,273</u>
Deferred Inflow of Resources ¹ :					
Unavailable revenues	-	-	\$ 970,734	\$ 699,380	\$809,389
Fund Balances:					
Nonspendable:					
Prepaid costs	19,519	48,989	42,514	46,823	46,080
Notes and loans	432,000	432,000	432,000	1,700,000	1,649,129
Advances to other funds					
Restricted for:					
Public safety					
Parks and recreation					
Public works					
Capital projects					
Debt service	1,182,271	1,245,112	1,130,434	813,407	32,566
Committed to:					
Capital projects					
Unassigned	<u>18,270,832</u>	18,134,492	17,983,812	18,338,105	21,036,975
Total Fund Balances	<u>19,904,622</u>	<u>19,860,593</u>	19,588,760	20,898,335	22,764,750
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 25,354,440</u>	<u>\$ 25,680,511</u>	<u>\$ 25,556,416</u>	<u>\$ 26,977,105</u>	<u>\$ 29,231,412</u>

¹Deferred Revenues reported separately from Liabilities as Deferred Inflow of Resources as of FY 2012-13.

Source: City of Manhattan Beach

Direct and Overlapping Bonded Debt. The statement of direct and overlapping debt (the “Debt Report”) set forth below was prepared by HdL Coren Cone using data from LA County Assessor Rolls as of June 30, 2015. The Debt Report includes only such information as has been reported by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City takes no responsibility for its completeness or accuracy. See “THE CITY-City Financial Information-City Assessed Valuation” for assessed valuation information through Fiscal Year 2016-17.

TABLE 10
City of Manhattan Beach
Direct and Overlapping Debt
(As of June 30, 2015)

<i>Governmental Unit</i>	<i>Gross Bonded Debt Balance</i>	<i>Percentage Applicable To City</i>	<i>Net Bonded Debt</i>
Direct Debt			
Certificates of Participation Marine Avenue Park	\$ 6,715,000	100.000%	\$ 6,715,000
Refunding Certificates of Participation Police/Fire	9,580,000	100.000%	9,580,000
Obligation under Capital Leases	531,820	100.000%	531,820
Total Direct Debt			\$ 16,826,820
Overlapping Debt			
Manhattan Beach UNIF 96 SER A DS	\$ 5,027,846	100.000%	\$ 5,027,846
Manhattan Beach UNIF DS 1998 SER B	5,181,858	100.000%	5,181,858
Manhattan Beach USD DS 1999 SER C	2,767,405	100.000%	2,767,405
Manhattan Beach USD DS 2001 SER D	3,663,340	100.000%	3,663,340
Manhattan Beach USD DS 1995 SER E	4,628,829	100.000%	4,628,829
Manhattan Beach USD DS 2000 SER B	6,317,765	100.000%	6,317,765
Manhattan Beach USD 2008, 2011 SER C	7,651,589	100.000%	7,651,589
Manhattan Beach USD DS 2008, 2012 SER D	9,738,877	100.000%	9,738,877
Manhattan Beach USD DS 2008, 2012 SER E	9,940,000	100.000%	9,940,000
Manhattan Beach USD DS 2008, 2013 SER F	13,400,000	100.000%	13,400,000
Manhattan Beach USD DS 2013 REF 2000 SER A	31,670,000	100.000%	31,670,000
Metropolitan Water District	53,296,395	1.460%	778,068
El Camino CCS DS 2005 REF BONDS	26,018,159	16.000%	4,162,901
El Camino CCS DS 2002 SER 2006B	79,950,000	16.000%	12,791,987
El Camino CCS DS 2002 SER 2012C	180,631,166	16.000%	28,900,957
El Camino CCS DS 2012 REF BONDS	41,490,000	16.000%	6,638,393
Total Overlapping Debt			\$153,259,815
Total Direct and Overlapping Debt			\$170,086,635

Source: LA County Assessor Rolls

Outstanding General Fund Debt and Lease Obligations. The City currently has outstanding general fund debt and lease obligations described below. The City has never defaulted on the payment, principal of, or interest on any of its indebtedness. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements, proofs of insurance, and budgeted revenues and maintenance costs.

On April 24, 2002, the City issued \$9,535,000 Variable Rate Demand Refunding Certificates of Participation to finance the Marine Sports Field Lease (the “Marine Ave. Certificates”). The

annual lease payment for the obligations is approximately \$505,500. The Marine Ave Certificates are being refunded through the 2016 Certificates. In connection with the refunding and the issuance of the Series 2016 Certificates the City will terminate a letter of credit securing the Marine Avenue Certificates.

In February 2013, the City issued \$10,510,000 of Certificates of Participation, Series 2013, to advance refund the 2004 Police and Fire Facility Certificates of Participation (“2004 Certificates”). Proceeds of the 2004 Certificates issue were used to pay the costs of a new \$41 million combined Police and Fire safety facility. The 2013 Refunding Certificates have interest rates ranging from 2% to 4% and mature in 2032. The annual debt service payment is approximately \$775,000.

In July 2012, the City executed and delivered \$12,975,000 Certificates of Participation (Metlox and Water/Wastewater Refunding) Series 2012 to refund the City of Manhattan Beach \$11,125,000 outstanding Certificates of Participation (2003 Metlox Public Improvements) Series and \$3,240,000 outstanding Certificates of Participation (1996 Water and Wastewater Improvement Project). The 2012 Refunding Certificates have interest rates ranging from 2% to 4% and mature in 2032. The Annual debt service payment is approximately \$980,000.

Following is a summary of the principal amounts of the City’s outstanding long-term obligations payable from the General Fund as of June 30, 2015.

TABLE 11
Outstanding Principal Amounts of
Long Term Obligations
(As of June 30, 2016)

Marine Ave Certificatess	\$6,165,000
Police & Fire Facility Refunding Certificates	9,125,000
Metlox Parking/Water Wastewater Refunding Certificates*	10,890,000
Capital Leases	<u>531,820</u>
Total	\$28,831,707

*The Marine Ave Certificates are being refunded through the issuance of the 2016 Certificates.

Non-General Fund Obligations. The City has issued several series of bonds to finance the undergrounding of utility wires and related equipment. These voter-approved bonds are secured solely by assessments levies on the particular districts (generally consisting of 200-300 properties) in which the undergrounding occurred. These bonds are not payable from the City’s General Fund, or from any other funds of the City.

Capital Improvements and Construction Funds

The City Council has established revenue sources within the Capital Improvements Fund (“CIP”) through increases in the transient occupancy tax, on-street parking meters and citation rates. As a policy matter, the City intends to use these revenue sources for funding of capital projects. This revenue source is estimated to be approximately \$1.6 million for Fiscal Year 2016-17. Revenue sources within the CIP Fund have been matched with projects in a five year plan. All City street and

utility improvements are maintained through a planned and scheduled use of restricted funding sources beyond those items considered within the City's CIP Fund.

Potential Costs Related to Storm Water Improvements

In connection with increasing regulatory focus on mitigating storm water runoff and resulting discharge of pollutants into the Pacific Ocean, in June 2015, the City, in cooperation with the cities of Hermosa Beach, Redondo Beach and Torrance, along with the Los Angeles County Flood Control District (collectively, the "Beach Cities") submitted an Enhanced Watershed Management Program ("EWMP"), as part of the City's compliance with the City's National Pollution Discharge Elimination System Permit ("NPDES Permit").

The most significant component of the EWMP was the development of a list of projects that would achieve the desired pollutant reduction levels as required by the Los Angeles Regional Water Quality Control Board (the "Regional Board"). Preliminary estimates of the total construction cost (for all of the Beach Cities) range from approximately \$54.6 million to \$101 million, with estimated annual operating costs ranging from \$1.3 million to \$2.1 million.

The Beach Cities' individual contributions would be based on their relative proportional geographic tributary area. For the City, the calculated portion of the tributary area is 12%, resulting in preliminary estimated construction costs for the City ranging from \$6.5 million to \$12.1 million, with estimated annual operations and maintenance costs ranging from \$154,000 to \$257,000.

The Beach Cities (including the City) do not have sufficient funds to implement the listed projects. Since a funding plan is not required as a Permit requirement, the development of the EWMP in 2015 kept the Beach Cities in compliance with the Permit. However, funding remains a large issue that still needs to be resolved in order to comply with the pollutant reduction deadlines identified in the EWMP. The City is exploring various sources of funding, including grants, voter-approved bonds, storm water assessments, and potential cost recovery from the State of such costs as an unfunded mandate. The specific timing of required expenditures is unclear at this point, however certain elements of the EWMP applicable to the City are required as soon as 2018, and there can be no assurances that compliance with the EWMP and the NPDES Permit will not require expenditures of significant amounts from the General Fund in the future.

Investment of City Funds

The City and its component units are generally authorized under its investment policy and Section 53601 of the California Government Code, bond indentures and local resolutions to invest in demand deposits with financial institutions; savings accounts; certificates of deposit; U.S. Treasury securities; federal agency securities; State of California notes or bonds; repurchase agreements; medium term corporate notes; bankers' acceptances; commercial paper; and the Local Agency Investment Fund of the State of California. The City's investment policy allows for the purchase of most of the investment vehicles authorized under Section 53601 of the California Government Code.

The City and its component units have also established guidelines for security purchases with investment limitations as follows: Bankers acceptances may not exceed 20% of the City's surplus money. Negotiable certificates of deposits may not exceed 20% of the City's surplus money. Commercial paper may not exceed 270 days maturity nor exceed 15% of the City's surplus funds. Medium term corporate notes may not exceed 20% of the City's surplus funds, cannot currently exceed a five year term and must be made within Moody's Aaa – Aa3 or Standard & Poor's AAA –

A+ rating categories. Investments in repurchase agreements may not exceed a term of one year. The City's investment policy specifically prohibits investments in reverse repurchase agreements and derivatives, including interest rate floaters, range notes and mortgage derived interest-only strips. Further, the policy prohibits investment in California state and local obligations, mutual funds and mortgage pass through securities.

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of September 30, 2016 56% of the portfolio consisted of federal agency notes and U.S. Treasury securities, 21% invested in liquid state investment pools, 17% in high grade corporate notes and 5% in certificates of deposit. The average maturity of the portfolio was 590 days. As of September 30, 2016 the market value of the City's investment portfolio was \$84,372,775 and the investment portfolio's book value was \$84,054,785. The following table summarizes certain information relating to the City's investment portfolio as of September 30, 2016:

TABLE 13
City of Manhattan Beach
Investment Portfolio Summary
(as of September 30, 2016)

<i>Type of Investment</i>	<i>Book Value</i>
Cash	\$ 5,712,682
Local Government Fund	17,700,000
US Treasury and Agency Note	47,276,065
Medium Term Note	14,702,719
Certificates of Deposit	4,376,000
Total	\$ 84,054,785

The portfolio represents cash and investments across several funds. The General Fund represents approximately 14% of the total portfolio and the general Capital Improvement Project Fund approximately 11%; the Insurance Reserve Fund, approximately 11%; the Water, Stormwater and Wastewater Utility Funds approximately 41%; and various Street and Road Funds (e.g. Gas Tax, Prop A, Prop C, and Measure R) together total about 10%. The remaining funds comprise 0% to 15% of the total.

City Employees

There are approximately 288 full-time City employees excluding elected officials. Additionally, the City employs part-time staff equating to approximately 64 full-time equivalent positions. The City generally enjoys positive relations with its employees. About 25% of the City's full-time employees are not represented, while the remaining 75% are represented by employee organizations within four bargaining units. The four bargaining units are: Manhattan Beach Firefighters Association; the Manhattan Beach Police Officers Association; the Manhattan Beach Police Management Association; and the Teamsters Local 911 (with the exception of certain Police

Department employees, Management is unrepresented). New labor agreements were negotiated in late 2015 for all groups and are effective from January 1, 2016 through December 31, 2018.

The following summarizes the membership of the City’s unrepresented unit and employee associations:

TABLE 14
City of Manhattan Beach
Unrepresented Unit and Employee Associations

<i>Employee Unit</i>	<i>Number of Full Time Employees*</i>	<i>Percent of Workforce</i>
Manhattan Beach Fire Association	26	9.0%
Manhattan Beach Police Officers’ Association	57	19.8
Manhattan Beach Police Management Association	7	2.4
Miscellaneous Unit - Teamsters Local 911	133	46.2
Management/Confidential (not represented)	<u>65</u>	<u>22.6</u>
TOTAL	288	100.0%

*Excludes elected officials.

City Employees Retirement Program

The City contributes to the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. All permanent City employees are eligible to participate in PERS. Participants in the plan vest after 5 years of employment. The City has a two-tiered (“Classic” and “New”) retirement plan with benefits varying by plan. All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

For “Classic” employees, the City of Manhattan Beach has three defined benefit plans: Police (“3% at 50”), Fire (“3% at 55”) and Miscellaneous (“2% at 55”). Employees receive annual retirement benefits calculated based on age at retirement, years of membership service and the amount of earnings based on the highest consecutive 12 months average.

“New” members are defined by the California Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013. “New” members to the safety service (Police and Fire) are subject to a 2.7% at 57 formula, while non-safety “New” members receive a 2% at 62 plan. Employees receive annual retirement benefits calculated based on age at retirement, years of membership service and the amount of earnings based on the highest annual average during a consecutive three-year period. Mandatory employee pension contributions are also included in the formulae for the “New” employee tier.

As of the most recent accounting valuation (June 30, 2015), the City’s retirement plan for Miscellaneous employees had an unfunded liability of approximately \$16.0 million using a market value basis. The Retirement Plan for Miscellaneous employees had a funded status of 82.0% (market value basis).

As of the most recent accounting valuation (June 30, 2015), the PERS Risk Pool for Police in which the City participates had an unfunded liability of approximately \$23.5 million (City’s proportionate share) using a market value basis. The funded status of the Police plan was 78.3% (market value basis).

As of the most recent accounting valuation (June 30, 2015), the PERS Risk Pool for Fire in which the City participates had an unfunded liability of approximately \$10.1 million using a market value basis. The funded status of the Fire plan was 81.6% (market value basis).

Effective during fiscal year 2012-2013, City employees commenced payment of the employee portion of pension contributions, which were previously paid by the City on the employees' behalf. Additionally, "Classic" members of the Firefighters Association, Police Officers' Association and Police Management Association commenced cost sharing 3% of the Employer portion of the pension contribution (the cost sharing contributions are reflected in the Employer payments in Table 15).

The following table shows City contributions to PERS (including both the City portion as well as employee contributions paid by the City prior to January 1, 2013) for Fiscal Years 2012-13 through 2015-16, as well as expected contributions for Fiscal Year 2016-17.

TABLE 15
Historical and Projected Payments to PERS
Fiscal Year Ending June 30

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i> <i>(Estimated)</i>
<u>Police</u>					
Employee	\$ 177,950	\$ 645,820	\$ 733,664	\$ 802,969	\$ 809,234
Employer	<u>2,331,942</u>	<u>2,095,990</u>	<u>2,321,041</u>	<u>2,710,351</u>	<u>2,969,918</u>
Subtotal	\$ 2,509,892	\$ 2,741,810	\$ 3,054,705	\$ 3,513,320	\$ 3,779,152
<u>Fire</u>					
Employee	90,841	390,581	419,691	430,943	425,203
Employer	<u>1,291,292</u>	<u>1,091,823</u>	<u>1,116,751</u>	<u>1,267,184</u>	<u>1,390,672</u>
Subtotal	\$ 1,382,133	\$ 1,482,404	\$ 1,536,442	\$ 1,698,127	\$ 1,815,874
<u>Misc</u>					
Employee	204,387	782,621	965,605	991,711	1,060,279
Employer	<u>1,877,409</u>	<u>1,514,222</u>	<u>1,628,291</u>	<u>1,856,042</u>	<u>2,149,197</u>
Subtotal	<u>\$ 2,081,796</u>	<u>\$ 2,296,843</u>	<u>\$ 2,593,896</u>	<u>\$ 2,847,753</u>	<u>\$ 3,209,476</u>
Total	\$ 5,973,821	\$ 6,521,057	\$ 7,185,043	\$ 8,059,200	\$ 8,804,503

Note: Includes both "Classic" and "New" tiers.

Source: City of Manhattan Beach

These costs have significantly increased in the past few years due to investment losses sustained by CalPERS. In an effort to address volatility concerns, CalPERS recently began implementing a risk mitigation policy. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. The policy is expected to impact future contributions. The actual amount of any increases will depend on a variety of factors, including but not limited to investment returns, actuarial assumptions, experience and retirement benefit adjustments.

The City is actively exploring options to address pension rate fluctuations as well as accelerating paydown of unfunded liabilities, including establishing a Pension Stabilization Fund to address the concern that actual amounts owed to CalPERS in the future will vary from projections, potentially significantly, depending on a variety of factors, primarily investment returns.

On June 25, 2012, the Governmental Accounting Standards Board (“GASB”) approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements 67 and 68 replaced Statement 27 and most of Statements 25 and 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: 1) the inclusion of unfunded pension liabilities on the government’s balance sheet (previously, such unfunded liabilities are typically included as notes to the government’s financial statements); 2) more components of full pension costs are now shown as expenses regardless of actual contribution levels; 3) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; 4) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and 5) the difference between expected and actual investment returns are recognized over a closed five-year smoothing period. In addition, according to GASB, Statement 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. The reporting requirements took effect fiscal year 2014-15.

The City also provides certain other post employment benefits (“OPEBs”) to employees, generally consisting of \$250 to \$400 per month paid directly to the employee to be used towards the health insurance premiums. Employees who retire from employment with the City and meet service requirements ranging from 5 to 20 years are eligible. The plan and payment amounts are established by Memoranda of Understanding with the applicable employee bargaining units, or the City’s Personnel Rules and Regulations, and may be amended by agreement between the City and the bargaining units/employees. In Fiscal Year 2015-16, the City paid \$156,223 to retirees.

The City of Manhattan Beach contracts with PERS to participate in the Public Employee Medical and Hospital Care Act (PEMHCA). Under this contract, both active employees and retirees are provided access to health insurance. The City makes a contribution to retirees who elect to purchase insurance through PERS. This contribution is mandated by Assembly Bill 2544 and is adjusted annually by PERS. For Fiscal Year 2015-16, the City contribution paid to PERS for PEMCHA was \$130,185. For active employees, the City paid \$3,248,928 for medical insurance costs..

In order to comply with Government Accounting Standards Board Statement 45, the City regularly conducts an actuarial valuation of its OPEB obligations. The City’s annual post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 and amortization of any Net Pension Obligation existing at the beginning of the fiscal year. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. An actuarial valuation was performed as of July 1, 2015. The valuation resulted in a normal cost of \$144,512 for fiscal 2015-16 and a normal cost of \$148,486 for fiscal 2016-17. The City is not required to make an annual required contribution (ARC) for fiscal years 2015-16 and 2016-17 given the fund’s superfunded status.

For a detailed description of the City's pension and OPEB obligations, see Notes 7 and 8 in "APPENDIX A - CITY OF MANHATTAN BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015."

City Insurance Program

The City is subject to a variety of workers' compensation and liability claims from time to time, which currently includes a wrongful death claim with damages sought in excess of \$10 million. The City maintains various insurance as described below.

The City adopted a self-insured workers' compensation program that is administered by a service agent. The City is self-insured for the first \$750,000 on each claim (Self-Insured Retention or "SIR"). Insurance coverage in excess of the self-insured amount is provided by the Independent Cities Risk Management Authority ("ICRMA") pool for the first \$5,000,000 in excess of the SIR. The amount in excess of \$5,750,000 is insured by a private insurance company up to statutory limits. The City is also self-insured for the first \$500,000 on each general liability claim against the City. Insurance coverage in excess of the self-insured amount is provided by Independent Cities Risk Management Authority ("ICRMA") up to a limit of \$5,000,000, and by a private insurance company for an additional \$25,000,000. ICRMA is considered a self-sustaining risk pool. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2015, the amount of these liabilities was \$12,106,500. The amount represents an estimate of \$7,958,219 for reported claims through June 30, 2015, and \$4,148,281 of estimated incurred but not reported claims.

The City is a member of the ICRMA, a public entity risk pool currently operating as a common risk management and insurance program for 22 cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The City carries commercial companies for all other risks of loss, including property insurance including earthquake and flood, auto physical damage insurance and special events insurance.

For information concerning the City's insurance program, see Note 10 in "APPENDIX A - CITY OF MANHATTAN BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015."

RISK FACTORS

PURCHASE OF THE 2016 CERTIFICATES INVOLVES CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE 2016 CERTIFICATES IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE MARKET PRICE OF THE 2016 CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED, HOWEVER, THEY DO NOT PURPORT TO BE AN EXHAUSTIVE LISTING OF RISKS AND OTHER CONSIDERATIONS WHICH MAY BE RELEVANT TO AN INVESTMENT IN THE 2016 CERTIFICATES, IN ADDITION, THE ORDER IN WHICH THE FOLLOWING FACTORS ARE PRESENTED IS NOT INTENDED TO REFLECT THE RELATIVE IMPORTANCE OF ANY SUCH RISKS.

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the 2016 Certificates with respect to the payment when due of Lease 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 Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Not a Pledge of Taxes

The obligation of the City to pay the Lease 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. The obligation of the City to pay Lease Payments does not constitute a debt or indebtedness of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay Lease Payments from any source of legally available funds (subject to certain exceptions) and the City has covenanted in the Lease Agreement that, for as long as the Leased Premises is available for its use and possession, it will make the necessary annual appropriations within its budgets for all Lease Payments.

Additional Obligations of the City

The City has the capability to enter into other obligations, including Additional Certificates, which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Premises, taxes and other governmental charges levied against the Leased Premises) are payable from funds lawfully available to the City. In the event that the amounts which the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments, as the City Council may determine 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.

In addition, the City has significant pension related obligations, which have significantly increased over the last several years and is expected to continue to increase in the future. See "THE CITY – City Employees Retirement Program."

Limited Recourse on Default; No Acceleration

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Premises and use the proceeds of such sale to redeem the 2016 Certificates or pay debt service thereon. The City will be liable only for Lease Payments on an annual basis, and the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against public agencies in the State

of California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

The obligation of the City under the Lease Agreement to pay Lease Payments is in consideration for the use and possession of the Leased Premises. The obligation of the City to make Lease Payments may be abated in whole or in part if the City does not have full use and possession of the Leased Premises.

As provided in the Lease Agreement, the amount of Lease Payments due under the Lease Agreement shall be abated during any period in which by reason of damage, destruction, eminent domain, if applicable, or otherwise there is substantial interference with the use and possession of the Leased Premises. Such abatement will end with the substantial completion or replacement, repair or reconstruction of the affected Leased Premises. If damage or destruction or eminent domain proceedings, if applicable, with respect to any portion of the Leased Premises result in abatement of the Lease Payments and the resulting Lease Payments (and in the event of damage or destruction, together with rental interruption proceeds, if any), are insufficient to make all payments of principal and interest represented by the 2016 Certificates during the period that the Leased Premises is being replaced, repaired or reconstructed, then such payments of principal and interest may not be made and no remedy is available to the Trustee or the Owners, under the Lease Agreement or Trust Agreement, for nonpayment under such circumstances.

Notwithstanding the foregoing provisions of the Lease Agreement and the Trust Agreement specifying the extent of abatement in the event of the City' failure to have use and possession of the Leased Premises, such provisions may be superseded by operation of law, and, in such event, the resulting

Lease Payments of the City may not be sufficient to pay all of the principal and interest represented by the 2016 Certificates remaining Outstanding.

Risk of Uninsured Loss

The City covenants under the Lease Agreement to maintain certain insurance policies on the Leased Premises. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Insurance." These insurance policies do not cover all types of risk, and the City need not obtain insurance except as available on the open market from reputable insurers. For instance, the City is not required to maintain, and currently does not maintain, earthquake insurance. The Leased Premises could be damaged or destroyed due to earthquake or other casualty for which the Leased Premises is uninsured. Additionally, the Leased Premises could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability and rental interruption insurance 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 Premises will be sufficient to prepay the Certificates.

Eminent Domain

If the Leased Premises is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Leased Premises is taken permanently, or if the Leased Premises or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Premises.

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well-known and widely applicable of these laws. In addition, California laws impose particular requirements with regard to hazardous substances. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substances or conditions on the property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal ability of the property owner or operator to develop the affected property or other adjacent property, and the value of the affected property or adjacent property. These possibilities could also affect the ability of the City to have use and possession of the Leased Premises. See "Abatement."

State Budget

The State has faced significant financial stress from time to time. There can be no assurances that the State will not take budgetary or other actions which materially adversely affect the financial condition of the City. See "STATE BUDGET."

Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. 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 case. 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 and could prevent the Trustee from making payments from funds in its

possession; (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 secured debt which may have a priority of payment superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (a "Plan") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the 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" and in the best interests of creditors.

In addition, the City could either reject the Site Lease or Lease Agreement or assume the Site Lease or Lease Agreement despite any provision of the Site Lease or Lease Agreement that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder. The City may also be permitted to assign the Lease Agreement (or the Site Lease) to a third party, regardless of the terms of the transaction documents. If the City rejects the Site Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection may terminate both the Site Lease and the Lease Agreement and the obligations of the City to make payments thereunder.

The Corporation is a public agency and, like the City, cannot be the subject of an involuntary case under the Bankruptcy Code. The Corporation may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. If the Corporation were to become a debtor under the Bankruptcy Code, the Corporation would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Trust Agreement. 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 Corporation or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Corporation and could prevent the Trustee from making payments from funds in its possession; (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 secured debt which may have priority of payment superior to that of the Owners of the 2016 Certificates; and (iv) the possibility of the adoption of a Plan for the adjustment of the Corporation's debt without the consent of the Trustee or all of the Owners of the 2016 Certificates, 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 and in the best interests of creditors.

Natural Disaster

The occurrence of a natural disaster affecting the City, such as an earthquake or tsunami, could materially adversely effect the financial condition of the City. The City, like much of California, frequently experiences seismic activity. The Inglewood fault line is near the City. The City is not obligated under the Lease Agreement to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Leased Premises. Depending on its severity, an earthquake could result in abatement of Lease Payments under the Lease Agreement. See "Abatement" above. The City currently maintains earthquake insurance on all City structures as part of a risk pool in which the City participates. There is no assurance, nor any requirement under the Lease Agreement, that such coverage will be provided or continued with respect to the Project.

STATE BUDGET

The State has experienced significant financial stress in the past, with budget shortfalls in the several billions of dollars. While the State is not a significant source of City revenues, and the City does not anticipate that the State's financial condition will materially adversely affect the financial condition of the City, there can be no assurances future state financial pressures will not adversely affect the City.

Information about the State Budget is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.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 the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and the City and the Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATION

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the Voters prior to June 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two thirds of the votes cast by the voters voting on the Proposition. Section 2 of Article XIII A defines "full cash value" to mean "the county 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." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment could serve to reduce the property-tax revenues of the City. Other amendments permitted the State Legislature to allow persons over 55 or "severely disabled homeowners" who sell their residences and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “newly constructed” the construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster.

Article XIII B of the State Constitution

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State to the appropriations limit for the prior Fiscal Year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The “base year” for establishing this appropriations limit is the 1978-79 Fiscal Year. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIII B generally include authorizations to expend during a Fiscal Year the “proceeds of taxes” levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include but are not limited to, all tax revenues, certain State subventions received by the local governmental entity and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues. Article XIII B provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIII B does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIII B was amended in 1990 to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature” from proceeds of taxes. 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.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. Further, any general purpose tax the City imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election that must be held before November 6, 1998. The voter-approval requirements of Article XIIC reduce the flexibility of the City to raise revenues for the general fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

The City currently imposes the following general taxes: business-operations tax and transient-occupancy tax. Since all of these taxes were imposed before January 1, 1995, and have not been extended or increased since that date, these taxes should be exempt from the requirements of Article XIIC. Any future increases in these taxes, however, would be subject to the voter requirement of Article XIIC.

Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments confer a "special benefit," as defined in Article XIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected parties, and (iv) a prohibition against fees and charges used for general governmental services, including police, fire and library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution by expanding 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 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 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, for performing investigations, inspections, and audits, for enforcing agricultural marketing orders, and for 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 bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. As of the date of this

Official Statement, the City is unaware of any fees that would have to be reduced or eliminated because of Proposition 26.

Currently, the City transfers a portion of utility fund gross operating revenues to the General Fund to cover indirect support costs. The City believes that charges relating to such services are exempt from Proposition 218. The City believes that any successful challenges, however, to the transfers of utility fund revenues to the General Fund would not have an impact on the City's ability to pay the Lease Payment under the Lease Agreement.

The City currently levies assessments for six service districts, maintenance districts and property and business improvement districts. These assessments are approximately \$230,000 annually. The City believes that each of such assessments and districts complies with the requirements of Article XIID, unless otherwise exempt. Subsequent increases of such assessments, if any, would be required to comply.

The City also levies assessments for five improvement districts under the California improvement district acts, which assessments were approximately \$1 million in Fiscal Year 2010-11. Each of such assessments secures bonded indebtedness that is payable solely from such assessments and has no claim on the City's General Fund.

Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's general fund. If such repeal or reduction occurs, the City's operations could be adversely affected.

Proposition 62

At the November 4, 1986, general election, the voters of the State approved Proposition 62, a statutory initiative (1) requiring that any tax imposed by local governmental entities for general governmental purposes be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (2) requiring that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction; (3) restricting the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (4) prohibiting the imposition of ad valorem taxes on real property by local governmental entities, except as permitted by Article XIII A; (5) prohibiting the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (6) requiring that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. On September 28, 1995, however, the California Supreme Court, in *Santa Clara City Local Transportation Authority v. Guardino*, upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. The *Guardino* decision did not address whether it should be applied retroactively.

In response to *Guardino*, the California Legislature adopted Assembly Bill 1362, which provided that *Guardino* should apply only prospectively to any tax that was imposed or increased by an ordinance or resolution adopted after December 14, 1995. Assembly Bill 1362 was vetoed by the Governor; hence the application of the *Guardino* decision on a retroactive basis remains unclear.

The *Guardino* decision also did not decide the question of the applicability of Proposition 62 to charter cities such as the City. Two cases decided by the California Courts of Appeals in 1993, *Fielder v. City of Los Angeles* (1993) 14 Cal.App.4th 137 (rev. den. May 27, 1993), and *Fisher v. County of Alameda* (1993) 20 Cal.App.4th 120 (rev. den. Feb. 24, 1994), held that the restriction imposed by Proposition 62 on property transfer taxes did not apply to charter cities because charter cities derive their power to enact such taxes under Article XI, Section 5, of the California Constitution relating to municipal affairs.

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative. It is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. However, Proposition 218, as a constitutional amendment, is applicable to charter cities and supersedes many of the provisions of Proposition 62.

Proposition 1A of 2004

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the vehicle license fee (the "VLF"). The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

The 2004 Budget Act, related legislation and the enactment of Proposition 1A of 2004 (described below) dramatically changed the State-local fiscal relationship. These constitutional and statutory changes implemented an agreement negotiated between the Governor and local government officials (the "State-local agreement") in connection with the 2004 Budget Act.

One change related to the reduction of the VLF rate from 2% to 0.65% of the market value of the vehicle. In order to protect local governments, which had previously received all VLF revenues, the 1.35 percent reduction in VLF revenue to cities and counties from this rate change was backfilled by an increase in the amount of property tax revenues they receive. This worked to the benefit of local governments, because the backfill amount annually increases in proportion to the growth in secured roll property tax revenues, which has historically grown at a higher rate than VLF revenues. Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues.

On November 3, 2004 the voters of the State approved Proposition 1A ("Proposition 1A of 2004"). Proposition 1A of 2004 amended the State Constitution to, among other things, reduce the

Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and VLF revenues as of November 3, 2004. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the Statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See " – Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The County does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2012-13.

Future Initiatives

Article XIII A, Article XIII B and Propositions 62, 218, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting City's revenues or their ability to expend revenues.

THE CORPORATION

The Corporation is a nonprofit, public benefit corporation organized under California law by the City Council on July 9, 1996. The Corporation is authorized to provide financing for public capital improvements for the City, to acquire such public capital improvements and to purchase obligations. The five member City Council serve as the directors of the Corporation.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the 2016 Certificates is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Special Counsel, interest with respect to the 2016 Certificates is exempt from State of California personal income tax. Special Counsel notes that, with respect to corporations, interest with respect to the 2016 Certificates may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a 2016 Certificate (the first price at which a substantial amount of the 2016 Certificates of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2016 Certificate constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to the owner of the 2016 Certificate before receipt of cash attributable to such excludable income (with respect to the 2016 Certificates). The amount of original issue discount deemed received by the owner of a 2016 Certificate will increase the owner's basis in the 2016 Certificate. In the opinion of Special Counsel original issue discount that accrues to the owner of a 2016 Certificate is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Special Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to the 2016 Certificates is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the execution and delivery of the 2016 Certificates to assure that the portion of each Lease Payment constituting interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) with respect to the 2016 Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2016 Certificates. The City and the Corporation have covenanted to comply with all such requirements applicable to each, respectively.

The amount by which a 2016 Certificate Owner's original basis for determining loss on sale or exchange in the applicable 2016 Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2016 Certificate premium, which must be amortized under Section 171 of the Code; such amortizable 2016 Certificate premium reduces the 2016 Certificate Owner's basis in the applicable 2016 Certificate (and the amount of tax-exempt interest received with respect to the 2016 Certificates), and is not deductible for federal

income tax purposes. The basis reduction as a result of the amortization of 2016 Certificate premium may result in a 2016 Certificate Owner realizing a taxable gain when a 2016 Certificate is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2016 Certificate to the Owner. Purchasers of the 2016 Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2016 Certificate premium.

SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE 2016 CERTIFICATES, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST WITH RESPECT TO THE OR THE MARKET VALUE OF THE 2016 CERTIFICATES. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2016 CERTIFICATES. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2016 CERTIFICATES. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE 2016 CERTIFICATES, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE 2016 CERTIFICATES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2016 CERTIFICATES.

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement, the Lease, and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel is provided with respect thereto. Special Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Certificate if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the 2016 Certificates will be selected for audit by the IRS. It is also possible that the market value of the 2016 Certificates might be affected as a result of such an audit of the 2016 Certificates (or by an audit of similar securities).

Although Special Counsel has rendered an opinion that the interest (and original issue discount) with respect to the 2016 Certificates is excluded from gross income for federal income tax purposes provided that the City and the Corporation continue to comply with certain requirements of the Code, the ownership of the 2016 Certificates and the accrual or receipt of interest (and original issue discount) with respect to the 2016 Certificates may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2016 Certificates, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the 2016 Certificates.

The form of Special Counsel's proposed opinion with respect to the 2016 Certificates is attached hereto in Appendix C.

CERTAIN LEGAL MATTERS

The validity of the 2016 Certificates and certain other matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel. A copy of the proposed form of opinion of Special Counsel is contained in Appendix C attached hereto. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney, by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the City, for the Corporation by Counsel to the Corporation and for the Underwriter by its counsel, Norton Rose Fulbright US LLP.

LITIGATION

No litigation is pending or threatened concerning the validity of the 2016 Certificates. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting or affecting the validity of the 2016 Certificates or any proceedings of the City and the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for payment of the 2016 Certificates or the use of the proceeds of the 2016 Certificates.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the holders of the 2016 Certificates upon an Event of Default under the Lease Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay, and such remedies may not be readily available or may be limited. For example, acceleration is not available in such instance. The various legal opinions to be delivered concurrently with the 2016 Certificates (including Special Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitation 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.

FINANCIAL STATEMENTS

The City's financial statements for the fiscal year ended June 30, 2015, which are included as Appendix A hereto, have been audited by _____, an independent auditor, as stated in their report appearing in Appendix A hereto. [[The City has obtained permission from the auditor to include the audited statements as an appendix to this Official Statement.]]

CONTINUING DISCLOSURE

The City has covenanted for the benefit of holders and beneficial owners of the 2016 Certificates to provide or cause to be provided certain financial information and operating data relating to the City (the "Annual Report") by not later than the last day of the end of the ninth month after the end of each fiscal year of the City (presently such fiscal year ends June 30), commencing March 31, 2017 with respect to the Annual Report for Fiscal Year 2015-16, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board, through its Electronic

Municipal Market Access (“EMMA”) system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth under the caption APPENDIX D - “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants are made in order to assist the Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

The City’s obligations under the Continuing Disclosure Agreement (the “Disclosure Agreement”) shall terminate upon a legal defeasance, prior prepayment or payment in full of all of the 2016 Certificates. The provisions of the Disclosure Agreement are intended to be for the benefit of the owners of the 2016 Certificates and Beneficial Owners of the 2016 Certificates and in order to assist the participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) and shall be enforceable by the owners of Certificates, provided that any enforcement action by any such person shall be limited to a right to obtain specific enforcement of the City’s obligations under the Disclosure Agreement and any failure by the City to comply with the provisions thereof shall not be an event of default under the Trust Agreement.

In connection with certain undertakings of the City in connection with certain obligations secured solely by particular assessments in limited assessment areas (formed for the purposes of placing utility lines underground), the City filed annual reports, but did not include certain specific information required by the related undertakings (relating to delinquencies with respect to particular parcels in the assessment areas). The City has now obtained the required information from the County Assessor, and will file it on EMMA in connection with the annual filing for the assessment obligation in January 2013. All debt service payments have been made on a timely basis with respect to the assessment obligations.

In addition, the City failed its Annual Reports for Fiscal Years 2012-13, 2013-14 and 2014-15 11 days, 28 days and 37 days late, respectively. The City also failed to file certain defeasance notices in a timely manner. The City has implemented procedures designed to assure timely filing in the future, including engaging Digital Assurance Corporation (“DAC”) to provide assistance in future filings..

RATING

Standard & Poor’s Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned a rating of “___” to the 2016 Certificates. Such rating reflects only the views of S&P, and explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2016 Certificates.

MUNICIPAL ADVISOR

The City has retained KNN Public Finance, LLC, Los Angeles, California, as municipal advisor (the “Municipal Advisor”) in connection with the delivery of the 2016 Certificates. 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.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”) has agreed to purchase all of the 2016 Certificates for an aggregate purchase price of \$_____ (representing the principal amount of the Certificates of \$_____, plus net bond issuance premium of \$_____ and less an Underwriter’s discount of \$_____) subject to certain conditions set forth in the Purchase Contract between the City and the Underwriter. The Purchase Contract provides that the Underwriter will purchase all of the 2016 Certificates if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2016 Certificates to certain dealers (including dealers depositing 2016 Certificates into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its affiliates is a full service financial institution engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of its various business activities, the Underwriters and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MISCELLANEOUS

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the 2016 Certificates.

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

CITY OF MANHATTAN BEACH

By: _____
City Manager

APPENDIX A

**CITY OF MANHATTAN BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

A-1

APPENDIX B
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

B-1

APPENDIX C

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

C-1

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

D-1

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

None of the City, the Corporation, the Trustee or the Underwriter can or do give any assurances that DTC, the Participants or others will distribute payments of principal or interest on the 2016 Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the City, the Trustee or the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2016 Certificates or an error or delay relating thereto.

The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2016 Certificates, payment of principal, redemption premium, if any, and interest with respect to the 2016 Certificates to The Depository Trust Company (“DTC”), New York, NY, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2016 Certificates and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the City of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The City, the Trustee and the Underwriter understand that the current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with Participants are on file with DTC.

DTC will act as securities depository for the 2016 Certificates. The 2016 Certificates 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 2016 Certificate will be issued for each maturity of the 2016 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by 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 is rated AA+ by Standard &

Poor's. 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 by reference.

Purchases of the 2016 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Certificates on DTC's records. The ownership interest of each actual purchaser of each 2016 Certificate ("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 2016 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2016 Certificates, except in the event that use of the book-entry system for the 2016 Certificates is discontinued.

To facilitate subsequent transfers, all 2016 Certificates 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 the 2016 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Certificates 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 the 2016 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the 2016 Certificates may wish to ascertain that the nominee holding the 2016 Certificates 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 2016 Certificates within a maturity are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the 2016 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2016 Certificates 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 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 or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, premium, if any, and interest on the 2016 Certificates by Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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.

DTC may discontinue providing its services as depository with respect to the 2016 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Certificate certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2016 Certificate certificates will be printed and delivered.

The foregoing information concerning DTC and DTC’s book-entry system has been provided by DTC, and neither the City nor the Trustee takes any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF 2016 CERTIFICATES FOR REDEMPTION.

Neither the City nor the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the 2016 Certificates paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply.

The City and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the 2016 Certificates paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the City nor the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2016 Certificates or an error or delay relating thereto.

NONE OF THE CITY, THE CORPORATION, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE 2016 CERTIFICATES TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL 2016 CERTIFICATES OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE 2016 CERTIFICATES. NO ASSURANCE CAN BE GIVEN

BY THE CITY, THE CORPORATION, THE TRUSTEE OR THE UNDERWRITER THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE 2016 CERTIFICATES TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

In the event the City and the Corporation determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the 2016 Certificates, and the Corporation does not select another qualified securities depository, the Corporation shall deliver one or more 2016 Certificates in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of 2016 Certificates will be governed by the provisions of the Indenture.

RECORDING REQUESTED BY:)
Manhattan Beach Capital)
Improvements Corporation)
)
AND WHEN RECORDED MAIL TO:)
Stradling Yocca Carlson & Rauth)
500 Capitol Mall, Suite 1120)
Sacramento, California 95814)
Attn: Kevin M. Civale, Esq.)
)

[Space above for Recorder.]

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE CITY OF MANHATTAN BEACH, AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE GOVERNMENT CODE. THE GRANTOR IS A GOVERNMENTAL AGENCY. LEASE TERM LESS THAN 35 YEARS.

FIRST AMENDMENT TO ASSIGNMENT AGREEMENT

by and between

MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Dated as of December 1, 2016

Relating to:

**§ _____
CITY OF MANHATTAN BEACH
CERTIFICATES OF PARTICIPATION
(MARINE FIELD REFUNDING)
SERIES 2016**

FIRST AMENDMENT TO ASSIGNMENT AGREEMENT

This First Amendment to Assignment Agreement, dated as of December 1, 2016 (the "First Amendment to Assignment Agreement"), is made and entered into by and between the CITY OF MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), as assignor, and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States, as trustee (the "Trustee") and amends that certain Assignment Agreement between the Corporation and the Trustee, dated as of February 1, 2013 and recorded in the official records of the County of Los Angeles (the "County") on February 13, 2013 as Document No. 2013-_____ (the "Original Assignment Agreement");

W I T N E S S E T H :

WHEREAS, the Corporation and the City of Manhattan Beach (the "City") have entered into a certain Site and Facilities Lease, dated as of February 1, 2013, recorded on February 13, 2013 in the official records of the County as Document No. 2013-0212868, as amended by that certain First Amendment to Site Lease dated as of December 1, 2016 being recorded concurrently herewith (collectively, the "Site Lease"), whereby the City has leased to the Corporation certain real property, including the improvements thereon, described in Exhibit A to First Amendment to Site Lease and in Exhibit A hereto (the "Property"); and

WHEREAS, the Corporation and the City have entered into a certain Lease Agreement, dated as of February 1, 2013, recorded on February 13, 2013 in the official records of the County as Document No. 2013-0212869, as amended by that certain First Amendment to Lease Agreement dated as of December 1, 2016 being recorded concurrently herewith (collectively, the "Lease"), whereby the Corporation has leased to the City, and the City has leased from the Corporation, the Leased Premises (as defined therein); and

WHEREAS, the Corporation has assigned absolutely, without recourse, all of its rights to receive the Lease Payments scheduled to be paid by the City under and pursuant to the Lease to the Trustee and certain of its other rights, title and interest under the Lease, pursuant to the Original Assignment Agreement; and

WHEREAS, the Corporation has assigned absolutely, without recourse, all of its rights to, under and pursuant to the Site Lease to the Trustee, pursuant to the Original Assignment Agreement; and

WHEREAS, the Corporation and the Trustee desire to enter into this First Amendment to Assignment Agreement in order to facilitate the execution and delivery of those certain \$_____ City of Manhattan Beach Certificates of Participation (Marine Field Refunding) Series 2016 (the "2016 Certificates"); and

WHEREAS, the 2016 Certificates are being executed and delivered as Additional Certificates under that certain Trust Agreement, dated as of December 1, 2016, as amended by that Supplement to Trust Agreement, dated as of December 1, 2016, each by and among the Trustee, the Corporation and the City; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration, it is hereby mutually agreed as follows:

SECTION 1. Definitions. Unless the context otherwise requires, the capitalized terms used herein shall have the meanings specified in the Lease and the Trust Agreement.

SECTION 2. Execution and Delivery of 2016 Certificates. From and after the date of the execution and delivery of the 2016 Certificates, the 2016 Certificates shall constitute Additional Certificates subject to the provisions of the Assignment Agreement.

SECTION 3. No Other Amendments. Except as expressly set forth in Sections 2 and 3 above, all other provisions of the Assignment Agreement remain in full force and effect.

SECTION 4. Counterparts. This First Amendment to Assignment 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have executed this First Amendment to Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION

By: _____
Corporation Representative

ATTEST:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

CONSENT

The City of Manhattan Beach hereby consents to the foregoing.

CITY OF MANHATTAN BEACH, as Lessee

By: _____
City Representative

ATTEST:

City Clerk

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Real property in the City of Manhattan Beach, County of Los Angeles, State of California, described as follows:

LOTS 46 THROUGH 56, LOTS 65 THROUGH 74, LOTS 83 THROUGH 92 AND A PORTION OF LOT C (EASTERLY OF A LINE DRAWN BETWEEN THE WESTERLY BORDERS OF LOTS 65 AND 83), AND VACATED STREET (EASTERLY OF A LINE DRAWN EXTENDING THE WESTERLY BORDER OF LOT 65 TO THE SOUTHERLY BORDER OF LOT 46), TRACT NO. 2541 IN THE CITY OF MANHATTAN BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 24, PAGE 86 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8940-211-016

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the City of Manhattan Beach (the “City”) in connection with the execution and delivery of \$_____ City of Manhattan Beach Certificates of Participation (Marine Park Refunding) Series 2016 (the “Certificates”). The Certificates are being executed pursuant to a Trust Agreement, dated as of February 1, 2013, as amended by a First Supplement to Trust Agreement, dated as of December 1, 2016, each by and among the City, U.S. Bank National Association, as trustee (the “Trustee”) and the Manhattan Beach Capital Improvements Corporation (the “Corporation”). The City covenants as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Trust Agreement, 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 which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Disclosure Representative” shall mean the City Manager or the Director of Finance, or their respective designees, or such other officer or employee as the City shall designate in writing from time to time.

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement relating to the Certificates, dated November __, 2016.

“Participating Underwriter” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

3. Provision of Annual Reports.

(a) The City shall, or, upon delivery of the Annual Report to the Dissemination Agent, shall cause the Dissemination Agent to, not later than the last day of the ninth month after the end of the City's fiscal year (presently such fiscal year ends June 30), commencing with the report for the fiscal year ending June 30, 2016, provide to the MSRB through the EMMA system, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents, and may cross-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 they are 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) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) (i) The audited financial statements of the City for the most recent fiscal year of the City then ended; and (ii) to the extent not included in the information in (i) above an update of the information in Tables 4 through 14 in the Official Statement for the Certificates. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the City shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the City shall provide a notice of such modification to the MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

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 events with respect to the Certificates in a timely manner not more than ten (10) business days after the event:

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

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) 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 events with respect to the Certificates, if material:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other material events affecting the tax status of the Certificates;
2. Modifications to rights of Certificate holders;
3. Optional, unscheduled or contingent Certificate calls;
4. Release, substitution, or sale of property securing repayment of the Certificates;
5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsection 5(b), the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

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 of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. 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 Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City and shall have no duty to review any information provided to it by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule; provided, the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. 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 and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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.

10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

No Certificate holder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

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 the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including 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 shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the Certificate holders, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

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 Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266
Attention: Attention: City Manager
Telephone: (310) 802-5053
Fax: (310) 802-5001

To the Trustee: U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Ref: City of Manhattan Beach
Telephone: (213) 615-6023
Fax: (213) 615-6199

13. Beneficiaries. This Disclosure Agreement solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

14. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the City to the undertaking herein provided.

Dated: December 1, 2016

CITY OF MANHATTAN BEACH,
CALIFORNIA

By: _____
Bruce Moe
Director of Finance

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Manhattan Beach, California

Name of Issue: Certificates of Participation (Marine Field Refunding) Series 2016

Date of Issuance: December 1, 2016

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Certificates of Participation as required by the Continuing Disclosure Agreement dated December 1, 2016. The Issuer anticipates that the Annual Report will be filed by

Dated:

[ISSUER/DISSEMINATION AGENT]

By:_____



City of Manhattan Beach

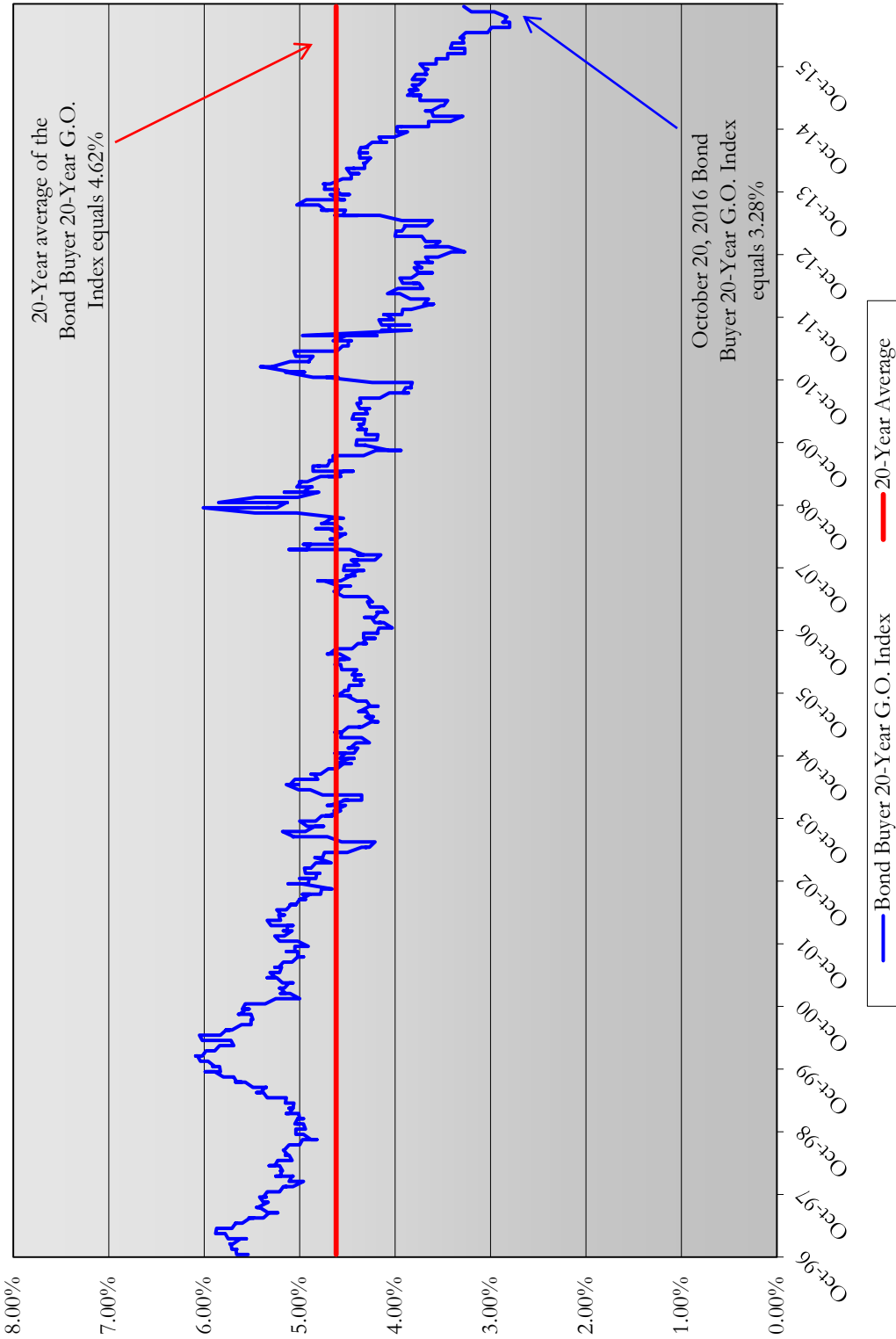
Presentation to City Council

November 1st, 2016



5757 W. Century Boulevard, Suite 700, Los Angeles, CA 90045
phone 310-348-2901

Historic Borrowing Rates



Municipal Market Update

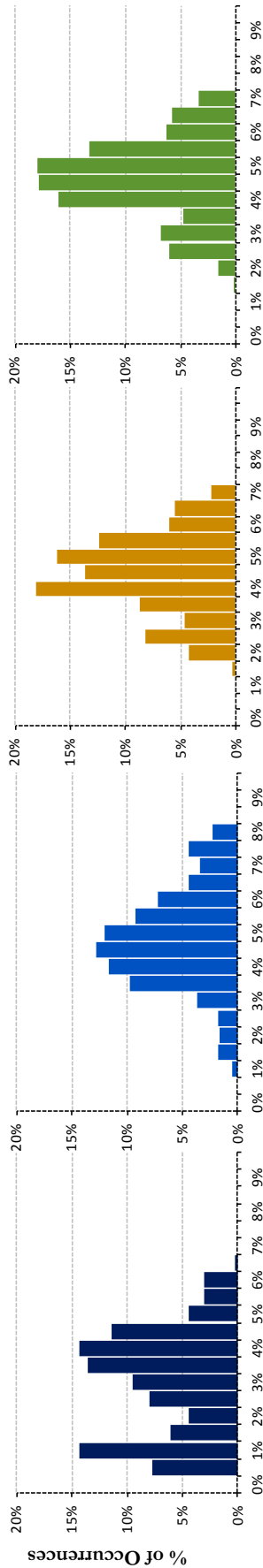
- “AAA”-MMD yields remain near record lows

Current 5-yr yield: 1.12%
Occurrences above current: 89.02%

Current 10-yr yield: 1.72%
Occurrences above current: 89.02%

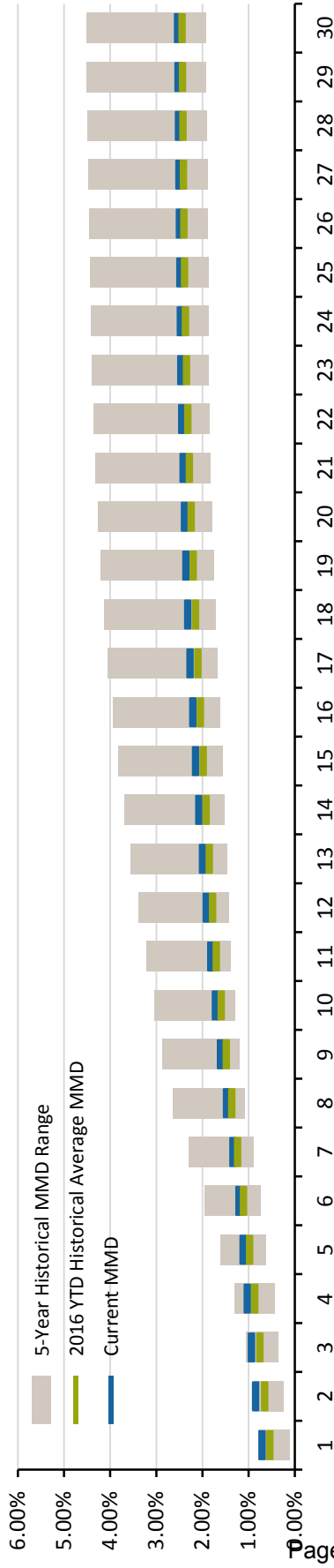
Current 20-yr yield: 2.39%
Occurrences above current: 97.28%

Current 30-yr yield: 2.54%
Occurrences above current: 97.83%



Histograms represent data since 1/1/1990 through 10/21/2016.

MMD Yield Curve (Last Five Years)



Refunding Candidate

- The City's Variable Rate Demand Refunding Certificates of Participation Series 2002 can be refunded in the current market for fixed rate interest bonds.

Refunded Bonds

Maturity Date	Market Interest Rate*	Budgeted Interest Rate	Par Amount	Call Date	Call Price
8/1/2017	1.826%	3.580%	\$290,000	12/1/2016	100
8/1/2018	1.826%	3.580%	305,000	12/1/2016	100
8/1/2019	1.826%	3.580%	315,000	12/1/2016	100
8/1/2020	1.826%	3.580%	325,000	12/1/2016	100
8/1/2021	1.826%	3.580%	335,000	12/1/2016	100
8/1/2022	1.826%	3.580%	350,000	12/1/2016	100
8/1/2023	1.826%	3.580%	360,000	12/1/2016	100
8/1/2024	1.826%	3.580%	375,000	12/1/2016	100
8/1/2025	1.826%	3.580%	385,000	12/1/2016	100
8/1/2026	1.826%	3.580%	400,000	12/1/2016	100
8/1/2027	1.826%	3.580%	415,000	12/1/2016	100
8/1/2028	1.826%	3.580%	430,000	12/1/2016	100
8/1/2029	1.826%	3.580%	445,000	12/1/2016	100
8/1/2030	1.826%	3.580%	460,000	12/1/2016	100
8/1/2031	1.826%	3.580%	480,000	12/1/2016	100
8/1/2032	1.826%	3.580%	495,000	12/1/2016	100
			\$6,165,000		

*All-in market rate calculated as follows: SIFMA Muni Swap Index rate of 0.74% as of 10/19/2016, plus a 1.0161% Letter of Credit fee and a 0.07% remarketing fee.



Present Value Savings – Market Rate Scenario*

Sources and Uses

Sources	Uses
Par Amount	\$6,035,000.00
Net Premium	306,221.85
City Contribution*	11,693.41
Total Sources	\$6,352,915.26
Uses	
Escrow Deposits	\$6,165,000.00
Cost of Issuance	147,418.41
Underwriter's Discount	35,836.65
Additional Proceeds (Rounding)	4,660.20
Total Uses	\$6,352,915.26

Savings

Date	Prior Interest Rate	Prior Debt Service	Refunding T.J.C.	Refunding Debt Service	Gross Savings	P.V. to 12/01/16 @2.318513%
1/1/2017		\$9,381.59		\$0.00	\$9,381.59	\$9,363.59
1/1/2018	1.826%	400,372.53	2.434%	482,995.83	-82,623.30	-77,870.30
1/1/2019	1.826%	409,962.71	2.434%	482,350.00	-72,387.29	-66,059.82
1/1/2020	1.826%	414,317.05	2.434%	483,050.00	-68,732.95	-61,066.21
1/1/2021	1.826%	418,488.75	2.434%	483,450.00	-64,961.25	-56,159.26
1/1/2022	1.826%	422,477.81	2.434%	478,550.00	-56,072.19	-46,892.91
1/1/2023	1.826%	431,246.23	2.434%	483,500.00	-52,253.77	-42,386.02
1/1/2024	1.826%	434,778.81	2.434%	483,000.00	-48,221.19	-37,919.41
1/1/2025	1.826%	443,090.70	2.434%	482,200.00	-39,109.30	-29,378.80
1/1/2026	1.826%	446,166.73	2.434%	481,100.00	-34,933.27	-25,251.11
1/1/2027	1.826%	454,022.14	2.434%	479,700.00	-25,677.86	-17,232.40
1/1/2028	1.826%	461,603.59	2.434%	478,000.00	-16,396.41	-9,546.79
1/1/2029	1.826%	468,911.13	2.434%	481,000.00	-12,088.87	-5,968.08
1/1/2030	1.826%	475,944.78	2.434%	478,550.00	-2,605.22	1,280.70
1/1/2031	1.826%	482,704.52	2.434%	480,800.00	1,904.52	4,606.30
1/1/2032	1.826%	494,152.32	2.434%	482,600.00	11,552.32	11,442.50
1/1/2033	1.826%	500,272.89	2.434%	478,950.00	21,322.89	18,015.40
Total		\$7,167,894.28		\$7,699,795.83	-\$531,901.55	-\$431,022.63
				Less City Contribution		-11,693.41
				Plus Additional Proceeds		4,660.20
				Net P.V. Savings		-438,055.84
				Par Amount of Refunded Bonds		\$6,165,000.00
				Percentage savings of Refunded Bonds		-7.106%

*Subject to change

**City contribution for accrued I.O.C. fee of \$10,614.53 and estimated accrued remarketing fee of \$1,078.88



Present Value Savings – Budget Rate Scenario*

Sources and Uses

Sources	Uses
Par Amount	Escrow Deposits
Net Premium	Cost of Issuance
City Contribution*	Underwriter's Discount
Total Sources	Additional Proceeds (Rounding)
	Total Uses

Savings		Prior Interest Rate	Prior Debt Service	Refunding T.J.C.	Refunding Debt Service	Gross Savings	P.V. to 12/01/16 @2.318513%
Date							
1/1/2017			\$18,392.25		\$0.00	\$18,392.25	\$18,356.95
1/1/2018		3.580%	506,381.15	2.434%	482,995.83	23,385.32	26,638.30
1/1/2019		3.580%	510,775.41	2.434%	482,350.00	28,425.41	31,062.94
1/1/2020		3.580%	509,707.29	2.434%	483,050.00	26,657.29	28,739.58
1/1/2021		3.580%	508,281.09	2.434%	483,450.00	24,831.09	26,451.23
1/1/2022		3.580%	506,496.91	2.434%	478,550.00	27,946.91	28,645.97
1/1/2023		3.580%	509,280.19	2.434%	483,500.00	25,780.19	26,174.72
1/1/2024		3.580%	506,601.00	2.434%	483,000.00	23,601.00	23,747.26
1/1/2025		3.580%	508,489.25	2.434%	482,200.00	26,289.25	25,494.88
1/1/2026		3.580%	504,915.10	2.434%	481,100.00	23,815.10	22,921.26
1/1/2027		3.580%	505,908.34	2.434%	479,700.00	26,208.34	24,345.97
1/1/2028		3.580%	506,364.56	2.434%	478,000.00	28,364.56	25,507.17
1/1/2029		3.580%	506,283.85	2.434%	481,000.00	25,283.85	22,636.04
1/1/2030		3.580%	505,666.09	2.434%	478,550.00	27,116.09	23,514.03
1/1/2031		3.580%	504,511.31	2.434%	480,800.00	23,711.31	20,552.14
1/1/2032		3.580%	507,745.00	2.434%	482,600.00	25,145.00	21,162.19
1/1/2033		3.580%	505,337.25	2.434%	478,950.00	26,387.25	21,565.06
Total			\$8,131,136.04		\$7,699,795.83	\$431,340.21	\$417,515.70
					Less City Contribution		-11,693.41
					Plus Additional Proceeds		4,660.20
					Net P.V. Savings		410,482.49
					Par Amount of Refunded Bonds		\$6,165,000.00
					Percentage savings of Refunded Bonds		6.658%

*Subject to change

**City contribution for accrued I.O.C. fee of \$10,614.53 and estimated accrued remarketing fee of \$1,078.88



Present Value Savings – Breakeven Scenario*

Sources and Uses

Sources	Uses
Par Amount	Escrow Deposits
Net Premium	Cost of Issuance
City Contribution*	Underwriter's Discount
Total Sources	Additional Proceeds (Rounding)
	Total Uses

Savings

Date	Breakeven Interest Rate	Prior Debt Service	Refunding T.J.C.	Refunding Debt Service	Gross Savings	P.V. to 12/01/16 @2.318513%
1/1/2017		\$13,999.69		\$0.00	\$13,999.69	\$13,972.82
1/1/2018	2.725%	454,703.58	2.434%	482,995.83	-28,292.25	-24,308.03
1/1/2019	2.725%	461,630.75	2.434%	482,350.00	-20,719.25	-16,282.93
1/1/2020	2.725%	463,205.93	2.434%	483,050.00	-19,844.07	-15,039.44
1/1/2021	2.725%	464,508.66	2.434%	483,450.00	-18,941.34	-13,820.15
1/1/2022	2.725%	465,538.87	2.434%	478,550.00	-13,011.13	-8,178.09
1/1/2023	2.725%	471,239.81	2.434%	483,500.00	-12,260.19	-7,247.61
1/1/2024	2.725%	471,588.78	2.434%	483,000.00	-11,411.22	-6,314.30
1/1/2025	2.725%	476,608.48	2.434%	482,200.00	-5,591.52	-1,255.18
1/1/2026	2.725%	476,276.16	2.434%	481,100.00	-4,823.84	-562.04
1/1/2027	2.725%	480,614.55	2.434%	479,700.00	914.55	4,077.10
1/1/2028	2.725%	484,544.29	2.434%	478,000.00	6,544.29	8,418.92
1/1/2029	2.725%	488,065.26	2.434%	481,000.00	7,065.26	8,692.00
1/1/2030	2.725%	491,177.44	2.434%	478,550.00	12,627.44	12,675.65
1/1/2031	2.725%	493,880.85	2.434%	480,800.00	13,080.85	12,778.80
1/1/2032	2.725%	501,118.72	2.434%	482,600.00	18,518.72	16,423.95
1/1/2033	2.725%	502,868.42	2.434%	478,950.00	23,918.42	19,834.63
Total		\$7,661,570.24		\$7,699,795.83	-\$38,225.59	\$3,866.09
				Less City Contribution		-11,693.41
				Plus Additional Proceeds		4,660.20
				Net P.V. Savings		-3,167.12
				Par Amount of Refunded Bonds		\$6,165,000.00
				Percentage savings of Refunded Bonds		-0.051%

*Subject to change

**City contribution for accrued I.O.C. fee of \$10,614.53 and estimated accrued remarketing fee of \$1,078.88



Leased Asset

- The Marine Avenue Park, as the leased asset securing the 2002 variable rate COPs, will be released for a more essential asset.
- The police and fire facility will be utilized as the leased asset for the new refunding series of COPs.
- Investors are willing to accept a lower yield for the reassurance of a more essential asset, resulting in a lower cost of borrowing for the City.



Next Steps

- City Council Approval – November 1
- Receive Rating – November 3
- Posting of Preliminary Official Statement - November 3
- Pricing of Bonds – November 9
- Closing – December 1



Agenda Date: 11/1/2016

TO:

Board of Directors for the Manhattan Beach Capital Improvements Corporation

THROUGH:

Mark Danaj, City Manager

FROM:

Bruce Moe, Chief Financial Officer

SUBJECT:

Refunding of 2002 Marine Sports Field Certificates of Participation in the not-to-exceed amount of \$6,340,000 (Chief Financial Officer Moe).

ADOPT RESOLUTION NO. CIC-8

RECOMMENDATION:

Staff recommends that the Board of Directors of the Manhattan Beach Capital Improvements Corporation adopt Resolution CIC-8 approving the refunding (refinancing) of the 2002 Marine Sports Field variable rate debt Certificates of Participation (COPs), converting it to fixed rate debt, and approving the execution and delivery of related documents. Resolution No. CIC-8 approves a Supplement to a Trust Agreement, an amendment to a Site and Facilities Lease, an Amendment to a Lease Agreement, a Certificate Purchase Contract, an Official Statement, a Continuing Disclosure Certificate; and authorizes the taking of certain actions in connection with the refunding of outstanding Certificates of Participation and the execution and delivery of not-to-exceed \$6,340,000 Certificates of Participation (Marine Field Refunding) Series 2016.

FISCAL IMPLICATIONS:

Refunding of the 2002 Marine Sports Field COPs from variable rate to fixed rate debt is recommended as a defensive move and a hedge against continued increases in short term variable interest rates upon which the current debt is based (rates have been increasing since March 2016). Further, long term rates are at or near historic lows, providing the opportunity to lock-in low fixed rates while keeping the existing amortization schedule. Additionally, while the new debt service will be based on slightly higher interest rates than the current variable rates, payments will remain within the budgeted debt service due to existing bond requirements that the City budget at an assumed interest rate of 3.58%.

DISCUSSION:

Organization

The Manhattan Beach Capital Improvements Corporation was formed in 1996 to facilitate issuance of debt for improvements to the water and wastewater systems. Since then, it has been used for the Police/Fire Facility, Metlox Improvements and other financings.

The bylaws of the Corporation state that the President and Vice President of the Corporation must be elected from the members of the City Council. Typically, the current Mayor serves as the President, with the Mayor Pro Tem serving as the Vice President. In April 2016, the Capital Improvements Corporation board elected Mayor D'Errico as President and Mayor Pro Tem Lesser as Vice President. Appointed positions include the City Manager serving as the Capital Improvements Corporation's Chief Administrative Officer, and the City's Finance Director serving as the Chief Financial Officer.

Marine Sports Field

In order to refund the City's debt, a new series of Certificates of Participation (2016 COPs) will be issued as a General Fund lease. In consultation with Bond Counsel, the Underwriter (Bank of America Merrill Lynch) and Municipal Advisor, it was determined that it is advantageous to issue the 2016 COP as "additional COPs" pursuant to the 2013 lease related to the Police/Fire Facility.

Issuing the 2016 COPs as additional COPs under the Police/Fire Facility lease results in the COPs being more attractive to investors since the City is pledging an essential facility as collateral. In doing so, investors are reassured that the City will continue to make lease payments in order to retain the use of the facility, and in turn, are willing to accept a lower yield, resulting in a lower cost of borrowing for the City. As a result, the documents presented for City Council and Capital Improvements Corporation approval reflect that structure (e.g. amendments to existing agreements where applicable).

There are several documents associated with the refinancing. In the interest of source reduction, the documents to be approved are presented once with the General Business item on the City Council agenda.

Staff is requesting that the Board of Directors adopt Resolution CIC-8 approving the refinancing of the 2002 Marine Sports Field Certificates of Participation. If approved, the refunding is expected to be completed by December 1, 2016.

POLICY ALTERNATIVES:

ALTERNATIVE #1:

Do not approve Marine Avenue Sports Fields Refunding

PROS:

Continue to take advantage of current low variable rate interest rates which are currently below available fixed rates

CONS:

Could result in greater borrowing costs if variable rates continue to increase and surpass the fixed rates available today

PUBLIC OUTREACH/INTEREST:

After analysis, staff determined that public outreach was not required for this issue. However, if approved, the Underwriters will locally and publically advertise the sale of COPs to provide the community an opportunity to purchase.

ENVIRONMENTAL REVIEW

None required.

LEGAL REVIEW

Special Counsel has reviewed and approved the associated documents.

Attachment

1. Capital Improvements Corporation Resolution No. CIC-8

RESOLUTION NO. CIC-__

RESOLUTION OF THE MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION APPROVING A FIRST SUPPLEMENT TO TRUST AGREEMENT, A FIRST AMENDMENT TO SITE AND FACILITIES LEASE, A FIRST AMENDMENT TO LEASE AGREEMENT, A PURCHASE CONTRACT, A FIRST AMENDMENT TO ASSIGNMENT AGREEMENT; AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION WITH THE PREPAYMENT OF OUTSTANDING CERTIFICATES OF PARTICIPATION AND THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$6,340,000 CERTIFICATES OF PARTICIPATION (MARINE FIELD REFUNDING) SERIES 2016

WHEREAS:

(a) The Manhattan Beach Capital Improvements Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and the City of Manhattan Beach, a political subdivision duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City") previously entered into a Lease Agreement (the "2002 Project Lease"), dated as of April 1, 2002 for the purpose of paying the acquiring Marine Field described therein (the "Improvements"); and

(b) In order to finance the Improvements, the City executed and delivered the City of Manhattan Beach Variable Rate Demand Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the "2002 Certificates"), and

(c) The City and the Corporation have determined that refinancing the costs of the Improvements by prepaying and refunding the base rental payments becoming due under the 2002 Project Lease is necessary and proper for City purposes and uses under the terms of applicable law and is for the common benefit of the City as a whole; and

(d) In order to implement the foregoing, the City and the Corporation, propose to enter into a First Amendment to Site and Facilities Lease, dated as of December 1, 2016 (the "First Amendment to Site Lease"), which amends a Site and Facilities Lease, dated as of February 1, 2013 (the "Original Site Lease") pursuant to which the City leased to the Corporation certain real property and improvements generally consisting of the police department and fire department headquarters facility (the "Leased Premises"); and

(e) The City and the Corporation propose to enter into a First Amendment to Lease Agreement, dated as of December 1, 2016 (the "First Amendment to Lease Agreement"), which amends a Lease Agreement, dated as of February 1, 2013 (the "Original Lease") pursuant to which the Corporation leased the Leased Premises to the City in consideration for which the City will make payments of base rental ("Base Rental") for the use and possession of the Leased Premises; and

(f) The Corporation proposes to enter into a First Amendment to Assignment Agreement, dated as of December 1, 2016 ("First Amendment to Assignment Agreement"), which amends an Assignment Agreement, dated as of February 1, 2013 (the "Original Assignment Agreement") pursuant to which the Corporation has assigned and transferred to U.S. Bank National

Association, as trustee (the “Trustee”), certain of its rights, title and interest in and to the Lease Agreement, including its right to receive payments of Base Rental thereunder; and

(g) The City, the Corporation and the Trustee propose to enter into a Supplement to Trust Agreement, dated as of December 1, 2016 (the “Supplement to Trust Agreement”) pursuant to which the Trustee will execute and deliver Certificates of Participation (Marine Field Refunding) Series 2016 (the “2016 Certificates”) representing proportionate undivided interests in the Lease Agreement, including the right to receive payments of Base Rental thereunder; and

(h) The City, the Corporation and the Underwriter (as defined herein) propose to enter into a Purchase Contract (as hereinafter defined) pursuant to which the City will sell the 2016 Certificates; and

(i) The Corporation is authorized to undertake all of the above pursuant to applicable laws of the State of California.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION AS FOLLOWS:

1. The form of First Amendment to Site and Facilities Lease by and between the City and the Corporation, a copy of which is attached hereto as Exhibit “A” and incorporated herein by this reference, is hereby approved.

2. The form of First Amendment to Lease Agreement by and between the City and the Corporation a copy of which is attached hereto as Exhibit “B” and incorporated herein by this reference, is hereby approved.

3. The form of First Amendment to Assignment Agreement by and between the Corporation and the Trustee, a copy of which is attached hereto as Exhibit “C” and incorporated herein by this reference, is hereby approved.

4. The form of Purchase Contract (the “Purchase Contract”) among the City, the Corporation and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”), a copy of which is attached hereto as Exhibit “D” and incorporated herein by this reference, is hereby approved.

5. The form of First Supplement to Trust Agreement, a copy of which is attached hereto as Exhibit “E” and incorporated herein by this reference, is hereby approved.

6. The President, the Chief Administrative Officer, the Chief Financial Officer, and the other officers of the Corporation are, and each of them acting alone is, hereby authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver the First Amendment to Site and Facilities Lease, the First Amendment to Lease Agreement, the First Amendment to Assignment Agreement, the Purchase Agreement and the First Supplement to Trust Agreement each in substantially the form presented to and considered at this meeting, with such changes therein, deletions therefrom and additions thereto as may be approved (i) by the officer executing the same on behalf of the Corporation, in such officer’s discretion, as being in the best interests of the Corporation, and (ii) by Stradling Yocca Carlson & Rauth, a Professional

Corporation, Special Counsel; such approval to be conclusively evidenced by the execution and delivery of such document by the officer executing the same on behalf of the Corporation.

7. All actions heretofore taken by any officer of the Corporation in connection with or related to any of the agreements referenced herein, the prepayment and refunding of the 2002 Certificates or the issuance of the 2016 Certificates, including but not limited to, the execution of the Supplement to Trust Agreement by and among U.S. Bank National Association, as trustee, the Corporation and the City, dated as of October 1, 2016, supplementing the Trust Agreement, dated as of April 1, 2002, among U.S. Bank National Association, as trustee, the City and the Corporation relating to the 2002 Certificates, are hereby approved, confirmed and ratified.

8. The President, Vice-President and the Secretary of the Corporation and all other officers of the Corporation are, and each of them acting alone is, hereby authorized and directed to take such actions and to execute such documents and certificates (including certificates relating to the accuracy and completeness of the information in the Official Statement relating to the 2016 Certificates as set forth in the Certificate Purchase Contract) as may be necessary or desirable to effectuate the purposes of this Resolution, including but not limited to the execution and delivery of the 2016 Certificates, the refunding of the 2002 Certificates, and related agreements, and the execution of any documents and certificates in connection therewith, to the extent not inconsistent with this resolution.

9. This Resolution shall take effect upon its adoption by this Board. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Manhattan Beach Capital Improvements Corporation this 1st day of November, 2016.

Ayes:
Noes:
Absent:
Abstain:

President
Manhattan Beach Capital Improvements Corporation

ATTEST:

Secretary

APPROVED AS TO FORM:

Special Counsel

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Liza Tamura, City Clerk
City Attorney, Quinn Barrow
Martha Alvarez, Senior Deputy City Clerk

SUBJECT:

Adoption of Resolution(s) for the March 7, 2017 General Municipal Election; Consider Los Angeles County's Request to Consolidate (City Clerk Tamura).

ADOPT RESOLUTION(S)

RECOMMENDATION:

It is recommended that the City Council chooses between Option A (Standalone) or Option B (Consolidate) regarding the March 7, 2017 General Municipal Election due to the potential Los Angeles County Special Countywide Election in March 2017.

- A. If City Council would like to direct the City Clerk to conduct a standalone election for the March 7, 2017 General Municipal Election, the City Council must adopt Resolution Nos. 16-0062, 16-0063, 16-0064 and 16-0065.
- B. If City Council would like to direct the City Clerk to consolidate with the County for the March 7, 2016 General Municipal Election, the City Council must adopt Resolution Nos. 16-0062, 16-0064, 16-0065 and 16-0071.

A summary of each Resolution is as follows:

- Resolution No. 16-0062 - Calling and Giving Notice of the City of Manhattan Beach, California, General Municipal Election to be held on Tuesday, March 7, 2017 to include three City Council seats and one City Treasurer seat.
- Resolution No. 16-0063 - Authorizing the City of Manhattan Beach to request assistance from the Los Angeles County Board of Supervisors.
- Resolution No. 16-0064 - Establishing Candidate's requirement to pay for their Candidate's Statement to be printed in the Voter's Pamphlets for Municipal Elections.

- Resolution No. 16-0065 - Providing for the Conduct of a Special Runoff Election for Elective Offices in the event of a tie vote at the Tuesday, March 7, 2017, General Municipal Election.
- Resolution No. 16-0071 - Request for the Board of Supervisors of the Los Angeles County to Consolidate with the City for the March 7, 2017 General Municipal Election.

FISCAL IMPLICATIONS:

A consolidated election will cost \$48,378. In approving the FY 2016-17 budget, the City Council allocated \$101,927 for a standalone election.

If the Council adopts Resolution No. 16-0065 - Providing for the Conduct of a Special Runoff Election for Elective Offices in the event of a tie vote, and there is a tie vote, the City Clerk's office will return to the City Council to request an appropriation of funds to conduct a run-off election.

BACKGROUND AND DISCUSSION:

Customary Resolutions for a Standalone Election

In compliance with the California Elections Code, the City Council must adopt Resolution No. 16-0062 in order to conduct the Tuesday, March 7, 2017, General Municipal Elections.

Pursuant to Resolution No. 16-0063, the Board of Supervisors, in conjunction with the Registrar-Recorder/County Clerk's Office, will prepare and furnish items such as listing of county precincts with number of registered voters in each; a list of polling places and poll workers the county uses for their elections; labels for vote-by mail voters; labels for sample ballot pamphlets; the Roster of Voters and Street Indexes for Election Day; Voter signature verification services as needed, and election equipment and assistance as needed according to state law.

Resolution No. 16-0064 requires each candidate that chooses to have a Candidate's Statement to pay for his or her Candidate's statement to be printed in the Voters Pamphlet for the election. Resolution No. 16-0064 sets forth the fee of \$500 based upon past history of the costs. If the cost of the printing is less than \$500 per Council Candidate, a reimbursement check will be issued.

California Elections Code Section 15651(a) authorizes the City Council, by majority vote, to adopt provisions to provide for a procedure to resolve a tie vote involving those candidates who received an equal number of votes and the highest number of votes for an elective office as detailed in Resolution No. 16-0065.

Request from the Los Angeles County Board of Supervisors to Consolidate the City's General Municipal Election with the Special Countywide Election on Tuesday, March 7, 2017

On October 7, 2016, the County of Los Angeles notified the City Clerk of the potential for a Special Countywide Election to be held on March 7, 2017, which will coincide with the City's General Municipal Election. In the letter received from Dean Logan, Los Angeles County Registrar-Recorder/County Clerk (see attachment), the County is requesting that Manhattan

Beach consider an action to consolidate with the March 7, 2017 Special Countywide Election, and allow the Registrar-Recorder/ County Clerk to administer the election on behalf of the City. As a result, the City Council and City Treasurer candidates would then appear on the County's ballot. Mr. Logan's letter states, "To minimize cost for the City and voter confusion associated with overlapping and/or concurrent elections, we are encouraging the City to take action now to seek election services from the County."

The County Board of Supervisors has yet to act on calling a Special Countywide Election to place one or more countywide measures on the March 7, 2017 ballot. We have been informed that the Board will consider a number of countywide measures at its December 9, 2016 Meeting. If the Council wants to consolidate the election, it would have to adopt Resolution No. 16-0071.

Because of the uncertainty of whether the County calls a special election, Resolution No. 16-0071 contains alternative language. Section 1 applies if the County calls the special election. Section 2 preserves the right of the City to conduct a standalone election in the event the County does not call the election.

Section 1:

Should the County Board of Supervisors call a Special Countywide Election for March 7, 2017, the Registrar-Recorder/County Clerk will administer, manage and oversee all facets of the City's General Municipal Election and the Registrar-Recorder/County Clerk will perform all necessary functions, services and tasks. In this arrangement, the City Clerk's Office would oversee the nomination process, forward the necessary ballot information to the County Clerk's Office, and then relinquish the duties for administering and conducting the City election to the County. The County has provided cost estimates for these services in the amount of \$48,378.

Staff is however recommending the printing and mailing of a separate City Voter Information Guide. There are sufficient funds in the City Clerk's budget to cover the expense. Also, Candidates are responsible for the printing costs of candidates statements in English, which will off-set some of the expenses associated with the separate pamphlet.

Section 2:

Alternatively, if the Los Angeles County Board of Supervisors does not call a Special Countywide Election for March 7, 2017, Section 2 of Resolution No. 16-0071 preserves the City's rights to conduct a stand-alone election, and requests the Board of Supervisors to direct the Registrar of Voters to provide other necessary specified election services in accordance with Elections Code Section 10002.

Services to be provided by the County as detailed in Section 2 of the resolution include voter records identifying names and addresses of all eligible registered voters; precinct maps for consolidation of County precincts; verification of signatures on nomination papers and vote by mail ballot applications, as necessary; and precinct officer materials.

POLICY ALTERNATIVE:

ALTERNATIVE # 1:

Conduct a standalone General Municipal Election.

PROS:

- Pull and File Nomination Papers with City Clerk
- City Clerk to Issue Daily VBM's (unreceived, lost or spoiled) During Regular City Hall Hours
- Ability to Vote in City Clerk's Office 29 Days Before Election
- City Clerk Has 2 Weeks to Conduct Canvass and Certify Election Results
- Re-Elected/Newly Elected Officials to Take Oath of Office 2 Weeks After Election Day
- Counting of VBM's and Precinct Ballots at Joslyn Center with Unofficial Results Posted by Midnight

CONS:

- Cost More
- If County Approves Special Countywide Election - Result is Concurrent Election (Two Ballots and Two Polling Locations on Election Day)

ALTERNATIVE #2:

Consolidate the General Municipal Election with the County.

PROS:

- Pull and File Nomination Papers with City Clerk
- Less Expensive
- Less Confusing than Concurrent Election (Only One Ballot)
- Use of Early Voting Centers for Voters to Go to Instead of Norwalk (i.e. El Camino College)

CONS:

- County Has 30 Days to Conduct Canvass and Certify Election Results
- Re-Elected/Newly Elected Take Oath of Office in Approximately One Month (After Canvass)
- County Clerk to Issue VBM's (Unreceived, Lost or Spoiled) Daily During Regular Business Hours in Norwalk at Registrar-Recorder/County Clerk's office
- Counting of VBM's and Election Day Ballots in Norwalk at Registrar-Recorder/County Clerk's office with Unofficial Election Results Available Late in the Night or the Following Morning

PUBLIC OUTREACH/INTEREST:

In addition to the required publishing of election legal notice(s) in The Beach Reporter, Staff will also include the following:

- Posting on the City website all election information
- Election express button on City homepage for direct access to City Election information
- Hanging two street banners reminding voters of the March 7, 2017 Election
- Use of Social Media to publicize City elections and encourage voter participation
- Televising of Election Day/Night
- Publishing the preliminary and actual election results on the City website

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activities are not "Projects" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

CONCLUSION

If City Council would like to direct the City Clerk to conduct a standalone election for March 7, 2017, the City Council must adopt Resolution Nos. 16-0062, 16-0063, 16-0064 and 16-0065.

If City Council would like to consolidate with the County for March 7, 2017, the City Council must adopt Resolution Nos. 16-0062, 16-0064, 16-0065 and 16-0071.

Upon passage of the Resolution(s), staff will forward a certified copy to the Los Angeles County Registrar-Recorder/County Clerk's Office and the Los Angeles County Board of Supervisors to properly schedule and initiate the March 7, 2017 General Municipal Election for the City of Manhattan Beach.

Attachments:

1. Resolution No. 16-0062 - Call and Notice of General Municipal Election
2. Resolution No. 16-0063 - Authorization for Assistance from the LA County Board of Supervisors
3. Resolution No. 16-0064 - Candidate's Requirements
4. Resolution No. 16-0065 - Conduct of a Special Runoff Election
5. Resolution No. 16-0071 - Request Assistance for Consolidated or Standalone Election
6. Letter from the Los Angeles County Registrar-Recorder/County Clerk
7. Board of Supervisors Motion Regarding Countywide Special Election in March 2017
8. Diagram Comparing City Standalone Election vs. County Consolidated Election

RESOLUTION NO. 16-0062

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, MARCH 7, 2017, FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA RELATING TO GENERAL LAW CITIES

WHEREAS, under the provisions of the laws relating to general law cities in the State of California, a General Municipal Election shall be held on Tuesday, March 7, 2017, for the election of Municipal Officers.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to the requirements of the laws of the State of California relating to General Law Cities, there is called and ordered to be held in the City of Manhattan Beach, California, on Tuesday, March 7, 2017, a General Municipal Election for the purpose of electing three Members of the City Council and one member as a City Treasurer for three years and eight months.

SECTION 2. That the ballots to be used at the election shall be in form and content as required by law.

SECTION 3. That the City Clerk is authorized, instructed and directed to coordinate with the County of Los Angeles Registrar-Recorder/County Clerk to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

SECTION 4. That the polls for the election shall be open at seven o'clock a.m. of the day of the election and shall remain open continuously from that time until eight o'clock p.m. of the same day when the polls shall be closed, pursuant to Election Code § 10242, except as provided in § 14401 of the Elections Code of the State of California.

SECTION 5. That pursuant to Elections Code § 12310, a stipend for services for the persons named as precinct board members is fixed at the sum of \$ 100.00 for each Inspector and \$ 80.00 for each Clerk for the election. In addition, the sum of \$ 25.00 will be given to each precinct board member to attend a training class and the sum of \$ 25.00 to be given to each inspector to pick up the precinct supplies. The rental for each polling place, where a charge is made, shall be the sum of \$ 25.00 for the election. When required, the compensation of the Custodian of a building shall be \$ 17.00 for the election.

SECTION 6. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 7. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 8. That in the event of a tie vote (if any two or more persons receive an equal and the highest number of votes for an office) as certified by the Elections Official, the City Council, in accordance with Election Code § 15651(a), shall set a date and time and place and summon the candidates who have received the tie votes to appear and will determine the tie by lot.

SECTION 9. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 10. The City Council authorizes the City Clerk to administer said election and all reasonable and actual election expenses shall be paid by the City upon presentation of a properly submitted bill.

PASSED, APPROVED and ADOPTED this November 1, 2016.

Ayes:
Noes:
Absent:
Abstain:

Tony D'Errico
Mayor, City of Manhattan Beach, California

ATTEST:

Liza Tamura
City Clerk

RESOLUTION NO. 16-0063

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, MARCH 7, 2017

WHEREAS, a General Municipal Election is to be held in the City of Manhattan Beach, California, on March 7, 2017; and

WHEREAS, in the course of conduct of the election it is necessary for the City to request services of the County; and

WHEREAS, all necessary expenses in performing these services shall be paid by the City of Manhattan Beach;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to the provisions of § 10002 of the Elections Code of the State of California, this City Council requests the Board of Supervisors of the County to permit the County Election Department to prepare and furnish the following for use in conducting the election:

1. A listing of county precincts with number of registered voters in each, so city may consolidate election precincts into city voting precincts, and maps of the voting precincts;
2. A list of polling places and poll workers the county uses for their elections;
3. The computer record of the names and address of all eligible registered voters in the City in order that the City's consultant may:
 - a. Produce labels for vote-by-mail voters;
 - b. Produce labels for sample ballot pamphlets;
 - c. Print Rosters of Voters and Street Indexes;
4. Voter signature verification services as needed;
5. Make available to the City election equipment and assistance as needed according to state law.

SECTION 2. That the City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill.

SECTION 3. That the City Clerk is directed to forward without delay to the Board of Supervisors and to the County Election Department, each a certified copy of this resolution.

SECTION 4. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED and ADOPTED this 18th day of October, 2016.

Ayes:
Noes:
Absent:
Abstain:

Tony D'Errico
Mayor, City of Manhattan Beach, California

ATTEST:

Liza Tamura
City Clerk

RESOLUTION NO. 16-0064

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO CANDIDATES STATEMENTS SUBMITTED TO THE VOTERS AT AN ELECTION (TO BE HELD ON TUESDAY, MARCH 7, 2017).

WHEREAS, §13307 of the Elections Code of the State of California provides that the governing body of any local agency adopt regulations pertaining to materials prepared by any candidate for a municipal election, including costs of the candidates statement;

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

SECTION 1. GENERAL PROVISIONS. That pursuant to §13307 of the Elections Code of the State of California, each candidate for elective office to be voted for at an Election to be held in the City of Manhattan Beach (on March 7, 2017) may prepare a candidate's statement on an appropriate form provided by the City Clerk. The statement may include the name, age and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. The statement shall not include party affiliation of the candidate, nor membership or activity in partisan political organizations. The statement shall be filed in typewritten form in the office of the City Clerk at the time the candidate's nomination papers are filed. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

SECTION 2. SPANISH LANGUAGE. The City Clerk shall have translated and printed in the voters pamphlet only the candidates statements of those Candidates who request translation and printing at the candidate's expense.

SECTION 3. PAYMENT.

- a. The candidate shall be required to pay for the cost of printing their candidate statement in English in the main voter pamphlet.
- b. The candidate shall be required to pay for the cost of translating their candidate statement into any required foreign language as specified pursuant to State and /or Federal law.
- c. The candidate shall be required to pay for the cost of printing their candidate statement in a foreign language in the main voter pamphlet.
- d. The candidate, at the time of filing their candidate statement for the March 7, 2017, General Municipal Election Sample Ballot, shall remit the established cost of \$500.00 for their proportionate share of the cost

of printing their volunteered candidate statement in English. If the candidate chooses to have their statement translated and printed in Spanish pursuant to Elections Code Section 13307, the candidate shall remit the additional established cost of \$750.00.

The City Clerk has estimated the total cost of printing, handling, translating, and mailing the candidate's statements filed pursuant to this section, including costs incurred as a result of complying with the Voting Rights Act of 1965 (as amended), and shall require each candidate filing a statement to pay in advance to the local agency his or her estimated pro rata share as a condition of having his or her statement included in the voter's pamphlet. In the event the estimated payment is required, the estimate is just an approximation of the actual cost that varies from one election to another election and may be significantly more or less than the estimate, depending on the actual number of candidates filing statements. Accordingly, the clerk is not bound by the estimate and may, on a pro rata basis, bill the candidate for additional actual expense or refund any excess paid depending on the final actual cost. In the event of underpayment, the clerk may require the candidate to pay the balance of the cost incurred. In the event of overpayment, the clerk shall prorate the excess amount among the candidates and refund the excess amount paid within 30 days of the election.

SECTION 4. MISCELLANEOUS.

- A) All translations shall be provided by professionally-certified translators.
- B) The City Clerk shall allow bullets to the same extent and manner as allowed in previous City elections.
- C) The City Clerk shall comply with all recommendations and standards set forth by the California Secretary of State regarding occupational designations and other matters relating to elections.

SECTION 5. ADDITIONAL MATERIALS. No candidate will be permitted to include additional materials in the sample ballot package.

SECTION 6. That the City Clerk shall provide each candidate or the candidate's representative a copy of this Resolution at the time nominating petitions are issued.

SECTION 7. That all previous resolutions establishing council policy on payment for candidates statements are repealed.

SECTION 8. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED and ADOPTED this 18th day of October, 2016.

Ayes:
Noes:
Absent:
Abstain:

Tony D'Errico
Mayor, City of Manhattan Beach, California

ATTEST:

Liza Tamura
City Clerk

RESOLUTION NO. 16-0065

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, PROVIDING FOR THE CONDUCT OF A SPECIAL RUNOFF ELECTION FOR ELECTIVE OFFICES IN THE EVENT OF A TIE VOTE AT ANY MUNICIPAL ELECTION.

WHEREAS, § 15651(b) of the Elections Code of the State of California authorizes the City Council, by majority vote, to adopt provisions to require the conduct of a Special Runoff Election to resolve a tie vote involving those candidates who received an equal number of votes and the highest number of votes for an elective office;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to § 15651(b) of the Elections Code of the State of California, if any two or more persons receive an equal and the highest number of votes for an office to be voted for within the city, there shall be held within the city a Special Runoff Election to resolve the tie vote. A Special Runoff Election shall be called and held on a Tuesday not less than 40 nor more than 125 days after the administrative or judicial certification of the election which resulted in a tie vote.

SECTION 2. That this resolution shall apply only to the election to be held on March 7, 2017, and shall then be repealed.

SECTION 3. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED and ADOPTED this 18th day of October, 2016.

Ayes:
Noes:
Absent:
Abstain:

Tony D'Errico
Mayor, City of Manhattan Beach, California

ATTEST:

Liza Tamura
City Clerk

RESOLUTION NO. 16-0071

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL REQUESTING THE LOS ANGELES COUNTY BOARD OF SUPERVISORS TO CONSOLIDATE THE CITY'S GENERAL MUNICIPAL ELECTION TO BE HELD ON MARCH 7, 2017 WITH THE SPECIAL COUNTYWIDE ELECTION TO BE HELD ON THE SAME DATE

WHEREAS, a General Municipal Election is to be held on March 7, 2017, in the City of Manhattan Beach ("City");

WHEREAS, in the course of conduct of the election it is necessary for the City to request specified services of the County of Los Angeles;

WHEREAS, all necessary expenses in performing these services shall be paid by the City;

WHEREAS, there may also be a Special Countywide Election held on March 7, 2017 to consider one or more Los Angeles County ballot measures;

WHEREAS, the City wishes to consolidate the General Municipal Election with the Special Countywide Election, if there is such an election, to be held on the same date, within the same City and polling places, and utilizing the same election officers with the County Registrar-Recorder/County Clerk to administer the election and canvass the returns of the General Municipal Election, and that the consolidated election be held in all respects as if there were only one election; and

WHEREAS, all necessary expenses in conduction the General Municipal Election and Special Countywide Election held on March 7, 2017 as one election shall be paid by the City consistent with the estimated election expenses prepared and presented by the Los Angeles County Registrar-Recorder/County Clerk.

NOW, THEREFORE, THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AND ORDERS AS FOLLOWS:

SECTION 1. If the County calls a Special Countywide Election for March 7, 2017, the City requests the following:

1. Pursuant to the requirements of California Elections Code Section 10002, that the Los Angeles County Board of Supervisors consents and approves the consolidation of the City's General Municipal Election with a Special Countywide Election on Tuesday, March 7, 2017, for the purpose of electing three Members of the City Council and one City Treasurer;
2. That the Board of Supervisors directs the Registrar-Recorder/County Clerk to administer, manage and oversee all facets of the General Municipal Election to

- be held on March 7, 2017 and further direct the Registrar-Recorder/County Clerk to perform all necessary functions, services and tasks related to: the complete and successful conduct of the consolidated election; the provision of all election materials and equipment; the hiring, training and supervision of poll workers and other election personnel; the printing and distribution of ballot materials; the translation of ballot materials; the collection of submitted ballots; the tallying of votes; canvassing and the certification of election results; and
3. That the City will print and mail its own Voter Information Guide for the March General Municipal Election to the voters within the City.

SECTION 2. If the County does not call a Special Countywide Election for March 7, 2017:

1. Pursuant to Elections Code Section 1301, the City shall conduct a stand-alone election to be administered by the City Clerk; and
2. Pursuant to the provisions of Elections Code Section 10002, the City Council requests the Los Angeles County Board of Supervisors to permit the County Election Department to prepare and furnish the following for use in conducting the City standalone election:
 - a. A listing of county precincts with number of registered voters in each, so the City may consolidate elections precincts into City voting precincts, and maps of the voting precincts;
 - b. A list of polling places and poll workers the county uses for their elections;
 - c. The voter record of the names and addresses of all eligible registered voters in the City in order that the City's consultant may:
 - i. Produce labels for vote-by-mail voters;
 - ii. Produce labels for voter information guides;
 - iii. Print rosters of voters and street indexes;
 - d. Voter signature verification services as needed and voter signature files for the purpose of utilizing City-owned signature verification equipment, as needed;
 - e. Make available to the City election equipment and assistance as needed according to state law.

SECTION 3. That the City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill.

SECTION 4. That the City Clerk is directed to forward without delay to the Board of Supervisors and to the Registrar-Recorder/County Clerk, each a certified copy of this resolution.

SECTION 5. That the Board of Supervisors is requested to issue instructions to the county election department to take any and all steps necessary for the holding of the consolidated election.

SECTION 6. That the City Clerk shall certify to the passage and adoption of this Resolution and enter in into the book of original Resolutions.

PASSED, APPROVED and ADOPTED November 1, 2016.

Ayes:
Noes:
Absent:
Abstain:

Tony D'Errico
Mayor, City of Manhattan Beach, California

ATTEST:

Liza Tamura
City Clerk



DEAN C. LOGAN
Registrar-Recorder/County Clerk

October 7, 2016

Ms. Liza Tamura
Manhattan Beach City Clerk
1400 Highland Avenue
Manhattan Beach, California 90266

Dear Ms. Tamura:

As you know, the Los Angeles County Board of Supervisors has directed my office to preserve the option to hold a Special Countywide Election on March 7, 2017. While the Board has not yet called this election, the County recognizes the impact this has on your City's regularly scheduled March election. To that end, the County is prepared to administer the City's General Municipal Election on March 7, 2017 with or without a countywide measure. The Board recently acted through the Supplemental Budget process to allocate the funding necessary to conduct the election under either scenario in a manner that is cost-neutral for the City.

We understand the unanticipated nature of this issue and we will continue to work with you to provide your City the information needed to make a decision with regard to election services and consolidation. To minimize cost for the City and voter confusion associated with overlapping and/or concurrent elections, we are encouraging the City to take action now to seek election services from the County.

In order to facilitate this effort, we have prepared the attached draft/model resolution language for your consideration requesting election services from the County. Please focus on the highlighted sections as they provide the assurance that the County will conduct your March 7, 2017 General Municipal Election even if the Special Countywide Election is not called and that we will provide these services at the estimated cost of a consolidated election previously provided to your City.

We're hopeful this draft resolution conveys the County's commitment and positions the City to take timely action. Because we are doing this in parallel to conducting the November Presidential Election, timing and coordination are significant issues. We strongly encourage cities to consider this action now to ensure a successful coordinated election.

We understand that there are likely additional issues associated with this that will necessitate further coordination. We are committed to addressing those and working with you toward mutual resolution. Thanks again for your support and continued collaboration.

If you have any additional questions, please do not hesitate to contact me or Mr. Aaron Nevarez, our City Clerk Liaison, at (562) 462-2800 or anevarez@rrcc.lacounty.gov.

Sincerely,



DEAN C. LOGAN
Registrar-Recorder/County Clerk

Attachment

c: City Manager
City Council

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

SEPTEMBER 13, 2016

Preserving the Option for a Countywide Special Election in March 2017

The next available election date for the Board of Supervisors (Board) to place potential measures before the voters to address homelessness and other issues is on March 7, 2017. The ideal scenario is for several jurisdictions to combine elections on that date and hold one election, known as a consolidated election, conducted by the County of Los Angeles (County). While ideal, a consolidated election on this date requires significant due diligence, jurisdictional coordination, and advance preparation to ensure success. The last scheduled meeting that the Board could vote to order a special election for March 2017 is on December 6, 2016. The last day to have a special meeting that the Board could vote to order a special election is only a few days later on December 9, 2016. To administer a successful countywide election, the Registrar-Recorder/County Clerk (RR/CC) cannot wait to begin coordinating until December. Election planning for all jurisdictions begins several months in advance of the December 9, 2016 deadline. As such, coordinating early in an effort to conduct a consolidated election with other cities and districts is critical.

The benefits of a consolidated election are clear. They improve voter clarity, avoid duplication of services, reduce voter fatigue, and serve to ensure a countywide awareness of the election which facilitates and encourages voter participation. There are 36 other jurisdictions – cities and districts, including the City of Los Angeles – that are currently scheduled to conduct their regular municipal elections in March 2017. The vast majority of

- MORE -

MOTION

RIDLEY-THOMAS _____

KUEHL _____

KNABE _____

ANTONOVICH _____

SOLIS _____

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS
SEPTEMBER 13, 2016
PAGE 2**

these jurisdictions administer their own elections outside of the purview of the RR/CC. If the County wants to consider calling for a special election and adding a countywide ballot initiative in March 2017, the best course of action would be for other cities and districts to consolidate onto the County's ballot.

Without a consolidated election, cities would conduct their own concurrent election at the same time as the County election, which is not in the best interest of the public. Concurrent elections not only duplicate efforts of elections officials, but also significantly impact voters. Under a concurrent model, a voter could be required to report to two different polling locations, or if they are located at the same polling place the voter must check in at two different tables, sign two different rosters, and vote two different ballots. This creates confusion among voters and poll workers alike, has the potential of disenfranchising voters, and contributes to an overall negative voting experience.

The RR/CC needs adequate time to begin having discussions with the various jurisdictions to ensure the feasibility of consolidation. The RR/CC must start notifying and coordinating with cities and districts and begin expressing the County's intent to conduct a consolidated, countywide election in March. It is also possible that additional cities or districts may want to consider placing local measures on a consolidated ballot if there is a countywide special election being considered.

In addition, early coordination efforts are necessary because each jurisdiction will be required to pass a resolution requesting consolidation and specified elections services that must then be presented to the Board for approval. The deadline for a jurisdiction to request consolidation with the County for the March 2017 election is December 9, 2016.

The final element of a consolidated election in March is the potential budgetary impacts. The RR/CC estimates that if the County agreed to conduct a consolidated election with every city and district in March 2017, it would cost the County approximately \$10.5 million plus \$8.5 million distributed on a pro rata basis to the participating cities and districts. These estimates assume that the Board moves forward with calling a special election in March 2017. If the Board decides not to proceed with a County measure at that time, then

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS
SEPTEMBER 13, 2016
PAGE 3**

the estimated election costs to be distributed among the participating cities and districts will increase to an estimated \$13 million.

If the County does not place a County measure on the ballot in March, the potential increased cost to cities and districts is problematic. These jurisdictions have limited funding, rely on stable estimates of election costs, and have budgeted accordingly. For this reason, it is important for the County to explore a budget-neutral provision for cities in the event that a countywide measure does not move forward and the RR/CC conducts the election for the participating cities and districts. This will require discussions and agreements with each city and district to determine their estimated election costs. In this way, the County can ensure that the individual city or district can present accurate estimates to their governing bodies in the event that the Board decides not to proceed with a countywide ballot measure in March 2017.

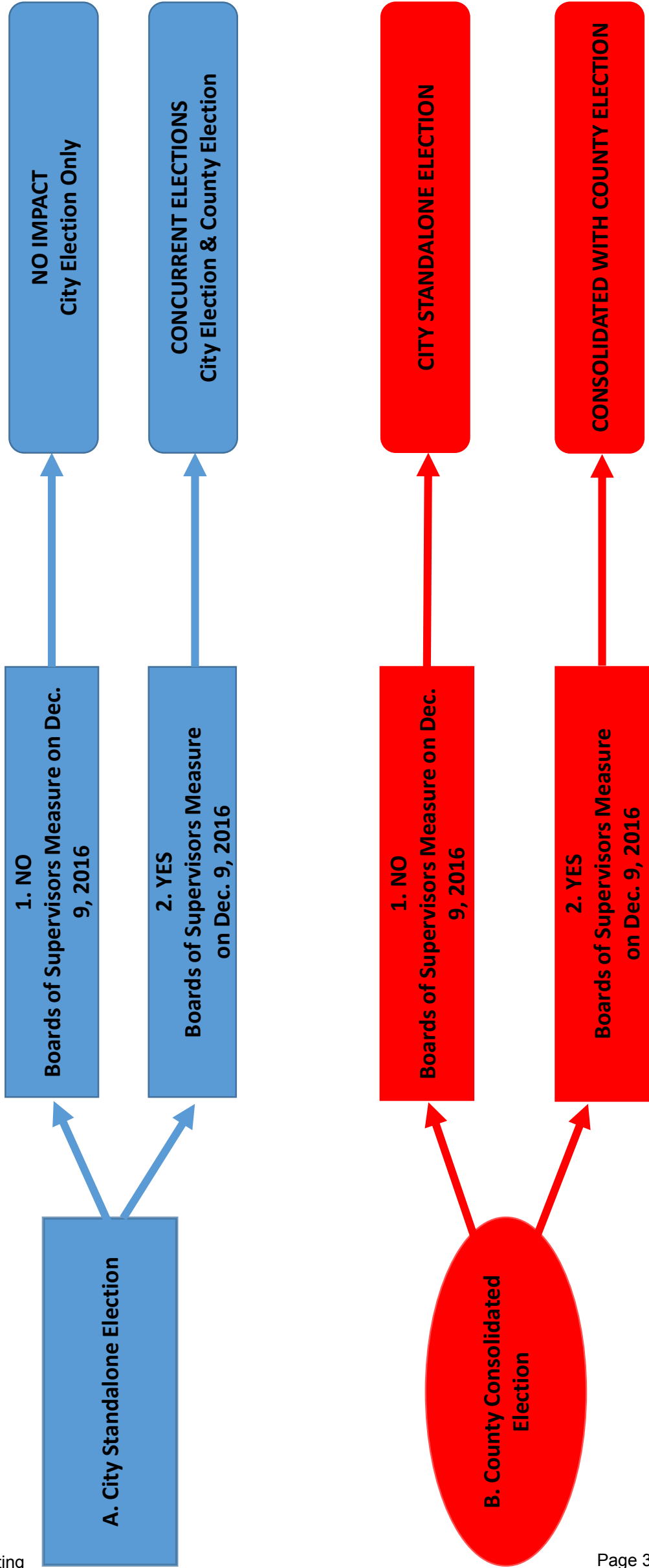
I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO) and the Registrar Recorder/County Clerk (RR/CC) to contact and coordinate with the appropriate jurisdictions (cities and districts) to facilitate a countywide consolidated special election in March 2017 and report back in 30 days on the status of that coordination, identifying any further issues or actions necessary for the Board's action; and
2. Direct the CEO, in coordination with the RR/CC, to identify and allocate the resources to conduct the special election and the associated agreements with the jurisdictions for proportional costs of a special countywide election or the direct costs of conducting the elections absent a countywide measure that is cost-neutral for the jurisdictions.

#

(YV/DW)

City Standalone Election vs. County Consolidated Election



Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Marisa Lundstedt, Community Development Director
Sanford Taylor, Information Technology Director
Nhung Madrid, Senior Management Analyst

SUBJECT:

Status Update on Accela Automation Project Implementation (Community Development Director Lundstedt and Information Technology Director Taylor).

RECEIVE REPORT AND PROVIDE DIRECTION

RECOMMENDATION

Staff recommends that the City Council receive the status update on the Accela Automation project implementation, discuss, and direct staff to issue a Request for Proposal (RFP) to solicit permitting software solution proposals.

FISCAL IMPLICATIONS

Drafting an RFP, and thereafter researching and evaluating proposals requires only staff time and thus no cost to the City.

If the City Council should decide to continue moving forward with the implementation of Accela Automation, additional funding in the amount of \$385,000 would be the minimum required to complete the initially scoped project. This amount could be exponentially higher depending on the level of desired enhancements, as discussed in the Alternatives section below.

EXECUTIVE SUMMARY

This report summarizes the Accela Automation project, which includes a summary of the approved project scope, and other factors that have affected the project's implementation. These factors consist of internal staffing changes including the loss of four of the six Accela Core Team members and the inclusion of two new Department Directors. As a result of these staffing challenges and change in leadership, a comprehensive project assessment and evaluation was performed, in which Staff discovered that the original project was poorly

scoped as well as over-promised.

As a result of all of these factors, the implementation of Accela has been delayed, and Staff recommends that the City issue an RFP soliciting proposals for permitting software solutions.

BACKGROUND

One of the projects identified in the Information Systems Master Plan (ISMP) is to replace the City's current permitting software, Permits Plus, with an automated permitting system, which would allow for the issuance and tracking of permits as well as electronic document submittal. Accela Automation is a web-based enterprise application that streamlines land management functions for permitting and inspection, planning and zoning, with capabilities for electronic document submittal and review.

In February 2014, the City Council awarded a contract to Accela, Inc. for a citywide permitting software solution to replace the City's existing permitting software. Funds totaling approximately \$277,000 were approved for the initial scope of work to implement Accela Automation. To date, approximately \$133,000 has been expended on project implementation resulting in a contract balance of \$144,000. The yearly subscription fees and funds to purchase mobile devices are not included in the implementation contract and are budgeted separately. This project was slated for an 18-month implementation with an internal launch (referred to as Go Live) scheduled for summer 2015. Staff began implementation of Accela Automation in March 2014.

Project Scope

The existing scope of work includes six phases to transition the City from Permits Plus to Accela Automation as described below:

Phase 1: Initiation

- Consultant initiates project kick-off with staff, development a Core Team, and finalizes the project schedule and communication plan.
- This phase has been completed.

Phase 2: Evaluation

- Consultant interviews staff to understand current business processes to translate into Accela, customizes configuration, defines the process to migrate data from Permits Plus to Accela, and begins integration of Accela with other City systems.
- This phase has been completed.

Phase 3: Template Development

- Consultant builds templates of permits and applications, and staff performs testing of all templates.
- This phase has been completed per the scope of work. Staff's tasks included in this phase are pending.

Phase 4: Configuration

- Consultant builds Accela platform, which includes report specifications, GIS, the public access module, mobile access module, and Electronic Document Review

(EDR) module. Staff performs extensive clean-up of existing Permits Plus data from 1992 to current to migrate the data into Accela.

- This phase has been initiated by the Consultant, but the majority of the tasks are pending. Staff's portion of the Permits Plus clean-up has been completed.

Phase 5: Testing

- Several iterations of testing the Accela built environment by staff, and training for internal administrators and end users.
- Phase 5 to be completed.

Phase 6: Internal Launch

- Internal launch of Accela and troubleshooting with Accela support staff.
- Phase 6 to be completed.

DISCUSSION:

The initially scoped project to transition the City from Permits Plus to Accela is a hands-on, technical and time consuming endeavor with an aggressive timeline. It requires a cross-section of City staff to analyze, review, build, test, and re-test the system to get the City to an internal launch. Upon a more thorough review of the project scope of work, staff suspended work on the implementation of Accela to ask some key questions related to staffing resources. This suspension also provided staff the opportunity to visit two nearby municipalities currently using Accela. These two site visits helped staff better understand the project's scope of work and allowed staff to evaluate the project in a more comprehensive manner. What staff learned from this experience was that the City's initial scope of work was under scoped, that there would be a need for backfill which was not previously identified at the onset of the project, and that the scoped project was not going to meet the City Council's expectation of a "fully-automated" permitting software solution, which would provide for enhanced online permit processing and payment.

Staff Recommendation

As discussed in greater detail below, based on the project assessment, the gaps that have been identified in the initial scope of work, and initial research of other permitting software solutions that are currently on the market, staff recommends to suspend the implementation of Accela Automation and to issue a Request for Proposal (RFP) soliciting proposals from permitting software solution vendors, including Accela. Since the onset Accela Automation implementation over two years ago, technology has evolved considerably in this industry. Staff has participated in several preliminary demonstrations with other vendors, and there are other similar permitting software products and services that cost significantly less than what would be required to move forward with the completion of Accela Automation. Seeking proposals would also allow for Information Technology staff to fully evaluate vendors and determine if and how their systems would interface with existing systems, in addition to the current Enterprise Resource Planning (ERP) project.

In an effort to provide the City Council with a comprehensive overview of the Accela Automation project, the following discussion provides details about the various challenges that the City has encountered during this implementation process.

Staff Resources

During the kick-off phase, a Core Team was identified, roles and responsibilities were defined, with an expectation that a minimal time commitment from staff members would be required through the 18-month project implementation. However, mid-way through the 18-month timeline, the Core Team encountered several setbacks including major staff turnover in the Community Development Department including the loss of four of the six Core Team members, and additional building counter staff vacancies. This not only severely handicapped the Accela project moving forward, but also created an impact to the Building Department's daily counter operations. In addition, two new Directors were brought on board to the project, and staff felt that it was necessary to perform a comprehensive review of the Accela scope and reassess the project in order to move forward. Placing the project on hold also suspended any further invoicing from the Consultant.

Site Visits

In an effort to better understand how other local municipalities have transitioned to Accela, Community Development and Information Technology staff visited Culver City and Torrance to discuss their implementation process and experience. Overall, both cities shared several commonalities, however, the most notable difference from their project implementation in comparison to Manhattan Beach's is the amount of dedicated staff, backfill and staff resources identified and assigned at project initiation. Both cities had a Core Team made up of full-time dedicated staff across multiple departments including in-house programming staff during the entire implementation timeline. In addition, neither City included Electronic Document Review (EDR) in their initial scope of work, nor or they considering adding this option at this time.

Staff also contacted the City of Santa Monica which is currently using Accela. They too had dedicated staff and backfill during implementation. Additionally, they have over 103 record types (similar to permits, applications and other forms), and have only implemented two simple permits (dryers and water heaters) for online processing (EDR).

This outreach to Culver City, Torrance and Santa Monica further confirmed that Manhattan Beach's Accela Core Team was insufficiently staffed, and that backfill was not included at the project's onset to enable timely implementation.

Scope of Work Assessment

Through this process, Staff has identified several gaps in the original scope of work to implement Accela Automation. Overall, the Accela project was poorly scoped and under scoped. The time commitment from the Core Team was underestimated, backfill of Building Counter staff was not identified, and the technical duties and expectations of staff were misjudged. In addition, the original scope included only three of the City's 50 record types (similar to permits, applications and other forms) to be functional through the Electronic Document Review (EDR) module. This is the module that allows customers to submit and process permits/applications online. The City Council's expectation was that all 50 record types would be processed online at project implementation. While Accela is capable of that function, and can be configured to perform that function, the City's initial scope does not include that level of online permitting enhancements.

POLICY ALTERNATIVES

If the City Council should decide to continue on the path to implement Accela Automation,

there are three main areas where further direction is needed. These areas include:

- Base Recommendation - A contract amendment for the Consultant to complete a few basic tasks to get the City to an internal "Go Live" launch
- Electronic Document Review (EDR) - Three different options for varying levels of enhanced electronic permitting software for customers to submit online applications and permits
- Financial Software Interface - Three different financial options to support the payment and processing of online applications and permits (EDR)

The Base Recommendation contract amendment is necessary to provide Staff the needed resources to implement the originally scoped project. Electronic Document Review (EDR) and the Financial Software Interface options are both enhancements to Accela and are not required to implement the originally scoped project. These two are considered "add-ons" which provide for enhanced online permit processing and payments.

Pros:

The implementation of Accela Automation is approximately 40 percent complete. If the City Council were to approve the Base Recommendation contract amendment, the City would be able to internally launch Accela Automation in approximately six months following contract approval. This will allow for staff to completely transition to Accela Automation, and retire the current Permits Plus system.

Cons:

Launching Accela for internal use will require a contract amendment and additional funding in the amount of \$385,000, for a total estimated project cost of \$662,000. To achieve Electronic Document Review (EDR) automation and Financial Software Interface, the cost is exponentially higher. If the City Council should decide to move forward with launching Accela Automation for internal use, staff will return with a details and costs associated with the various options related to the enhanced online permitting and financial software solutions.

In addition, if the Council were to decide to continue with Accela at this point, the city would not have the benefit of releasing an RFP and learning about other systems that may be more affordable as well as efficient.

PUBLIC OUTREACH/INTEREST

Staff performed site visits to other local municipalities as mentioned in the Discussion portion of the staff report.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060 (c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The recommendation to seek proposals does not require legal review.

Attachment:

1. PowerPoint Presentation

Accela Automation Status Update

City Council Meeting
November 1, 2016



Overview

- ▶ Project Background
- ▶ Accela Automation Approved Scope of Work
- ▶ Comprehensive Project Assessment
- ▶ Staff Recommendation
- ▶ Policy Alternatives





Background

- ▶ Information Systems Master Plan (ISMP)
- ▶ February 2014 – Contract awarded to Accela
- ▶ \$277,000 Initial scope of work
- ▶ 18 months to implement
 - Started in March 2014
 - Scheduled internal launch (Go Live) Summer 2015

Approved Scope of Work

- ▶ Phase 1: Initiation
 - Completed.
- ▶ Phase 2: Evaluation
 - Completed.
- ▶ Phase 3: Template Development
 - Completed per scope of work. Staff's tasks are pending.
- ▶ Phase 4: Configuration
 - Initiated by Consultant, majority of tasks pending. Staff's portion for Permits Plus clean-up completed.
- ▶ Phase 5: Testing
 - To be completed.
- ▶ Phase 6: Internal Launch
 - To be completed.



Comprehensive Project Assessment

- ▶ **Staffing Resources**
 - Loss of four of six Core Team members
 - Two new Department Directors
- ▶ **Site Visits/Outreach**
 - Culver City
 - Torrance
 - Santa Monica
- ▶ **Scope of Work Assessment**
 - Poorly scoped
 - Under scoped



Staff Recommendation

- ▶ Suspend Accela Automation Implementation
- ▶ Solicit Bids (RFP process)
- ▶ Information Technology Staff:
 - Fully evaluate other vendors
 - Enterprise Resource Planning (ERP) project





Policy Alternatives

- ▶ **Base Recommendation**
 - Basic tasks for internal launch
- ▶ **Electronic Document Review (EDR)**
 - Submit online applications and permits
- ▶ **Financial Software Interface**
 - Online payment processing



Questions?

Agenda Date: 11/1/2016

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Liza Tamura, City Clerk

Martha Alvarez, Senior Deputy City Clerk

Patricia Matson, Administrative Clerk II

SUBJECT:

Agenda Forecast (City Clerk Tamura).

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Attached is the most recent Agenda Forecast for City Council Review

October 26, 2016 Agenda Forecast

**FORECAST OF UPCOMING CITY COUNCIL MEETING ITEMS,
INFORMATIONAL MEMOS, & FUTURE AGENDA ITEMS**

(Items placed on the Forecast may not necessarily be in the order in which they will appear on the Agenda)

11/15/2016	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Older Adult
	1. Presentation of Certificates of Recognition to the Winners of the 2016 Manhattan Beach Public Library Bookmark Contest (Ceremonial)
	2. First Reading and Introduction of Ordinance Requiring Riders of Skateboards and Other Wheeled Recreational Devices to Wear a Helmet, Elbow Pads, and Knee Pads at the Skate Park (Parks and Recreation Director Leyman) (Consent)
	3. Completion of the Construction Contract by Miramontes Construction Company, Inc. for the Sewer Main Rehabilitation Project Phase 2 and Release of Retention Amount of \$58,503.10 (Interim Public Works Director Saenz) (Consent)
	4. Award Contract with Martin & Chapman in the Amount Not-to-Exceed \$76,000 for Election Services Related to the Tuesday, March 7, 2017 General Municipal Election (Dependent Upon City Council Direction on November 1, 2016) (City Clerk Tamura) (Consent)
	5. Second Reading of an Ordinance to Authorize an Amendment to the Contract Between the Board of Administration of the California Public Employees’ Retirement System and the City of Manhattan Beach to Allow Police Officers and Fire Fighters to Share the Cost of Employer Contributions on a Pre-Tax Basis (Human Resources Director Zadroga-Haase) (Consent)
	6. Approve Contract Amendment No. 1 for Additional Services Not-to-Exceed \$10,000 with Messina and Associates for Team Building, Career Counseling, and Succession Planning Development (Fire Chief Espinosa) (Consent)
	7. Financial Report: Schedules of Demands: October 13, 2016 (Finance Director Moe) (Consent)
	8. City Council Minutes (City Clerk Tamura) (Consent)
	9. Public Hearing and Second Reading of Ordinance Adopting the 2016 California Fire Code with Local Amendments (Fire Chief Espinosa) (Public Hearing)
	10. Update from Waste Management on the Food Waste Recycling Program (Interim Public Works Director Saenz) (Old Business)
	11. Fiscal Year 2016-2017 First Quarter Budget Status Report (Finance Director Moe) (New Business)
	12. Approval of Revised Boards and Commissions Handbook and Approval of Work Plan Process (City Clerk Tamura, Parks and Recreation Director Leyman and Community Development Director Lundstedt) (New Business)
	13. Consider Recommendations from Facilities Energy Audit and Review Southern California Edison (SCE) Streetlight Acquisition and Retrofit of SCE-Owned Street Lights (Interim Public Works Director Saenz) (New Business)
	14. Encroachment Permit Amendment Appeal to Allow Retractable Awnings in the Public Right-of-Way – 117 Manhattan Beach Boulevard (Strandhouse) (Community Development Director Lundstedt) (New Business)

**FORECAST OF UPCOMING CITY COUNCIL MEETING ITEMS,
INFORMATIONAL MEMOS, & FUTURE AGENDA ITEMS**

(Items placed on the Forecast may not necessarily be in the order in which they will appear on the Agenda)

12/6/2016	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Robinson Elementary School
	Pledge – Older Adult
	1. Annual City Recognition of Longstanding Businesses (Ceremonial)
	2. Certificate of Recognition to the Manhattan Beach Hometown Fair Board (Ceremonial)
	3. Second Reading and Adoption of Ordinance Requiring Riders of Skateboards and Other Wheeled Recreational Devices to Wear a Helmet, Elbow Pads, and Knee Pads at the Skate Park (Parks and Recreation Director Leyman) (Consent)
	4. Construction Contract for First Concrete Topping Slab and Parking Structure No. 2 (Interim Public Works Director Saenz) (Consent)
	5. Approve Contract Amendment No. 1 to the Agreement with Griffin Structures to Perform a Building Condition Assessment for Fire Station No. 2 in the Amount of \$26, 000 (Interim Public Works Director Saenz) (Consent)
	6. Construction Contract for Tile at Comfort Station Showers & Sea Wall (Interim Public Works Director Saenz) (Consent)
	7. Acceptance of Donated Real Property, APN 4138-020-002, by Chevron U.S.A. Inc. to City of Manhattan Beach (Interim Public Works Director Saenz) (Consent)
	8. Award a Bid to Huntington Beach Honda for the Purchase of the Two Replacement Police Motorcycles in the Amount of \$52,840.68 (Finance Director Moe) (Consent)
	9. Award of Bid to Lake Chevrolet for the Purchase of Three Replacement Police Vehicles in the Amount of \$98,667.09 (Finance Director Moe) (Consent)
	10. Award a Professional Services Contract to Onward Engineering (Attachment 1) for Engineering Services for the CDBG Curb Ramps Construction Project in the Amount Not-to-Exceed \$50,000 (Interim Public Works Director Saenz) (Consent)
	11. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	12. City Council Minutes (City Clerk Tamura) (Consent)
	13. Downtown Specific Plan (Community Development Director Lundstedt) (Public Hearing)
	14. Tri-Annual Public Hearing on the Public Health Goals for Chemicals in H2O (Interim Public Works Director Saenz) (Public Hearing)
	15. Public Hearing for the Draft 2015 Urban Water Management and Consideration of Adoption of Resolution 16-0045 for the 2015 Urban Water Management Plan (Interim Public Works Director Saenz) (Public Hearing)
	16. Adopt Resolution No. ---- Accepting an Irrevocable Offer to Dedicate Right-of-Way from Mark A. Neumann 3500 Sepulveda, LLC to be used for the Sepulveda Boulevard Bridge Widening Project; Neumann Access Agreement and JLL Construction Access Agreement (Interim Public Works Director Saenz) (Old Business)

TENTATIVE DRAFT – SUBJECT TO CHANGE

**FORECAST OF UPCOMING CITY COUNCIL MEETING ITEMS,
INFORMATIONAL MEMOS, & FUTURE AGENDA ITEMS**

(Items placed on the Forecast may not necessarily be in the order in which they will appear on the Agenda)

12/20/2016	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Older Adult
	1. Award of a Three-Year Contract to Frontier Communications for Redundant Internet Access Services with an Estimated Annual Value of \$161,460 and Award a Contract to VectorUSA for Wide Area and Wireless Network Equipment and Installation for an Amount Not-to-Exceed \$250,812.61 (Information Technology Director Taylor) (Consent)
	2. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	3. City Council Minutes (City Clerk Tamura) (Consent)
	4. Veterans Parkway Preliminary Design Presentation (Continued from the June 21 Meeting) (Interim Public Works Director Saenz) (Old Business)
	5. Safe Routes to School and Highway Safety Grant Projects Update (Community Development Director Lundstedt) (Old Business)
	6. Report on Potential Downtown Maintenance Enhancements (Interim Public Works Director Saenz) (Old Business)
	7. Award of a Three-Year Contract to PEGasus Studios for Broadcast Contract Services with an Estimated Annual Value of \$148,170. (Information Technology Director Taylor) (New Business)
	8. Consider Participation in a Community Choice Aggregation Program (Interim Public Works Director Saenz) (New Business)
1/3/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Older Adult
	1. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	2. City Council Minutes (City Clerk Tamura) (Consent)
	3. Policies and Processes for Funding and Sponsoring Non-Profit Organizations (Finance Director Moe) (New Business)
1/17/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Older Adult
	1. Joslyn Tennis Court Connectivity (Interim Public Works Director Saenz) (New Business)
	2. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	3. City Council Minutes (City Clerk Tamura) (Consent)
	4. Budget Policies and Guidelines (CIP Focus for Year Two) (Finance Director Moe) (New Business)
	5. Environmental Program Work Plan (Interim Public Works Director Saenz) (New Business)
	6. Fiscal Year 2015-2016 Audit (Finance Director Moe) (New Business)

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**FORECAST OF UPCOMING CITY COUNCIL MEETING ITEMS,
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2/7/2017	<i>Regular Meeting – 6:00 PM Tuesday – City Council Reorganization Mayor Lesser/Mayor Pro Tem Howorth</i>
	Pledge – Manhattan Beach Middle School
	Pledge – Older Adult
	1. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	2. City Council Minutes (City Clerk Tamura) (Consent)
	3. Capital Improvements Corporation (Finance Director Moe) (CIC)
2/21/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Older Adult
	1. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	2. City Council Minutes (City Clerk Tamura) (Consent)
	3. Report on the Timeline Estimates for Staff to Gather Stakeholder Feedback Regarding Subterranean Guidelines (Community Development Director Lundstedt) (Old Business)
	4. Develop RFP for Sepulveda Corridor (Community Development Director Lundstedt) (New Business)
	5. Mid-Year Budget Including Options for Addressing Unfunded Liabilities and Rate Stabilization Program (Finance Director Moe)(New Business)
3/8/2017	<i>Regular Meeting – 6:00 PM Wednesday</i>
	Pledge – Mira Costa High School
3/21/2017	<i>Regular Meeting – 6:00 PM Tuesday- City Council Reorganization Oath of Office Ceremony and Recognition of Outgoing Councilmember Powell</i>
	Pledge –
	1. Certify Election Results (City Clerk Tamura) (Consent)
	2. Financial Report: Schedules of Demands: (Date) (Finance Director Moe) (Consent)
	3. City Council Minutes (City Clerk Tamura) (Consent)
	4. Capital Improvements Corporation (Finance Director Moe)
4/4/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Pennekamp Elementary School
	1. Update Report on Southern California Edison Power Reliability in the City of Manhattan Beach with Discussion on the Comparison of Underground Versus Overhead Utilities (Interim Public Works Director Saenz) (Old Business)
4/18/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
5/2/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Grand View Elementary School
5/16/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
6/6/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge – Pacific Elementary School
6/20/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –

TENTATIVE DRAFT – SUBJECT TO CHANGE

**FORECAST OF UPCOMING CITY COUNCIL MEETING ITEMS,
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7/5/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
7/18/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
8/1/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
8/15/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
9/5/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
9/19/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
10/3/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
10/17/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
11/7/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
11/21/2017	<i>Regular Meeting – 6:00 PM Tuesday – City Council Reorganization Mayor Howorth/Mayor Pro Tem (TBD)</i>
	Pledge –
12/5/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –
12/19/2017	<i>Regular Meeting – 6:00 PM Tuesday</i>
	Pledge –

TENTATIVE DRAFT – SUBJECT TO CHANGE

**FORECAST OF UPCOMING CITY COUNCIL MEETING ITEMS,
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INFORMATIONAL MEMOS

Memo	City Council Date Requested
1. Facility Strategic Planning	9-1-15
2. Update on Mediation Data	11-17-15
3. Six Month Update – Strategic Plan/Work Plan	
4. Report on Details of Land Use and Soil Report for Parkview Site	8-2-16

FUTURE AGENDA ITEMS (Date TBD)

Item	City Council Date Requested
1. Update on Southern California Edison (SCE) Streetlight Valuation and Acquisition Process	9-20-16
2. Discussion of Ongoing Membership with ICA	10-04-16
3. Request from Southern California Gas Company on the Playa del Rey Storage Facility Gas Ignition	10-18-16
4. Request for Follow-Up Presentation on the Loop Project	10-18-16

FUTURE MEETINGS TO BE SCHEDULED

Item
1. Joint City Council/Beach Cities Health District Meeting
2. Joint City Council/Manhattan Beach Unified School District Meeting
3. Joint City Council/Planning Commission Meeting - Mansionization
4. Study Session Regarding Potential Impacts of Fire and Medical Services in Manhattan Beach (Presentation in Two Months)
5. City Council Retreat (May)