

## City Council Regular Meeting

**Regular Meeting**

**Tuesday, January 16, 2018**

**6:00 PM**

**City Council Chambers**

## **REVISED AGENDA**



**Mayor Amy Howorth**

**Mayor Pro Tem Steve Napolitano**

**Councilmember Nancy Hersman**

**Councilmember Richard Montgomery**

**Councilmember David Lesser**

### Executive Team

Bruce Moe, Acting City Manager

Quinn Barrow, City Attorney

Derrick Abell, Police Chief

Steve Charelian, Acting Finance Director

Robert Espinosa, Fire Chief

Stephanie Katsouleas, Public Works Director

Mark Leyman, Parks & Recreation Director

Anne McIntosh, Community Development Director

Liza Tamura, City Clerk

Sanford Taylor, Information Technology Director

Teresia Zadroga-Haase, Human Resources Director

### **MISSION STATEMENT:**

**Our mission is to provide excellent municipal services,  
preserve our small beach town character, and enhance the quality of life for our  
residents, businesses and visitors.**

January 16, 2018

City Council Meeting Agenda Packet - Revised

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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.*

*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](http://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.*

*Meetings are broadcast live through Manhattan Beach Local Community Cable, Channel 8 (Chapter Spectrum), Channel 35 (Frontier Communications), and live streaming via the City's website.*

*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.*

## 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, January 10, 2018, on the City's Website and on the bulletin boards of City Hall, Joslyn Community Center and Manhattan Heights.*

**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

*Olivia Guilford, American Martyrs School*

### B. ROLL CALL

### C. CEREMONIAL CALENDAR

1. Presentation of Employee Service Awards to Employees Attaining 20 Years of Service or More. [18-0037](#)  
**PRESENT**

### D. 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.*

**MOTION TO APPROVE AGENDA AND WAIVE FULL READING**

## E. 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.*

## F. PUBLIC COMMENTS (3 MINUTES PER PERSON)

*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. 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 during approval of the agenda 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.*

## G. CONSENT CALENDAR (APPROVE)

*Items on the Consent Calendar are routine and customary items and are enacted by a single motion with the exception of items previously removed by a member of the City Council during "Approval of the Agenda" for individual consideration. Any items removed shall be individually considered immediately after taking action on the Consent Calendar.*

2. City Council Minutes: [18-0038](#)  
 This Item Contains Minutes of the Following City Council Meeting(s):
  - a) City Council Adjourned Regular Meeting Minutes (Closed Session) of January 3, 2018
  - b) City Council Regular Meeting Minutes of January 3, 2018 (City Clerk Tamura).

**APPROVE**

Attachments: [City Council Adjourned Regular Meeting Minutes \(Closed Session\) of January 3, 2018](#)  
[City Council Regular Meeting Minutes of January 3, 2018](#)
3. Financial Report: [18-0011](#)  
 Schedules of Demands: December 21, 2017 (Acting Finance Director Charelian).  

**ACCEPT REPORT AND DEMANDS**

Attachments: [Schedules of Demands for December 21, 2017](#)
4. Selection of Second Alternate for Los Angeles County Sanitation District Meetings (Mayor Howorth). [18-0008](#)  

**APPROVE COUNCILMEMBER HERSMAN AS ALTERNATE II**



5. Resolution of Intention to Provide for Annual Levy and Collection of Assessments for the North Manhattan Beach Business Improvement District and Setting February 20, 2018 for a Public Hearing (Acting Finance Director Charelian). [RES 18-0005](#)  
**ADOPT RESOLUTION NO. 18-0005**  
**Attachments:** [Resolution No. 18-0005](#)  
[Annual Budget and Activity Plan 2018](#)
6. Fiscal Year 2016-2017 Comprehensive Annual Financial Report (Acting Finance Director Charelian). [18-0039](#)  
**RECEIVE AND FILE**  
**Attachments:** [FY 2016-2017 General and Enterprise Fund Summary Results](#)  
[FY 2016-2017 Comprehensive Annual Financial Report \(CAFR\)](#)  
[Report on Internal Control \(Management Letter\)](#)  
[Audit Committee Letter](#)  
[Summary of Pension Liabilities and Employer Contribution Expenditures](#)
7. Petition to File Late Claim for Refund of Veterinary Bill Costs Associated with Claim for Damages (Human Resources Director Zadroga-Haase). [18-0020](#)  
**DENY REQUEST**  
**Attachments:** [November 21, 2017 Request for Approval of Late Claim From Bruce Kuch](#)
8. Accept as Complete the Sewer Main Rehabilitation Project Phase 2 by Miramontes Construction Company Inc.; Authorize Filing a Notice of Completion with the County Recorder; and Release the Retention for \$72,981.05 (Public Works Director Katsouleas). [18-0013](#)  
**APPROVE**  
**Attachments:** [Location Map](#)

9. Resolution Awarding a Construction Contract to All American Asphalt for \$1,027,047.60 for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project; and Re-appropriation of Gas Tax funds in the amount of \$420,000 from the Rosecrans Resurfacing Project to the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (Public Works Director Katsouleas).

[RES 18-0009](#)

**ADOPT RESOLUTION NO. 18-0009**

**Attachments:** [Resolution No. 18-0009](#)  
[Budget and Expenditures Summary](#)  
[Vicinity Map](#)  
[All American Asphalt Bid Proposal](#)  
[All American Asphalt Agreement](#)  
[Plans and Specifications \(Web-Link Provided\)](#)

**H. ITEMS REMOVED FROM THE CONSENT CALENDAR**

*Each speaker may speak for up to 2 minutes on each item pulled from the agenda.*

**I. PUBLIC HEARINGS**

*Each speaker may speak for up to 3 minutes on each public hearing item.*

10. Resolution Authorizing the Allocation of Community Development Block Grant (CDBG) Funds for Fiscal Year 2018/2019 (Public Works Director Katsouleas).

[RES 18-0012](#)

**CONDUCT PUBLIC HEARING AND ADOPT RESOLUTION NO. 18-0012**

**Attachments:** [Resolution No. 18-0012](#)  
[CDBG Project Location List](#)  
[Notice of Public Hearing](#)

**J. GENERAL BUSINESS**

*Each speaker may speak for up to 2 minutes on each general business item.*

11. Consideration of the Leadership Manhattan Beach Class of 2018 [18-0002](#)  
Proposed Annual Project: Installation of Bicycle “Fixit” Stations and Locations Throughout the City (Public Works Director Katsouleas and Community Development Director McIntosh).  
**DISCUSS AND PROVIDE DIRECTION, APPROVE**

**Attachments:** [Leadership Manhattan Beach PowerPoint Presentation](#)  
[Fixit Station Video \(Web-Link Provided\)](#)

12. Approval of Refinancing of Underground Utility Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6; Adoption of a Debt Management and Disclosure Policy (Acting Finance Director Charelian). [18-0040](#)  
**APPROVE; ADOPT RESOLUTIONS; ADOPT POLICY**

**Attachments:** [Resolution No. 18-0015](#)  
[Resolution No. 18-0016](#)  
[Resolution No. 18-0017](#)  
[Resolution No. 18-0018](#)  
[Continuing Disclosure Agreement](#)  
[Indenture](#)  
[Purchase Contract](#)  
[Preliminary Official Statement](#)  
[Debt Management and Disclosure Policy](#)  
[SB450 Letter](#)

13. Discussion of Fees and Incentives for Historic Preservation Applications (Community Development Director McIntosh). [18-0010](#)  
**DISCUSS AND PROVIDE DIRECTION**

**Attachments:** [Memo and Permit Fee Spreadsheet](#)

**K. CITY COUNCIL REPORTS AND COMMITTEE REPORTS INCLUDING AB 1234 REPORTS**

14. Pending Project(s) in Adjacent Cities: Update Northrop Grumman Lab Expansion Project (Redondo Beach) (Community Development Director McIntosh). [18-0045](#)  
**PROVIDE DIRECTION**

**L. FUTURE AGENDA ITEMS**

*Councilmembers may request that items be placed on a future agenda with the concurrence of one other Councilmember.*

**M. CITY MANAGER REPORT****N. CITY ATTORNEY REPORT****O. INFORMATIONAL ITEMS**

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

**P. CLOSED SESSION****Q. ADJOURNMENT**

*Adjourning in memory of Jim (Jimmy) McCaverty.*

**R. FUTURE MEETINGS****CITY COUNCIL MEETINGS**

*February 6, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
February 20, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
March 6, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
March 20, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
April 3, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
April 17, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
May 1, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
May 15, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
June 5, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
June 19, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
July 3, 2018 - Tuesday -- 6:00 PM - City Council Meeting  
July 17, 2018 - Tuesday -- 6:00 PM - City Council Meeting*

**BOARDS, COMMISSIONS AND COMMITTEE MEETINGS**

*January 22, 2018 - Monday - 6:00 PM - Parks and Recreation Commission Meeting  
January 24, 2018 - Wednesday - 6:00 PM - Planning Commission Meeting  
January 25, 2018 - Thursday - 6:00 PM - Parking and Public Improvements Commission  
February 12, 2018 - Monday - 6:00 PM - Library Commission Meeting  
February 14, 2018 - Wednesday - 6:00 PM - Planning Commission Meeting  
February 19, 2018 - Monday - 6:00 PM - Cultural Arts Commission Meeting  
February 22, 2018 - Thursday - 6:00 PM - Parking and Public Improvements Commission  
February 26, 2018 - Monday - 6:00 PM - Parks and Recreation Commission Meeting  
February 28, 2018 - Wednesday - 6:00 PM - Planning Commission Meeting  
March 12, 2018 - Monday - 6:00 PM - Library Commission Meeting  
March 14, 2018 - Wednesday - 6:00 PM - Planning Commission Meeting  
March 19, 2018 - Monday - 6:00 PM - Cultural Arts Commission Meeting  
March 22, 2018 - Thursday - 6:00 PM - Parking and Public Improvements Commission  
March 26, 2018 - Monday - 6:00 PM - Parks and Recreation Commission Meeting  
March 28, 2018 - Wednesday - 6:00 PM - Planning Commission Meeting  
April 9, 2018 - Monday - 6:00 PM - Library Commission Meeting  
April 11, 2018 - Wednesday - 6:00 PM - Planning Commission Meeting*

**S. CITY OFFICES CLOSED**

**CITY HOLIDAYS:**

*February 19, 2018 - Monday - Presidents Day*  
*May 28, 2018 – Monday – Memorial Day*  
*July 4, 2018 - Wednesday - Independence Day*  
*September 3, 2018 - Monday - Labor Day*  
*October 8, 2018 – Monday – Columbus Day*  
*November 12, 2018 – Monday – Veterans Day (Observance of November 11, 2018)*  
*November 22-23, 2018 - Thursday & Friday - Thanksgiving Holiday*  
*December 25, 2018 - Tuesday - Christmas Day Observed*  
*January 1, 2019 – Tuesday – New Years Day Observed*  
*January 14, 2019 – Tuesday – Martin Luther King Day*

**CITY OFFICES CLOSED ON FOLLOWING ALTERNATIVE FRIDAYS:**

*January 19, 2018*  
*February 2, 2018*  
*February 16, 2018*  
*March 2, 2018*  
*March 16, 2018*  
*April 13, 2018*  
*April 27, 2018*  
*May 11, 2018*  
*May 25, 2018*  
*June 8, 2018*  
*June 22, 2018*  
*July 6, 2018*  
*July 20, 2018*



**Agenda Date:** 1/16/2018

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**TO:**

Members of the City Council

**FROM:**

Mayor Howorth

**SUBJECT:**

Presentation of Employee Service Awards to Employees Attaining 20 Years of Service or More.

**PRESENT**

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**The City Council of the City of Manhattan Beach  
Does Hereby Proudly Recognize  
The Following City of Manhattan Beach Employees  
for their Years of Dedicated Service  
to the City of Manhattan Beach and its Residents**

**20 Years of Service**

Arturo Camacho, Police Community Services Officer  
John Dulmage, Fire Engineer/Paramedic  
Steve Fairbrother, Fire Engineer/Paramedic  
Jim Muth, Fire Captain  
Gabriele Pierluissi, Police Executive Secretary  
Brian Yount, Fire Engineer/Paramedic

**25 Years of Service**

Barbara Rosenberger, Police Records Technician/Matron  
Tim Zins, Police Community Affairs Sergeant

**30 Years of Service**

Dale Ferguson, Public Works Water Plant Operator  
Ismael Medrano, Public Works Engineering Technician II  
Timothy O'Brien, Fire Captain

**35 Years of Service**

Ray Dawson, Police Community Services Officer





**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Liza Tamura, City Clerk

Martha Alvarez, Senior Deputy City Clerk

**SUBJECT:**

City Council Minutes:

This Item Contains Minutes of the Following City Council Meeting(s):

- a) City Council Adjourned Regular Meeting Minutes (Closed Session) of January 3, 2018
- b) City Council Regular Meeting Minutes of January 3, 2018  
(City Clerk Tamura).

**APPROVE**

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**RECOMMENDATION:**

The attached minutes are for City Council approval:

Attachment(s):

- 1. City Council Adjourned Regular Meeting Minutes (Closed Session) of January 3, 2018
- 2. City Council Regular Meeting Minutes of January 3, 2018



# City of Manhattan Beach

1400 Highland Avenue  
Manhattan Beach, CA 90266



## Meeting Minutes - Draft

Wednesday, January 3, 2018

4:30 PM

Closed Session

City Council Chambers

## City Council Adjourned Regular Meeting

*Mayor David Lesser*  
*Mayor Pro Tem Amy Howorth*  
*Councilmember Steve Napolitano*  
*Councilmember Nancy Hersman*  
*Councilmember Richard Montgomery*

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](http://www.citymb.info/city-officials/city-clerk/city-council-meetings-agendas-and-minutes)

**A. CALL MEETING TO ORDER**

*At 4:37 PM, Mayor Howorth called the meeting to order.*

**B. PLEDGE TO THE FLAG**

*Mayor Howorth led the Pledge of Allegiance.*

**C. ROLL CALL**

**Present** 5 - Mayor Howorth, Mayor Pro Tem Napolitano, Councilmember Hersman, Councilmember Montgomery, and Councilmember Lesser

**D. PUBLIC COMMENTS (3 MINUTES PER PERSON)**

*None.*

**E. ANNOUNCEMENT IN OPEN SESSION OF ITEMS TO BE DISCUSSED IN CLOSED SESSION**

*City Attorney Quinn Barrow announced the following Closed Session.*

**I. CONFERENCE WITH LABOR NEGOTIATORS  
(Government Code Section 54957.6)**

**City Designated Representatives:**

**Acting City Manager Bruce Moe**

**Human Resources Director Teresia Zadroga-Haase**

**Employee Organization:**

**Manhattan Beach Mid-Management Employees' Association**

**II. CONFERENCE WITH LEGAL COUNSEL (ANTICIPATED LITIGATION)  
(Government Code Section 54956.9(d)(2))**

A point has been reached where, in the opinion of the City Council on the advice of the City Attorney, based upon existing facts and circumstances, there is a significant exposure to litigation against the City.

Number of Cases: 1

**III. PUBLIC EMPLOYEE: RESIGNATION/DISMISSAL/RELEASE  
(Government Code Section 54957)**

**IV. PUBLIC EMPLOYEE APPOINTMENT  
(Government Code Section 54957)**

Title: Interim City Manager

**F. RECESS INTO CLOSED SESSION**

*At 4:38 PM, Mayor Howorth announced that City Council would recess into Closed Session.*

**G. RECONVENE INTO OPEN SESSION**

*At 6:08 PM, the City Council reconvened into Open Session with all Councilmembers present.*

*At 6:09 PM, Mayor Howorth recessed the Adjourned Regular Meeting - Closed Session to immediately after the Regular City Council Meeting.*

*At 8:45 PM, Mayor Howorth reopened the Adjourned City Council Meeting - Closed Session.*

*At 8:46 PM, Mayor Howorth announced that City Council would recess into Closed Session.*

*At 9:42 PM, the City Council reconvened into Open Session with all Councilmembers present.*

**H. CLOSED SESSION ANNOUNCEMENT IN OPEN SESSION**

*Mayor Howorth announced that regarding Item No. III:*

*After careful consideration, the Manhattan Beach City Council by a 5-0 vote has exercised its option to terminate the employment agreement with City Manager Mark Danaj.*

*The action is effective immediately and is without cause under the terms of its contract.*

*Pursuant to his contract, Mr. Danaj will receive up to 12 months of pay and benefits at his current rate paid on a monthly basis. However, the contract also obligates Mr. Danaj to seek new employment which would offset the City's resilience obligation.*

*The disposition of Mr. Danaj's home loan will be set forth as in the housing assistance agreement.*

*The City respects the privacy of its employees and former employees and since this is a personnel matter, there will be no further comments.*

*Finance Director Bruce Moe will continue to serve as Acting City Manager.*

*Please contact City Attorney Quinn Barrow at (310)802-5060 for any questions.*

*City Attorney Quinn Barrow announced that the City Council gave direction to its negotiator regarding Item No. I and that there was no reportable action taken regarding Item No. II.*

**I. ADJOURNMENT**

*At 9:44 PM Mayor Howorth adjourned the meeting.*

\_\_\_\_\_  
**Martha Alvarez**  
**Recording Secretary**

\_\_\_\_\_  
**Amy Howorth**  
**Mayor**

**ATTEST:**

\_\_\_\_\_  
**Liza Tamura**  
**City Clerk**

# City of Manhattan Beach

1400 Highland Avenue  
Manhattan Beach, CA 90266



## Meeting Minutes - Draft

Wednesday, January 3, 2018

6:00 PM

Regular Meeting

City Council Chambers

## City Council Regular Meeting

*Mayor Amy Howorth*  
*Mayor Pro Tem Steve Napolitano*  
*Councilmember Nancy Hersman*  
*Councilmember Richard Montgomery*  
*Councilmember David Lesser*

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[www.citymb.info/city-officials/city-clerk/city-council-meetings-agendas-and-minutes](http://www.citymb.info/city-officials/city-clerk/city-council-meetings-agendas-and-minutes)**

**A. PLEDGE TO THE FLAG**

*Mark Lipps, President Manhattan Beach Chamber of Commerce, led the Pledge of Allegiance.*

**B. ROLL CALL**

**Present:** 5 - Mayor Howorth, Mayor Pro Tem Napolitano, Councilmember Hersman, Councilmember Montgomery and Councilmember Lesser

**C. CEREMONIAL CALENDAR**

*None.*

**D. APPROVAL OF AGENDA AND WAIVER OF FULL READING OF ORDINANCES**

**A motion was made by Councilmember Montgomery, seconded by Councilmember Hersman, to approve the agenda and waive full reading of ordinances. The motion carried by the following vote:**

**Aye:** 5 - Howorth, Napolitano, Hersman, Montgomery and Lesser

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

*Community Development Director Anne McIntosh displayed a flyer on the document reader noting a Los Angeles Community Choice Energy (LACCE) Regional Community Workshop on January 10, 2018, at 6:30 PM in the City of Duarte, with a webinar also available.*

*Acting City Manager Bruce Moe announced the swearing in and badge pinning of Police Chief Derrick Abell on January 16, 2018, at 9 AM, in the Joslyn Community Center.*

**F. PUBLIC COMMENTS (3 MINUTES PER PERSON)**

*None.*



**G. CONSENT CALENDAR (APPROVE)**

A motion was made by Councilmember Lesser, seconded by Councilmember Hersman, to approve the Consent Calendar Item Nos. 1-2. The motion carried by the following vote:

**Aye:** 5 - Howorth, Napolitano, Hersman, Montgomery and Lesser

- 1. City Council Minutes: [18-0001](#)

This Item Contains Minutes of the Following City Council Meeting(s):

- a) City Council Adjourned Regular Meeting Minutes (Telecommunication) of November 16, 2017
- b) City Council Adjourned Regular Meeting Minutes (Closed Session) of December 5, 2017
- c) City Council Special Meeting Minutes (Closed Session) of December 14, 2017
- d) City Council Special Meeting Minutes (Closed Session) of December 19, 2017
- e) City Council Regular Meeting Minutes of December 19, 2017
- f) City Council Adjourned Regular Meeting Minutes (Closed Session) of December 27, 2017

(City Clerk Tamura).

**APPROVE**

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

- 2. Financial Report: [18-0003](#)

- a) Schedule of Demands: December 7, 2017
- b) Investment Portfolio for the Month Ending November 30, 2017
- c) Month End Report for November 30, 2017 (Acting Finance Director Charelian).

**ACCEPT REPORT AND DEMANDS**

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

**H. ITEMS REMOVED FROM THE CONSENT CALENDAR**

*None.*

**I. PUBLIC HEARINGS**

*None.*

## J. GENERAL BUSINESS

3. Budget Policies and Biennial Budget for Fiscal Year 2018-2019 and Fiscal Year 2019-2020 (Acting Finance Director Charelian). [18-0004](#)

### **APPROVE AND PROVIDE DIRECTION**

*Acting City Manager Bruce Moe provided a brief summary of this item and Financial Analyst Libby Bretthauer provided the Staff presentation outlining the budget process for the upcoming two-year budget.*

*Acting City Manager Moe, Acting Finance Director Steve Charelian, and Financial Analyst Bretthauer responded to City Council questions.*

*Mayor Howorth opened the floor to public comment*

*Bill Victor stated that it is helpful to encourage residents to participate in the budget process, and if action was taken from their participation, it would motivate more residents.*

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

**A motion was made by Mayor Pro Tem Napolitano, seconded by Councilmember Montgomery, to approve the Budget Policies and the tentative Budget Calendar, with the caveat that they can be revised, The motion carried by the following vote:**

**Aye:** 5 - Howorth, Napolitano, Hersman, Montgomery and Lesser

4. Discussion of Prior Policy Redirecting CDBG Grant Funding to Non-Profit Community Based Organizations (Acting Finance Director Charelian). [18-0006](#)

### **DISCUSS AND PROVIDE DIRECTION**

*Financial Analyst Libby Bretthauer provided the Staff presentation and explained the background for Community Development Block Grant (CDBG) funds for unrestricted dollars.*

*Public Works Director Stephanie Katsouleas and Financial Analyst Bretthauer responded to City Council questions.*

*Mayor Howorth opened the floor to public comment.*

*Bill Victor, spoke of the Wellness Community Organization and suggested that the organization be considered for the funds.*

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

**A motion was made by Councilmember Hersman, seconded by Mayor Pro Tem Napolitano, to approve policy alternative #1 "Do not approve funding Non-Profit Assistance Grants program". The motion carried by the following vote:**

**Aye:** 5 - Howorth, Napolitano, Hersman, Montgomery and Lesser

5. Discussion of Strand Alcove Bench & Tree and Bench Donation Programs (Parks and Recreation Director Leyman).

[18-0005](#)

**DISCUSS AND PROVIDE DIRECTION**

*Parks and Recreation Director Mark Leyman provided the Staff presentation providing the history of the two programs.*

*Parks and Recreation Director Leyman, Cultural Arts Manager Martin Betz, Public Works Director Stephanie Katsouleas and City Attorney Quinn Barrow responded to City Council questions.*

*Mayor Howorth opened the floor to public comment.*

*Bill Victor questioned whether or not the program is profitable for the City and noted opposition to add terms, if not already in the current contracts, but to enforce them if they are in place.*

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

*Mayor Pro Tem Napolitano commented that it was a good program that had gone "amok". He is not in favor of some of the bench designs, and prefers memorializing people in a different venue. He further added that he is not in favor of continuing the Strand Alcove Program.*

*Councilmember Lesser stated that he thought it was a creative way to introduce artistic ideas in benches. He would like to continue the bench program. He further added that with regard to trees, he would welcome ways for residents to donate trees, without plaques on the trees, but rather maintain a central location for bricks, where the donation is recognized.*

*Councilmember Montgomery reported that the City Council may have previously made mistakes with the bench program and now possibly the City could use Public Arts Trust Money to finish the benches. He would also like a tree dedication program.*

*Mayor Howorth agrees with an option for a Tree Fund and also agrees with Councilmember Lesser that the Strand Alcove Bench Program has been successful and possibly could be placed on hold for further study.*

*Councilmember Hersman noted that she is fine with maintaining the bench program, but still supports working on the contracts. She also likes the idea of a Tree Fund to replace trees in burned-out areas.*

**A motion was made by Councilmember Lesser, seconded by Mayor Howorth, to maintain, but suspend the current (Strand Alcove) bench program until certain program elements can be clarified, including consistent donor recognition language and a specific term, and that would come back to the City Council. In addition, for the Tree and Bench Donations Program would be similar: to maintain the current program, but have it return to the City Council to talk about the language, a potential fund, and how to recognize those that chose to donate. Councilmember Hersman made a friendly amendment, accepted by the maker to explore an alternative recognition program. The motion carried by the following vote:**

**Aye:** 4 - Howorth, Hersman, Montgomery and Lesser

**Nay:** 1 - Napolitano

*At 7:53 PM City Council recessed and reconvened at 7:58 PM with all Councilmembers present.*

- 6.** Resolution No. 18-0010 Awarding RFP No. 1129-18 to Commercial Cleaning Service for a Three-Year Janitorial Services Contract for an Estimated Value of \$1,584,135 (Public Works Director Katsouleas).  
**ADOPT RESOLUTION NO. 18-0010**

[RES 18-0010](#)

*Public Works Director Stephanie Katsouleas provided a brief Staff presentation.*

*Public Works Director Katsouleas responded to City Council questions.*

*Mayor Howorth opened the floor to public comment.*

*Bill Victor stated that the Staff report could have been more complete and should have included the chemicals being used for cleaning.*

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

**A motion was made by Councilmember Montgomery, seconded by Councilmember Hersman, to adopt Resolution No. 18-0010 awarding RFP No. 1129-18 to Commercial Cleaning Service for a three year Janitorial Services Contract for an estimated value of \$1,584,135. The motion carried by the following vote:**

**Aye:** 5 - Howorth, Napolitano, Hersman, Montgomery and Lesser

## K. CITY COUNCIL REPORTS AND COMMITTEE REPORTS INCLUDING AB 1234 REPORTS

7. Pending Projects in Adjacent Cities: 1) Beach Cities Media Campus Project (El Segundo) and 2) Northrop Grumman Lab Expansion Project (Redondo Beach)(Community Development Director McIntosh). [18-0025](#)  
**DISCUSS AND PROVIDE DIRECTION**

*Community Development Director Anne McIntosh provided the Staff presentation.*

*Community Development Director McIntosh and City Attorney Quinn Barrow responded to City Council questions.*

*Mayor Howorth opened the floor to public comments.*

*Seeing no requests to speak, Mayor Howorth closed the floor to public comments.*

*Community Development Director McIntosh will report back at the next City Council Meeting with related research and documentation for the Northrop Grumman expansion.*

## L. FUTURE AGENDA ITEMS

*Mayor Howorth related that she will be attending the U.S.Conference of Mayors in January in Washington, D.C. She further added that she would like feedback from the City Council on the issue of "Mayors Against Illegal Guns".*

*Councilmember Montgomery requested that the Finance Subcommittee return with an update on any surveys that have been taken, such as what the actual survey encompassed and what does it cost and also on website data, who manages the website, what information is there and how long does it stay. Mayor Howorth concurred.*

*Mayor Howorth and Councilmember Montgomery will create an ad hoc website subcommittee to discuss questions and issues with the City's website.*

## M. CITY MANAGER REPORT

*Acting City Manager Bruce Moe introduced Management Analyst Kendra Davis who provided a report on the homeless count on January 24, 2018.*

*Mayor Howorth proposed a community information session on the homeless that teaches how to approach the homeless, who to contact and what to do.*

*Councilmember Lesser suggested as part of future agenda items, that an Environmental Workshop be held after 5 PM.*

## N. CITY ATTORNEY REPORT

*City Attorney Quinn Barrow reported on the new state laws on marijuana and that this information could be provide on the website.*

**O. INFORMATIONAL ITEMS**

*None.*

**P. CLOSED SESSION**

*At 8:44 PM the Regular City Council Meeting was adjourned to the 5:00 PM Closed Session on January 16, 2018.*

*At 8:45 PM the City Council returned to the reconvened Closed Session.*

**P. CLOSED SESSION**

*At 9:43 PM the City Council returned to Open Session.*

*Please see Closed Session Minutes for announcement.*

**Q. ADJOURNMENT**

*At 9:44 PM the meeting was adjourned.*

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**Martha Alvarez**  
**Recording Secretary**

---

**Amy Howorth**  
**Mayor**

**ATTEST:**

---

**Liza Tamura**  
**City Clerk**

**Agenda Date:** 1/16/2018

---

**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Steve Charelian, Acting Finance Director

**SUBJECT:**

Financial Report:

Schedules of Demands: December 21, 2017 (Acting Finance Director Charelian).

**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 December 21, 2017 is \$3,448,048.12.

**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.

**POLICY ALTERNATIVES:**

Not applicable.

**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 determined that no additional legal analysis is necessary.

**Attachment:**

1. Schedule of Demands for December 21, 2017



# City of Manhattan Beach



## Schedule of Demands December 21, 2017

**CITY OF MANHATTAN BEACH**  
**WARRANT REGISTER**

WARRANT(S) WR 13A & WR 13B  
DATED: 12/14/2017; 12/21/2017

I HEREBY CERTIFY THAT THE CLAIMS OR DEMANDS COVERED BY THE ABOVE WARRANT(S) IN THE AMOUNT OF \$3,448,048.12 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.

*[Signature]* for Bruce Moe

FINANCE DIRECTOR

THIS 16TH DAY OF JANUARY

*[Signature]*

CITY MANAGER

WARRANT REGISTER (S)  
WR 13A & WR 13B

WARRANT(S)	13A	514,419.12
	13B	1,134,077.17
PREPAID WIRES / MANUAL CKS	13A	582,231.43
	13B	213,059.44
<b>SUBTOTAL WARRANTS</b>		<b>2,443,787.16</b>
VOIDS		(1,237.75)
PAYROLL	PE 12/08/2017	PY 1,005,498.71
<b>TOTAL WARRANTS</b>		<b>3,448,048.12</b>

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13a**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
12182017	12/18/2017	T	UNION BANK	F.I.T./MEDICARE/S.I.T.	342,762.34
12192017	12/19/2017	T	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	239,469.09
<b>SUBTOTAL</b>					<b>582,231.43</b>
531503	12/14/2017	N	AT&T MOBILITY	CELLULAR CHARGES	2,251.80
531504	12/14/2017	N	CA NEWSPAPER PARTNERSHIP	ADVERTISING	1,386.00
531505	12/14/2017	N	CA TEAMSTERS LOCAL 911	DUES (MISC): PAYMENT	6,762.00
531506	12/14/2017	N	CA WATER SERVICE COMPANY	WATER SERVICE	165.09
531507	12/14/2017	N	CELLCO PARTNERSHIP	CONTRACT SERVICES	245.83
531508	12/14/2017	N	GWEN ENG	DUES (MGMT CONF): PAYMENT	65.00
531509	12/14/2017	N	FEDERAL EXPRESS CORPORATION	DELIVERY SERVICE	106.89
531510	12/14/2017	N	FRANCHISE TAX BOARD	EARNINGS WITHHOLDING	210.00
531511	12/14/2017	N	FRANCHISE TAX BOARD	EARNINGS WITHHOLDING	164.70
531512	12/14/2017	N	FRONTIER CALIFORNIA INC	TELEPHONE SERVICE	21,379.07
531513	12/14/2017	N	FRONTIER CALIFORNIA INC	CABLE SERVICE	682.31
531514	12/14/2017	N	HUNTINGTON BCH MOTORSPORTS INC	MOTORCYCLE PARTS & SERVICE	3,415.16
531515	12/14/2017	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - CITY MANAGER: PAYMENT	847.27
531516	12/14/2017	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - 2.5%: PAYMENT	3,362.17
531517	12/14/2017	N	ICMA RETIREMENT TRUST - 457	DEFERRED COMP AND LOAN REPAY 457	73,960.49
531518	12/14/2017	N	ICMA RETIREMENT TRUST 401	LOAN REPAY 401 - 4.5%: PAYMENT	6,249.13
531519	12/14/2017	N	JPMORGAN CHASE BANK NATL ASSC	MONTHLY LEASE-SEWER TRUCK	16,488.30
531520	12/14/2017	N	JENNIFER KALLOK	EARNINGS WITHHOLDING	184.62
531521	12/14/2017	N	M B POLICE MGMT ASSC	DUES \$ (POL MGT ASSN): PAYMENT	399.00
531522	12/14/2017	N	M B POLICE OFFICERS ASSOCIA	DUES \$ (POLICE FIXED): PAYMENT	6,716.85

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13a**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
531523	12/14/2017	N	M B WATER DEPARTMENT	MONTHLY WATER CHARGES	50,847.39
531524	12/14/2017	N	MBPOA RETIREE	MD TRUST (MED TRUST): PAYMENT	2,175.00
531525	12/14/2017	N	NEXTEL OF CALIFORNIA INC	CONTRACT SERVICES	198.45
531526	12/14/2017	N	PREPAID LEGAL SERVICES INC	PREPAID LEGAL: PAYMENT	78.75
531527	12/14/2017	N	PRUDENTIAL OVERALL SUPPLY	MAT SERVICE	429.84
531528	12/14/2017	N	RICHARDS WATSON & GERSHON	PROFESSIONAL LEGAL SERVICES-NOV 2017	54,777.68
531529	12/14/2017	N	RICHARDS WATSON & GERSHON	AMENDMENT NO. 1 - LEGAL SERVICES RETAIN	24,000.00
531530	12/14/2017	N	SOUTHERN CALIFORNIA EDISON	MONTHLY ELECTRIC CHARGES	60,803.66
531531	12/14/2017	N	SOUTHERN CALIFORNIA GAS CO	MONTHLY GAS CHARGES	4,799.10
531532	12/14/2017	N	SPRINT SOLUTIONS INC	MOBILE CONNECTION	75.98
531533	12/14/2017	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	859.85
531534	12/14/2017	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	230.76
531535	12/14/2017	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	39.60
531536	12/14/2017	N	TIME WARNER CABLE INC	CABLE SERVICES	4,169.06
531537	12/14/2017	N	TOTAL ADMINISTRATIVE SVCS CORP	CHILD125 (CHILD 125 PLAN): PAYMENT	8,231.88
531538	12/14/2017	N	U.S. BANK	P/T EMP RETIREMENT CONTRIB: PAYMENT	3,551.45
531539	12/14/2017	N	UNITED PARCEL SERVICE	DELIVERY SERVICE	51.60
531540	12/14/2017	N	US BANCORP CARD SERVICES INC	P-CARD CHARGES	150,006.92
531541	12/14/2017	N	VANTAGEPOINT TRANSFER AGENTS	RETMNT HLTH SAVINGS CONTRIB: PAYMENT	1,736.90
531542	12/14/2017	N	ROBIN L VARGAS	EARNINGS WITHHOLDING	553.85
531543	12/14/2017	N	XEROX CORPORATION	MULTI MACHINES LEASE & BASE BUSINESS PR	1,759.72

SUBTOTAL **514,419.12**

**CITY OF MANHATTAN BEACH  
WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13a**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
<b>COMBINED TOTAL</b>					<b>1,096,650.55</b>

**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 13a

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
12182017	12/18/2017	T	UNION BANK	F.I.T./MEDICARE/S.I.T.	342,762.34
12192017	12/19/2017	T	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	239,469.09
<b>SUBTOTAL</b>					<b>582,231.43</b>
531505	12/14/2017	N	CA TEAMSTERS LOCAL 911	DUES (MISC): PAYMENT	6,762.00
531512	12/14/2017	N	FRONTIER CALIFORNIA INC	TELEPHONE SERVICE	21,379.07
531514	12/14/2017	N	HUNTINGTON BCH MOTORSPORTS INC	MOTORCYCLE PARTS & SERVICE	3,415.16
531516	12/14/2017	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - 2.5%: PAYMENT	3,362.17
531517	12/14/2017	N	ICMA RETIREMENT TRUST - 457	DEFERRED COMP AND LOAN REPAY 457	73,960.49
531518	12/14/2017	N	ICMA RETIREMENT TRUST 401	LOAN REPAY 401 - 4.5%: PAYMENT	6,249.13
531519	12/14/2017	N	JPMORGAN CHASE BANK NATL ASSC	MONTHLY LEASE-SEWER TRUCK	16,488.30
531522	12/14/2017	N	M B POLICE OFFICERS ASSOCIA	DUES \$ (POLICE FIXED): PAYMENT	6,716.85
531523	12/14/2017	N	M B WATER DEPARTMENT	MONTHLY WATER CHARGES	50,847.39
531528	12/14/2017	N	RICHARDS WATSON & GERSHON	PROFESSIONAL LEGAL SERV ICES-NOV 2017	54,777.68
531529	12/14/2017	N	RICHARDS WATSON & GERSHON	AMENDMENT NO. 1 - LEGAL SERVICES RETAIN	24,000.00
531530	12/14/2017	N	SOUTHERN CALIFORNIA EDISON	MONTHLY ELECTRIC CHARGES	60,803.66
531531	12/14/2017	N	SOUTHERN CALIFORNIA GAS CO	MONTHLY GAS CHARGES	4,799.10
531536	12/14/2017	N	TIME WARNER CABLE INC	CABLE SERVICES	4,169.06
531537	12/14/2017	N	TOTAL ADMINISTRATIVE SVCS CORP	CHILD125 (CHILD 125 PLAN): PAYMENT	8,231.88
531538	12/14/2017	N	U.S. BANK	P/T EMP RETIREMENT CONTRIB: PAYMENT	3,551.45
531540	12/14/2017	N	US BANCORP CARD SERVICES INC	P-CARD CHARGES	150,006.92
<b>SUBTOTAL</b>					<b>499,520.31</b>

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

WARRANT BATCH NUMBER: wr 13a

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
COMBINED TOTAL					1,081,751.74

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

**Report of Warrant Disbursements  
wr 13a**

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
200	General	1,019,370.94
201	Street Light	1,623.57
210	Asset Forfeiture	444.28
230	Prop A	51.61
401	Capital Improvements	196.00
501	Water	14,507.26
502	Storm	695.33
503	Waste Water	1,786.83
510	Refuse	35.78
520	Parking	5,681.44
521	County Parking Lot	92.59
522	State Pier Lots	5,038.41
601	Insurance	78.76
605	Information Services	8,722.23
610	Vehicle Fleet	20,082.32
615	Building Maintenance	18,243.20
wr 13a		<u>1,096,650.55</u>
		<u>1,096,650.55</u>



**Check History Listing**  
 CITY OF MANHATTAN BEACH

Bank code: union

Check #	Date	Vendor	Status	Clear/Void Date	Invoice	Inv. Date	Amount Paid	Check Total
519496	06/18/2015	33040 KATHLEEN BRUNICK	V	12/21/2017	125200	05/05/2014	14.75	14.75
530332	08/31/2017	11798 LEAGUE OF CALIFORNIA CITIE	V	12/11/2017	09-13-17	09/13/2017	575.00	575.00
530481	09/14/2017	19519 LA ICE VENTURES LLC	V	12/21/2017	81717	08/17/2017	240.00	
			V	12/21/2017	71717	08/17/2017	120.00	360.00
531155	11/09/2017	29305 SOUTHERN CALIF AQUATIC AS	V	12/11/2017	2018	10/03/2017	288.00	288.00

**union Total: 1,237.75**

4 checks in this report

**Total Checks: 1,237.75**

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
122117	12/21/2017	T	CMB RISK MGMT WORKERS COMP	MONTHLY DISBURSAL OF FUNDS	140,007.20
12212017	12/21/2017	T	CMB RISK MGMT LIABILITY	MONTHLY DISBURSAL OF FUNDS	73,052.24
<b>SUBTOTAL</b>					<b>213,059.44</b>
531544	12/21/2017	N	ADLERHORST INTERNATIONAL INC	OFF-SITE K-9 MONTHLY TRAINING	175.00
531545	12/21/2017	N	ALFARO COMMUNICATION CONST	HIGHLAND @ 38TH & ROSECRANS IMPROVEMI	16,988.79
531546	12/21/2017	N	ALL CITY MANAGEMENT SVCS	CROSSING GUARD SERVICES CONTRACT	28,825.53
531547	12/21/2017	N	PERRY ALLISON	GYM EQUIPMENT MAINTENANCE AGREEMENT	1,496.16
531548	12/21/2017	N	AT&T MOBILITY	CELLULAR CHARGES	5,321.73
531549	12/21/2017	N	SVETLANA AVERBUKH	ZUMBA INSTRUCTOR	120.00
531550	12/21/2017	N	BLOCK CONSULTING ACTUARIES INC	ACTUARIAL CONSULTING SERVICES	2,625.00
531551	12/21/2017	N	LIBBY BRETTHAUER	REIMBURSEMENT-TRAVEL EXPENSE	221.31
531552	12/21/2017	N	KATHLEEN BRUNICK	CASH KEY REFUND	14.75
531553	12/21/2017	N	CA NEWSPAPER PARTNERSHIP	ADVERTISING	1,526.00
531554	12/21/2017	N	KEN CHENG	REIMBURSEMENT-TRAVEL EXPENSE	80.00
531555	12/21/2017	N	CITY OF TORRANCE	AREA G DUES	7,818.00
531556	12/21/2017	N	CLEANSTREET	PORTER, POWER WASHING, AND LANDSCAPE M	825.00
531557	12/21/2017	N	CODE 5 GROUP LLC	CONTRACT SERVICES	1,200.00
531558	12/21/2017	N	COMMUNITY WORKS LEASING CORP	STRAND STAIRS IMPROVEMENT	5,119.20
531559	12/21/2017	N	COMPANY NURSE LLC	WORK INJURY TRIAGE HOTLINE	630.00
531560	12/21/2017	N	CONTEMPORARY SERVICES CORP	UNARMED SECURITY SERVICES	3,023.53
531561	12/21/2017	N	SANTIAGO A CORNEJO	TENNIS COURT MONTHLY WASHING	1,800.00
531562	12/21/2017	N	COUNTY SANITATION DISTRICTS	ANNUAL FEES	532.97
531563	12/21/2017	N	CPS HUMAN RESOURCE SERVICES	PROFESSIONAL TEST DEVELOPMENT	546.25

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
531564	12/21/2017	N	DOUGLAS DECASTRO	BANNERS, DECALS, SIGNAGE	328.51
531565	12/21/2017	N	JOE DELIA	PRE-EMPLOYMENT POLYGRAPH SERVICES	600.00
531566	12/21/2017	N	DELTA DENTAL OF CALIFORNIA	DENTAL PREMIUMS	30,196.26
531567	12/21/2017	N	DIRECT APPLICATIONS INC	EQUIPMENT	331.24
531568	12/21/2017	N	DANIEL DOUBROFF	VOLLEYBALL INSTRUCTOR	1,520.00
531569	12/21/2017	N	DUTHIE ELECTRIC SERVICES	AUXILIARY GENERATOR MAINTENANCE SERVI	910.00
531570	12/21/2017	N	EASY READER INC	ADVERTISING	1,150.00
531571	12/21/2017	N	ELEVATORS ETC LP	ELEVATOR AND ESCALATOR MAINTENANCE	930.00
531572	12/21/2017	N	EYESTONE-JONES ENVIRONMENTAL	CONTRACT SERVICES	4,915.44
531573	12/21/2017	N	FIRE INFO SUPPORT SERVICES INC	FIRE DEPT RECORDS MANAGEMENT SOLUTION	3,000.00
531574	12/21/2017	N	GOLDEN HEART RANCH	SPECIALTY COOKING INSTRUCTOR	1,514.70
531575	12/21/2017	N	CINDY GREBLIUNAS	VOLLEYBALL INSTRUCTOR	2,320.00
531576	12/21/2017	N	MARK LEE GROH	HEARING OFFICER SERVICES	432.00
531577	12/21/2017	N	H QUALITY DRYWALL	REFUND RIGHT OF WAY DEPOSIT	496.00
531578	12/21/2017	N	MIMI HONG	ART INSTRUCTOR	540.00
531579	12/21/2017	N	STEPHEN ROSS HYDE	BEGG POOL MASTERS SWIM COACH	1,000.00
531580	12/21/2017	N	INFOSEND INC	THREE-YEAR ELECTRONIC BILL PRESENTMEN	4,364.10
531581	12/21/2017	N	IPS GROUP INC	PARKING METER REPLACEMENT PARTS & LAB	1,326.00
531582	12/21/2017	N	IRON MOUNTAIN INFO MNGMT INC	RECORDS STORAGE	1,724.26
531583	12/21/2017	N	ITERIS INC	CITY-WIDE TRAFFIC SIGNAL INVENTORY	2,227.40
531584	12/21/2017	N	JOAN STEIN JENKINS	MUNICIPAL CODE PROSECUTION SERVICES	9,037.50
531585	12/21/2017	N	K-9 SERVICES LLC	POLICE SERVICE DOG AND HANDLE COURSE	18,891.25

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
531586	12/21/2017	N	MORGAN ALEXANDRA KARI	ART INSTRUCTOR	1,251.60
531587	12/21/2017	N	TINA KATCHEN GALL	CDBG CONSULTING SERVICES	975.00
531588	12/21/2017	N	KRONOS INCORPORATED	PROFESSIONAL SERVICES	90.00
531589	12/21/2017	N	L A COUNTY ASSESSOR	RECORDING SERVICES	5.00
531590	12/21/2017	N	L A COUNTY DEPT OF P W	COMPUTER EQUIPMENT & SOFTWARE	1,300.00
531591	12/21/2017	N	L A ICE VENTURES LLC	ICE SKATING INSTRUCTOR	360.00
531592	12/21/2017	N	ANNE GRAY LEWIS	TENNIS INSTRUCTOR	2,242.50
531593	12/21/2017	N	JOSE LOZANO	ART LECTURE	250.00
531594	12/21/2017	N	MAIN STREET TOURS INC	TOURS/EVENTS	19,118.00
531595	12/21/2017	N	MANHATTAN AUTO CENTER	AUTOMOTIVE REPAIR SERVICES	1,941.50
531596	12/21/2017	N	MARINE RESOURCES INC	TEMPORARY EMPLOYEE SERVICES	2,712.08
531597	12/21/2017	N	MIHM INC	15-03441C CONTRACT SERVICES	650.00
531598	12/21/2017	N	RICHARD MONTGOMERY	REIMBURSEMENT-TRAVEL EXPENSE	248.99
531599	12/21/2017	N	NATALIES CATERING	MEALS FOR SENIOR SERVICES	1,524.24
531600	12/21/2017	N	NET TRANSCRIPTS INC	CONTRACT SERVICES	27.86
531601	12/21/2017	N	NOTORIOUS FIT LLC	FITNESS INSTRUCTOR	595.00
531602	12/21/2017	N	NTH GENERATION COMPUTING INC	ANNUAL STANDARD SUPPORT SERVICE	8,300.00
531603	12/21/2017	N	KAMILA PAVLASKOVA	VOLLEYBALL INSTRUCTOR	1,520.00
531604	12/21/2017	N	PERISCOPE CREATIVE	MANHATTAN BEACH PHOTOS	480.00
531605	12/21/2017	N	ANTHONY PRESGRAVES	REIMBURSEMENT EXPENSE	165.27
531606	12/21/2017	N	PRUDENTIAL OVERALL SUPPLY	UNIFORM & MAT SERVICE-OCT 2017	1,703.85
531607	12/21/2017	N	PSYCHOLOGICAL CONSULTING ASSOC	COMPREHENSIVE PSYCHOLOGICAL SERVICES	2,850.00

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
531608	12/21/2017	N	JEFFREY RICE	REIMBURSEMENT-TRAVEL EXPENSE	57.78
531609	12/21/2017	N	JOSEPH M ROTHERAM	2017 MBOTT 3RD PLACE WINNER	225.00
531610	12/21/2017	N	SAFETY KLEEN CORP	GARAGE SUPPLIES	717.00
531611	12/21/2017	N	ROBERT SALIM	REFUND RIGHT OF WAY DEPOSIT	496.00
531612	12/21/2017	N	SBRPCA	3RD QUARTER ASSESSMENT	425,820.00
531613	12/21/2017	N	SBRPCA	COMMUNICATIONS EQUIPMENT	73.18
531614	12/21/2017	N	SOUTHERN CALIFORNIA EDISON	STREET LIGHTING CHARGES	23,837.55
531615	12/21/2017	N	SOUTHERN CALIFORNIA EDISON	MONTHLY ELECTRIC CHARGES	77.59
531616	12/21/2017	N	SPCA LA	ANIMAL SHELTERING SERVICES	550.00
531617	12/21/2017	N	SPROUT SOCIAL INC	SOCIAL MEDIA CRM SERVICE	24,800.40
531618	12/21/2017	N	SSBRA	SOCCER OFFICIALS	2,176.00
531619	12/21/2017	N	STATEWIDE TRAFFIC SAFETY	MESSAGE BOARD	16,151.25
531620	12/21/2017	N	JON STRAUSS	REFUND RIGHT OF WAY DEPOSIT	496.00
531621	12/21/2017	N	THE RULES GUYS LLC	ANNUAL MAINTENANCE	450.00
531622	12/21/2017	N	TERRELL LYNN THOMPSON	GYMNASTICS INSTRUCTOR	6,664.00
531623	12/21/2017	N	TILLMAN FORENSIC INVEST LLC	FINGERPRINT IDENTIFICATION SERVICES	715.00
531624	12/21/2017	N	TOTAL ADMINISTRATION SVCS CORP	MONTHLY FEES	485.10
531625	12/21/2017	N	TURBO DATA SYSTEMS INC	PARKING CITATION PROCESSING CONTRACT	9,577.98
531626	12/21/2017	N	UNITED SITE SVCS OF CA INC	PORTABLE RESTROOMS	2,737.76
531627	12/21/2017	N	US BANCORP CARD SERVICES INC	D-CARD CHARGES	57,732.40
531628	12/21/2017	N	VERSATILE INFO PRODUCTS IN	COMPUTER CONTRACT SERVICES	3,886.00
531629	12/21/2017	N	WALTERS WHOLESALE ELECTRIC CO	ELECTRICAL SUPPLIES	1,624.14

**CITY OF MANHATTAN BEACH  
 WARRANT REGISTER**

WARRANT BATCH NUMBER: **wr 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
531630	12/21/2017	N	WASTE MANAGEMENT INC	NOVEMBER 2017 REFUSE	307,742.31
531631	12/21/2017	N	WATER REPLENISHMENT DISTRICT	MONTHLY WATER PURCHASE	15,629.70
531632	12/21/2017	N	XEROX CORPORATION	MULTI MACHINES LEASE & BASE BUSINESS PR	8,987.28
531633	12/21/2017	N	TERESIA ZADROGA-HAASE	REIMBURSEMENT-TRAVEL EXPENSE	1,232.98
531634	12/21/2017	N	JOHN EDWARD ZIELLO	COED SLO PITCH/COED KICKBALL	1,720.00
531635	12/21/2017	N	ZOLL DATA SYSTEMS INC	CONTRACT COMPUTER SERVICES	4,460.00
<b>SUBTOTAL</b>					<b>1,134,077.17</b>
<b>COMBINED TOTAL</b>					<b>1,347,136.61</b>

**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 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
122117	12/21/2017	T	CMB RISK MGMT WORKERS COMP	MONTHLY DISBURSAL OF FUNDS	140,007.20
12212017	12/21/2017	T	CMB RISK MGMT LIABILITY	MONTHLY DISBURSAL OF FUNDS	73,052.24
<b>SUBTOTAL</b>					<b>213,059.44</b>
531545	12/21/2017	N	ALFARO COMMUNICATION CONST	HIGHLAND @ 38TH & ROSECRANS IMPROVEMI	16,988.79
531546	12/21/2017	N	ALL CITY MANAGEMENT SVCS	CROSSING GUARD SERVICES CONTRACT	28,825.53
531548	12/21/2017	N	AT&T MOBILITY	CELLULAR CHARGES	5,321.73
531550	12/21/2017	N	BLOCK CONSULTING ACTUARIES INC	ACTUARIAL CONSULTING SERVICES	2,625.00
531555	12/21/2017	N	CITY OF TORRANCE	AREA G DUES	7,818.00
531558	12/21/2017	N	COMMUNITY WORKS LEASING CORP	STRAND STAIRS IMPROVEMENT	5,119.20
531560	12/21/2017	N	CONTEMPORARY SERVICES CORP	UNARMED SECURITY SERVICES	3,023.53
531566	12/21/2017	N	DELTA DENTAL OF CALIFORNIA	DENTAL PREMIUMS	30,196.26
531572	12/21/2017	N	EYESTONE-JONES ENVIRONMENTAL	CONTRACT SERVICES	4,915.44
531573	12/21/2017	N	FIRE INFO SUPPORT SERVICES INC	FIRE DEPT RECORDS MANAGEMENT SOLUTION	3,000.00
531580	12/21/2017	N	INFOSEND INC	THREE-YEAR ELECTRONIC BILL PRESENTMEN	4,364.10
531584	12/21/2017	N	JOAN STEIN JENKINS	MUNICIPAL CODE PROSECUTION SERVICES	9,037.50
531585	12/21/2017	N	K-9 SERVICES LLC	POLICE SERVICE DOG AND HANDLE COURSE	18,891.25
531594	12/21/2017	N	MAIN STREET TOURS INC	TOURS/EVENTS	19,118.00
531596	12/21/2017	N	MARINE RESOURCES INC	TEMPORARY EMPLOYEE SERVICES	2,712.08
531602	12/21/2017	N	NTH GENERATION COMPUTING INC	ANNUAL STANDARD SUPPORT SERVICE	8,300.00
531607	12/21/2017	N	PSYCHOLOGICAL CONSULTING ASSOC	COMPREHENSIVE PSYCHOLOGICAL SERVICES	2,850.00
531612	12/21/2017	N	SBRPCA	3RD QUARTER ASSESSMENT	425,820.00
531614	12/21/2017	N	SOUTHERN CALIFORNIA EDISON	STREET LIGHTING CHARGES	23,837.55
531617	12/21/2017	N	SPROUT SOCIAL INC	SOCIAL MEDIA CRM SERVICE	24,800.40

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

WARRANT BATCH NUMBER: **wr 13b**

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
531619	12/21/2017	N	STATEWIDE TRAFFIC SAFETY	MESSAGE BOARD	16,151.25
531622	12/21/2017	N	TERRELL LYNN THOMPSON	GYMNASTICS INSTRUCTOR	6,664.00
531625	12/21/2017	N	TURBO DATA SYSTEMS INC	PARKING CITATION PROCESSING CONTRACT	9,577.98
531626	12/21/2017	N	UNITED SITE SVCS OF CA INC	PORTABLE RESTROOMS	2,737.76
531627	12/21/2017	N	US BANCORP CARD SERVICES INC	D-CARD CHARGES	57,732.40
531628	12/21/2017	N	VERSATILE INFO PRODUCTS IN	COMPUTER CONTRACT SERVICES	3,886.00
531630	12/21/2017	N	WASTE MANAGEMENT INC	NOVEMBER 2017 REFUSE	307,742.31
531631	12/21/2017	N	WATER REPLENISHMENT DISTRICT	MONTHLY WATER PURCHASE	15,629.70
531632	12/21/2017	N	XEROX CORPORATION	MULTI MACHINES LEASE & BASE BUSINESS PR	8,987.28
531635	12/21/2017	N	ZOLL DATA SYSTEMS INC	CONTRACT COMPUTER SERVICES	4,460.00

**SUBTOTAL** **1,081,133.04**

**COMBINED TOTAL** **1,294,192.48**

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



**Report of Warrant Disbursements  
wr 13b**

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
200	General	671,638.70
201	Street Light	24,552.55
205	Streets & Highways	1,479.00
210	Asset Forfeiture	7,700.00
211	Police Grant	12,391.25
230	Prop A	1,249.69
233	Measure R	2,755.51
401	Capital Improvements	21,579.88
501	Water	16,171.73
502	Storm	578.51
503	Waste Water	3,132.67
510	Refuse	307,756.49
520	Parking	1,397.45
522	State Pier Lots	110.00
601	Insurance	214,284.44
605	Information Services	33,100.40
610	Vehicle Fleet	20,037.77
615	Building Maintenance	7,220.57
wr 13b		<u>1,347,136.61</u>
		<u>1,347,136.61</u>

**Report of P-Card Transactions**

Account Date	Department Management Services	Amount
100-11-011-5101	Contract Services	
11/27/2017	SHERATON CHARLOTTE	400.00
100-11-011-5101	Contract Services	400.00
100-11-011-5205	Training, Conferences & Meetings	
11/27/2017	AMERICAN AIR0010611365782	-33.50
11/27/2017	AMERICAN AIR0010611365782	76.62
11/27/2017	AMERICAN AIR0012157169908	792.50
11/27/2017	CALIFORNIA (CA)	500.00
11/27/2017	CALIFORNIA (CA)	500.00
11/27/2017	LE MERIDIAN CHARLOTTE	1,055.69
11/27/2017	LE MERIDIAN CHARLOTTE	333.07
100-11-011-5205	Training, Conferences & Meetings	3,224.38
100-11-011-5217	Departmental Supplies	
11/27/2017	AMAZON.COM AMZN.COM/BILL	54.70
11/27/2017	BEACH PIZZA	170.89
11/27/2017	BECKERS BAKERY	75.00
11/27/2017	CORNER BAKERY 0206	376.30
11/27/2017	COSTCO WHSE #0671	127.28
11/27/2017	COSTCO WHSE #0671	237.97
11/27/2017	COSTCO WHSE #0671	27.35
11/27/2017	COSTCO WHSE #0671	28.34
11/27/2017	GROWING WILD	164.25
11/27/2017	NOAH'S BAGELS #2546	12.00
11/27/2017	PARADISE AWARDS	136.88
11/27/2017	PARTY CITY 0164	32.04
11/27/2017	RALPHS #0166	1.82
11/27/2017	RALPHS #0166	39.39
11/27/2017	SMARTNFINAL92111209210	6.99
11/27/2017	TARGET 00019802	5.48
11/27/2017	TIN ROOF BISTRO	106.15
11/27/2017	VONS #2275	53.06
100-11-011-5217	Departmental Supplies	1,655.89
100-11-021-5101	Contract Services	
11/27/2017	COSTAR GROUP INC	640.00
100-11-021-5101	Contract Services	640.00
100-11-021-5201	Office Supplies	
11/27/2017	OFFICE DEPOT #2740	15.28

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*

**Report of P-Card Transactions**

Account Date	Department Management Services	Amount
11/27/2017	OFFICE DEPOT #2740	24.07
11/27/2017	OFFICE DEPOT #2740	44.86
11/27/2017	OFFICE DEPOT #5125	12.05
11/27/2017	OFFICE DEPOT #5125	217.88
11/27/2017	OFFICE DEPOT #5125	-3.93
11/27/2017	OFFICE DEPOT #5125	44.75
11/27/2017	OFFICE DEPOT #5125	46.22
11/27/2017	OFFICE DEPOT #5125	536.01
11/27/2017	OFFICE DEPOT #5125	543.36
11/27/2017	OFFICE DEPOT #5125	56.47
11/27/2017	OFFICE DEPOT #599	8.74
100-11-021-5201	Office Supplies	1,545.76
100-11-021-5203	Reference Books & Periodicals	
11/27/2017	ICMA	54.00
11/27/2017	LINKEDIN 2815020076 LNKD.	29.99
11/27/2017	PAGES A BOOK STORE	160.95
100-11-021-5203	Reference Books & Periodicals	244.94
100-11-021-5205	Training, Conferences & Meetings	
11/27/2017	HALCYON, FLAVORS F	144.08
11/27/2017	BLT STEAK	189.13
11/27/2017	CALIFORNIA (CA)	500.00
11/27/2017	CHARLOTTE AREA TRANSIT	4.40
11/27/2017	COFFEE BEAN STORE	35.90
11/27/2017	HOTEL CONTESSA - HOTEL	0.49
11/27/2017	HOTEL CONTESSA - HOTEL	10.57
11/27/2017	HOTEL CONTESSA - HOTEL	11.72
11/27/2017	HOTEL CONTESSA - HOTEL	21.00
11/27/2017	HOTEL CONTESSA - HOTEL	228.24
11/27/2017	HOTEL CONTESSA - HOTEL	228.24
11/27/2017	HOTEL CONTESSA - HOTEL	316.38
11/27/2017	HOTEL CONTESSA - HOTEL	409.78
11/27/2017	HTTP://WWW.GOGOAIR.COM	8.65
11/27/2017	INTERNATION	150.00
11/27/2017	MANHATTAN INN OPERATIN	-24.40
11/27/2017	MANHATTAN INN OPERATIN	274.40
11/27/2017	NATIONAL LEAGUE OF	160.00
11/27/2017	NATIONAL LEAGUE OF	745.00
11/27/2017	PAYPAL *TPCLLC	1,525.00
11/27/2017	SHADE HOTEL RESTAURANT	46.61
11/27/2017	SOUTHWES 5268782404122	307.96

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**Report of P-Card Transactions**

Account Date	Department Management Services	Amount
11/27/2017	SPRINGHILL SUITES CHAR	329.93
11/27/2017	SPRINGHILL SUITES CHAR	613.12
11/27/2017	THE LEAGUE OF CALIFORNIA	25.00
11/27/2017	THE LEAGUE OF CALIFORNIA	650.00
11/27/2017	UBER *QE7B	5.00
11/27/2017	UBER 56JHY	14.38
11/27/2017	UBER TIP 7Y2RE	3.00
11/27/2017	UBER TRIP 2QOXI	8.84
11/27/2017	UBER TRIP 3LP5S	14.78
11/27/2017	UBER TECHNOLOGIES INC	12.08
11/27/2017	UBER TECHNOLOGIES INC	12.70
11/27/2017	UNITED 0162371751648	566.10
11/27/2017	UNITED 0162923594868	3.99
11/27/2017	UNITED 0162924002068	2.99
11/27/2017	UNITED 0162924056653	13.99
11/27/2017	UNITED 0162924337901	5.99
11/27/2017	VONS #2275	31.14
11/27/2017	WESTIN RIVERWALK	920.00
100-11-021-5205	Training, Conferences & Meetings	<hr/> 8,526.18
100-11-021-5217	Departmental Supplies	
11/27/2017	AMAZON MKTPLACE PMTS	7.99
11/27/2017	AMAZON.COM AMZN.COM/BILL	38.64
11/27/2017	AMAZON.COM AMZN.COM/BILL	39.39
11/27/2017	AMAZON.COM	13.13
11/27/2017	COSTCO WHSE #0671	216.50
11/27/2017	COSTCO WHSE #0671	79.99
11/27/2017	CVS/PHARMACY #09496	18.55
11/27/2017	FACEBK NX4FYDJEY2	5.00
11/27/2017	MICHAELS STORES 3048	16.34
11/27/2017	MICHAELS STORES 3048	3.27
11/27/2017	OLDE ENGLISH CRACKERS INC	78.20
11/27/2017	PAYPAL *TPCLLC	-1,525.00
11/27/2017	SHADE HOTEL RESTAURANT	49.61
11/27/2017	TARGET 00001990	6.57
11/27/2017	TIFFANY CLEANERS	19.50
11/27/2017	TIFFANY CLEANERS	9.75
100-11-021-5217	Departmental Supplies	<hr/> -922.57
100-11-031-5205	Training, Conferences & Meetings	
11/27/2017	CALIFORNIA MUNICIPAL TREA	250.00
11/27/2017	CALIFORNIA MUNICIPAL TREA	454.00

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Management Services</b>	<b>Amount</b>
100-11-031-5205	Training, Conferences & Meetings	<u>704.00</u>
100-11-041-5202	Memberships & Dues	
11/27/2017	ARMA INTERNATIONAL	230.00
100-11-041-5202	Memberships & Dues	<u>230.00</u>
11	Management Services	<u>16,248.58</u>

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**Report of P-Card Transactions**

<b>Account</b>	<b>Department</b>	<b>Amount</b>
<b>Date</b>	<b>Finance</b>	
<b>100-12-011-5201</b>	<b>Office Supplies</b>	
11/27/2017	OFFICE DEPOT #5125	129.98
11/27/2017	OFFICE DEPOT #5125	217.91
11/27/2017	OFFICE DEPOT #5125	87.60
11/27/2017	SHOPLET.COM	40.68
11/27/2017	STAPLES DIRECT	237.60
<b>100-12-011-5201</b>	<b>Office Supplies</b>	<hr/> 713.77
<b>100-12-011-5202</b>	<b>Memberships &amp; Dues</b>	
11/27/2017	CALIFORNIA SOCIETY OF MUN	110.00
11/27/2017	CALIFORNIA SOCIETY OF MUN	75.00
11/27/2017	MUNICIPAL MANAGEMENT ASSO	85.00
<b>100-12-011-5202</b>	<b>Memberships &amp; Dues</b>	<hr/> 270.00
<b>100-12-011-5214</b>	<b>Employee Awards &amp; Events</b>	
11/27/2017	ALBERTSONS 0699	46.23
<b>100-12-011-5214</b>	<b>Employee Awards &amp; Events</b>	<hr/> 46.23
<b>100-12-011-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	BIG LOTS STORES - #4111	18.52
11/27/2017	OFFICE DEPOT #5125	30.48
<b>100-12-011-5217</b>	<b>Departmental Supplies</b>	<hr/> 49.00
<b>100-12-021-5202</b>	<b>Memberships &amp; Dues</b>	
11/27/2017	CALIFORNIA SOCIETY OF MUN	110.00
<b>100-12-021-5202</b>	<b>Memberships &amp; Dues</b>	<hr/> 110.00
<b>100-12-021-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	IN *NOWDOCS INTERNATIONAL	340.55
11/27/2017	LANDS END BUS OUTFITTERS	206.40
11/27/2017	SMART SOURCE CALIFORNIA	28.47
11/27/2017	VARIDESK	514.93
<b>100-12-021-5217</b>	<b>Departmental Supplies</b>	<hr/> 1,090.35
<b>100-12-031-5202</b>	<b>Memberships &amp; Dues</b>	
11/27/2017	CALIFORNIA SOCIETY OF MUN	110.00
<b>100-12-031-5202</b>	<b>Memberships &amp; Dues</b>	<hr/> 110.00
<b>100-12-031-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	OBEX	1,310.03

**To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.**

**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Finance</b>	<b>Amount</b>
11/27/2017	SMART SOURCE CALIFORNIA	28.47
100-12-031-5217	Departmental Supplies	<u>1,338.50</u>
100-12-032-5225	Printing	
11/27/2017	RYDIN DECAL- MOTO	870.54
11/27/2017	SMART SOURCE CALIFORNIA	233.79
11/27/2017	SMART SOURCE CALIFORNIA	542.25
100-12-032-5225	Printing	<u>1,646.58</u>
100-12-041-5202	Memberships & Dues	
11/27/2017	COSTCO WHSE #0671	39.57
100-12-041-5202	Memberships & Dues	<u>39.57</u>
100-12-041-5205	Training, Conferences & Meetings	
11/27/2017	LAZ PARKING 140180	8.00
100-12-041-5205	Training, Conferences & Meetings	<u>8.00</u>
100-12-041-5206	Uniforms/Safety Equipment	
11/27/2017	STEELTOESHOESCOM	121.67
100-12-041-5206	Uniforms/Safety Equipment	<u>121.67</u>
100-12-041-5217	Departmental Supplies	
11/27/2017	COMPLETES PLUS CPL	26.50
100-12-041-5217	Departmental Supplies	<u>26.50</u>
615-12-042-5101	Contract Services	
11/27/2017	DS SERVICES STANDARD COFF	932.00
11/27/2017	GOURMET COFFEE75413104	1,316.46
11/27/2017	GOURMET COFFEE75413104	292.85
11/27/2017	SUPERIOR PLANT SCAPES	258.00
615-12-042-5101	Contract Services	<u>2,799.31</u>
615-12-042-5211	Automotive Parts	
11/27/2017	COMPLETES PLUS CPL	599.40
11/27/2017	GOODYEAR TIRE&RUBBER CO	1,424.80
11/27/2017	GOODYEAR TIRE&RUBBER CO	699.80
615-12-042-5211	Automotive Parts	<u>2,724.00</u>
615-12-042-5222	Warehouse Inventory Purchases	
11/27/2017	IBI - SUPPLYWORKS #2251	1,032.41

To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.

**Report of P-Card Transactions**

Account Date	Department Finance	Amount
11/27/2017	IBI - SUPPLYWORKS #2251	1,358.94
11/27/2017	MORTON SAFETY CO	1,208.66
11/27/2017	RRINDUSTRIES	259.56
11/27/2017	SANDLER BROS.	583.09
11/27/2017	WAXIE SANITARY SUPPLY	851.34
11/27/2017	WAXIE SANITARY SUPPLY	974.79
615-12-042-5222	Warehouse Inventory Purchases	<u>6,268.79</u>
12	Finance	<u>17,362.27</u>

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*



**Report of P-Card Transactions**

Account Date	Department <b>Human Resources</b>	Amount
<b>100-13-011-5201</b>	<b>Office Supplies</b>	
11/27/2017	FRANKLINCOVEYPRODUCTS	127.64
11/27/2017	OFFICE DEPOT #3320	2.99
11/27/2017	OFFICE DEPOT #5101	2.99
11/27/2017	OFFICE DEPOT #5125	156.83
11/27/2017	OFFICE DEPOT #5125	168.31
11/27/2017	OFFICE DEPOT #5125	56.81
11/27/2017	OFFICE DEPOT #5125	63.32
11/27/2017	OFFICE DEPOT #626	8.75
<b>100-13-011-5201</b>	<b>Office Supplies</b>	<b>587.64</b>
<b>100-13-011-5205</b>	<b>Training, Conferences &amp; Meetings</b>	
11/27/2017	CORNER BAKERY 0206	198.03
11/27/2017	CPS HUMAN RESOURCE SERVIC	184.00
11/27/2017	CPS HUMAN RESOURCE SERVIC	284.00
<b>100-13-011-5205</b>	<b>Training, Conferences &amp; Meetings</b>	<b>666.03</b>
<b>100-13-011-5214</b>	<b>Employee Awards &amp; Events</b>	
11/27/2017	AWARDS NETWORK	100.00
11/27/2017	AWARDS NETWORK	25.00
11/27/2017	AWARDS NETWORK	300.00
11/27/2017	AWARDS NETWORK	50.00
11/27/2017	AWARDS NETWORK	500.00
<b>100-13-011-5214</b>	<b>Employee Awards &amp; Events</b>	<b>975.00</b>
<b>100-13-011-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	AMAZON MKTPLACE PMTS	68.97
<b>100-13-011-5217</b>	<b>Departmental Supplies</b>	<b>68.97</b>
<b>100-13-011-5218</b>	<b>Recruitment Costs</b>	
11/27/2017	DONNOE & ASSOCIATES INC	660.00
11/27/2017	MOON DONUTS	10.50
<b>100-13-011-5218</b>	<b>Recruitment Costs</b>	<b>670.50</b>
<b>13</b>	<b>Human Resources</b>	<b>2,968.14</b>

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*

**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Recreation</b>	<b>Amount</b>
100-14-011-5101	Contract Services	
11/27/2017	AMAZON MKTPLACE PMTS	42.74
100-14-011-5101	Contract Services	<hr/> 42.74
14	Recreation	<hr/> <hr/> 42.74

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*

**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Police</b>	<b>Amount</b>
<b>100-15-011-5101</b>	<b>Contract Services</b>	
11/27/2017	ENTENMANN-ROVIN COMPANY	872.57
<b>100-15-011-5101</b>	<b>Contract Services</b>	<u>872.57</u>
<b>100-15-011-5201</b>	<b>Office Supplies</b>	
11/27/2017	OFFICE DEPOT #1080	388.07
11/27/2017	OFFICE DEPOT #2099	5.46
11/27/2017	OFFICE DEPOT #5125	104.55
11/27/2017	OFFICE DEPOT #5125	118.97
11/27/2017	OFFICE DEPOT #5125	132.65
11/27/2017	OFFICE DEPOT #5125	150.42
11/27/2017	OFFICE DEPOT #5125	197.52
11/27/2017	OFFICE DEPOT #5125	249.64
11/27/2017	OFFICE DEPOT #5125	261.12
11/27/2017	OFFICE DEPOT #5125	40.66
11/27/2017	OFFICE DEPOT #5125	43.79
11/27/2017	OFFICE DEPOT #5125	51.01
11/27/2017	OFFICE DEPOT #5125	52.33
11/27/2017	OFFICE DEPOT #5125	78.28
11/27/2017	OFFICE DEPOT #5125	78.80
11/27/2017	OFFICE DEPOT #935	5.46
11/27/2017	OFFICEMAX/OFFICEDEPOT6510	33.50
<b>100-15-011-5201</b>	<b>Office Supplies</b>	<u>1,992.23</u>
<b>100-15-011-5202</b>	<b>Memberships &amp; Dues</b>	
11/27/2017	IAFCI	70.00
11/27/2017	IAFCI	70.00
<b>100-15-011-5202</b>	<b>Memberships &amp; Dues</b>	<u>140.00</u>
<b>100-15-011-5214</b>	<b>Employee Awards &amp; Events</b>	
11/27/2017	COSTCO WHSE #0671	51.84
11/27/2017	ENTENMANN-ROVIN COMPANY	264.52
11/27/2017	THE BEST DONUTS	19.00
<b>100-15-011-5214</b>	<b>Employee Awards &amp; Events</b>	<u>335.36</u>
<b>100-15-011-5225</b>	<b>Printing</b>	
11/27/2017	FEDEXOFFICE 00000570	315.64
11/27/2017	FEDEXOFFICE 00000570	315.64
<b>100-15-011-5225</b>	<b>Printing</b>	<u>631.28</u>
<b>100-15-021-5205</b>	<b>Training, Conferences &amp; Meetings</b>	

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Police</b>	<b>Amount</b>
11/27/2017	7842 DOMINOS PIZZA	78.74
11/27/2017	SOUTHWES 5268782748906	155.98
11/27/2017	VONS #2275	45.55
100-15-021-5205	Training, Conferences & Meetings	<u>280.27</u>
100-15-021-5206	Uniforms/Safety Equipment	
11/27/2017	QUARTERMASTER	131.37
100-15-021-5206	Uniforms/Safety Equipment	<u>131.37</u>
100-15-021-5217	Departmental Supplies	
11/27/2017	AMAZON MKTPLACE PMTS	100.00
11/27/2017	AMAZON MKTPLACE PMTS	54.97
11/27/2017	COSTCO WHSE #0420	30.16
11/27/2017	COSTCO WHSE #0671	30.65
11/27/2017	MIDWAYUSA COM	69.98
11/27/2017	PETSMART # 1316	63.20
11/27/2017	PETSMART # 1316	73.35
100-15-021-5217	Departmental Supplies	<u>422.31</u>
100-15-031-5217	Departmental Supplies	
11/27/2017	AMAZON.COM	-42.46
100-15-031-5217	Departmental Supplies	<u>-42.46</u>
100-15-041-5210	Computers, Supplies & Software	
11/27/2017	APL* ITUNES.COM/BILL	0.99
100-15-041-5210	Computers, Supplies & Software	<u>0.99</u>
100-15-041-5217	Departmental Supplies	
11/27/2017	AMAZON.COM AMZN.COM/BILL	31.41
11/27/2017	FIRSTAIDGLO	328.12
11/27/2017	NOAH'S-ONLINE CATERING	30.98
11/27/2017	RALPHS #0166	33.97
11/27/2017	TARGET 00001990	24.80
100-15-041-5217	Departmental Supplies	<u>449.28</u>
100-15-041-5225	Printing	
11/27/2017	SMART SOURCE CALIFORNIA	285.71
11/27/2017	SMART SOURCE CALIFORNIA	44.90
100-15-041-5225	Printing	<u>330.61</u>

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Police</b>	<b>Amount</b>
100-15-051-5101	Contract Services	
11/27/2017	PATTERSON CLEANERS PHOTO	120.00
100-15-051-5101	Contract Services	<u>120.00</u>
100-15-051-5225	Printing	
11/27/2017	SMART SOURCE CALIFORNIA	285.71
100-15-051-5225	Printing	<u>285.71</u>
100-15-061-5206	Uniforms/Safety Equipment	
11/27/2017	LA UNIFORMS AND TAILORIN	349.38
100-15-061-5206	Uniforms/Safety Equipment	<u>349.38</u>
100-15-061-5217	Departmental Supplies	
11/27/2017	NOAH'S BAGELS #2546	82.51
100-15-061-5217	Departmental Supplies	<u>82.51</u>
100-15-071-5217	Departmental Supplies	
11/27/2017	FIRSTAIDGLO	171.14
100-15-071-5217	Departmental Supplies	<u>171.14</u>
100-15-081-5206	Uniforms/Safety Equipment	
11/27/2017	LA UNIFORMS AND TAILORIN	158.66
11/27/2017	QUARTERMASTER	8.74
100-15-081-5206	Uniforms/Safety Equipment	<u>167.40</u>
100-15-081-5217	Departmental Supplies	
11/27/2017	AMAZON MKTPLACE PMTS	309.49
100-15-081-5217	Departmental Supplies	<u>309.49</u>
15	Police	<u><u>7,029.44</u></u>

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**Report of P-Card Transactions**

Account Date	Department Fire	Amount
100-16-011-5201	Office Supplies	
11/27/2017	OFFICE DEPOT #5125	373.86
11/27/2017	OFFICE DEPOT #627	11.91
100-16-011-5201	Office Supplies	<u>385.77</u>
100-16-011-5205	Training, Conferences & Meetings	
11/27/2017	SQ *SOUTHERN CALIFORNIA F	20.00
100-16-011-5205	Training, Conferences & Meetings	<u>20.00</u>
100-16-011-5214	Employee Awards & Events	
11/27/2017	PARADISE AWARDS	222.29
11/27/2017	SHILPARK PAINT	15.31
11/27/2017	THE OFFICE EXPRESS	2,117.99
100-16-011-5214	Employee Awards & Events	<u>2,355.59</u>
100-16-021-5203	Reference Books & Periodicals	
11/27/2017	NFPA NATL FIRE PROTECT	119.57
11/27/2017	THOMSON WEST*TCD	157.32
100-16-021-5203	Reference Books & Periodicals	<u>276.89</u>
100-16-021-5205	Training, Conferences & Meetings	
11/27/2017	SQ *SOUTHERN CALIFORNIA F	175.00
100-16-021-5205	Training, Conferences & Meetings	<u>175.00</u>
100-16-023-5205	Training, Conferences & Meetings	
11/27/2017	NOAH'S BAGELS #2546	15.50
100-16-023-5205	Training, Conferences & Meetings	<u>15.50</u>
100-16-023-5217	Departmental Supplies	
11/27/2017	AMAZON MKTPLACE PMTS	24.08
100-16-023-5217	Departmental Supplies	<u>24.08</u>
100-16-031-5205	Training, Conferences & Meetings	
11/27/2017	INT'L ASSOC OF FIRE CH	155.00
11/27/2017	MANHATTAN BREAD & BAGEL	31.33
11/27/2017	SQ *CALIFORNIA FIRE CHIEF	75.00
100-16-031-5205	Training, Conferences & Meetings	<u>261.33</u>
100-16-031-5206	Uniforms/Safety Equipment	

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Fire</b>	<b>Amount</b>
11/27/2017	BLAUER MANUFACTURING	103.99
11/27/2017	WWW.5ALARMLEATHER.COM	305.25
100-16-031-5206	Uniforms/Safety Equipment	<u>409.24</u>
100-16-031-5217	Departmental Supplies	
11/27/2017	COSTCO WHSE #0671	217.35
11/27/2017	RALPHS #0166	67.43
11/27/2017	THE HOME DEPOT #0620	211.48
11/27/2017	THE HOME DEPOT #0620	65.61
100-16-031-5217	Departmental Supplies	<u>561.87</u>
100-16-041-5217	Departmental Supplies	
11/27/2017	BOUND TREE MEDICAL LLC	125.92
11/27/2017	BOUND TREE MEDICAL LLC	144.93
11/27/2017	BOUND TREE MEDICAL LLC	146.71
11/27/2017	BOUND TREE MEDICAL LLC	2,172.06
11/27/2017	BOUND TREE MEDICAL LLC	254.03
11/27/2017	BOUND TREE MEDICAL LLC	4,233.62
11/27/2017	BOUND TREE MEDICAL LLC	490.52
11/27/2017	BOUND TREE MEDICAL LLC	510.00
11/27/2017	BOUND TREE MEDICAL LLC	53.99
11/27/2017	BOUND TREE MEDICAL LLC	593.89
11/27/2017	BOUND TREE MEDICAL LLC	83.73
11/27/2017	BOUND TREE MEDICAL LLC	847.96
100-16-041-5217	Departmental Supplies	<u>9,657.36</u>
100-16-052-5217	Departmental Supplies	
11/27/2017	SMARTNFINAL92111209210	95.36
100-16-052-5217	Departmental Supplies	<u>95.36</u>
100-16-054-5217	Departmental Supplies	
11/27/2017	MORE PREPARED	318.74
11/27/2017	MORE PREPARED	940.27
100-16-054-5217	Departmental Supplies	<u>1,259.01</u>
100-16-054-5225	Printing	
11/27/2017	FEDEXOFFICE 00010165	142.35
100-16-054-5225	Printing	<u>142.35</u>
100-16-056-5217	Departmental Supplies	
11/27/2017	PARADISE AWARDS	91.98

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Fire</b>	<b>Amount</b>
100-16-056-5217	Departmental Supplies	<u>91.98</u>
16	Fire	<u>15,731.33</u>

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Community Development</b>	<b>Amount</b>
<b>100-17-011-5201</b>	<b>Office Supplies</b>	
11/27/2017	OFFICE DEPOT #5125	186.11
11/27/2017	OFFICE DEPOT #5125	297.82
11/27/2017	OFFICE DEPOT #5125	433.53
11/27/2017	OFFICE DEPOT #5125	7.46
11/27/2017	OFFICEMAX/OFFICE DEPOT656	9.19
<b>100-17-011-5201</b>	<b>Office Supplies</b>	<hr/> 934.11
<b>100-17-011-5203</b>	<b>Reference Books &amp; Periodicals</b>	
11/27/2017	TORRANCE DAILY BREEZE	535.05
<b>100-17-011-5203</b>	<b>Reference Books &amp; Periodicals</b>	<hr/> 535.05
<b>100-17-011-5205</b>	<b>Training, Conferences &amp; Meetings</b>	
11/27/2017	CLE INTERNATIONAL	795.00
11/27/2017	MARRIOTT LA JOLLA	681.39
11/27/2017	VIRGIN AMER 9847021832307	116.40
<b>100-17-011-5205</b>	<b>Training, Conferences &amp; Meetings</b>	<hr/> 1,592.79
<b>100-17-011-5210</b>	<b>Computers, Supplies &amp; Software</b>	
11/27/2017	AMAZON MKTPLACE PMTS	17.17
11/27/2017	CANON SOLUTIONS AMER INC	11.55
11/27/2017	CANON SOLUTIONS AMER INC	167.93
11/27/2017	DMI* DELL HLTHCR/PTR	176.72
11/27/2017	QMINDER	2,739.00
<b>100-17-011-5210</b>	<b>Computers, Supplies &amp; Software</b>	<hr/> 3,112.37
<b>100-17-011-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	AMAZON MKTPLACE PMTS	5.54
11/27/2017	AMAZON MKTPLACE PMTS	9.93
11/27/2017	AMAZON.COM	49.67
11/27/2017	FRESH BROTHERS MANHATTA	73.67
<b>100-17-011-5217</b>	<b>Departmental Supplies</b>	<hr/> 138.81
<b>100-17-022-5210</b>	<b>Computers, Supplies &amp; Software</b>	
11/27/2017	DMI* DELL HLTHCR/PTR	176.72
<b>100-17-022-5210</b>	<b>Computers, Supplies &amp; Software</b>	<hr/> 176.72
<b>100-17-031-5202</b>	<b>Memberships &amp; Dues</b>	
11/27/2017	AMER SOC CIVIL ENGINEERS	300.00

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**Report of P-Card Transactions**

Account Date	Department Community Development	Amount
100-17-031-5202	Memberships & Dues	<u>300.00</u>
100-17-032-5206	Uniforms/Safety Equipment	
11/27/2017	RED WING SHOE STORE 0	142.57
11/27/2017	RED WING SHOE STORE 0	258.87
11/27/2017	RED WING SHOE STORE 0	280.67
100-17-032-5206	Uniforms/Safety Equipment	<u>682.11</u>
100-17-032-5225	Printing	
11/27/2017	PELICAN BANNERS AND SIGNS	1,938.15
100-17-032-5225	Printing	<u>1,938.15</u>
100-17-041-5206	Uniforms/Safety Equipment	
11/27/2017	RED WING SHOE STORE 0	172.07
11/27/2017	RED WING SHOE STORE 0	217.24
100-17-041-5206	Uniforms/Safety Equipment	<u>389.31</u>
100-17-041-5225	Printing	
11/27/2017	SMART SOURCE CALIFORNIA	259.95
11/27/2017	SMART SOURCE CALIFORNIA	44.90
100-17-041-5225	Printing	<u>304.85</u>
100-17-051-5202	Memberships & Dues	
11/27/2017	INSTITUTE OF TRANSPORTATI	310.00
100-17-051-5202	Memberships & Dues	<u>310.00</u>
100-17-413-5202	Memberships & Dues	
11/27/2017	PAYPAL *GPP-USDN	1,300.00
100-17-413-5202	Memberships & Dues	<u>1,300.00</u>
100-17-413-5205	Training, Conferences & Meetings	
11/27/2017	ABM PARKING SAN DIEGO LIB	7.50
100-17-413-5205	Training, Conferences & Meetings	<u>7.50</u>
100-17-413-5210	Computers, Supplies & Software	
11/27/2017	DMI* DELL HLTHCR/PTR	162.05
100-17-413-5210	Computers, Supplies & Software	<u>162.05</u>
17	<b>Community Development</b>	<u><u>11,883.82</u></u>

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**Report of P-Card Transactions**

Account Date	Department Public Works	Amount
<b>100-18-011-5201</b>	<b>Office Supplies</b>	
11/27/2017	AMAZON.COM AMZN.COM/BILL	32.06
11/27/2017	OFFICE DEPOT 1135	51.34
11/27/2017	OFFICE DEPOT #1078	21.79
11/27/2017	OFFICE DEPOT #2740	77.93
11/27/2017	OFFICE DEPOT #5125	118.25
11/27/2017	OFFICE DEPOT #5125	164.57
11/27/2017	OFFICE DEPOT #5125	211.77
11/27/2017	OFFICE DEPOT #5125	325.19
11/27/2017	OFFICE DEPOT #5125	353.25
11/27/2017	OFFICE DEPOT #5125	-51.34
11/27/2017	OFFICE DEPOT #5125	57.24
<b>100-18-011-5201</b>	<b>Office Supplies</b>	<hr/> 1,362.05
<b>100-18-011-5203</b>	<b>Reference Books &amp; Periodicals</b>	
11/27/2017	APL* ITUNES.COM/BILL	2.99
<b>100-18-011-5203</b>	<b>Reference Books &amp; Periodicals</b>	<hr/> 2.99
<b>100-18-011-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	BLANKS/USA	31.81
11/27/2017	COSTCO WHSE #0671	13.11
11/27/2017	COSTCO WHSE #0671	94.09
11/27/2017	MICHAELS STORES 3048	65.39
11/27/2017	PARADISE AWARDS	42.71
<b>100-18-011-5217</b>	<b>Departmental Supplies</b>	<hr/> 247.11
<b>100-18-021-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	GOLDEN OPENINGS	109.97
11/27/2017	PARADISE AWARDS	42.71
11/27/2017	PAYPAL *JEANSPLASTI	54.52
<b>100-18-021-5217</b>	<b>Departmental Supplies</b>	<hr/> 207.20
<b>100-18-032-5205</b>	<b>Training, Conferences &amp; Meetings</b>	
11/27/2017	PETROS GREEK CUISINE AND	103.00
<b>100-18-032-5205</b>	<b>Training, Conferences &amp; Meetings</b>	<hr/> 103.00
<b>100-18-032-5217</b>	<b>Departmental Supplies</b>	
11/27/2017	B. D. WHITE TOP SOIL C	137.97
11/27/2017	LEARNED LUMBER	70.61
11/27/2017	LOMITA MOWER AND SAW SHOP	172.26
11/27/2017	ROBERTSONS READY MIX	1,271.71

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**Report of P-Card Transactions**

Account Date	Department Public Works	Amount
11/27/2017	THE HOME DEPOT #6611	42.99
100-18-032-5217	Departmental Supplies	<u>1,695.54</u>
100-18-034-5217	Departmental Supplies	
11/27/2017	MANERI SIGN COMPANY INC	114.97
11/27/2017	MANERI SIGN COMPANY INC	125.93
11/27/2017	MANERI SIGN COMPANY INC	62.63
11/27/2017	MANERI SIGN COMPANY INC	87.60
11/27/2017	QUICK CRETE PRODUCTS COR	2,330.16
11/27/2017	QUICK CRETE PRODUCTS COR	2,330.16
11/27/2017	THE HOME DEPOT #0620	14.20
11/27/2017	THE HOME DEPOT #0620	38.11
11/27/2017	TRAFFIC SAFETY CORP.	3,280.15
11/27/2017	ZUMAR IND INC - CA	1,463.80
100-18-034-5217	Departmental Supplies	<u>9,847.71</u>
100-18-042-5210	Computers, Supplies & Software	
11/27/2017	DMI* DELL HLTHCR/PTR	101.32
100-18-042-5210	Computers, Supplies & Software	<u>101.32</u>
100-18-042-5217	Departmental Supplies	
11/27/2017	AQUA-FLO SUPPLY - TORRAN	500.72
11/27/2017	AQUA-FLO SUPPLY - TORRAN	513.39
11/27/2017	AQUA-FLO SUPPLY - TORRAN	802.44
11/27/2017	KAY PARK REC CORP	1,075.00
11/27/2017	MASTER HALCO INC 001	1,847.98
11/27/2017	MASTER HALCO INC 001	-32.83
11/27/2017	THE HOME DEPOT #0620	60.16
100-18-042-5217	Departmental Supplies	<u>4,766.86</u>
100-18-043-5217	Departmental Supplies	
11/27/2017	PCH LOCK AND KEY	14.78
100-18-043-5217	Departmental Supplies	<u>14.78</u>
201-18-121-5217	Departmental Supplies	
11/27/2017	LANDSCAPE LIGHTING WORLD	1,602.33
201-18-121-5217	Departmental Supplies	<u>1,602.33</u>
501-18-231-5217	Departmental Supplies	
11/27/2017	0961 ROYAL	1,581.06
11/27/2017	0961 ROYAL	576.24

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**Report of P-Card Transactions**

Account Date	Department Public Works	Amount
11/27/2017	0961 ROYAL	61.32
11/27/2017	WW GRAINGER	488.43
501-18-231-5217	Departmental Supplies	2,707.05
501-18-241-5217	Departmental Supplies	
11/27/2017	WATERLINE TECHNOLOGIES	1,447.16
501-18-241-5217	Departmental Supplies	1,447.16
501-18-251-5203	Reference Books & Periodicals	
11/27/2017	AWWA.ORG	93.00
501-18-251-5203	Reference Books & Periodicals	93.00
501-18-251-5210	Computers, Supplies & Software	
11/27/2017	BEST BUY MHT 00010116	164.23
501-18-251-5210	Computers, Supplies & Software	164.23
501-18-251-5217	Departmental Supplies	
11/27/2017	WESTERN WATER WORKS SUPPL	2,334.59
501-18-251-5217	Departmental Supplies	2,334.59
502-18-311-5217	Departmental Supplies	
11/27/2017	PLUMBERS DEPOT INC	425.59
11/27/2017	USA BLUE BOOK	372.25
11/27/2017	WATERLINE TECHNOLOGIES	332.88
502-18-311-5217	Departmental Supplies	1,130.72
503-18-321-5217	Departmental Supplies	
11/27/2017	0961 ROYAL	87.56
11/27/2017	PLUMBERS DEPOT INC	2,562.30
11/27/2017	WW GRAINGER	488.59
503-18-321-5217	Departmental Supplies	3,138.45
520-18-511-5217	Departmental Supplies	
11/27/2017	HARBOR FREIGHT TOOLS 425	26.62
11/27/2017	THE HOME DEPOT #0620	355.70
520-18-511-5217	Departmental Supplies	382.32
520-18-511-5225	Printing	
11/27/2017	RYDIN DECAL- MOTO	1,104.84

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**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Public Works</b>	<b>Amount</b>
520-18-511-5225	Printing	<u>1,104.84</u>
522-18-512-5217	Departmental Supplies	
11/27/2017	THE HOME DEPOT #0620	141.64
11/27/2017	THE HOME DEPOT #0620	400.51
11/27/2017	THE HOME DEPOT #0620	659.60
522-18-512-5217	Departmental Supplies	<u>1,201.75</u>
522-18-512-5501	Telephone	
11/27/2017	PACIFIC TELEMANAGEMENT	70.00
522-18-512-5501	Telephone	<u>70.00</u>
610-18-611-5101	Contract Services	
11/27/2017	CAMPING WORLD #05	1,506.12
11/27/2017	MUNICIPAL MAINTENANCE EQU	567.15
11/27/2017	SOUTH BAY FORD	270.00
11/27/2017	SOUTH BAY FORD	400.12
11/27/2017	SOUTH BAY FORD	476.71
610-18-611-5101	Contract Services	<u>3,220.10</u>
610-18-611-5217	Departmental Supplies	
11/27/2017	IN *D & S SALES, INC.	281.67
11/27/2017	ALLIED TRAFFIC & EQUIPM	583.36
11/27/2017	COMPLETES PLUS CPL	143.25
11/27/2017	COMPLETES PLUS CPL	154.11
11/27/2017	COMPLETES PLUS CPL	166.21
11/27/2017	COMPLETES PLUS CPL	20.96
11/27/2017	COMPLETES PLUS CPL	42.73
11/27/2017	COMPLETES PLUS CPL	5.25
11/27/2017	COMPLETES PLUS CPL	61.50
11/27/2017	COMPLETES PLUS CPL	67.22
11/27/2017	COMPLETES PLUS CPL	75.40
11/27/2017	COMPLETES PLUS CPL	8.51
11/27/2017	COMPLETES PLUS CPL	8.51
11/27/2017	EDDINGS 0026741	11.65
11/27/2017	EDDINGS 0026741	117.89
11/27/2017	EDDINGS 0026741	131.01
11/27/2017	EDDINGS 0026741	146.54
11/27/2017	EDDINGS 0026741	-148.91
11/27/2017	EDDINGS 0026741	148.91
11/27/2017	EDDINGS 0026741	15.35
11/27/2017	EDDINGS 0026741	15.70

To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.

**Report of P-Card Transactions**

<b>Account Date</b>	<b>Department Public Works</b>	<b>Amount</b>
11/27/2017	EDDINGS 0026741	151.27
11/27/2017	EDDINGS 0026741	-157.59
11/27/2017	EDDINGS 0026741	28.43
11/27/2017	EDDINGS 0026741	52.49
11/27/2017	EDDINGS 0026741	54.93
11/27/2017	FIRESTONE 011819	718.40
11/27/2017	GARDENA NISSAN INC	11.39
11/27/2017	JACKS SMALL ENGINES & GEN	17.89
11/27/2017	MARTIN CHEVROLET	26.70
11/27/2017	MATHESON-308	70.62
11/27/2017	MUTUAL LIQUID GAS & EQUIP	184.87
11/27/2017	ROSEMEAD OIL PRODUCTS INC	1,598.27
11/27/2017	SOUTH BAY FORD	153.50
11/27/2017	SOUTH BAY FORD	275.05
11/27/2017	SOUTH BAY FORD	31.54
610-18-611-5217	Departmental Supplies	<u>5,274.58</u>
615-18-041-5217	Departmental Supplies	
11/27/2017	SQ *STEVE'S LOCK, SAFE AN	75.56
11/27/2017	0961 ROYAL	87.56
11/27/2017	1000BULBS.COM	1,306.80
11/27/2017	1000BULBS.COM	90.13
11/27/2017	CAPITAL WHOLESALE LIGHT A	372.30
11/27/2017	ENVIRONMENTAL LIGHTS	1,047.48
11/27/2017	ENVIRONMENTAL LIGHTS	4,335.67
11/27/2017	FRY'S ELECTRONICS #5	47.72
11/27/2017	INTERMOUNTAIN LOCK AND SE	130.97
11/27/2017	LOWES #00250*	8.74
11/27/2017	LOWES #01555*	58.87
11/27/2017	MCMASTER-CARR	86.58
11/27/2017	MK METAL COMPANY	223.71
11/27/2017	NLS LLC	4,970.88
11/27/2017	PRO LINE INDUSTRIAL PRODU	1,039.66
11/27/2017	RAIN TRD/GUTTER SUPPLY	742.56
11/27/2017	SUPREME PAINT (MANHATT	77.99
11/27/2017	TARGET 00001990	2.99
11/27/2017	THE HOME DEPOT #0620	10.65
11/27/2017	THE HOME DEPOT #0620	115.61
11/27/2017	THE HOME DEPOT #0620	122.04
11/27/2017	THE HOME DEPOT #0620	13.11
11/27/2017	THE HOME DEPOT #0620	13.73
11/27/2017	THE HOME DEPOT #0620	134.77
11/27/2017	THE HOME DEPOT #0620	144.38

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*

**Report of P-Card Transactions**

Account Date	Department Public Works	Amount
11/27/2017	THE HOME DEPOT #0620	152.51
11/27/2017	THE HOME DEPOT #0620	16.39
11/27/2017	THE HOME DEPOT #0620	2.78
11/27/2017	THE HOME DEPOT #0620	247.56
11/27/2017	THE HOME DEPOT #0620	43.37
11/27/2017	THE HOME DEPOT #0620	50.84
11/27/2017	THE HOME DEPOT #0620	56.32
11/27/2017	THE HOME DEPOT #0620	9.31
11/27/2017	THE HOME DEPOT #1010	116.70
11/27/2017	TODD PIPE AND SUPPLY HAWT	20.98
11/27/2017	TODD PIPE AND SUPPLY HAWT	29.38
11/27/2017	TODD PIPE AND SUPPLY HAWT	56.55
11/27/2017	TODD PIPE AND SUPPLY HAWT	653.79
11/27/2017	USPS PO 0547180221	9.85
11/27/2017	WW GRAINGER	208.35
11/27/2017	WW GRAINGER	371.85
11/27/2017	WW GRAINGER	488.43
11/27/2017	WW GRAINGER	53.44
11/27/2017	WW GRAINGER	548.82
615-18-041-5217	Departmental Supplies	18,397.68
18	Public Works	60,617.36

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*



**Report of P-Card Transactions**

Account Date	Department Information Technology	Amount
100-19-052-5104	Computer Contract Services	
11/27/2017	AMAZON WEB SERVICES	469.26
100-19-052-5104	Computer Contract Services	469.26
100-19-052-5202	Memberships & Dues	
11/27/2017	URISA	175.00
11/27/2017	URISA	175.00
100-19-052-5202	Memberships & Dues	350.00
100-19-052-5205	Training, Conferences & Meetings	
11/27/2017	LA METRO MARINE	8.00
11/27/2017	LA METRO MARINE	8.00
100-19-052-5205	Training, Conferences & Meetings	16.00
605-19-051-5205	Training, Conferences & Meetings	
11/27/2017	PAYPAL *SCAN NATOA	55.00
11/27/2017	PEET'S #03903	16.95
11/27/2017	PEET'S #03903	22.00
11/27/2017	SMARTNFINAL45810304582	67.45
605-19-051-5205	Training, Conferences & Meetings	161.40
605-19-051-5208	Postage	
11/27/2017	AMERICAN SOLUTIONS4 BUS	2,451.17
605-19-051-5208	Postage	2,451.17
605-19-051-5210	Computers, Supplies & Software	
11/27/2017	AMAZON MKTPLACE PMTS	287.99
11/27/2017	AMAZON MKTPLACE PMTS	32.50
11/27/2017	APPLE STORE #R122	150.51
11/27/2017	APPLE STORE #R122	572.21
11/27/2017	APPLE STORE #R122	869.69
11/27/2017	BEST BUY MHT 00010116	98.51
11/27/2017	BESTBUYCOM805504006412	86.49
11/27/2017	COFFEE BEAN STORE	17.95
11/27/2017	CWD ELECTRONICS	273.73
11/27/2017	DMI* DELL HLTHCR/PTR	1,707.89
11/27/2017	DMI* DELL HLTHCR/PTR	2,858.42
11/27/2017	DMI* DELL HLTHCR/PTR	48.61
11/27/2017	FACEBK *FACEBK 9RRTKCEW82	330.00
11/27/2017	HPE*SERVICES	194.35
11/27/2017	HPE*SERVICES	197.64

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*

**Report of P-Card Transactions**

Account Date	Department Information Technology	Amount
11/27/2017	HPE*SERVICES	197.64
11/27/2017	HPE*SERVICES	858.31
11/27/2017	SOUTHERN COMPUTER WAREHO	1,938.83
11/27/2017	SOUTHERN COMPUTER WAREHO	280.99
11/27/2017	SOUTHERN COMPUTER WAREHO	5.00
11/27/2017	SOUTHERN COMPUTER WAREHO	680.07
11/27/2017	SQ *NTH GENERATION COMPUT	1,064.14
605-19-051-5210	Computers, Supplies & Software	<u>12,751.47</u>
605-19-051-5225	Printing	
11/27/2017	AMERICAN SOLUTIONS4 BUS	1,923.94
605-19-051-5225	Printing	<u>1,923.94</u>
19	<b>Information Technology</b>	<u><u>18,123.24</u></u>
	<b>Report Totals</b>	<u><u>150,006.92</u></u>

*To enable prompt payment, these PCard expenditures were paid to US Bancorp on Warrant Register wr 13a, dated 12/14/2017; Check number 531540.*

**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Liza Tamura, City Clerk

Martha Alvarez, Senior Deputy City Clerk

**SUBJECT:**

Selection of Second Alternate for Los Angeles County Sanitation District Meetings (Mayor Howorth).

**APPROVE COUNCILMEMBER HERSMAN AS ALTERNATE II**

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**RECOMMENDATION:**

At the request of Mayor Howorth, select Councilmember Hersman as the second alternate for Los Angeles County Sanitation District meetings.

**FISCAL IMPLICATIONS:**

No fiscal implications are associated with the recommended action.

**BACKGROUND:**

City Council Assignments are the discretionary responsibility of each Mayor to review the standing list of assignments to various government and community-related committees and make changes as he or she feels are necessary. The Los Angeles County Sanitation District (LACSD) requires that the Mayor be the delegate to Sanitation District meetings. However, the City may select alternates to attend the meetings. Accordingly, Mayor Howorth is the Delegate, and Councilmember Napolitano is the Alternate.

**DISCUSSION:**

Mayor Howorth has requested that Councilmember Hersman be selected as "Alternate II" to attend Sanitation District meetings when the Delegate and Alternate are unable to attend. If the Council agrees, the City Clerk will amend the list of City Council Assignments and Committee Descriptions.



**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Steve S. Charelian, Acting Finance Director

**SUBJECT:**

Resolution of Intention to Provide for Annual Levy and Collection of Assessments for the North Manhattan Beach Business Improvement District and Setting February 20, 2018 for a Public Hearing (Acting Finance Director Charelian).

**ADOPT RESOLUTION NO. 18-0005**

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**RECOMMENDATION:**

The North Manhattan Beach Business Improvement District (North MB BID) Advisory Board and City staff recommend that the City Council adopt Resolution No. 18-0015 announcing the City's intention to renew and to set assessments for the North MB BID for 2018, and set the public hearing for February 20, 2018.

**FISCAL IMPLICATION:**

There is no budgetary or other financial implication associated with the adoption of the Resolution of Intention.

**BACKGROUND:**

From 1969 to 2004, a North Manhattan Beach Business Improvement District existed (then called North End BID) for commercial properties located along the northern portion of Highland Avenue and a few businesses located along Rosecrans Avenue just east of Highland. This Business Improvement District, formed under the Parking and Business Improvement District Law of 1965, was fairly limited in scope and was used mainly to address parking acquisition and construction.

In December 2004, Council approved revamping the North MB BID because it was apparent that opportunities for increased parking were limited. Business owners in this area were interested in using the accumulated funds (then totaling around \$300,000) for promotional

purposes, and to create an identity for North Manhattan Beach. As a result, this BID was dissolved to form a new BID pursuant to the Parking And Business Improvement Area Law of 1989 (Streets and Highway Code 36500), which permits funds to be used for broad purposes such as marketing, promotions, capital improvements and special events. Districts and the associated assessments were also required to be renewed annually.

At its meeting on February 20, 2018, the City Council will hold a public hearing to consider the request from the North MB BID's Advisory Board to renew the district and levy the associated assessments (80% surcharge on business license fees to a maximum of \$500).

**DISCUSSION:**

The purpose of the Resolution is to announce the City's intention to renew the BID, establish the method of assessment, outline the activities and services to be funded by the assessment, and to set the date for a formal public hearing. The funding for the BID is established through an 80% surcharge on the business license tax, not-to-exceed \$500 for any individual business.

On January 8, 2018, the BID's Advisory Board met to discuss the proposed projects and activity plan, along with the associated budget for the coming year. At that time, the Advisory Board approved the project and activity plan (Attachment 2), reviewed the budgetary material and now requests that the City Council consider adopting the Resolution of Intention (Attachment 1).

The BID has used its funds in recent years to beautify and upkeep the area. These activities include all of the following: maintaining curb extensions with landscaping and irrigation at certain intersections, installing three directories with area maps, enhanced crosswalk treatments unique to the area, power sidewalk washing, purchase of aluminum branding signs, planting of sidewalk trees, installation of an entry monument on Rosecrans Avenue. The BID also provides for several community events during the year, which includes an art walk and winter walk-about stroll. The BID currently has reserves around \$500,000.

The BID has elected an Advisory Board for 2018 which will be presented for Council ratification at the February 20th Council meeting. The full roster of board members-elect are as follows:

- James McCleary, Sea View Inn (Chairperson)
- Harry Ashikian, Salvatore's Shoe Repair (Vice Chairperson)
- Janice Davenport, Pancho's Restaurant (Recording Secretary)
- Peter Kim, Sloopy's
- Anthony Sulaiman, Baja Sharkeez
- Megan Richardson, Sand Spa
- Gretchen Tiernan, Polish Nail Salon

Mayor Pro Tem Napolitano currently serves as the BID's Council representative, with Councilmember Lesser as the alternate.

If adopted by the City Council, this Resolution of Intention will be circulated to all business owners within the BID as notification of the public hearing on February 20, 2018. In addition, a notice advertising the public hearing will be placed in *The Beach Reporter*. At the public

hearing, all proponents and opponents of the proposed Business Improvement District will have an opportunity to present information to the City Council.

**CONCLUSION:**

The North Manhattan Beach Business Improvement District Advisory Board and City staff recommend that the City Council adopt Resolution No. 18-0005 announcing the City's intention to renew and to set assessments for the North Manhattan Beach Business Improvement District for 2018, and setting the public hearing for February 20, 2018.

Attachments:

1. Resolution No. 18-0005
2. Annual Budget and Activity Plan 2018

**RESOLUTION NO. 18-0005**

**A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL DECLARING ITS INTENTION TO PROVIDE FOR ANNUAL LEVY AND COLLECTION OF ASSESSMENTS FOR THE NORTH MANHATTAN BEACH BUSINESS IMPROVEMENT DISTRICT, PURSUANT TO CALIFORNIA STREETS & HIGHWAYS CODE SECTION 36500, AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING THEREON**

WHEREAS, the Manhattan Beach City Council formed a Parking and Business Improvement District in North Manhattan Beach, pursuant to California Streets and Highways Code Section 36500 *et. seq.*;

WHEREAS, the North Manhattan Beach Business Improvement District Advisory Board met on January 8, 2018 and supported the proposed operating program and budget of the North Manhattan Beach Business Improvement District for 2018; and

WHEREAS, the City Council desires to continue the assessment on businesses within the Parking & Business Improvement District to allow the business owners within the District to utilize the funds for a range of services and activities that will promote and enhance North Manhattan Beach.

NOW, THEREFORE, THE MANHATTAN BEACH CITY COUNCIL DOES HEREBY RESOLVE, DECLARE, FIND, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The Parking and Business Improvement District is known as the North Manhattan Beach Business Improvement District (hereinafter referred to as the "District").

SECTION 3. The District's physical boundaries include all operating businesses along Highland Avenue from 45th Street to the North and to 32nd Place to the South and along Rosecrans Avenue from Highland Avenue to the West to the 500 block of Rosecrans to the East. A map identifying the specific, legal boundary for the District is available for review in the Finance Director's Office.

SECTION 4. All businesses, with the exception of home based businesses, commercial property owners who rent/lease to licensed businesses, and residential rental units, within the boundaries of said District as described herein are subject to the provisions of the additional assessment which will be levied annually to pay for all improvements and activities within the District.

SECTION 5. The assessment methodology for funding the services and activities of the District shall be a surcharge of 80% on the business license tax, not to exceed \$500.00 per business license.



SECTION 6. The funds generated by the business license surcharge shall be used for the following purposes:

- Parking and Transportation
- Marketing and Promotions
- Special Events
- Capital Improvements
- Management Services

SECTION 7. The City Council will convene a public hearing regarding the levying of assessments by the District on February 20, 2018 at 6:00 p.m., City Council Chambers, 1400 Highland Avenue, Manhattan Beach, to consider testimony of all interested parties for or against the levying of assessments by the District, the extent of the District, and the activities and services which shall be provided through the District.

SECTION 8. This Resolution shall be provided to each business owner within the District seven days of the date of adoption by the City Council.

SECTION 9. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED January 20, 2018.

Ayes:

Noes:

Absent:

Abstain:

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Amy Howorth  
Mayor

ATTEST:

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Liza Tamura  
City Clerk

**NORTH MANHATTAN BEACH  
BUSINESS IMPROVEMENT DISTRICT  
(NORTH MB BID)**

Annual Budget and Activity Plan  
2018

- Location: The general area surrounding the Rosecrans Avenue and Highland Avenue intersection. Specific boundaries are:
- (North to South) the extent of the Highland Avenue Right-Of-Way from the northernmost City line at 45<sup>th</sup> Street to 32<sup>nd</sup> Place on the south.
  - (East to West) the extent of Rosecrans Avenue Right-Of-Way from Bell Avenue to the west side of Highland Avenue.
- Stakeholders: North Manhattan Beach Businesses – All business license holders in the North Manhattan Beach area, with the exception of home-based businesses, residential rental units and commercial property owners.
- Improvements and Activities:
- A. Capital Improvement Project Design
  - B. Marketing & Advertising
  - C. Project Implementation
  - D. Professional Communications
- Method of Financing: Benefit-based assessments on City Business License Tax.
- Assessment: An 80% surcharge on the City Business License Tax not to exceed \$500.00.
- Collection: The fees are collected in March/April of each year with the Business License Tax. The funds shall be retained in a designated fund and disbursed through the City.
- Governance: A City Council-ratified Advisory Board serves to make recommendations to the City Council for the North Manhattan Business Improvement District (BID) on such topics as budget and assessments. The Advisory Board consists of seven (7) members composed of area business owners, residents, or members at large. The City Council ratifies the board members annually. It is anticipated that the Advisory Board will meet at least once per month, on the 1<sup>st</sup> Wednesday at 6:00 PM.
- In delivering BID improvements and activities, the Advisory Board will strive to meet the following objectives:
- Maximize coordination with the City and other civic organizations to leverage resources.

- Identify streetscape, landscape and other improvements, and create an identity plan for North Manhattan Beach.
- Provide accountability to business owners who pay assessments.

Maintaining the District:

The City Council maintains the district by adopting a Resolution of Intention. A Public Hearing shall be held after the adoption of the Resolution of Intention. If there is insufficient protest from owners representing over 50% of the assessments to be paid, the BID assessment will continue.

Benefits of the District:

The BID allows for streetscape, signage and landscape improvements, and the creation of a North Manhattan Beach identity through integrated marketing efforts such as promotions, branding and advertising.

The BID shall provide key promotional and organizational support through a variety of functions that directly benefit its ratepayers as well as the City; such as:

- Enhancing the appearance of North Manhattan Beach through signage, landscaping, etc..
- Establishing and implementing a North Manhattan vision, and a beautification image that is in line with the rest of Manhattan Beach and reflects the good health and economic vitality of the entire City; making the City an attractive venue for business.
- Providing an inclusive link to the north end of the City.

**ENHANCEMENT PROJECT AND ACTIVITY PLAN**

The BID work plan for 2018 includes the following items:

- Continue using the website for North MB BID visitor outreach and marketing. Maintain and enhance the current website and social media through Facebook, Twitter etc..
- Collect data from North MB BID website survey, and collect updated e-mails from each business within the North MB BID. Evaluate e-notification opportunities on North MB BID website ([www.northmb.info](http://www.northmb.info)).

## **ENHANCEMENT PROJECT AND ACTIVITY PLAN**

(Continued)

- Explore possibility of installing security cameras in North Manhattan Beach in partnership with the City of Manhattan Beach.
- Review possibilities of seasonal yearly street light decorations.
- Explore new events such as: Wellness/Healing, Summer Stroll and Art Walk.
- Review the side walk power washing protocol.
- Continue efforts to promote Holiday Winter Walkabout event. Review holiday lighting/decoration strategies and partnerships.
- Look for opportunities to enhance participation by North MB BID businesses.
- Explore opportunities to create additional marketing for North MB BID events.
- Review feasible options to develop a North MB BID master plan.
- Landscaping, lighting and tree enchantments with grates.
- Branding logo graphics replacements on the cross walks (Rosecrans & Highland).
- Review the possibilities of new enhanced directories (digital).
- Look to expand parking opportunities to accommodate visitors to the North MB BID.
- Lighted crosswalk in conjunction with and according to the specification of the City of Manhattan Beach Mobility Plan (between 34<sup>th</sup>, 35<sup>th</sup> and 36<sup>th</sup> Streets).
- Revisit updating the aluminum pole signs for North MB BID, branded with the red surfer logo.

**BUDGETARY INFORMATION:**

<b>North Manhattan Beach Business Improvement District Reserves/Budget</b>			
<b>2016 Actuals</b>			
Beginning Reserve Balance July 1, 2015		\$	549,701.58
Revenues			27,319.87
Interest			5,433.49
Expenditures			(40,591.52)
Ending Reserve Balances as of June 30, 2015		\$	541,863.42
<b>2017 Actuals</b>			
Beginning Reserve Balance July 1, 2016		\$	541,863.42
Revenues			28,609.15
Interest			6,654.97
Expenditures			(24,861.15)
Ending Reserve Balance as of June 30, 2017		\$	552,266.39
<b>2018 Budget</b>			
Beginning Reserve Balance July 1, 2017		\$	552,266.39
Budgeted Revenues (1)			29,000.00
Estimated Interest			4,000.00
Approved appropriations - CIP Carry Forward from Prior Years (2)			(50,871.00)
Projected Ending Reserve Balance as of June 30, 2018 (3)		\$	534,395.39
<i>(1) Budgeted Revenues are projected based on business license tax assessments not to exceed \$500 annually per business.</i>			
<i>(2) Approved appropriations consist of the balance from the original \$370,000 CIP amount budgeted in FY 2006-2007 to beautify and maintain North Manhattan Beach including: directories, monuments, tree trimming, power washing, sidewalk improvements, etc.</i>			
<i>(3) The Projected Ending Reserve Balance is based on actual reserves at the beginning of the fiscal year adjusted for projected revenues and funds remaining in the CIP carried over from previous years.</i>			

**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Steve S. Charelian, Acting Finance Director  
Henry Mitzner, Controller  
Libby Bretthauer, Financial Analyst  
Julie Bondarchuk, Senior Accountant

**SUBJECT:**

Fiscal Year 2016-2017 Comprehensive Annual Financial Report (Acting Finance Director Charelian).

**RECEIVE AND FILE**

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**RECOMMENDATION:**

Staff recommends that the City Council receive this report.

**EXECUTIVE SUMMARY:**

We are pleased to report that once again, the City has received the best possible opinion, an unmodified (formerly unqualified) audit opinion, meaning that the auditor believes that the City's financial statements are fairly presented in all material respects in conformity with Generally Accepted Accounting Principles (GAAP). Further, the auditor reported no material deficiencies (see Attachment #3).

This item is being delivered for City Council review on January 16, 2018 but will be presented at the February 6, 2018 City Council meeting. Richard Kikuchi, Managing Partner at Lance, Soll and Lunghard, will be present on February 6 to discuss the results.

**FISCAL IMPLICATIONS:**

There is no fiscal implication associated with the recommended action. The results of fiscal year 2016-2017 are summarized below, and are included in the attached Comprehensive Annual Financial Report (CAFR).

## **DISCUSSION:**

Attached to this report is the City's CAFR for the year ended June 30, 2017. This independent audit report is prepared with the assistance of the City's auditor, Lance, Soll and Lunghard, the certified public accountancy firm selected by the Council. Staff would like to take this opportunity to acknowledge the auditor's professionalism and diligence in the completion of the audit.

The attached report contains detailed information about the City's financial results for FY 2016-2017. The document, which is in industry-standard format, is organized as follows:

### Introductory Section

The Introductory Section includes the City's transmittal letter providing an executive summary of the financial and economic events characterizing FY 2016-2017. A review of the transmittal letter will help the reader understand the City's organizational structure and provides performance highlights of the City's most significant funds and operations.

### Financial Section

The Financial Section presents the independent auditor's report. The auditor's report contains two main sections: the Audit Opinion and the Management Discussion & Analysis (MD&A).

#### *Audit Opinion*

The Audit Opinion, worded in an industry standard format, provides a statement by the auditor attesting to the fair presentation of financial data in conformity with generally accepted accounting principles and government accounting standards.

#### *Management Discussion & Analysis (MD&A)*

The required MD&A is intended to serve as an introduction to the City's basic financial statements, which comprise three components: 1) Government Wide Financial statements, 2) Fund Financial statements, and 3) notes to the financial statements, providing an overview and analysis of the financial activities of the City of Manhattan Beach for the fiscal year ended June 30, 2017.

The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements utilize full accrual accounting (which recognizes revenue in the period it is earned, and expenses in the period it occurs) as is done in private industry. The statements included in this section are the statement of net position and the statement of activities. Both government-wide statements are designed to show the annual increase or decrease in net assets and, in doing so, distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, planning, building and safety, and recreation. The City's business-type activities include water, wastewater, stormwater, refuse and parking.

The Fund Financial Statements include governmental funds reported on a budgetary modified accrual basis (which recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred), and proprietary



funds reported on a full accrual basis. Major governmental funds (General Fund, Capital Improvement Fund) and major enterprise funds (Water, Waste Water, Parking) are shown individually, while non-major funds are aggregated into a single column (full details are listed later in the document). Internal service funds are considered minor proprietary funds and are aggregated following enterprise funds.

The Notes to the Financial Statements section follows, which provides financial disclosures about the City's financial statements. That section is followed by the Combining Financial Statements & Schedules and the Statistical Section. The combining statements are presented in the traditional fund manner and report on the details of all non-major funds which appear on a combined basis in the front of the document. The Statistical Section, not subject to audit review and testing, provides general trend information presenting financial and economic data over time.

Staff recommends that the reader, at a minimum, review the Letter of Transmittal, and MD&A portions of the report. These will provide an overview of the audit results and financial highlights.

The audit results were discussed with the Finance Subcommittee at their December 11, 2017 meeting.

#### *Net Pension Liability Reporting*

A significant change in the reporting model occurred with the FY 2014-2015 financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement 68. Prior to FY 2014-2015, pension liabilities were discussed only in the footnotes; no pension liabilities were presented in the statements. Statement 68 now requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. As a result, net pension liabilities for the defined benefit plans are presented in the Statements of Net Position under Noncurrent Liabilities (liabilities due in more than one year). As of June 30, 2017, the City's CalPERS Net Pension Liability is \$65,629,933, an increase of \$15,884,649 from FY 2015-2016. This increase is mainly attributable to CalPERS' investment returns not meeting projections.

As City Council had requested during last year's CAFR discussion, staff has created a one page summary sheet of the City's pension assets and liabilities. Please see Attachment #5.

#### Summary of Results

##### **General Fund**

Overall, General Fund results were better than budgeted projections. Revenues exceeded expenditures by \$2,929,920. Including net transfers, other sources and uses (Marine Avenue Park bond refunding) and proceeds from the sale of capital assets, the General Fund balance increased by \$1,297,354 from the prior year. Transfers Out, which totaled \$2,364,678, included General Fund transfers to the Insurance Fund (\$667,000) to support long term liabilities, Stormwater Fund (\$967,382) to fund operations and continuing capital projects, and Street Lighting & Landscaping District Fund (\$230,296) to cover excess expenditures over revenues.

By category, revenues exceeded the final (amended) budget by \$1,980,847 and expenditures came in under final (amended) budget by \$1,712,558 as detailed in Attachment #1.

The total fund balance in the General Fund as of June 30, 2017 was \$25,047,635. Utilizing governmental accounting standards classifications for governmental type funds (GASB 54), the fund balance is as follows:

Unassigned:	\$23,367,583
Non-Spendable:	<u>1,680,052</u>
Total	\$25,047,635

The Unassigned category includes the City Council financial policy reserve of \$13.5 million (20% of expenditures) and the Economic Uncertainty Reserve of \$4.0 million. Once all City Council established internal reserves and designations have been accounted for, the General Fund had an available balance as of June 30, 2017 of \$5.9 million (please note that this amount does not reflect subsequent appropriations from the available fund balance including those in the fiscal year 2017-2018 budget).

**General Fund Revenue Highlights**

Total revenues exceeded budget by \$1,580,847, or 2.3% (see Attachment #1). Property Tax exceeded the budget by 1.4% (\$393,649), and surpassed the prior year by 7.1% (\$1.9 million). As a category, Other Taxes (Sales, TOT, Franchise, etc.) was under FY 15-16 by \$377,176 or 1.9%, and under budget by \$624,741 (3.1%). Sales Tax totaled \$8,962,617 in FY 16-17, falling behind the prior year by \$385,988 (4.1%) and under budget by \$337,383 (3.6%). Transient Occupancy Tax (TOT) exceeded the prior year by \$91,928 (2.1%) but was under the budget projection by \$71,130 (1.6%).

Licenses and permits came in \$93,211 (3.3%) more than the prior year, but \$330,764 (10.9%) below budget. The budget variance is primarily due to building permits, which came in \$317,638 (16.4%) under budget due to the timing of permits for the Manhattan Village Mall project. (The FY 2017-18 Adopted Budget was adjusted to reflect the permits occurring after June 2017.)

Fines and Forfeitures performed below budget by \$301,910 or 10.8%. Within this group, Parking Citations were \$254,819 under budget (9.9%) but in line with the prior year (under \$4,865).

Current Service Charges came in over budget by \$1,541,596 (23.8%). This group includes Plan Check Fees, Parks and Recreation revenues, and Police and Fire service fees among others. Plan Check fees came in over budget by \$626,390 (49.4%) due to the receipt of plan check fee charges for the Manhattan Village Mall project.

Miscellaneous revenues totaled \$1,709,522, ahead of budget by \$796,622, primarily due to the one-time 1334 Tennis Club Ground Lease transfer fee of \$730,000.

### **General Fund Expenditure Highlights**

FY 2016-2017 General Fund expenditures as a group came in below budget by \$1,700,795 or 2.5% (see Attachment #1). Within General Fund categories, Salary and Wages came in over budget by \$912,221 (2.9%), but this variance was more than offset by savings in other categories. This overage occurred primarily through sworn salaries which exceeded budget by \$727,016 (5.6%), and sworn overtime which was under budget by \$11,723 (0.3%). The salary overrun is due to staffing levels above the presumed 4.0% vacancy factor budgeted in FY 2016-2017, and the permitted cash out of vacation time by sworn personnel. Additionally, there were periods of the year when the Police Department was staffed at full strength, and temporarily over-staffed in anticipation of upcoming vacancies due to retirements. By over-staffing in advance of these vacancies, the Police Department's fully-trained force is sustained.

The category of Employee Benefits realized budgetary savings from two non-recurring items in FY 2016-2017. A \$500,000 initial contribution was budgeted for a Pension Stabilization Trust Fund in FY 2016-2017. However, no funds were transferred for this purpose until FY 2017-18 (the Pension Stabilization Fund is now in effect with an initial contribution of \$750,000). Additional budgetary savings of \$238,512 were realized when the budgeted contributions for Other Post-Employment Benefits plan were unnecessary due to the plan's "super funded" status.

Attachment #1 lists the expenditures across all departments by object class. Highlights include:

1. Capital Outlay came in under budget by \$446,230.
2. Operating Expenditures (contract services, materials, utilities, etc.) were below budget by \$1,229,508.
3. Debt Service was under budget by \$239,161.
4. Personnel Services exceeded budget (as described above) by \$200,853.

Operating Expenditures also includes the City Council Contingency of \$100,000. Although \$10,000 was used during the year for FPPC Filing Software costs, \$90,000 remained unspent in FY 2016-17. Utility costs for Electricity, Natural Gas and Water ended the year under budget by \$103,038 (8.3%). Projected cost increases assumed during the development of the utility budgets did not materialize over the year.

Capital Outlay expenditures included critical property, equipment and software purchases in FY 2016-17. This included Community Cameras (\$265,000), the City Clerk's document imaging project (\$34,000), and a large-format scanner/printer for Community Development plans (\$26,000).

#### Other Funds of Note

While most funds performed as expected, several are worth mentioning.

#### **Insurance Fund**

The Insurance Reserve Fund ended the year with a negative net position of \$1,801,739, an increase of \$566,497 from the prior year. The negative fund balance was first reported in FY 2014-2015 (which had a year-end net position of negative \$2,083,430), and was primarily

caused by prior years' unusually high levels of liability and workers compensation activity as well as recognition of long-term pension liabilities. In order to rectify the situation, the City Council implemented a recapitalization plan which included phased General Fund transfers to the Insurance Fund over three fiscal years (FY 15-16, FY 16-17, and FY 17-18) totaling \$2.0 million.

General Liability claims expense over the last three fiscal years has averaged \$2.3 million with internal billings to recoup the costs averaging \$2.2 million. On the other hand, Workers' Compensation claims expense has averaged \$4.8 million over the last three fiscal years while internal billings to departments averaged only \$3.8 million. To a small extent, recoveries of payments in excess of self-insured levels help mitigate these losses. While the phased recapitalization plan has helped stabilize the fund, further transfers as well as increased departmental charge-outs will be necessary to address this funding issue.

### **Water Fund**

The Water Fund continues to build resources for planned capital improvements needed to sustain the utility's operation and infrastructure. Net position increased \$4,014,282 from the prior year. Revenue from sales increased by \$158,447 (1.0%), while operating expenses (labor, materials, services, etc.) rose by \$883,134 (9.0%). The cause of the increase was mainly due to the substitution of imported water for pumped well water during a time when the City-owned well was out of commission for repairs.

During FY 2010, the City Council approved increased water and waste water rates to support system infrastructure needs as well as to bolster the fiscal integrity of those funds. The new rate structure became effective in January 2010 and provided for annual increases each January through 2014. Accumulated fund balances provide resources for planned capital improvements to the utility's infrastructure, estimated at \$42.2 million over the next five years.

### **Waste Water Fund**

The Waste Water fund change in Net Position for FY 2016-2017 was \$1,891,434. Operating revenue increased \$12,033 (0.3%) while operating expenses increased \$48,704 (3.6%). Waste water rates were implemented along with the water rates in January 2010. Similar to the water utility, the new rates are being utilized to fund needed capital improvements to the waste water system, estimated at \$18.8 million over the next five years.

It is important to note that because Waste Water revenues are based on water consumption, wastewater revenues also fluctuate with water conservation efforts without the benefit of lower costs as is the case in the Water fund where conservation efforts result in less pumping and less Water being purchased.

### **Storm Water Fund**

The Storm Water Fund net operating income in FY 2016-2017 totaled \$656,955. This loss represents an ongoing pattern of losses in FY 2015-2016 (\$771,508), FY 2014-2015 (\$424,468), FY 2013-2014 (\$420,831) and FY 2012-2013 (\$57,093). The combination of fixed fees and rising costs requires General Fund subsidies (in FY 16-17 the General Fund provided \$967,382). Additionally, capital improvements due to legislative mandates will also result in increased costs. A Proposition 218 assessment vote, or other revenue enhancement, will be necessary to properly fund operations going forward.

**Building Maintenance and Operations Fund**

Similar to the Insurance Fund, the Building Maintenance and Operations Fund indicates a Net Pension Liability (NPL) due to the inclusion of long-term pension liabilities of \$493,825. With the NPL, the fund has a net position of negative \$327,504; without this Noncurrent (long term) liability and deferrals, the fund balance would be positive \$82,786. Prior to the implementation of GASB 68, this internal service fund was always intended to be a pass-through with close to zero fund balance. However, with the NPL now causing this fund to be negative, a commensurate amount will need to be maintained if a positive fund balance is to be maintained.

For all Internal Service Funds (Insurance Reserve, Information Technology, Building Maintenance, etc.), NPL is a Noncurrent, long term liability that does not affect liquidity/working capital; however, additional working capital to cover this liability will need to be generated via increased charge-outs to using departments.

In closing, the Acting City Manager and Acting Finance Director wish to recognize the dedication, hard work and attention to detail of all departments during the year that enables the City to achieve the unmodified opinion. Special recognition is in order for Finance staff, particularly Henry Mitzner, Libby Bretthauer and Julie Bondarchuk.

**PUBLIC OUTREACH/INTEREST:**

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

**ENVIRONMENTAL REVIEW**

Not required.

**LEGAL REVIEW**

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

**Attachments:**

1. FY 2016-2017 General and Enterprise Fund Summary Results
2. FY 2016-2017 Comprehensive Annual Financial Report (CAFR)
3. Report on Internal Control (Management Letter)
4. Audit Committee Letter
5. Summary of Pension Liabilities and Employer Contribution Expenditures

**Attachments 2, 3 and 4 will be issued as a Supplement on Friday, January 12, 2018.**

## Attachment No. 1

### City of Manhattan Beach General Fund Revenue Analysis - Fiscal Year 2016-17

Category	Revenue	Final Budget	Full Year Actual	Actual over Budget	% Variance
A	Property Tax	\$27,822,060	\$28,215,709	\$393,649	1.4%
B	Other Tax and Assessments	20,066,000	19,441,259	(624,741)	(3.1%)
C	Licenses and Permits	3,034,390	2,703,626	(330,764)	(10.9%)
D	Fines	2,796,000	2,494,090	(301,910)	(10.8%)
E	Interest & Rents	3,345,590	3,455,654	110,064	3.3%
F	From Other Agencies	319,500	315,831	(3,669)	(1.1%)
G	Services	6,478,340	8,019,936	1,541,596	23.8%
H	Interfund Charges	2,996,530	2,996,530	-	0.0%
I	Miscellaneous	512,900	1,709,522	1,196,622	233.3%
	<b>Totals</b>	<b>\$67,371,310</b>	<b>\$69,352,157</b>	<b>\$1,980,847</b>	<b>2.9%</b>

#### Key Revenue Variances\*

A	Prior Yr Secured Property Tax	\$125,000	(\$61,702)	(\$186,702)	(149.4%)
	Supplemental Property Tax	475,000	633,006	158,006	33.3%
D	Vehicle Code Fines	165,000	111,693	(53,307)	(32.3%)
E	Interest Earnings	490,000	701,523	211,523	43.2%
	Tennis Club Percentage Rent	120,000	359,370	239,370	199.5%
	Investment Amortization	(102,000)	(150,656)	(48,656)	47.7%
G	Building Plan Check Fees	1,267,000	1,893,390	626,390	49.4%
	Planning Filing Fees	219,000	318,263	99,263	45.3%
	Ambulance Fees	640,000	867,982	227,982	35.6%
	Community Development Reim	-	122,556	122,556	-
	Right-of-Way Permits	329,400	634,823	305,423	92.7%
	Facility & Parks Reservations	455,000	650,111	195,111	42.9%
	Special Events	177,300	234,686	57,386	32.4%
	Concerts in the Park	40,000	8,748	(31,252)	(78.1%)
I	Workers Comp Salary Continua	400,000	832,794	432,794	108.2%
	Property Transfer Fee	-	780,000	780,000	-
	Miscellaneous Revenues	45,000	74,135	29,135	64.7%
	<b>Subtotals</b>	<b>\$4,845,700</b>	<b>\$8,010,722</b>	<b>\$3,165,022</b>	<b>65.3%</b>

\* Includes revenues with +/- \$25,000 and +/- 25% variance to budget.

## City of Manhattan Beach General Fund Expenditures - Fiscal Year 2016-17

*Bold lines indicate utilization percentages less than 90% or greater than 110%*

By Department	FY2017 Budget	FY2017 Actual	Budget Over Actual	% Utilized
11 Management Services	\$4,338,873	\$4,348,857	(\$9,984)	100.2%
<b>12 Finance</b>	<b>3,954,288</b>	<b>3,252,810</b>	<b>701,478</b>	<b>82.3%</b>
<b>13 Human Resources</b>	<b>1,302,092</b>	<b>1,101,075</b>	<b>201,017</b>	<b>84.6%</b>
14 Parks and Recreation	8,322,629	8,188,413	134,216	98.4%
15 Police	25,996,684	26,479,483	(482,800)	101.9%
16 Fire	12,370,241	12,147,237	223,003	98.2%
<b>17 Community Development</b>	<b>4,787,312</b>	<b>4,296,883</b>	<b>490,429</b>	<b>89.8%</b>
18 Public Works	6,702,159	6,292,640	409,519	93.9%
<b>19 Information Technology</b>	<b>360,519</b>	<b>314,839</b>	<b>45,680</b>	<b>87.3%</b>
<b>Total</b>	<b>\$68,134,796</b>	<b>\$66,422,238</b>	<b>\$1,712,558</b>	<b>97.5%</b>

By Object Class	FY2017 Budget	FY2017 Actual	Budget Over Actual	% Utilized
4000 Personnel Services	\$45,319,462	\$45,520,315	(\$200,853)	100.4%
5000 Operating Expenses	21,295,222	20,065,715	1,229,508	94.2%
<b>6000 Capital Outlay</b>	<b>830,491</b>	<b>384,262</b>	<b>446,230</b>	<b>46.3%</b>
<b>7000 Debt Service</b>	<b>671,614</b>	<b>432,453</b>	<b>239,161</b>	<b>64.4%</b>
9000 Interfund Transfers	18,007	19,493	(1,486)	108.3%
<b>Total</b>	<b>\$68,134,796</b>	<b>\$66,422,238</b>	<b>\$1,712,558</b>	<b>97.5%</b>

By Object Subclass	FY2017 Budget	FY2017 Actual	Budget Over Actual	% Utilized
4100 Salary & Wages	\$31,394,625	\$32,306,847	(\$912,221)	102.9%
4200 Employee Benefits	13,924,836	13,213,468	711,368	94.9%
5100 Contract & Professional Services	8,627,977	8,240,537	387,440	95.5%
<b>5200 Materials &amp; Services</b>	<b>3,037,941</b>	<b>2,624,669</b>	<b>413,272</b>	<b>86.4%</b>
5500 Utilities	1,241,754	1,138,716	103,038	91.7%
5600 Internal Service Charges	8,387,550	8,061,792	325,758	96.1%
<b>6100 Property &amp; Equipment</b>	<b>830,491</b>	<b>384,262</b>	<b>446,230</b>	<b>46.3%</b>
<b>7100 Bond Debt</b>	<b>586,376</b>	<b>432,453</b>	<b>153,923</b>	<b>73.8%</b>
<b>7300 Property Leases &amp; Rental</b>	<b>85,238</b>	<b>-</b>	<b>85,238</b>	<b>0.0%</b>
9100 Transfers Out	18,007	19,493	(1,486)	108.3%
<b>Total</b>	<b>\$68,134,796</b>	<b>\$66,422,238</b>	<b>\$1,712,558</b>	<b>97.5%</b>

## City of Manhattan Beach General Fund Expenditures By Object - Fiscal Year 2016-17

*Bolded lines indicate utilization percentages less than 90% or greater than 110%*

By Object	FY2017 Budget	FY2017 Actual	Budget over Actual	% Utilized
4101 - Salaries & Allowances	12,374,623	12,360,893	13,731	99.9%
4102 - Sworn Employee Salaries	12,947,576	13,674,592	(727,016)	105.6%
4103 - Part Time Employee Salaries	2,035,084	2,191,346	(156,262)	107.7%
<b>4111 - Overtime Regular Employees</b>	<b>206,437</b>	<b>237,388</b>	<b>(30,951)</b>	<b>115.0%</b>
4112 - Overtime Sworn Employees	3,046,004	3,291,546	(245,542)	108.1%
<b>4113 - Overtime Mutual Aid</b>	<b>157,248</b>	<b>1,000</b>	<b>156,248</b>	<b>0.6%</b>
<b>4114 - Overtime Special Events</b>	<b>245,093</b>	<b>270,796</b>	<b>(25,703)</b>	<b>110.5%</b>
<b>4115 - Overtime Cooperative Resources</b>	<b>171,960</b>	<b>54,561</b>	<b>117,399</b>	<b>31.7%</b>
4116 - Overtime Training & Special Detail	210,600	224,725	(14,125)	106.7%
4201 - Group Medical Insurance	3,515,890	3,531,316	(15,426)	100.4%
<b>4202 - Medicare</b>	<b>388,124</b>	<b>434,563</b>	<b>(46,439)</b>	<b>112.0%</b>
4203 - Unemployment	34,920	34,920	-	100.0%
4204 - 401A Plan City	223,357	216,674	6,683	97.0%
4205 - Workers Compensation	3,253,620	3,253,620	-	100.0%
<b>4206 - Medical Retirement Contributions</b>	<b>238,512</b>	<b>-</b>	<b>238,512</b>	<b>-</b>
4211 - PERS Regular Contributions	1,748,145	1,708,002	40,144	97.7%
4212 - PERS Sworn Contributions	4,022,268	4,034,373	(12,105)	100.3%
<b>4217 - Retirement Trust Contribution</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>
5101 - Contract Services	5,470,988	5,108,610	362,379	93.4%
<b>5103 - Audit Services</b>	<b>77,642</b>	<b>49,387</b>	<b>28,255</b>	<b>63.6%</b>
<b>5104 - Computer Contract Services</b>	<b>713,458</b>	<b>462,007</b>	<b>251,451</b>	<b>64.8%</b>
<b>5105 - Elections</b>	<b>101,927</b>	<b>88,659</b>	<b>13,268</b>	<b>87.0%</b>
5106 - SBRPCA Communications	1,712,648	1,728,437	(15,789)	100.9%
<b>5107 - Physical/Psychological Exams</b>	<b>53,990</b>	<b>40,213</b>	<b>13,777</b>	<b>74.5%</b>
<b>5108 - Legal Services</b>	<b>465,000</b>	<b>756,436</b>	<b>(291,436)</b>	<b>162.7%</b>
<b>5109 - Background Investigations</b>	<b>32,324</b>	<b>6,789</b>	<b>25,535</b>	<b>21.0%</b>
5201 - Office Supplies	118,000	122,231	(4,231)	103.6%
5202 - Memberships & Dues	103,009	93,074	9,935	90.4%
<b>5203 - Reference Books &amp; Periodicals</b>	<b>15,686</b>	<b>9,514</b>	<b>6,172</b>	<b>60.7%</b>
<b>5204 - Conferences &amp; Meetings</b>	<b>-</b>	<b>217</b>	<b>(217)</b>	<b>-</b>
<b>5205 - Training, Conferences &amp; Meetings</b>	<b>594,397</b>	<b>356,527</b>	<b>237,870</b>	<b>60.0%</b>
5206 - Uniforms/Safety Equipment	210,128	200,394	9,734	95.4%
5207 - Advertising	111,321	100,906	10,415	90.6%
5208 - Postage	92,580	94,557	(1,977)	102.1%
<b>5209 - Tools &amp; Minor Equipment</b>	<b>1,500</b>	<b>160</b>	<b>1,340</b>	<b>10.7%</b>
<b>5210 - Computers, Supplies &amp; Software</b>	<b>33,103</b>	<b>21,019</b>	<b>12,084</b>	<b>63.5%</b>
<b>5212 - Office Equipment Maintenance</b>	<b>3,575</b>	<b>395</b>	<b>3,180</b>	<b>11.0%</b>
<b>5214 - Employee Awards &amp; Events</b>	<b>21,800</b>	<b>16,789</b>	<b>5,011</b>	<b>77.0%</b>
<b>5215 - Mileage Reimbursement</b>	<b>-</b>	<b>25</b>	<b>(25)</b>	<b>-</b>
<b>5216 - Tuition Reimbursement</b>	<b>27,000</b>	<b>23,064</b>	<b>3,936</b>	<b>85.4%</b>
5217 - Departmental Supplies	990,781	1,078,578	(87,798)	108.9%
<b>5218 - Recruitment Costs</b>	<b>71,832</b>	<b>37,990</b>	<b>33,842</b>	<b>52.9%</b>
<b>5219 - STC Training</b>	<b>2,850</b>	<b>3,850</b>	<b>(1,000)</b>	<b>135.1%</b>
<b>5220 - POST Training</b>	<b>59,700</b>	<b>46,450</b>	<b>13,250</b>	<b>77.8%</b>
5221 - Automotive Repair Services	70,035	63,246	6,789	90.3%
<b>5225 - Printing</b>	<b>164,630</b>	<b>118,697</b>	<b>45,933</b>	<b>72.1%</b>
<b>5231 - Bank Service Charge</b>	<b>155,000</b>	<b>178,389</b>	<b>(23,389)</b>	<b>115.1%</b>
<b>5240 - Assessments &amp; Taxes</b>	<b>3,575</b>	<b>2,736</b>	<b>839</b>	<b>76.5%</b>
5251 - Claims Paid	5,000	5,000	-	100.0%
<b>5260 - Council Contingencies</b>	<b>90,000</b>	<b>-</b>	<b>90,000</b>	<b>-</b>
<b>5262 - Public Service Events</b>	<b>44,625</b>	<b>39,139</b>	<b>5,486</b>	<b>87.7%</b>
<b>5263 - City Funds Match</b>	<b>10,500</b>	<b>2,394</b>	<b>8,106</b>	<b>22.8%</b>
<b>5265 - Service Agency Contributions</b>	<b>37,315</b>	<b>9,329</b>	<b>27,986</b>	<b>25.0%</b>



## City of Manhattan Beach General Fund Expenditures By Object - Fiscal Year 2016-17

*Bolded lines indicate utilization percentages less than 90% or greater than 110%*

By Object	FY2017 Budget	FY2017 Actual	Budget over Actual	% Utilized
<b>5501 - Telephone</b>	<b>136,225</b>	<b>152,939</b>	<b>(16,714)</b>	<b>112.3%</b>
<b>5502 - Electricity</b>	<b>624,224</b>	<b>525,275</b>	<b>98,949</b>	<b>84.1%</b>
5503 - Natural Gas	26,579	28,427	(1,848)	107.0%
5504 - Water	454,726	432,075	22,651	95.0%
<b>5611 - Warehouse Purchases</b>	<b>37,470</b>	<b>32,500</b>	<b>4,970</b>	<b>86.7%</b>
5621 - Information Systems Allocation	2,117,460	2,117,460	-	100.0%
5631 - Insurance Allocation	2,874,060	2,874,060	-	100.0%
5641 - Fleet Rental Allocation	868,080	868,080	-	100.0%
<b>5642 - Fleet Maintenance Allocation</b>	<b>988,260</b>	<b>839,486</b>	<b>148,774</b>	<b>84.9%</b>
<b>5651 - Building &amp; Operations Allocation</b>	<b>1,502,220</b>	<b>1,330,206</b>	<b>172,014</b>	<b>88.5%</b>
6111 - Furniture & Fixtures	11,933	11,933	-	100.0%
<b>6121 - Machinery &amp; Equipment</b>	<b>42,998</b>	<b>32,727</b>	<b>10,270</b>	<b>76.1%</b>
<b>6141 - Computer Equipment &amp; Software</b>	<b>775,560</b>	<b>339,601</b>	<b>435,959</b>	<b>43.8%</b>
7101 - Bond Principal	280,000	280,000	-	100.0%
<b>7102 - Bond Interest</b>	<b>226,376</b>	<b>135,002</b>	<b>91,374</b>	<b>59.6%</b>
<b>7103 - Bond Administration Fee</b>	<b>80,000</b>	<b>17,451</b>	<b>62,549</b>	<b>21.8%</b>
7302 - Property & Equipment Principal	75,338	-	75,338	-
7303 - Property & Equipment Interest	9,900	-	9,900	-
9101 - Transfers Out	18,007	19,493	(1,486)	108.3%
<b>Total</b>	<b>\$68,134,796</b>	<b>\$66,422,238</b>	<b>\$1,712,558</b>	<b>97.5%</b>

## **Attachment No. 2**

**The document will be issued as a Supplement on Friday, January 12, 2018.**

## **Attachment No. 3**

**The document will be issued as a Supplement on Friday, January 12, 2018.**

## **Attachment No. 4**

**The document will be issued as a Supplement on Friday, January 12, 2018.**

**CalPERS Pension Liabilities and Employer Contribution Expenditures**

**CalPERS Pension Liabilities**

<u>June 30, 2016 Valuation</u>	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>	<u>Totals</u>	<u>Change over Prior Year</u>	
Accrued Liability	\$114,641,759	\$58,243,346	\$93,853,703	\$266,738,808	\$14,286,760	5.7%
Market Value of Assets <sup>1</sup>	84,164,259	44,491,233	72,453,382	201,108,874	(1,730,476)	-0.9%
<b>Net Pension Liability</b>	<b>\$30,477,500</b>	<b>\$13,752,113</b>	<b>\$21,400,321</b>	<b>\$65,629,934</b>	<b>\$16,017,236</b>	<b>32.3%</b>
Funding Ratio	73.4%	76.4%	77.2%	75.4%		
Percentage of Total UAL	46.4%	21.0%	32.6%	100.0%		
<u>June 30, 2015 Valuation</u>	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>	<u>Totals</u>		
Accrued Liability	\$108,670,254	\$54,950,699	\$88,831,095	\$252,452,048		
Market Value of Assets <sup>1</sup>	85,135,558	44,835,503	72,868,289	202,839,350		
<b>Net Pension Liability</b>	<b>\$23,534,696</b>	<b>\$10,115,196</b>	<b>\$15,962,806</b>	<b>\$49,612,698</b>		
Funding Ratio	78.3%	81.6%	82.0%	80.3%		
Percentage of Total UAL	47.4%	20.4%	32.2%	100.0%		

**Change in Valuation**

Accrued Liability	\$5,971,505	\$3,292,647	\$5,022,608	\$14,286,760
Market Value of Assets <sup>1</sup>	(971,299)	(344,270)	(414,907)	(1,730,476)
<b>Net Pension Liability (Accrued Liab less MV of Assets)</b>	<b>\$6,942,804</b>	<b>\$3,636,917</b>	<b>\$5,437,515</b>	<b>\$16,017,236</b>

<sup>1</sup> Stated as Fiduciary Net Position in CAFR Reports.

**Employer Contribution Expenditures**

	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>	<u>Totals</u>
Normal (Current Yr Service) Rates <sup>2</sup>	<b>(3% at 50)</b>	<b>(3% at 55)</b>	<b>(2% at 50)</b>	
FY 2017-2018	18.418%	17.520%	7.724%	
FY 2018-2019	19.346%	18.416%	8.504%	
Normal (Current Yr Service) Expenditures	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>	<u>Totals</u>
FY 2017-2018	\$1,551,023	\$823,319	\$1,276,971	\$3,651,313
FY 2018-2019	1,645,464	874,079	1,419,984	3,939,527
<b>Increase</b>	<b>\$94,441</b>	<b>\$50,760</b>	<b>\$143,013</b>	<b>\$288,214</b>
Payment to Amortize Net Pension Liability				
FY 2017-2018	\$1,495,061	\$642,240	\$1,038,682	\$3,175,983
FY 2018-2019	1,895,497	837,285	1,311,270	4,044,052
<b>Increase</b>	<b>\$400,436</b>	<b>\$195,045</b>	<b>\$272,588</b>	<b>\$868,069</b>
Total Payment Contribution				
FY 2017-2018	\$3,046,084	\$1,465,559	\$2,315,653	\$6,827,296
FY 2018-2019	3,540,961	1,711,364	2,731,254	7,983,579
<b>Increase</b>	<b>\$494,877</b>	<b>\$245,805</b>	<b>\$415,601</b>	<b>\$1,156,283</b>

<sup>2</sup> Adjusted for MOU Employee Sharing



**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Teresia Zadroga-Haase, Human Resources Director

Gregory S. Borboa, Risk Manager

Quinn M. Barrow, City Attorney

**SUBJECT:**

Petition to File Late Claim for Refund of Veterinary Bill Costs Associated with Claim for Damages (Human Resources Director Zadroga-Haase).

**DENY REQUEST**

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**RECOMMENDATION:**

Staff recommends that the City Council deny the request for leave to file late claim.

**FISCAL IMPLICATIONS:**

There are no fiscal implications associated with denying the request. The amount of the claim was \$534.20.

**BACKGROUND:**

On November 6, 2017 the City was served with a claim from Bruce Kuch for alleged damages to property and a pet as a result of paint chips from a City water tower falling into his yard. On November 15, 2017 Mr. Kuch was provided notice that the portion of his claim related to his pet dog was filed late as it was not filed within six months of the date of the alleged loss. He was also informed that for that portion of the claim to be considered further, Mr. Kuch would need to file for Leave to Present a Late Claim. On November 21, 2017 the City was served with a "Request for Approval of Late Claim" dated November 17, 2017. All documents referred to in this section were submitted as part of the Request and are included as Attachment 1 to this Staff Report.

## **DISCUSSION:**

### ***State Law Governing Late Claims***

Government Code Sections 911.4 to 912.2, inclusive, and 946.6, govern presentation of late claims against a public entity. Pursuant to Government Code Section 911.6(b), the governing board of a public entity shall grant the application for leave to present a late claim where one or more of the following is applicable:

1. The failure to present the claim was through mistake, inadvertence, surprise or excusable neglect and the public entity was not prejudiced in its defense of the claim by the failure to present the claim within the time specified by statute.
2. The person who sustained the alleged injury, damage or loss was a minor during all of the time specified by statute for the presentation of the claim.
3. The person who sustained the alleged injury, damage or loss was physically or mentally incapacitated during all of the time specified by statute for the presentation of the claim and by reason of such disability failed to present a claim during such time.
4. The person who sustained the alleged injury, damage or loss died before the expiration of the time specified by statute for the presentation of the claim.

The application must be presented to the public entity within a reasonable time not to exceed one year after the accrual of the cause of action.

### ***Application of State Law to Mr. Kuch's November 17, 2017 letter Leave to Present a Late Claim***

Mr. Kuch was provided notice on November 15, 2017 that all the portion of his claim related to alleged damages to his dog were not filed in a timely manner. The claimed costs related to the dog are specific to a veterinarian visit on February 27, 2017. Mr. Kuch's correspondence dated November 17, 2017 does not state that he failed to timely file the claim "through mistake, inadvertence, surprise or excusable neglect" relative to costs associated with the claimed damages to his dog. Likewise, the other grounds for granting leave to file a late claim are not present here. There has been no analysis as to whether the City would be prejudiced in defending the claim if leave were granted.

### **Attachment:**

1. November 21, 2017 Request for Approval of Late Claim from Bruce Kuch



RECEIVED

2017 NOV 21 AM 11:34

CITY CLERK'S OFFICE  
MANHATTAN BEACH, CA

November 17, 2017

City of Manhattan Beach  
1400 Highland  
Manhattan Beach, CA 90266

**Subject: Request for Approval of Late Claim**

**Attention: City Attorney  
City Clerk**

In accordance with Section 911.6 of the California Government Code, we are hereby re-submitting claim request for your consideration, having received denial from your consultant just yesterday..

Please be advised that even though the loss date on the original claim was February 2017, we continue to have damages from the water tower as recent as November 2017. If you like, we can resubmit a claim under a revised and more recent date, since the problem with the water tower is on-going.

Our delay with the original submittal was due to understanding that the City was going to fix the problem; however, when we realized no fix was forthcoming our claim was then considered as "late". Consequently, the City has two options: consider this "late" request, or we can submit a new one with recently occurred damages. And...we would suggest that the City fix the water tower problem so that future claims don't arise.

By the way, the largest portion of the claim was for property damage, which falls well within the time limits of the CA Government Code. (Basis for rejection from your AdminSure consultant referred only to the veterinarian bill submitted for our dog.)

Respectfully Submitted,



Bruce & Pamela Kuch





RECEIVED

2017 NOV 21 AM 11:34

CITY CLERK'S OFFICE  
MANHATTAN BEACH, CA

3380 Shelby Street  
Ontario, CA 91764

Telephone (909)861-0816  
Fax (909)860-3095  
www.adminsure.com

**RETURN OF UNTIMELY CLAIM**

November 15, 2017

Bruce Kuch



Reference:	Our Principal:	City of Manhattan Beach
	Loss Date:	February 2017
	Claim Made:	11/03/2017
	Claimant:	Kuch, Bruce
	Our File Number:	17-133003

Dear Mr. Kuch:

We are the Third Party Administrator and handle the liability claims for the City of Manhattan Beach.

The claim you presented to the City of Manhattan Beach on 11/03/2017, related to injury to your dog, is being returned because it was not presented within six (6) months after the date of occurrence as required by law. See Section 901 and 911.2 of the California Government Code. Because the claim was not presented within the time allowed by law, no action will be taken on this claim.

Your only recourse at this time is to apply, without delay, to the City of Manhattan Beach for leave to present a late claim. See Sections 911.4 to 912.2 inclusive, and Section 946.6 of the California Government Code. Under some circumstances, leave to present a late claim will be granted. See Section 911.6 of the California Government Code.

You may seek the advice of an attorney of your choice in connection of this matter. If you desire to consult with an attorney, you should do so immediately.

That portion of the claim that relates to damage to real property is timely and it is being reviewed at this time.

Sincerely,

John McCormack  
Claims Administrator  
(909)396-5827

Enc.: Claim form submitted by Bruce Kuch

cc: City of Manhattan Beach

RECEIVED

2017 NOV -6 PM 3:44

CLAIMANT INFORMATION

CITY CLERK'S OFFICE  
MANHATTAN BEACH, CA

1. Name: Bruce Kuch 1a. Aliases: \_\_\_\_\_

2. DOB: [REDACTED] 2a. DL#: [REDACTED]

3. Home Telephone: [REDACTED] 3a. Business Telephone: retired

4. SS# (Optional): \_\_\_\_\_

5. Home Address (including city, state & zip): [REDACTED]  
[REDACTED]  
[REDACTED]

5a. Business Address (including city, state & zip): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

5b. Mail notices to (please circle one):  Home  Business  Other

5c. If you circled "other" in line 5b above, please provide address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

DAMAGE OR INJURY INFORMATION

6. When did damage or injury occur? Date: month of February 24-7 Time: \_\_\_\_\_

7. If claim is for equitable indemnity, please give the date the claimant was served with the complaint: Date: \_\_\_\_\_

8. Where did damage or injury occur?: (Describe fully and locate on the attached diagram, if appropriate.): property at [redacted]

9. Give a detailed description of how the damage or injury occurred: paint chips from the water tower: in pool, in yard, ingested by dog

10. If the basis of liability is alleged to be an act or omission of a City officer or employee, complete the following:

a. Name of such officer or employee, if known: Public Works

b. Claimant's statement of the basis for such liability: maintenance of water tower

11. If the basis of liability is alleged to be a dangerous condition of public property, complete the following:

a. Public property alleged to be dangerous: water tower 8th St + Rowell

b. Claimant's statement of the basis for such liability: see attached

12. Give a description of the injury, property damage or loss, so far as is known at the time of this claim. (If there were no injuries, state "No injuries."): injury to dog

13. Name and address of any other person injured: \_\_\_\_\_

14. Name and address of the owner of any damaged property: Royce Kuch  
 \_\_\_\_\_  
 \_\_\_\_\_ 1136h CA 90766

15. Amount claimed as of this date: \$ 134.20

16. Estimated amount of future costs: \$ 400.00

17. Total amount claimed: \$ 534.20

18. Basis for computation of amount claimed (include copies of all bills, invoices, estimates, etc.):  
 \_\_\_\_\_  
pool filtering & chemical treatment <sup>(5)</sup> attached <sup>(6)</sup> \_\_\_\_\_

19. Jurisdiction : You must represent whether the claim is (check one):

X 19a. a "limited civil case" (amount does not exceed \$10,000 or exceeds \$10,000 but does not exceed \$25,000) [see Government Code 910(f)].

\_\_\_\_\_ 19b. an "unlimited civil case" (amount exceeds \$25,000).

20. Damaged vehicle (if applicable):

20a. Year: NA

20b. Make: \_\_\_\_\_

20c. Model: \_\_\_\_\_

20d. VIN #: \_\_\_\_\_

20e. Mileage: \_\_\_\_\_

21. Names and addresses of witnesses, doctors, and hospitals:

Witness: Pamela Kuch \_\_\_\_\_

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

Doctor: Dr. Steven Liebel, veterinarian PCH Hermosa Beach

Doctor: Animal Hospital

Doctor: \_\_\_\_\_

Hospital: Hermosa Animal Hospital

Hospital: \_\_\_\_\_

Hospital: \_\_\_\_\_

22. attachments: letter to City 2-22-17  
 email to City 3-7-17  
 email from City 3-9-17  
 bill from hospital 2-27-17

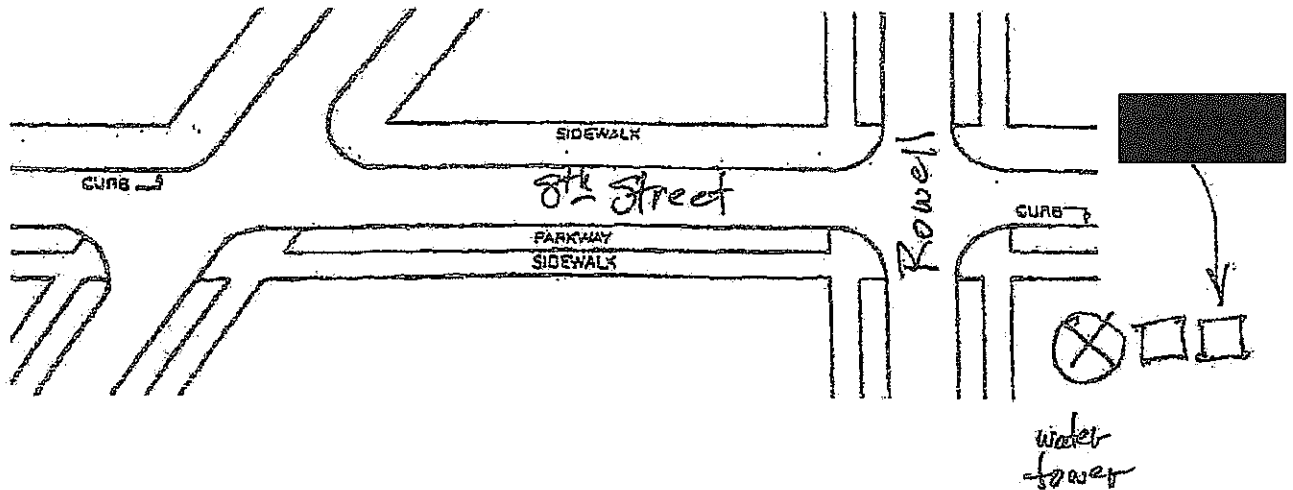
Rev. 06/05

## READ CAREFULLY

For all accident claims, place on the following diagram the names of streets, including North, South, East and West; indicate the place of the accident by an "X" and by showing house numbers or distances to street corners.

If a City vehicle was involved, designate by the letter "A" the location of the City vehicle when you first saw it, and "B" as the location of yourself or your vehicle when you first saw the City vehicle. Designate "A-1" as the location of the City vehicle at the time of the accident and "B-1" as the location of your vehicle at the time of the accident. Designate the point of impact as "X."

**NOTE:** If the diagram below does not fit the situation, sign and date this page, and attach a diagram which appropriately fits your situation.



**WARNING: IT IS A CRIMINAL OFFENSE TO FILE A FALSE CLAIM  
(Penal Code 72; Insurance Code 1871.1)**

*[Handwritten Signature]*  
Signature

11-3-17  
Date

Rev. 06/05

February 22, 2017

City of Manhattan Beach  
1400 Highland Avenue (Pub Wks 3621 Bell Avenue)  
Manhattan Beach, CA 90266

Subject: Water Tower at Rowell and 8<sup>th</sup> Street

Attention: Quinn Barrow, Mark Danaj, Stephanie Katsouleas

For many weeks, our home and yard and pool have been covered with paint chips from the water tower. I entered a request on the City's website nearly two weeks ago and didn't get a call back, nor a visit—only an email stating that "request # 92567 was closed".

This issue is serious and needs your immediate attention. We have a new puppy that has been ingesting these paint chips and we are concerned about his health, notwithstanding contaminants in the pool, yard and house. Please have someone from the City come to see us as soon as possible to survey the issue.

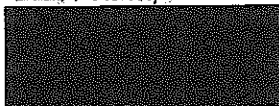
The water tower situation is not a new one for our family and our neighbors. This is just the latest event, covering over twenty years of water tower maintenance issues, including painting & sandblasting operations that have led to numerous contractor claims and safety issues for our household and neighbors in the vicinity.

When the water tower was last painted, we had thousands of dollars damage to our pool and home. At that time, the City told us to deal directly with the contractors—which we dutifully did and recovered only a portion of our losses, not to mention the countless hours spent tracking down responsible contractors and justifying our damages. I am sympathetic to City issues and volunteer work, having myself served on Planning Commission and numerous City task teams & committees over the years. However, we are not willing to do the City's work again. We believe it is the City's responsibility to manage City contracted work.

Furthermore, a more global assessment needs to be given to water tower maintenance. I understand from previous studies that the water tower is only a backup water source. So why do we continue to throw money on this outdated, structurally unsafe and out-of-code nuisance to the neighborhood? I would hope that there are no future plans to paint or keep the water tower operational. It is a safety hazard and needs to be demolished. The pump systems and on-grade storage units already provide enough capacity for City water service.

Respectfully,

Bruce Kuch, PE



11/08/2017

Gmail

Bruce Kuch <bpkuch@gmail.com>

---

**Your correspondence dated February 22, 2017, re Water Tower at Rowell and 8th Street**

---

Bruce Kuch <bpkuch@gmail.com>

Tue, Mar 7, 2017 at 1:37 PM

To: "Quinn M. Barrow" <QBarrow@rwglaw.com>

Cc: "Stephanie Katsouleas, P. E." <skatsouleas@citymb.info>, sigle@citymb.info, mdanaj@citymb.info

Quinn,

Just so you know, I have gotten a call back from Shawn Igle (Public Works, sp?) a few days ago, but no action has followed and there has been no feedback from other City staff. (It has been nearly a month since my initial request to City Manager and Public Works.)

This is what is we need:

1. Assurance that our puppy has not ingested anything harmful. Shawn was going to get contents of the paint but hasn't gotten back to me. By law, this information should be available on MSDS (data sheets) readily retrievable from City files. In the meantime, we have consulted with our pet doctor who has given us directions on how to proceed.
2. Review and recovery of paint chips in our swimming pool, lawn and roof.
3. Review of plans with us and our neighbors for sandblasting and painting of the water tower prior to proceedings with any work. (That being said, we see that work is already progressing without any notice.) This plan needs to be presented and approved in order to avoid any unnecessary claims, as realized the last time that the water tower was painted. I would recommend that contractors performing the work need also be included in a pre-construction commitment.

Thanks for your immediate attention.

Bruce Kuch, PE, LEED-AP, GC





Gmail

Bruce Kuch <bpkuch@gmail.com>

**Elevated Tank Follow-up**

1 message

**Shawn Igoe** <sigoe@citymb.info>  
To: "bpkuch@gmail.com" <bpkuch@gmail.com>

Thu, Mar 9, 2017 at 1:45 PM

Good Afternoon,

I wanted to follow-up on our conversation from last week regarding your request on the type of paint used to recoat the elevated tank near your home. Your concern was specific to the lead content in the paint, which it has none. As we discussed, I needed to contact the paint manufacturer on the specific paint that was used, and have attached what they provided. You will find the data sheet and information sheet for your review. You indicated that the veterinarian needed this. Please feel free to pass this along. By no means am I an expert on paint so if you have further questions, I would recommend you and/or your veterinarian contact the manufacturer directly to ensure you receive accurate information. There contact information is on the Info Sheet. However, if there is anything further that I can assist you with, please let me know.

In our discussion you also mentioned that paint chips had fallen in your backyard and into your pool which would like removed. Unfortunately, we cannot conduct work on private property. If you would like to be reimbursed for costs associated with the removal, please feel free to file a claim with the City. The claim form can be obtained from the City Clerk's Office located at 1400 Highland Avenue.

I was also informed that you had some concerns regarding work being conducted on the elevated tank. I can assure you that this work is not related to any recoating. A contractor was hired by the City to install a radio antenna and that is the extent of their work. When the tank is slated for repainting, construction notifications will go out prior to any work to ensure that the surrounding area is properly notified of what is taking place. Being aware of your concerns, the City will do its due diligence to keep people informed.

Thank you

Shawn

**Shawn Igoe**  
Utilities Division Manager

20170309 11:45 AM  
20170309 11:45 AM



Office Hours: M - Th 7:30AM - 5:30 PM | Alternate Open Fridays 8:00AM - 5:00 PM | Closed Alternate Fridays | Not Applicable to Public Safety

<https://mail.google.com/mail/u/0/?ui=2&ik=75f6e70135&jsver=BNKYflymS-0.cn.&vie...> 10/16/2017

11/08/2017

HERNANDEZ ANIMAL HOSPITAL  
5 PACIFIC COAST HWY  
HERNANDEZ BEACH, CA 90254

02/27/2017 15:48:17

CREDIT CARD

SALE

Card #: [REDACTED]  
Chip Card [REDACTED]  
ATD: [REDACTED]  
ATC: [REDACTED]  
TC: [REDACTED]  
SEQ #: 48  
Batch #: 48  
INVOICE 48  
Approval Code: [REDACTED]  
Entry Method: Chip Read  
Mode: Issuer

SALE AMOUNT \$134.20

CUSTOMER COPY

**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director  
Prem Kumar, City Engineer  
Gilbert Gamboa, Senior Civil Engineer  
Tim Birthisel, Project Manager

**SUBJECT:**

Accept as Complete the Sewer Main Rehabilitation Project Phase 2 by Miramontes Construction Company Inc.; Authorize Filing a Notice of Completion with the County Recorder; and Release the Retention for \$72,981.05 (Public Works Director Katsouleas).

**APPROVE**

---

**RECOMMENDATION:**

Staff recommends that the City Council:

1. Formally accept as complete the Sewer Main Rehabilitation Project Phase 2 by Miramontes Construction Company Inc.;
2. Authorize filing of the appropriate Notice of Completion with the County Recorder's Office; and
3. Approve the release of retention for \$72,981.05 to Miramontes Construction Company Inc.

**FISCAL IMPLICATIONS:**

The original Sewer Main Rehabilitation Project Phase 2 construction award was for \$1,280,000, with an authorized construction contingency amount of \$128,000, for a total construction budget of \$1,408,000. Near the end of the project, on April 4, 2017, City Council approved a request to increase the contingency by \$60,000 for 13th Street sewer main emergency replacement work in the 100-200 block, bringing the total construction budget to \$1,468,000. The work was successfully completed for \$1,459,620.99.

**BACKGROUND:**

On February 2, 2016, City Council awarded a construction contract to Miramontes Construction Company Inc. to replace 2300 linear feet of sewer mains, 11 manholes and 99 service lateral connections at four locations, including 3rd Street, 4th Street, 7th Street and Ingleside Drive, as determined by the 2010 Wastewater Master Plan. However, toward the end of construction, the 13th Street sewer main between Manhattan Ave. and the Strand, which included 275 linear feet of main, 3 manholes and 6 lateral connections, became progressively worse, until it partially collapsed. The City was fortunate to have a low-bid, sewer contractor actively working in the City and added this extra sewer main replacement work to the contract through a change order. This action was necessary to ensure proper operation of the sewer system while reducing City liability to affected property owners and possible contamination of the storm drain system should an overflow occur.

**DISCUSSION:**

Construction of the Phase 2 Project began on April 4, 2016 and was completed on August 21, 2017. The City processed two change orders, one for additional concrete surface restoration work totaling \$32,221.99, and one for the installation of the 13th Street Sewer totaling \$289,559.00. This brought the total cost of construction to \$1,459,620.99, which is below the authorized construction budget of \$1,468,000.00. The funding summary is as follows:

\$1,280,000.00	Original Contract Award for Phase 2
\$128,000.00	Available Contingency
<u>\$60,000.00</u>	<u>Add'l Appropriation from Sewer Fund (503) on April 4, 2017</u>
<b>\$1,468,000.00</b>	<b>Total Budget</b>
\$1,137,840.00	Phase 2 Construction Costs
\$32,221.99	Change Order #1
<u>\$289,559.00</u>	<u>Change Order #2</u>
<b>\$1,459,620.99</b>	<b>Total Expenditures</b>
<b>\$8,379.01</b>	<b>Returned to Sewer Fund</b>

The Contractor has completed all contract work and is now requesting formal acceptance of the project. The five percent (5%) retention amount of \$72,981.05 will be released 35 days after recordation of the Notice of Completion with the County Recorder. All work inspected by the Public Works Department has been found to be in conformance with the plans and specifications and of good quality.

**POLICY ALTERNATIVES:**

Not applicable.

**PUBLIC OUTREACH/INTEREST:**

The work was coordinated and scheduled to minimize impact to the area residents and businesses.

**ENVIRONMENTAL REVIEW:**

The proposed project is exempt from the provisions of the California Environmental Quality Act (CEQA). Per the CEQA Guidelines, the project is exempt pursuant to the following provision: Section 15304 (e), "Minor Alterations to Land". No permanent environmental effects are anticipated thus, no further environmental review is necessary.

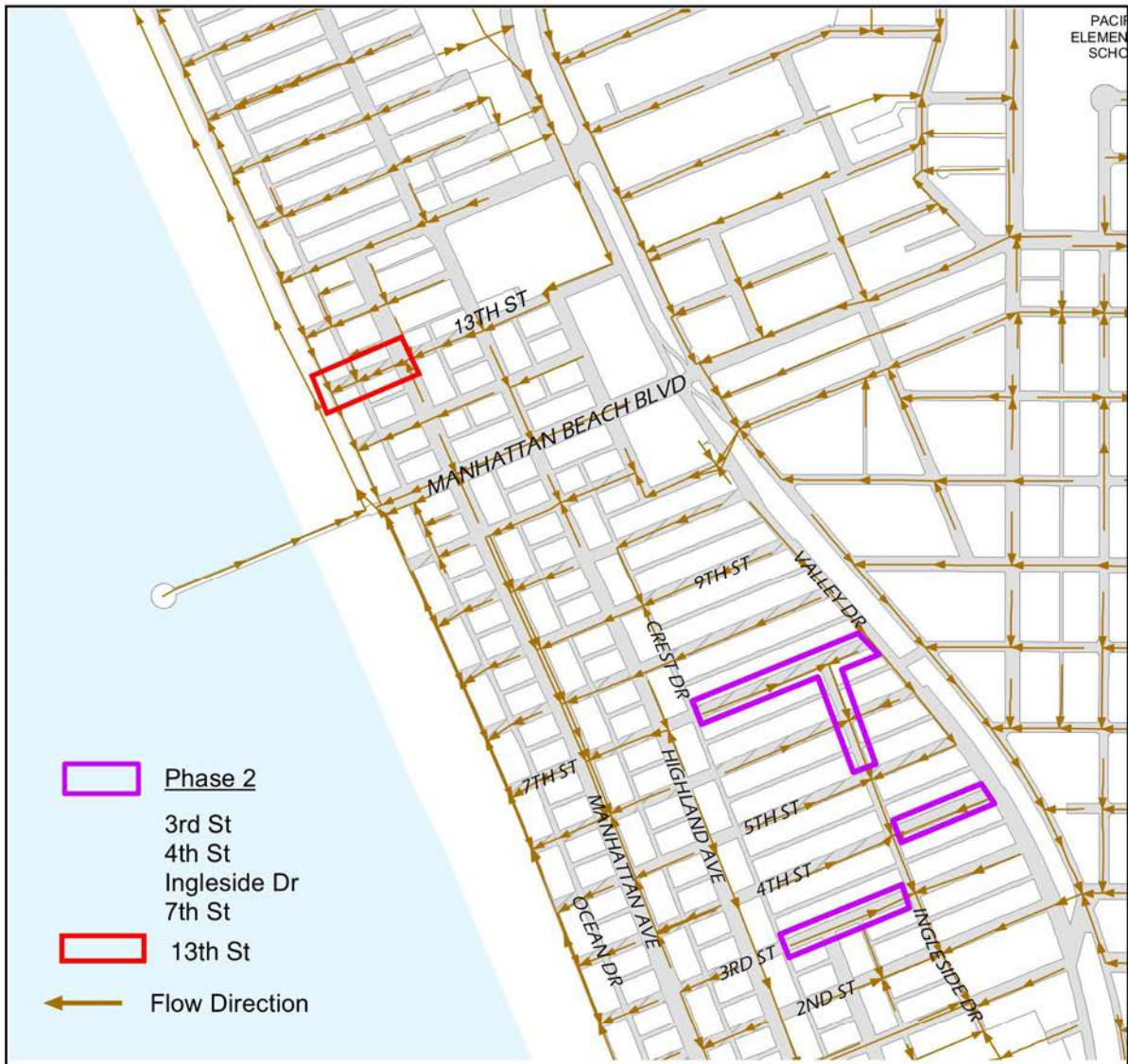
**LEGAL REVIEW**

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

**Attachment:**

1. Location Map

# City of Manhattan Beach Sewer Main Rehabilitation Project Phase 2



**Agenda Date:** 1/16/2018

---

**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director  
Prem Kumar, City Engineer

**SUBJECT:**

Resolution Awarding a Construction Contract to All American Asphalt for \$1,027,047.60 for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project; and Re-appropriation of Gas Tax funds in the amount of \$420,000 from the Rosecrans Resurfacing Project to the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (Public Works Director Katsouleas).

**ADOPT RESOLUTION NO. 18-0009**

---

**RECOMMENDATION:**

Staff recommends that City Council adopt a Resolution approving the following:

1. Award a construction contract to All American Asphalt for \$1,027,047.60 and authorize the City Manager to execute the contract for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (Attachment 1, 4 and 5)
2. Authorize the City Manager to approve additional work, if necessary, for up to \$102,705.00 (10% of construction contract).
3. Approve the plans and specifications for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (Attachment 6),
4. Approve the re-appropriation of Gas Tax funds of \$420,000.00 from the Rosecrans Resurfacing Project (Project Code 11822E) to the Manhattan Avenue & Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (10823E).

**FISCAL IMPLICATIONS:**

The Budget and Expenditure summary report is included in Attachment 2.

**BACKGROUND:**

The proposed Manhattan Ave. and Highland Ave. street improvements between Homer Street and 10th Street address pavement that was last resurfaced in the late 80's and early 90's and now needs rehabilitation due to its deteriorating condition. Based on the Engineer's estimate for construction and the budget available, the project was publicly advertised identifying a Base Bid (minimum) scope of work for Highland Avenue between 10th Street and Homer Street, and an Additive Alternate Bid scope of work for Manhattan Avenue between 8th Street and Homer Street (see Attachment 3 vicinity map). The street restoration work also includes adding and/or upgrading all adjacent curb ramps in order to comply with current Americans with Disability Act (ADA) requirements. Miscellaneous deteriorated curbs, gutters and sidewalks will also be replaced as needed.

**DISCUSSION:**

The project was advertised for bids in the Beach Reporter, the City's publisher of record, and several standard construction industry publications, including the Dodge Green Sheet, Reed Construction Data, and Associated General Contractors of America. Four bids were received and opened on December 18, 2017. The bid results are as follows:

<u>Contractor</u>	<u>Total Submitted Bid Amount</u>
All American Asphalt, Corona, CA	\$1,027,047.60
Griffith Company, Santa Fe Springs, CA	\$1,107,752.00
Hardy & Harper, Santa Ana, CA	\$1,234,000.00
Sully-Miller Contracting Co., Brea, CA	\$1,339,100.00
Nobest Inc., Westminster, CA	\$1,480,495.20
Palp Inc. (dba Excel Paving Company), Long Beach, CA	\$1,495,690.50

Non Responsive Bids - Did not acknowledge Addenda Numbers 1 & 2

Sequel Inc., Santa Fe Springs, CA	\$ 945,197.86
Shawnan, Downey, CA	\$ 988,869.80

Staff reviewed All American Asphalt's contractor's license and found it to be in order. Additionally, references indicate All American Asphalt has the knowledge and capability to complete the work in a timely and acceptable manner. All American Asphalt's bid proposal was reviewed by the Public Works Department and found to be responsive with no errors. Their Base Bid amount for the Highland Avenue portion of the work is \$578,085.54 and the Additive Bid amount for the Manhattan Avenue portion of the work is \$448,962.06 for the Total Bid amount of \$1,027,047.60. The construction work is anticipated to start in mid-February 2018 and be completed by mid-May 2018.

The current budget appropriated to this capital improvement project is only sufficient to complete the Base Bid scope of work - Highland Ave. between 10th St. and Homer St. However, staff recommends that the Additive Alternate Bid for Manhattan Ave between 8th St. and Homer St. also be completed at this time. There is significant efficiency and benefit in terms



of costs, schedule and impacts to the neighborhood and commuters to rehabilitate both Highland Avenue and Manhattan Avenue under one contract. Thus, an additional appropriation of \$420,000 is needed. Staff recommends that City Council re-appropriate \$420,000 of existing Gas Tax originally allocated to the Rosecrans Resurfacing Project (Account Code 11822E) to the Manhattan Avenue & Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project. Due to on-going utility work along Rosecrans Avenue and the adjacent Manhattan Village Mall construction work, it is prudent to defer the Rosecrans Resurfacing Project between Sepulveda Blvd. and Aviation Blvd. for two years. During this time, new and sufficient SB 1 transportation revenues will have been generated for the Rosecrans Resurfacing Project.

Therefore, staff recommends that City Council authorize the City Manager to execute a construction contract with All American Asphalt for \$1,027,047.60 and approve additional work, if necessary, for up to \$102,705 (10% of construction contract).

**PUBLIC OUTREACH/INTEREST:**

City staff held a neighborhood community meeting, presented to the Downtown Business and Professional Association, and distributed project flyers to affected neighborhoods in Manhattan Beach and Hermosa Beach. Additional coordination meetings were also held with city officials from Hermosa Beach. Further outreach will be done just before construction work commences.

**ENVIRONMENTAL REVIEW**

The proposed project is exempt from the provisions of the California Environmental Quality Act (CEQA). Per the CEQA Guidelines, the project is exempt pursuant to the following provision: Section 15301, Class 1(c). A Notice of Exemption has been filed with the Los Angeles County Clerk's office for the project.

**LEGAL REVIEW**

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

**Attachments:**

1. Resolution No. 18-0009
2. Budget and Expenditures Summary
3. Vicinity Map
4. All American Asphalt Bid Proposal
5. All American Asphalt Agreement
6. Plans and Specifications (Web-Link Provided)

RESOLUTION NO. 18-0009

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL APPROVING AN AGREEMENT BETWEEN THE CITY OF MANHATTAN BEACH AND ALL AMERICAN ASPHALT FOR THE MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council hereby approves the plans and specifications for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (“Project”) and approves the Agreement between the City and All American Asphalt dated January 16, 2018, for the Project.

SECTION 2. The City Manager is hereby authorized to execute a contract in the amount of \$1,027,047.60 with All American Asphalt for the Project and is further authorized to approve additional work, if necessary, in an amount not-to-exceed \$102,705.00 (ten percent).

SECTION 3. The City Council hereby approves the re-appropriation of Gas Tax funds in the amount of \$420,000 from the Rosecrans Resurfacing Project (Account Code 11822E) to the Manhattan Avenue & Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project (10823E).

SECTION 5. The City Clerk shall certify to the passage and adoption of this Resolution.

ADOPTED on January 16, 2018.

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
AMY HOWORTH  
Mayor

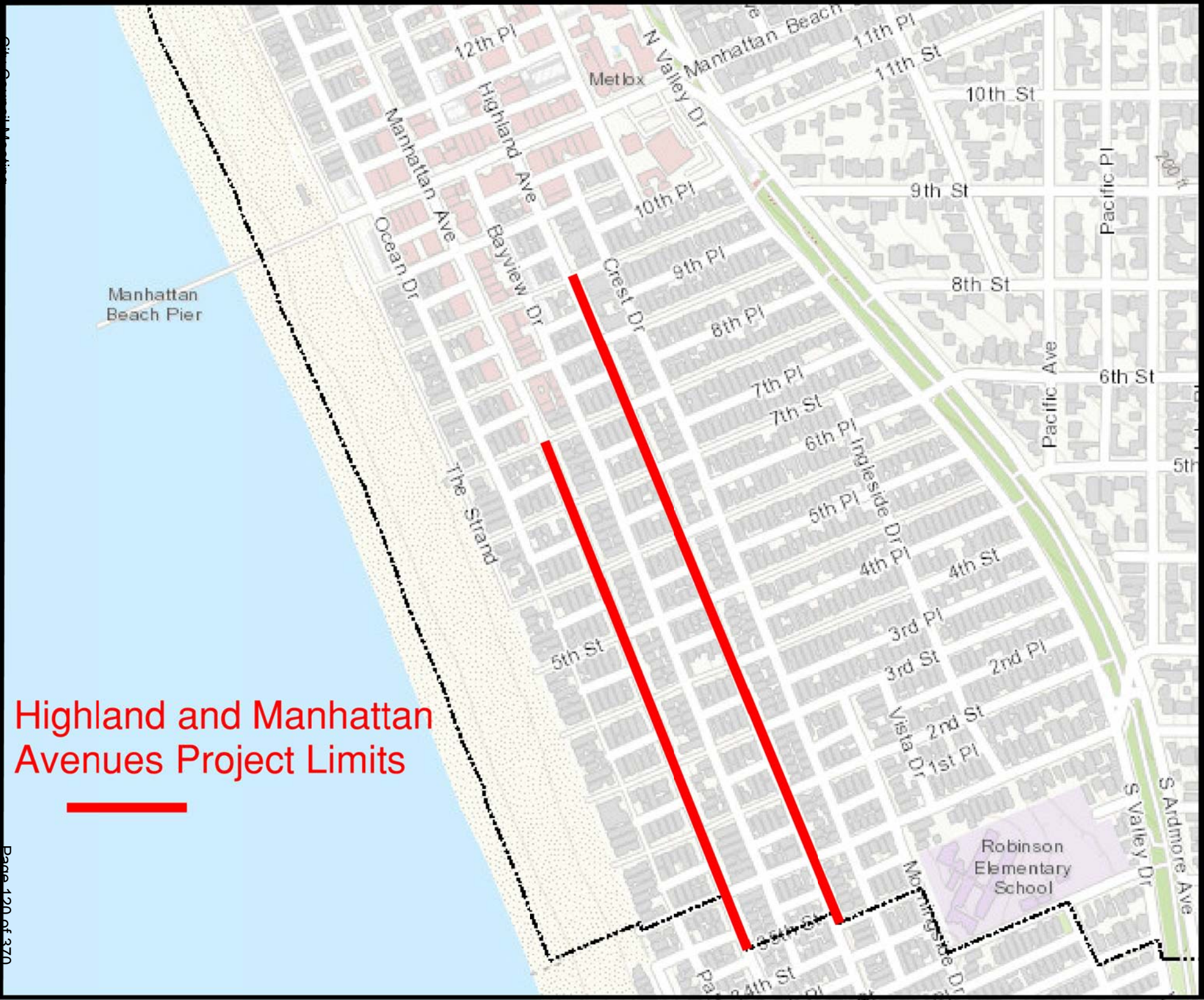
ATTEST:

\_\_\_\_\_  
LIZA TAMURA  
City Clerk

**BUDGET AND EXPENDITURES**  
 Highland Avenue and Manhattan Avenue Pavement Resurfacing Project

<b>Table 1 BUDGET</b>		
Resurfacing of Highland and Manhattan (10823E)	Exist.	\$715,036
SB 1 Funds (10823E Add on 10/3/17)	Exist.	\$199,430
<b>Transfer from Rosecrans Resurfacing Project</b>	<b>New</b>	<b>\$420,000</b>
<b>TOTAL BUDGET</b>		<b>\$1,334,466</b>

<b>Table 2 EXPENDITURES</b>	
Design related Costs (GHD)	\$90,437
Project Management during Design Phase	\$40,100
Construction Contract	\$1,027,048
10% Construction Contract Contingency	\$102,705
Inspection Services	\$50,000
Miscellaneous Costs	10,000
<b>Total Expenditures</b>	<b>\$1,320,290</b>
<b>Balance</b>	<b>\$14,176</b>



### Highland and Manhattan Avenues Project Limits



**BID**

**CITY OF MANHATTAN BEACH**

**MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND  
CURB RAMP IMPROVEMENTS PROJECT**

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF MANHATTAN BEACH:

The undersigned, as Bidder, declares that: (1) this Bid is made without collusion with any other person and that the only persons or parties interested as principals are those named herein; (2) the undersigned has carefully examined the Contract Documents (including all Addenda) and the Project site; and (3) the undersigned has investigated and is satisfied as to the conditions to be encountered, the character, quality and quantities of Work to be performed, and the materials to be furnished. Furthermore, the undersigned agrees that submission of this Bid shall be conclusive evidence that such examination and investigation have been made and agrees, in the event the Contract be awarded to it, to execute the Contract with the City of Manhattan Beach to perform the Project in accordance with the Contract Documents in the time and manner therein prescribed, and to furnish or provide all materials, labor, tools, equipment, apparatus and other means necessary so to do, except as may otherwise be furnished or provided under the terms of the Contract Documents, for the following stated unit prices or lump-sum price as submitted on the Bid herein.

This Bid is made with the full knowledge of the kind, quantity, and quality of the materials and Work required and, if it is accepted by the City, the Bidder shall enter into a Contract and furnish the bonds, insurance, and other documents as required by the Contract Documents within ten calendar days after award of the Contract. The Bidder agrees that failure to execute and return the Contract or the required faithful performance bond, labor and materials payment bond, warranty bond, and insurance certificates to the City within the ten calendar day period shall be sufficient cause for the rescission of the award and forfeiture of the Bid Security to the City to the extent permitted by law.

Accompanying this Bid is cash, a cashier's check, a certified check or a Bid Bond in an amount equal to at least ten percent of the total aggregate Bid price based on the quantities shown and the unit prices quoted. The undersigned further agrees that, should it be awarded the Contract and thereafter fail or refuse to execute the Contract and provide the required evidence of insurance and Bonds within ten calendar days after delivery of the Contract to the undersigned, then the cash, check or Bid Bond shall be forfeited to the City to the extent permitted by law.

Addendum 2: B-1

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CITY OF MANHATTAN BEACH

ADDENDUM NO. 2

BID SCHEDULE FOR

MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT

Bidder's Name: ALL AMERICAN ASPHALT  
 Bidder's Address: P.O. Box 2229 - Corona, CA 92878

To the Honorable Mayor and Members of the City Council:

In compliance with the Notice Inviting Bids, the undersigned hereby agrees to execute the Contract to furnish all labor, materials, equipment and supplies for the Project in accordance with the Contract Documents to the satisfaction and under the direction of the City Engineer, at the following prices:

BASE BID SCHEDULE:

HIGHLAND AVENUE IMPROVEMENTS – HOMER STREET TO 10<sup>TH</sup> STREET

ITEM NO.	CODE	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICES	EXTENDED AMOUNT
1.		Mobilization	LS		\$ 45,000	\$ 45,000
2.		Project Identification Sign	EA	2	\$ 1,150	\$ 2,300
3.		Temporary Erosion Control	LS	1	\$ 2,000	\$ 2,000
4.		Traffic Control	LS	1	\$ 26,000	\$ 26,000
5.		Clearing, Grubbing, and Removal	LS	1	\$ 75,000	\$ 75,000
6.		Full-depth Pavement Repair	SF	3,018	\$ 17 <sup>00</sup>	\$ 51,306
7.		2" Cold Mill	SF	105,262	\$ 0.17	\$ 17,894.54

ITEM NO.	CODE	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICES	EXTENDED AMOUNT
8.		2" AC Overlay	TON	1,313	\$ 85	\$ 111,605
9.		Construct 4" Sidewalk (per City of Manhattan Beach Std Plan ST-2)	SF	475	\$ 9 <sup>00</sup>	\$ 4,275
10.		Remove and Replace Concrete Curb	LF	21	\$ 40 <sup>00</sup>	\$ 840 <sup>00</sup>
11.		Construct New ADA Ramp (Case A)	EA	7	\$ 3,300	\$ 23,100
12.		Construct New ADA Ramp (Case B)	EA	8	\$ 3,900	\$ 31,200
13.		Construct New ADA Ramp (Case C)	EA	8	\$ 3,000	\$ 24,000
14.		Costruct New ADA Ramp (Parallel Ramp – Detail 4 on Sheet 11 of 19)*	EA	8	\$ 3,000	\$ 24,000
15.		Construct New ADA Ramp (Flush Ramp – Detail 5 on Sheet 11 of 19)*	EA	3	\$ 3,400	\$ 10,200
16.		Construct New ADA Ramp (Special Detail - Sheets 11 and 12 of 19)*	EA	7	\$ 4,000 <del>4,000</del> (ec)	\$ 28,000
17.		Submit Working Drawings and Construct ADA Ramp (Sheet 6 of 19)*	EA	8	\$ 5,500	\$ 44,000



ITEM NO.	CODE	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICES	EXTENDED AMOUNT
18.	S	Signing and Striping	LS	1	\$ 20,000	\$ 20,000
19.	S	Adjust Valves to Grade	EA	45	\$ 565	\$ 25,425
20.	S	Adjust Manholes to Grade	EA	6	\$ 815	\$ 4,890
21.		Remove and Reinstall Street Sign	EA	8	\$ 250	\$ 2,000
22.		Remove Tree	EA	1	\$ 2,000	\$ 2,000
23.		Project Completion Signs	EA	2	\$ 1,150	\$ 2,300
24.	S	Profilograph Asphalt Concrete Pavement	LS	1	\$ 750	\$ 750
TOTAL BASE BID SCHEDULE AMOUNT						\$ <del>578,085.54</del> 578,085.54 <sup>(e)</sup>

\*Reflective changes as a result of Addendum 2.

**NOTE:** Estimated quantities are for the purpose of Bid comparison only; payments will be made on the basis of actual measurement of Work completed, except for lump sum (LS) and final pay (F) quantities. (S) denotes a specialty item. (F) and (S) will be specified in the "Code" Column. The Bid Price shall include, but not limited to, sales tax and all other applicable taxes and fees. See also Section 9-2 of the General Provisions.

**ADDITIVE ALTERNATE BID SCHEDULE A:**

**MANHATTAN AVENUE IMPROVEMENTS – HOMER STREET TO 8<sup>TH</sup> STREET**

ITEM NO.	CODE	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICES	EXTENDED AMOUNT
1.		Mobilization	LS		\$ 28,000	\$ 28,000
2.		Project Identification Sign	EA	2	\$ 1,150	\$ 2,300



ITEM NO.	CODE	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICES	EXTENDED AMOUNT
3.		Temporary Erosion Control	LS	1	\$ 2,000	\$ 2,000
4.		Traffic Control	LS	1	\$ 16,500	\$ 16,500
5.		Clearing, Grubbing and Removal	LS	1	\$ 34,000	\$ 34,000
6.		Full-depth Pavement Repair	SF	6,321	\$ 15 <sup>00</sup>	\$ 94,815
7.		2.5" Cold Mill	SF	88,274	\$ 0.19	\$ 16,772.06
8.		2.5" AC Overlay	TON	1,376	\$ 85 <sup>00</sup>	\$ 116,960
9.		Construct 4" Sidewalk (per City of Manhattan Beach Std Plan ST-2)	SF	30	\$ 9 <sup>00</sup>	\$ 270 <sup>00</sup>
10.		Remove and Replace Concrete Curb	LF	64	\$ 40 <sup>00</sup>	\$ 2,560
11.		Construct New ADA Ramp (Case A)	EA	28	\$ 3300	\$ 92,400
12.	S	Signing and Striping	LS	1	\$ 8,900	\$ 8,900
13.	S	Adjust Utility Box to Grade	EA	1	\$ 200 <sup>00</sup>	\$ 200 <sup>00</sup>
14.	S	Adjust Valves to Grade	EA	27	\$ 565 <sup>00</sup>	\$ 15,255
15.	S	Adjust Manholes to Grade	EA	18	\$ 815 <sup>00</sup>	\$ 14,670
16.		Remove and Reinstall Street Sign	EA	1	\$ 250	\$ 250

ITEM NO.	CODE	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICES	EXTENDED AMOUNT
17.		Project Completion Signs	EA	2	\$ 1,150	\$ 2,300
18.	S	Profilograph Asphalt Concrete Pavement	LS	1	\$ 750	\$ 750
TOTAL ADDITIVE ALTERNATE BID SCHEDULE A ITEMS AMOUNT						\$ 448,962.06

**NOTE:** Items may be adjusted or deleted. Any changes to the quantities for these items shall not constitute a substantial change as referenced in Section 3-2.2.1 of the Standard Specifications. Therefore, regardless of total actual volume (percentage) compared to estimated quantities, the unit prices provided above by the Bidder shall be applied to the final quantity when payment is calculated for these items. No adjustment in the unit prices will be allowed. The City reserves the right to not use any of the estimated quantities; and if this right is exercised, the Contractor will not be entitled to any additional compensation. Cost of all export of material shall be included in the above unit costs; no additional compensation will be granted for such expenses.

**TOTAL BID PRICE: BASE BID PLUS ADDITIVE ALTERNATE BID SCHEDULE A PRICE IN DIGITS:**

\$ 1,027,047.60

**TOTAL BASE BID PLUS ADDITIVE ALTERNATE BID SCHEDULE A PRICE IN WORD**

S: One million twenty seven thousand fourty seven dollars and Sixty Cents.

*It is the intent of Hermosa Beach to enter into a separate contract with lowest responsible bidder to perform similar work within the adjacent City boundaries. The work along Highland Avenue and Manhattan Avenue is anticipated to include R&R access ramps along Manhattan Avenue and Highland Avenue from the Hermosa Beach north border south into Hermosa and resurfacing of the half street pavement widths in these border areas; Manhattan Avenue will be resurfaced southward to Longfellow Street extending the limits from Homer Street to Longfellow Avenue; Highland Avenue will be resurfaced to the south curb extension of the east leg of Homer Street. Hermosa Beach intends to utilize the unit bid prices stated in the Additive Alternate Bid Schedule of the Bidder's Proposal for the Hermosa Beach project and work limits as stated. Similarly, the lump sum items prices in the Bid Schedule will be applicable in terms of % of work comparable. For example, if the amount of striping work in Hermosa Beach is 25% of the amount of work in*

Manhattan Beach, then Hermosa Beach will compensate the bidder at 25% of the lump sum cost identified for striping.

The undersigned certifies to have a minimum of three consecutive years of current experience in the type of Work related to the Project and that this experience is in actual operation of the firm with permanent employees performing a part of the Work as distinct from a firm operating entirely by subcontracting all phases of the Work. The undersigned also certifies to be properly licensed by the State as a contractor to perform this type of Work. The undersigned possesses California Contractor's License

Number 267073, Class A, C-12 which expires on 1-31-18.

Signature:    
EDWARD J. CARLSON

Title: VICE PRES. Date: 12-15-17

Signature:    
MICHAEL FARKAS

Title: SECRETARY Date: 12-15-17

Addendum 2: B-7

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**ALL AMERICAN ASPHALT  
ALL AMERICAN AGGREGATES**

T 951-736-7600 F 951-739-4671  
P.O. BOX 2229, CORONA, CA 92878-2229  
CONTRACTORS LICENSE #267073 A.C12  
DIR #1000001051

**CORPORATE RESOLUTION**

Resolved, that this Corporation, All American Asphalt, on December 15, 2017 authorizes Edward J. Carlson to execute contracts and agreements on behalf of the Company in the capacity of Vice President.

\_\_\_\_\_  
Michael Farkas, Secretary

**BIDDER'S PROPOSAL – CONTRACTOR'S STATEMENT**

**MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT**

Fill out all of the following information. Attach additional sheets if necessary.

- (1) Bidder's Name: All American Asphalt
- (2) If the Bidder's name is a fictitious name, who or what is the full name of the registered owner? If the Bidder's name is not a fictitious name, write "N/A" in the response to this question. If you are doing business under a fictitious name, provide a copy of the filed valid Fictitious Business Name Statement.  
N / A
- (3) Business Address: PO Box 2229 - Corona, CA 92878
- (4) Telephone: 951-736-7600 Email: ecarlson@allamericanasphalt.com
- (5) Type of Firm – Individual, Partnership, LLC or Corporation: Corporation
- (6) Corporation organized under the laws of the State of: California
- (7) California State Contractor's License Number and Class: 267073 A, C-12  
Original Date Issued: 1-19-71 Expiration Date: 1-31-18
- (8) DIR Contractor Registration Number: 1000001051
- (9) List the name and title of the person(s) who inspected the Project site for your firm:  
Gordon Kline, Project Manager
- (10) Number of years experience the company has as a contractor in construction work: 48 Years
- (11) List the names, titles, addresses and telephone numbers of all individuals, firm members, partners, joint venturers, and company or corporate officers having a principal interest in this Bid:  
Mark Luer, President - 400 E. Sixth Street - Corona, CA 92879 - 951-736-7600  
Edward J. Carlson, Vice President - 400 E. Sixth Street - Corona, CA 92879 - 951-736-7600  
Michael Farkas, Secretary - 400 E. Sixth Street - Corona, CA 92878 - 951-736-7600
- (12) List all current and prior D.B.A.'s, aliases, and fictitious business names for any principal having interest in this Bid:  
N / A

- (13) List the dates of any voluntary or involuntary bankruptcy judgments against any principal having an interest in this Bid:

N / A

- (14) For all arbitrations, lawsuits, settlements and the like (in or out of court) that the company or any principal having an interest in this Bid has been involved with in the past five years:

- a. List the names, addresses and telephone numbers of contact persons for the parties:

N / A

- b. Briefly summarize the parties' claims and defenses:

N / A

- c. State the tribunal (e.g., Superior Court, American Arbitration Association, etc.), the matter number, and the outcome:

N / A

- (15) Has the company or any principal having an interest in this Bid ever had a contract terminated by the owner or agency? If yes, explain.

No

- (16) Has the company or any principal having an interest in this Bid ever failed to complete a project? If yes, explain.

\_\_\_\_\_

No

\_\_\_\_\_

- (17) Has the company or any principal having an interest in this Bid ever been terminated for cause, even if it was converted to a "termination of convenience"? If yes, explain.

\_\_\_\_\_

No

\_\_\_\_\_

- (18) For projects that the company or any principal having an interest in this Bid has been involved with in the last five years, did you have any claims or actions:

- a. By you against the owner? Circle one: Yes  No
- b. By the owner against you? Circle one: Yes  No
- c. By any outside agency or individual for labor compliance?  
Circle one: Yes  No
- d. By Subcontractors? Circle one: Yes  No
- e. Are any of these claims or actions unresolved or outstanding?  
Circle one: Yes  No

If your answer is "yes" to any part or parts of this question, explain.

\_\_\_\_\_

N / A

\_\_\_\_\_

- (19) Has the company or any of its principals ever been debarred by any agencies? Is yes, please explain.

\_\_\_\_\_

No

\_\_\_\_\_

(21) For all public agency projects in excess of \$15,000.00 that you are currently working on or have worked on in the past two years, provide the following information:

**Project 1 Name/Number** Cameo Shores Pavement Reconstruction

**Project Description** Street Improvement

**Approximate Construction Dates** From: 6-2016 To: 12-2016

**Agency Name:** City of Newport Beach

**Contact Person:** Frank Tran **Telephone:** 949-644-3340

**Address:** 100 Civic Center Drive - Newport Beach, CA 92660

**Original Contract Amount:** \$ 3,363,363.00 **Final Contract Amount:** \$ 3,363,363.00

If final amount is different from original amount, please explain (change orders, extra work, etc.).

N / A

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes  No

Did the Agency file any claims against you? Circle one: Yes  No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

N / A

**Project 2 Name/Number** Bear Valley Road Reconstruction

**Project Description** Street Improvement

**Approximate Construction Date** From: 4-2016 To: 7-2016

**Agency Name:** City of Victorville

**Contact Person:** Bruce Miller **Telephone:** 760-269-0045

**Address:** 14343 Civic Drive - Victorville, CA 92392

**Original Contract Amount:** \$ 2,611,215.00 **Final Contract Amount:** \$ 2,611,215.00

If final amount is different from original amount, please explain (change orders, extra work, etc.).

N / A



Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes  No

Did the Agency file any claims against you? Circle one: Yes  No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

N / A

**Project 3 Name/Number** 2014/2015 Prservation & Maintenance

**Project Description** Street Improvement

**Approximate Construction Dates** From: 1-2016 To: 6-2016

**Agency Name:** City of Riverside

**Contact Person:** Steve Howard **Telephone:** 951-826-5708

**Address:** 3900 Main Street - Riverside, CA 92501

**Original Contract Amount:** \$ 3,400,725.00 **Final Contract Amount:** \$ 3,400,725.00

If final amount is different from original amount, please explain (change orders, extra work, etc.).

N / A

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes  No

Did the Agency file any claims against you? Circle one: Yes  No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

N / A

**Project 4 Name/Number** Grand Avenue Beautification Project

**Project Description** Street Improvement

**Approximate Construction Dates** From: 8-2015 To: 5-2016

Agency Name: City of Diamond Bar

Contact Person: Kimberly Young Telephone: 909-839-7044

Address: 21810 Copley Drive - Diamond Bar, CA 91765

Original Contract Amount: \$ 1,939,000.00 Final Contract Amount: \$ 1,939,000.00

If final amount is different from original amount, please explain (change orders, extra work, etc.).

N / A

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes  No

Did the Agency file any claims against you? Circle one: Yes  No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

N / A

**Project 5** Name/Number Garfield Elementary School Pavement

Project Description Street Improvement

Approximate Construction Dates From: 6-2015 To: 11-2015

Agency Name: Long Beach Unified School District

Contact Person: Nancy Chinchilla Telephone: 562-997-7513

Address: 2201 E. Market Street - Long Beach, CA 92805

Original Contract Amount: \$ 1,976,508.00 Final Contract Amount: \$ 1,976,508.00

If final amount is different from original amount, please explain (change orders, extra work, etc.).

N / A

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes  No

Did the Agency file any claims against you? Circle one: Yes  No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

N / A

Project 6 Name/Number Pavement Resurfacing, Phase II

Project Description Street Improvement

Approximate Construction Dates From: 4-2015 To: 10-2015

Agency Name: County of Ventura

Contact Person: Jeewoong Kim Telephone: 805-654-3987

Address: 800 S. Victoria Ave. - Ventura, CA 93009

Original Contract Amount: \$ 2,401,970.00 Final Contract Amount: \$ 2,401,970.00

If final amount is different from original amount, please explain (change orders, extra work, etc.).

N / A

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes  No

Did the Agency file any claims against you? Circle one: Yes  No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

N / A

[Continue to Next Page]

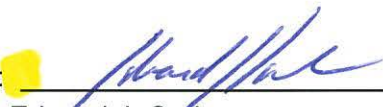
Upon request of the City, the Bidder shall furnish evidence showing a notarized financial statement, financial data, construction experience, or other additional information.


Failure to provide truthful answers to the questions above or in the following References Form may result in the Bid being deemed non-responsive.

Urban Runoff Certification. The Bidder certifies to the City that he/she has trained his/her employees and Subcontractors, if any, for Urban Runoff management and has included sufficient sums in the Bid Price to cover such costs of training as stipulated in the most current Regional Water Quality Control Board requirements, including the Municipal Separate Storm Sewer System NPDES Permit. The Contractor is responsible for all clean up and payment of all fines levied as a result of any illegal discharge (as defined in NPDES permit) occurring as a result of the Contractor's Work and/or operations.

I, the undersigned, certify and declare that I have read all the foregoing answers to the Bidder's Proposal – Contractor's Statement and know their contents. The matters stated in the Bidder's Proposal – Contractor's Statement answers are true of my own knowledge and belief, except as to those matters stated on information and belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is correct.

Company

Signature:   
Name: Edward J. Carlson  
Title: Vice President  
Date: 12-15-17

Signature:   
Name: Michael Farkas  
Title: Secretary  
Date: 12-15-17

**DESIGNATION OF SUBCONTRACTORS**  
**[Public Contract Code Section 4104]**

**MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT**

List all Subcontractors who will perform Work or labor or render service to the Contractor in or about the construction of the Work or improvement, or a Subcontractor licensed by the State of California who, under subcontract to the Contractor, specially fabricates and installs a portion of the Work or improvement according to detailed drawings contained in the Plans and Specifications, in an amount in excess of one-half percent of the Contractor's total Bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half percent of the Contractor's total Bid or \$10,000.00, whichever is greater. If all Subcontractors do not fit on this page, attach another page listing all information for all other Subcontractors.

Name under which Subcontractor is Licensed and Registered	CSLB License Number(s) and Class(es)	DIR Contractor Registration Number	Address and Phone Number	Type of Work (e.g., Electrical)	Percentage of Total Bid (e.g., 10%)
Case Land Surveying	LS411	1000001533	614 N ECKOEE ST. ORANGE, CA (714) 628-8948	Survey	4.77%
V&E Tree Service	054506 C-27, C-61/049	100001934	PO BOX 3280 ORANGE, CA 714-997-0903	Tree Removal	0.18%
ROBERTSON'S BEACH MIX	N/A	1000039563	200 S MAIN ST. FZOO CARNO, CA (951) 493 6500	Concrete	3.9%
Calstripe	085387 CLASS A	100001100	2040 E STEEL RD. COLTON, CA (909) 884-7170	Stamping	3.03%

The percentage of the total Bid shall represent the "portion of the work" for the purposes of Public Contract Code Section 4104(b).

**DESIGNATION OF SUBCONTRACTORS**  
**[Public Contract Code Section 4104]**

**MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS**  
**PROJECT**

List all Subcontractors who will perform Work or labor or render service to the Contractor in or about the construction of the Work or improvement, or a Subcontractor licensed by the State of California who, under subcontract to the Contractor, specially fabricates and installs a portion of the Work or improvement according to detailed drawings contained in the Plans and Specifications, in an amount in excess of one-half percent of the Contractor's total Bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half percent of the Contractor's total Bid or \$10,000.00, whichever is greater. If all Subcontractors do not fit on this page, attach another page listing all information for all other Subcontractors.

Name under which Subcontractor is Licensed and Registered	CSLB License Number(s) and Class(es)	DIR Contractor Registration Number	Address and Phone Number	Type of Work (e.g., Electrical)	Percentage of Total Bid (e.g., 10%)

\_\_\_\_\_ "The percentage of the total Bid shall represent the "portion of the work" for the purposes of Public Contract Code Section 4104(b).

**NONCOLLUSION DECLARATION FORM  
TO BE EXECUTED BY BIDDER AND SUBMITTED WITH BID  
[Public Contract Code Section 7106]**

**MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP  
IMPROVEMENTS PROJECT**


The undersigned declares:

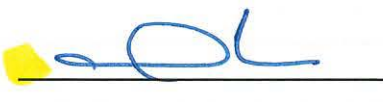
We Are  
~~I am~~ the Vice President & Secretary of All American Asphalt, the party making the foregoing Bid.

The Bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The Bid is genuine and not collusive or sham. The Bidder has not directly or indirectly induced or solicited any other Bidder to put in a false or sham Bid. The Bidder has not directly or indirectly colluded, conspired, connived, or agreed with any Bidder or anyone else to put in a sham Bid, or to refrain from bidding. The Bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the Bid price of the Bidder or any other Bidder, or to fix any overhead, profit, or cost element of the Bid price, or of that of any other Bidder. All statements contained in the Bid are true. The Bidder has not, directly or indirectly, submitted his or her Bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, Bid depository, or to any member or agent thereof, to effectuate a collusive or sham Bid, and has not paid, and will not pay, any Person or entity for such purpose.

Any person executing this declaration on behalf of a Bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the Bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 12-15-17 [date], at Corona [city], CA [state].

Signature:   
Printed Name: Edward J. Carlson, Vice President  
Date: 12-15-17

Signature:   
Printed Name: Michael Farkas, Secretary  
Date: 12-15-17

**This form must be notarized.**



**CALIFORNIA JURAT**

**GOV CODE § 8202**

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

State of California

County of Riverside

Subscribed and sworn to (or affirmed) before me on this 15<sup>th</sup> day of December, 2017.  
Date Month

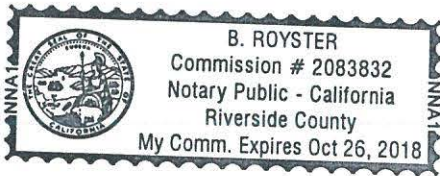
By (1) Edward J. Carlson  
Name of Signer

Proved to me on the basis of satisfactory evidence be the person who appeared before me (.) (,)

(and

(2) Michael Farkas  
Name of Signer

Proved to me on the basis of satisfactory evidence be the person who appeared before me.)



Signature B. Royster  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to person relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Further Description of Any Attached Document**

Title or Type of Document Noncollusion Declaration

Document Date: 12-15-17 Number of Pages: 1

Signer(s) Other Than Named Above: None

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here





**ADDENDA ACKNOWLEDGMENT FORM**

**MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT**

Bidder's Name:     All American Asphalt    

The Bidder shall signify receipt of all Addenda here, if any:

Addendum Number	Date Received	Signature
# 1	12-12-17	
# 2	12-14-17	

If there are more Addenda than there is room in the chart above, attach another page acknowledging receipt of the Addenda.

Bond No. 08597423

Bid Date: 12/18/2017

**BID BOND**

MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT

KNOW ALL PERSONS BY THESE PRESENTS that:

WHEREAS the City of Manhattan Beach ("Public Agency"), has issued an invitation for Bids for the Work described as follows: Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp\*  
\*Improvements Project. Bid 1143-18

WHEREAS All American Asphalt - 400 East Sixth Street, Corona, CA 92879  
*(Name and address of Bidder)*

("Principal"), desires to submit a Bid to Public Agency for the Work.

WHEREAS, Bidders are required to furnish a form of Bidder's security with their Bids.

NOW, THEREFORE, we, the undersigned Principal, and Fidelity and Deposit Company of Maryland  
777 S. Figueroa Street, Suite 3900, Los Angeles, CA 90017  
*(Name and address of Surety)*

("Surety"), a duly admitted surety insurer under the laws of the State of California, as Surety, are held and firmly bound unto the Public Agency in the penal sum of Ten Percent of Total Amount Bid----- Dollars (\$ 10% of Bid \_\_\_\_\_), being not less than ten percent of the total Bid price, in lawful money of the United States of America, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if the hereby bounded Principal is awarded the Contract for the Work by the Public Agency and, within the time and in the manner required by the bidding specifications, enters into the written form of Contract included with the bidding specifications, furnishes the required Bonds (one to guarantee faithful performance and the other to guarantee payment for labor and materials), and furnishes the required insurance coverage, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

In case suit is brought upon this instrument, Surety further agrees to pay all court costs incurred by the Public Agency in the suit and reasonable attorneys' fees in an amount fixed by the court. Surety hereby waives the provisions of Civil Code Section 2845.

IN WITNESS WHEREOF, this instrument has been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

Dated: December 6, 2017

"Principal"

Name: All American Asphalt  
Address: 400 East Sixth Street  
Corona, CA 92879  
Telephone No.: (951)736-7600

Signature: [Handwritten Signature]  
Print Name: EDWARD J. CARLSON  
Title: VICE PRESIDENT  
Date: \_\_\_\_\_

Signature: [Handwritten Signature]  
Print Name: MICHAEL PARKAS  
Title: SECRETARY  
Date: \_\_\_\_\_

"Surety"

Company Name: Fidelity and Deposit Company of Maryland  
Address: 777 S. Figueroa Street, Suite 3900  
Los Angeles, CA 90017  
Telephone No.: (213) 270-0600

Signature: [Handwritten Signature]  
Print Name: Rebecca Haas-Bates  
Title: Attorney-in-Fact  
Date: December 6, 2017

**NOTE:** *This Bond must be dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

**CIVIL CODE § 1189**

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

State of California

County of Riverside

On December 15, 2017 before me, B. Royster, Notary Public  
Date Here Insert name and Title of the Officer

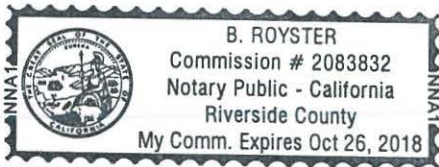
personally appeared Edward J. Carlson and Michael Farkas  
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature B. Royster  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to person relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document Bid Bond – City of Manhattan Beach

Document Date: December 6, 2017 Number of Pages: 4

Signer(s) Other Than Named Above: Rebecca Haas-Bates, Attorney-in-Fact

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Edward J. Carlson

- Individual
- Corporate Officer – Title(s): Vice President
- Partner  Limited  General
- Attorney in Fact
- Trustee
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

Signer is Representing:  
All American Asphalt

Signer's Name: Michael Farkas

- Individual
- Corporate Officer – Title(s): Secretary
- Partner  Limited  General
- Attorney in Fact
- Trustee
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

Signer is Representing:  
All American Asphalt



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

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

State of California )  
County of Orange )

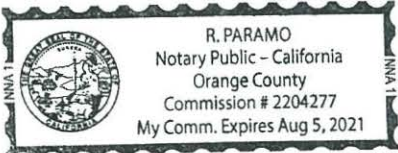
On 12/06/2017 before me, R. Paramo, Notary Public  
*Date Here Insert Name and Title of the Officer*

personally appeared Rebecca Haas-Bates  
*Name(s) of Signer(s)*

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

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

WITNESS my hand and official seal.  
*Signature* [Handwritten Signature]  
*Signature of Notary Public*



*Place Notary Seal Above*

**OPTIONAL**

*Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document**

Title or Type of Document: Bid Bond Document Date: 12/06/2017  
Number of Pages: Two(2) Signer(s) Other Than Named Above: All American Asphalt

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Rebecca Haas-Bates  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_  
Fidelity and Deposit Company of Maryland

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**ZURICH AMERICAN INSURANCE COMPANY  
 COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
 FIDELITY AND DEPOSIT COMPANY OF MARYLAND  
 POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Maryland, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Maryland (herein collectively called the "Companies"), by **GERALD F. HALEY, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **William SYRKIN, Rebecca HAAS-BATES, Sergio D. BÉCHARA and Richard ADAIR, all of Irvine, California, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said **ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND**, this 18th day of April, A.D. 2017.

ATTEST:

**ZURICH AMERICAN INSURANCE COMPANY  
 COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
 FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



*Dawn E. Brown*

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

*Assistant Secretary  
 Dawn E. Brown*

*Gerald F. Haley*

*Vice President  
 Gerald F. Haley*

State of Maryland  
 County of Baltimore

On this 18th day of April, A.D. 2017, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **GERALD F. HALEY, Vice President, and DAWN E. BROWN, Assistant Secretary**, of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

*Constance A. Dunn*



Constance A. Dunn, Notary Public  
 My Commission Expires: July 9, 2019



# CITY OF MANHATTAN BEACH

## ADDENDUM NO. 2

### REQUEST FOR BID (RFB)

### Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramps Improvement Project

December 14, 2017

Please note the following revisions to the Request for Bid document for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramps Improvement Project. *A signed copy of this addendum must be attached to the bid.*

1. Please utilize the attached Bid Schedule to submit your bid proposal.
2. The Traffic Control Plans provided in the contract plans are available for use by the contractor. The contractor is responsible to identify and develop any additional traffic control plans required to permit and construct the project. Additional traffic control plans shall be developed in accordance with the contract documents. Please bid accordingly.
3. In the Instructions to Bidders section, the following paragraph is revised as follows:

AWARD OF CONTRACT. The City reserves the right to reject any or all Bids or any parts thereof or to waive any irregularities or informalities in any Bid or in the bidding. The Contract award, if made, will be to the lowest responsible, responsive Bidder and is anticipated to occur within 60 calendar Days after the Bid opening. The Contract award may be made after that period if the selected Bidder has not given the City written notice of the withdrawal of its Bid.

The lowest responsible, responsible Bidder will be identified based on the Total Bid Price of all Base and Additive Bid Schedule Items. The Contract Award amount will be based on available budget.

ALL AMERICAN ASPHALT  
COMPANY NAME

   
SIGNATURE

12-15-17  
DATE

EDWARD J. CARLSON, V.P.





# CITY OF MANHATTAN BEACH

## ADDENDUM NO. 1

### REQUEST FOR BID (RFB)

### Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramps Improvement Project

**December 12, 2017**

Please note the following revisions to the Request for Bid document for the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramps Improvement Project. *A signed copy of this addendum must be attached to the bid.*

1. Please utilize the attached Bid Schedule to submit your bid proposal
2. Please incorporate the attached "Profilograph Asphalt Concrete Pavement" section as part of the Project Specification Document

**ALL AMERICAN ASPHALT**

COMPANY NAME

SIGNATURE

EDWARD J. CARLSON, V.P.

DATE

12-15-17



## PROFILOGRAPH ASPHALT CONCRETE PAVEMENT

Profiles of newly resurfaced asphalt concrete pavement shall be performed using a California Profilograph or equivalent in conformance with the requirements in California Test 526. Provide documentation to the Engineer that the operators and the equipment have been appropriately certified for testing. The pavement surface shall be profilographed throughout the length of each traveled lane. The profiles shall be approximately 3 feet from and parallel with the inside edge of the travel lane. Profilograph operations shall be in conformance with lane closure requirements.

All areas that require corrective work shall be marked out by the Contractor to the satisfaction of the Engineer. Clearly define and document with photos of each of the pavement sections to be repaired in a written notification as well. A profilograph shall be done in the presence of the Engineer for all corrective work.

Corrective work will be at the discretion of the Engineer that includes but not limited to the following:

- A. Correct defects across the entire width of the roadway width (gutter edge to gutter edge) by grinding with a device approved by the Engineer and surface replacement as approved by the Engineer
- B. Correct defects across the entire width of the roadway width by grinding with a device approved by the Engineer, surface replacement as appropriate and apply Type II slurry seal application across the entire width of the roadway width

Payment for profilographing asphalt concrete pavement and performing all corrective work as resulted from profilographing shall be per the above referenced title bid item. Include all costs and resources for smoothness testing, preparation, and correction, including traffic control, temporary pavement markings, grinding or milling, disposal of waste material, and surface restoration.

## CONTRACT

### CITY OF MANHATTAN BEACH CONTRACT FOR

#### MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT

THIS CONTRACT ("Contract") is made and entered this 16 day of January 2018 ("Effective Date"), by and between the CITY OF MANHATTAN BEACH, a California municipal corporation ("City") and All American Asphalt a California corporation [Legal Form of Entity and state of formation, e.g., California corporation, limited partnership, limited liability company] ("Contractor"). The Contractor's California State Contractor's license number is 267073.

In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Contract Documents. The Contract Documents consist of this Contract, the Notice Inviting Bids, Instructions to Bidders, Bid (including documentation accompanying the Bid and any post-Bid documentation submitted before the Notice of Award), the Bonds, permits from regulatory agencies with jurisdiction, General Provisions, Special Provisions, Plans, Standard Plans, Standard Specifications, Reference Specifications, Addenda, Change Orders, and Supplemental Agreements. The Contract Documents are attached hereto and incorporated herein by reference.

2. Scope of Services. The Contractor shall perform and provide all materials, tools, equipment, labor, and services necessary to complete the Work in a good and workmanlike manner for the project identified as MANHATTAN AVENUE AND HIGHLAND AVENUE PAVEMENT REHABILITATION AND CURB RAMP IMPROVEMENTS PROJECT as described in the Contract Documents.

3. Compensation.

3.1 Contract Price and Basis for Payment. In consideration for the Contractor's full, complete, and timely performance of the Work required by the Contract Documents, the City shall pay the Contractor for the actual quantity of Work required under the Bid Items awarded by the City performed in accordance with the lump sum prices and unit prices for Bid Items, set forth in the Bidder's Proposal submitted with the Bid. The sum of the unit prices and lump sum prices for the Bid Items, awarded by the City is \$1,027,047.60 ("Contract Price"). It is understood and agreed that the quantities set forth in the Bidder's Proposal for which unit prices are fixed are estimates only and that the City will pay and the Contractor will accept, as full payment for these items of work, the unit prices set forth in the Bidder's Proposal multiplied by the actual number of units performed, constructed, or completed as directed by the Engineer.

3.2 Payment Procedures. Based upon applications for payment submitted by the Contractor to the City, the City shall make payments to the Contractor in accordance with Section 9 of the Standard Specifications, as modified by Section 9 of the General Provisions.

4. Contract Time.

4.1 Initial Notice to Proceed. The City shall issue the "Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials." The date specified in the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials constitutes the date of commencement of the Contract Time of 60 Working Days. The Contract Time includes the time

necessary to fulfill preconstruction requirements, place the order for materials, and to complete construction of the Project (except as adjusted by subsequent Change Orders).

The Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials shall further specify that the Contractor must complete the preconstruction requirements and order materials within **60 Working Days** after the date of commencement of the Contract Time; this duration is part of the Contract Time.

Preconstruction requirements include, but are not limited to, the following:

- Submitting and obtaining approval of Traffic Control Plans
- Submitting and obtaining approval of the Stormwater Pollution Prevention Plan (SWPPP)/Water Pollution Control Plan (WPCP)
- Submitting and obtaining approval of critical required submittals
- Installation of the approved Project Identification Signs
- Obtaining an approved no fee Encroachment Permit
- Obtaining a Temporary Use Permit for a construction yard
- Notifying all agencies, utilities, residents, etc., as outlined in the Contract Documents

4.2 Notice to Proceed with Construction. After all preconstruction requirements are met and materials have been ordered in accordance with the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials, the City shall issue the "Notice to Proceed with Construction," at which time the Contractor shall diligently prosecute the Work, including corrective items of Work, day to day thereafter, within the remaining Contract Time.

5. Liquidated Damages for Delay and Control of Work.

5.1 Liquidated Damages. The Contractor and the City have agreed to liquidate damages pursuant to Section 6-9 of the General Provisions.

6. Early Completion.

6.1 City Not Liable for Contractor Failure to Achieve Early Completion. While the Contractor may schedule completion of all of the Work, or portions thereof, earlier than the Contract Time, the City is exempt from liability for and the Contractor will not be entitled to an adjustment of the Contract Sum or to any additional costs, damages, including, but not limited to, claims for extended general conditions costs, home office overhead, jobsite overhead, and management or administrative costs, or compensation whatsoever, for use of float time or for the Contractor's inability to complete the Work earlier than the Contract Time for any reason whatsoever.

7. Work after Stop Work Notice. Any work completed by the Contractor after the issuance of a Stop Work Notice by the City shall be rejected and/or removed and replaced as specified in the applicable Section of the Special Provisions.

8. Antitrust Claims. In entering into this Contract, the Contractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. § 15) or under the Cartwright Act (Business and Professions Code Section 16700 *et seq.*) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the City tenders final payment to the Contractor without further acknowledgment by the parties.

9. Prevailing Wages. The City and the Contractor acknowledge that the Project is a public work to which prevailing wages apply.

10. Workers' Compensation. Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of Labor Code Section 1861, by signing this Contract, the Contractor certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract."

11. Titles. The titles used in this Contract are for convenience only and shall in no way define, limit or describe the scope or intent of this Contract or any part of it.

12. Authority. Any person executing this Contract on behalf of the Contractor warrants and represents that he or she has the authority to execute this Contract on behalf of the Contractor and has the authority to bind the Contractor to the performance of its obligations hereunder.

13. Entire Agreement. This Contract, including the Contract Documents and any other documents incorporated herein by specific reference, represents the entire and integrated Contract between the City and the Contractor. This Contract supersedes all prior oral or written negotiations, representations or agreements. This Contract may not be modified or amended, nor any provision or breach waived, except in a writing signed by both parties that expressly refers to this Contract.

14. Counterparts. This Contract may be executed in counterpart originals, duplicate originals, or both, each of which is deemed to be an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year first above written.

CITY OF MANHATTAN BEACH

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

ATTEST:

By: \_\_\_\_\_  
City Clerk

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

ALL AMERICAN ASPHALT  
("CONTRACTOR")

By:   
NAME EDWARD J. CARLSON TITLE vice pres.

By:   
NAME MICHAEL FARKAS TITLE SECRETARY

PROOF OF AUTHORITY TO BIND  
CONTRACTING PARTY REQUIRED

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

**CIVIL CODE § 1189**

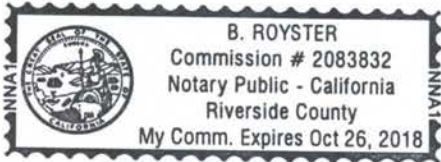
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Riverside

On December 20, 2017 before me, B. Royster, Notary Public  
Date Here Insert name and Title of the Officer

personally appeared Edward J. Carlson and Michael Farkas  
Name(s) of Signer(s)



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

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

WITNESS my hand and official seal.

Signature B. Royster  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to person relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document Contract – City of Manhattan Beach

Document Date: December 20, 2017 Number of Pages: 4

Signer(s) Other Than Named Above: None

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Edward J. Carlson

- Individual
- Corporate Officer — Title(s): Vice President
- Partner  Limited  General
- Attorney in Fact
- Trustee
- Other: \_\_\_\_\_

Signer is Representing:  
All American Asphalt



Signer's Name: Michael Farkas

- Individual
- Corporate Officer — Title(s): Secretary
- Partner  Limited  General
- Attorney in Fact
- Trustee
- Other: \_\_\_\_\_

Signer is Representing:  
All American Asphalt





ALL AMERICAN ASPHALT  
ALL AMERICAN AGGREGATES

T 951-736-7600 F 951-739-4671  
P.O. BOX 2229, CORONA, CA 92878-2229  
CONTRACTORS LICENSE #267073 A.C12  
DIR #1000001051

**CORPORATE RESOLUTION**

Resolved, that this Corporation, All American Asphalt, on December 20, 2017 authorizes Edward J. Carlson to execute contracts and agreements on behalf of the Company in the capacity of Vice President.

\_\_\_\_\_  
Michael Farkas, Secretary

**Weblink to Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project**

Please click on the following link to access the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project plans and specifications:

<https://www.dropbox.com/sh/v0ywcjfmw1iyts0/AADXfCyztPuLTMDuLlvtGjppa?dl=0>



**Agenda Date:** 1/16/2018

---

**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director  
Prem Kumar, City Engineer

**SUBJECT:**

Resolution Authorizing the Allocation of Community Development Block Grant (CDBG) Funds for Fiscal Year 2018/2019 (Public Works Director Katsouleas).

**CONDUCT PUBLIC HEARING AND ADOPT RESOLUTION NO. 18-0012**

---

**RECOMMENDATION:**

Staff recommends that City Council conduct a Public Hearing and adopt Resolution No.18-0012 authorizing the use of Fiscal Year 2018-2019 Community Development Block Grant (CDBG) funds, estimated at \$99,323, for the construction of Americans with Disabilities Act (ADA) -compliant curb ramps throughout the City. This proposed project is consistent with the City's 2018-2022 Capital Improvement Plan.

**FISCAL IMPLICATIONS:**

In Fiscal Year (FY) 2018-2019 the City of Manhattan Beach will receive an estimated \$99,323 from the Community Development Block Grant program. This estimate is based on current CDBG funding levels and is consistent with the amount of CDBG funding the City typically receives annually; the actual appropriation amount to be received by the City will be provided by Los Angeles County in spring 2018.

**BACKGROUND:**

The mission of the CDBG Program is to improve the quality of life for low and moderate income persons, aid in the prevention of neighborhood deterioration and meet other urgent community development needs. One eligible use is the construction and/or reconstruction of curb ramp projects to ensure compliance with current Americans with Disabilities Act (ADA) standards. The City of Manhattan Beach has participated in the federal Housing and Urban Development (HUD) CDBG program, administered by the Los Angeles County Community Development

Commission (LACDC) for the past twenty (20) years, to successfully install or upgrade its ramps to be ADA compliant; and the current 5-Year Capital Improvement Program (CIP) adopted by City Council identifies continuation of this initiative with CDBG funds. It is worth noting that due to the economic profile of Manhattan Beach, the only qualifying uses that have been identified for CDBG funding are related to access improvements for the disabled.

Continuing construction of ADA compliant curb ramps will increase pedestrian mobility and promote safety improvements. For FY 2018/19, the estimated CDBG allocation will cover the cost to upgrade approximately fifteen (15) to twenty (20) accessible curb ramps (see Attachment 2, CDBG Project Location List). These locations prioritize intersections near local schools and prevailing walking routes to schools. Additionally, up to a maximum of twenty percent (20%) of the total project budget may be allocated for construction management, grant administration and federal labor compliance services.

In addition to these planned installations, staff plans to return to the City Council in spring 2018 with an additional opportunity to expand the number of curb ramps that can be upgraded by participating in the LACDC's CDBG Revolving Grant Fund Program. This program, which allows cities to request an advancement of grant funds, was just announced by the LACDC. As soon as the program guidelines and application process are released, staff will determine the amount of funding potentially available and the feasibility of expanding the proposed CIP. Participation in the program would allow for more efficient utilization of staff resources, as well as potentially better bid prices due to economies of scale for the curb ramp work.

**DISCUSSION:**

In order to comply with federal regulations, the City must conduct a Public Hearing to provide the public an opportunity to comment on the City's CDBG program's proposed use of funds. Resolution No. 18-0012 identifies the proposed CDBG project, funding amount, and staff's delegated authority to make minor adjustments, if necessary, to the CDBG project, due to minor variations in CDBG programmatic requirements, and/or to adjust funding allocations and commitments as directed by the LACDC. Therefore, staff recommends that City Council conduct the public hearing and adopt the attached resolution. Notice of the public hearing was properly posted at City Hall, Manhattan Heights and the Joslyn Community Center on December 28, 2017. It was also advertised in the Beach Reporter, the City's publisher of record, on January 4, 2018.

**POLICY ALTERNATIVES:**

Not Applicable.

**PUBLIC OUTREACH/INTEREST:**

In order to comply with federal requirements pertaining to citizen participation and public outreach, the public was afforded a minimum of fourteen (14) day notice of this Public Hearing. The Notice of Public Hearing (Attachment 3) was posted at various City public facilities on December 28, 2017 and published in the Beach Reporter on January 4, 2018.

**ENVIRONMENTAL REVIEW**

The City has reviewed the proposed project for compliance with the California Environmental

Quality Act (CEQA) and has determined that the project qualifies for a Class 1(c) categorical exemption pursuant to Section 15301, Existing Facilities of the State CEQA Guidelines. Thus, no further environmental review is necessary.

**LEGAL REVIEW**

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

**Attachments:**

1. Resolution No. 18-0012
2. CDBG Project Location List
3. Notice of Public Hearing

RESOLUTION NO. 18-0012

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL  
AUTHORIZING THE ALLOCATION OF COMMUNITY  
DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FISCAL  
YEAR 2018/2019

WHEREAS, the federal Community Development Block Grant (CDBG) Program has operated since 1974 to provide local governments the resources to meet the needs of persons of low and moderate-income; and

WHEREAS, the City of Manhattan Beach contracts with the Los Angeles County Community Development Commission for the disbursement of Community Development Block Grant Funds through the Small Cities Program; and

WHEREAS, the City of Manhattan Beach will receive an estimated total of \$99,323 in Fiscal Year 2018/2019 in Community Development Block Grant Funds; and

WHEREAS, the City Council has conducted a public hearing, with the required prior noticing to provide the public an opportunity to comment on the proposed program to construct accessible curb ramps for the removal of architectural and material barriers in accordance with the program requirements for the Fiscal Year 2018/2019 Community Development Block Grant Program.

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

SECTION 1. The City Council hereby approves the Community Development Block Grant (CDBG) Program Project Description and Budget for Fiscal Year 2018/2019 for the proposed construction of accessible curb ramps and instructs staff to submit the necessary CDBG documents and a copy of this Resolution to the Los Angeles County Community Development Commission.

SECTION 2. The City Council authorizes the Public Works Director or designee to adjust the Program budget and process the appropriate documents with the Los Angeles County Community Development Commission (LACDC) as necessary throughout the Fiscal Year. This includes, but is not limited to, allocating amounts on a per project basis, adjusting project budgets, releasing Requests for Proposals for professional services required to implement this CDBG project, and the CDBG Program in general, implementing a new or cancelling existing activities, to allow for the timely expenditure of CDBG funds.

SECTION 3. The City Council further authorizes the Public Works Director or designee to timely execute all necessary Program contracts and agreements with the Los Angeles County Community Development Commission and with each approved recipient/sub recipient of the CDBG program, together with any changes therein which may be approved by the City Manager and, as necessary, the City Attorney.

SECTION 4. 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 16th day of January, 2018.

Ayes:  
Noes:  
Absent:  
Abstain:

---

AMY HOWORTH  
Mayor

ATTEST:

---

LIZA TAMURA  
City Clerk

**Cycle 2 - CDBG Future ADA Ramp Replacement Locations**

No.	Bearing	Location	Inspector Note
1	SE	1st St. and Redondo Ave	Upgrade Req
2	NE	8th St. and Johnson	Upgrade Req
3	NW	Voorhees Ave and Redondo Ave.	No Ramp
4	NE	3rd St. and Crest Ave.	Upgrade Req
5	SE	3rd St. and Crest Ave.	Upgrade Req
6	NE	Curtis Ave and Redondo Ave	Upgrade Req
7	SW	Curtis Ave and Redondo Ave	Upgrade Req
8	SE	Curtis Ave and Redondo Ave	Upgrade Req
9	NE	Herrin Ave and 1st St.	No Ramp
10	NW	Herrin Ave and 1st St.	No Ramp
11	SW	Herrin Ave and 1st St.	No Ramp
12	NE	Poinsettia Ave and 2nd St.	Upgrade Req
13	SE	Poinsettia Ave and 2nd St.	Upgrade Req
14	NE	Chestnut St and 21st	Upgrade Req
15	SW	Longfellow Ave and Chabala St.	Upgrade Req
16	SW	10th St. and Johnson Ave	Upgrade Req
17	NW	1st St. and Redondo Ave	Upgrade Req
18	NE	Meadows Ave and 17th St.	Upgrade Req
19	NW	Meadows Ave and 17th St.	Upgrade Req
20	SW	Meadows Ave and 17th St.	Upgrade Req
21	NE	Rowell Ave and 18th St.	Upgrade Req
22	NW	Rowell Ave and 18th St.	Upgrade Req
23	SW	Rowell Ave and 18th St.	Upgrade Req
24	NE	Meadows Ave and 18th St.	Upgrade Req
25	SE	Meadows Ave and 18th St.	Upgrade Req
26	NE	Rowell Ave and 17th St.	Upgrade Req
27	NW	Rowell Ave and 17th St.	Upgrade Req
28	SE	Rowell Ave and 17th St.	Upgrade Req
29	NW	Rowell Ave and 15th St.	Upgrade Req
30	SW	Rowell Ave and 15th St.	Upgrade Req
31	NE	Rowell Ave and 12th St.	Upgrade Req
32	SE	Rowell Ave and 12th St.	Upgrade Req
33	SW	Rowell Ave and 12th St.	Upgrade Req
34	NW	Peck Ave and 12th St.	Upgrade Req
35	SW	Peck Ave and 12th St.	Upgrade Req
36	SE	Meadows Ave and 12th St.	Upgrade Req
37	NE	Meadows Ave and 19th St.	Upgrade Req
38	SE	Meadows Ave and 19th St.	Upgrade Req

**NOTICE OF PUBLIC HEARING**  
**CITY OF MANHATTAN BEACH**  
**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**  
**FOR FISCAL YEAR 2018-2019**

NOTICE IS HEREBY GIVEN that the City Council of the City of Manhattan Beach will conduct a public hearing on Tuesday, January 16, 2018 at 6:00 p.m. in the Council Chambers located in City Hall at 1400 Highland Avenue, Manhattan Beach, California 90266. The City Council will receive testimony relative to the following:

**2018-2019 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**  
**ANNUAL ACTION PLAN**

The public is invited to review the **City of Manhattan Beach's** proposed Community Development Block Grant (CDBG) Annual Action Plan which identifies projected use of funds for the Fiscal Year July 1, 2018 through June 30, 2019 for submission to the Los Angeles County Community Development Commission (LACDC) as the pass through agency for the U.S. Department of Housing and Urban Development (HUD).

**Estimated CDBG Program Year 2018-2019 Funding Allocation: \$99,323**

**Proposed Project: Installation of Americans with Disabilities Act-Compliant (ADA)**  
**Curb Ramp Construction Project**

This project will provide for ADA-compliant curb access ramps to be installed and/or replaced at various locations throughout the City of Manhattan Beach in order to remove architectural and/or material barriers to provide a clear path of travel for elderly and/or severely disabled adults. This project will use the City's proposed CDBG Program Year 2018-2019 allocation estimated at \$99,323 for construction, construction management and labor compliance costs.

Any interested party may appear in person, or by agent, and be heard at the Public Hearing. Anyone wishing to comment should submit written comments by **noon on January 16, 2018** to:

**Prem Kumar, P.E., City Engineer**  
3621 Bell Avenue  
Manhattan Beach CA 90266  
310.802.5353  
pkumar@citymb.info

For information on programs administered by the **City of Manhattan Beach Public Works Department**, please log on to the City's web site at:  
<http://www.citymb.info/city-officials/public-works/engineering-division>.

Posted: January 2, 2018  
Date Published: January 4, 2018





**Agenda Date:** 1/16/2018

---

**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director  
Anne McIntosh, Community Development Director  
Liza Tamura, City Clerk  
Derrick Abell, Police Chief  
Robert Espinosa, Fire Chief  
Scott Combs, Traffic Sergeant  
Ron Walker, Sergeant Personnel and Training  
James Craig, Fire Engineer/Paramedic  
Martha Alvarez, Senior Deputy City Clerk

**SUBJECT:**

Consideration of the Leadership Manhattan Beach Class of 2018 Proposed Annual Project: Installation of Bicycle "Fixit" Stations and Locations Throughout the City (Public Works Director Katsouleas and Community Development Director McIntosh).

**DISCUSS AND PROVIDE DIRECTION, APPROVE**

---

**RECOMMENDATION:**

Leadership Manhattan Beach Class of 2018 is proposing the installation of DERO Bicycle "Fixit" Stations throughout the City as part of the class project for 2018 and seeking City Council discussion and approval.

**FISCAL IMPLICATIONS:**

There are no fiscal implications for the City of Manhattan Beach. The cost of purchasing, installing and maintaining the bicycle "fixit" stations will be funded by sponsorships collected by the Leadership Manhattan Beach Class of 2018, grants from Beach Cities Health District as part of the Blue Zones Project and the possibility of partnerships with local businesses depending on the locations approved.

**BACKGROUND:**

Leadership Manhattan Beach is in its 26th year and continues to produce not only possible future leaders, via its participants, but also well thought out, high quality projects that benefit the Manhattan Beach community. The Leadership Manhattan Class of 2018 consists of 27 adult and student participants who live or work in Manhattan Beach. The Class of 2018's mission is to, "enrich the South Bay through installing public-use bike fixit stations to further encourage the City's goals of eco-friendly and healthy lifestyles while promoting community engagement".

The class considered many projects before deciding for the "fixit" stations to be the final class project. As a group there was a consensus that the class project should be a positive, healthy alternative and an environmentally friendly addition to the City that would benefit all ages, residents and tourists alike. This project supports the Blue Zone Community lifestyle and creates a more bike friendly community with the convenience of fixing their bikes while on the road.

#### **DISCUSSION:**

The City of Manhattan has been the beneficiary of a number of Leadership Manhattan Beach projects and the class of 2018 is hoping that Bicycle "fixit" Stations will be another successful project for the community.

#### Project Schedule:

If City Council approves the class project at the January 16, 2018 meeting, this will allow for the research process and logistics of the project with the assistance of City staff to commence. The class of 2018 will return in about a month or two to City Council with the complete details for City Council to fully approve the locations and the project as a whole. At that time, once the class receives full City Council approval, the bicycle "fixit" stations will be completely deployed for installation in all City Council approved locations by April 30, 2018.

The class will return with a final report to City Council on May 1 or May 15, 2018, depending on City Council availability.

#### Maintenance Plan:

The class will be providing a total of 15 sets of replacements tools for the next 5 years (3 sets per year) to the City for Public Works to have on hand for the maintenance of the "fixit" stations. Before the end of the fifth year, the City Council can then decide if they want to maintain the "fixit" stations and/or there is a possibility that a secondary organization will take over the maintenance at that time or City Council can decide to remove the "fixit" stations.

#### Possible Locations:

- Manhattan Beach Pier Bike Path
- El Porto Bike Path
- Metlox
- Mira Costa High School
- Polliwog Park

- Manhattan Beach Middle School
- Rosecrans Bike Path
- Aviation Boulevard Bike Paths

**POLICY ALTERNATIVES:**

Not applicable.

**PUBLIC OUTREACH/INTEREST:**

Because this is not a City funded project, public outreach will be made by Leadership Manhattan Beach.

**ENVIRONMENTAL REVIEW**

Not applicable.

**LEGAL REVIEW**

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

**Attachments:**

1. Leadership Manhattan Beach PowerPoint Presentation
2. Fixit Station Video (Web-Link Provided)



**LEADERSHIP  
MANHATTAN BEACH  
Class of 2018  
Bicycle FixIt Stations**



# MB 2018 Project Mission Statement

City Council Meeting  
January 16, 2018

***To enrich the South Bay through installing public-use bike fix-it stations to further encourage the city's goal of eco-friendly and healthy lifestyles while promoting community engagement.***



# Cycling Lifestyles

City Council Meeting  
January 16, 2018



- A new kind of cycling lifestyle is on the rise
- Cyclists rated higher on a well-being index than people using any other form of transportation, including walking
- Manhattan Beach City Council passed legislation to add 11 miles of Sharrows to the Streets of Manhattan Beach
- The positive results—less automobile traffic, cleaner air, better public health, surging commerce along biking routes
- Bike Riding makes us happy!

# ERO Bike Fixit Station



## What's included?

- Hanger arms accommodate most types of bikes
- Minimum footprint
- Includes most commonly used tools for simple bike maintenance
- Tools are secured with braided stainless steel aircraft cables
- Screwdrivers and Allen Wrenches are on swivel connectors for easier use



### TOOL LIST

- Philips and flat head screwdrivers
- 2.5, 3, 4, 5, 6, 8mm Allen wrenches
- 8, 9, 10, 11, 15, 32mm box wrenches
- Tire levers (2)





# DERO FIXIT Stations in the South Bay

City Council Meeting  
January 16, 2018

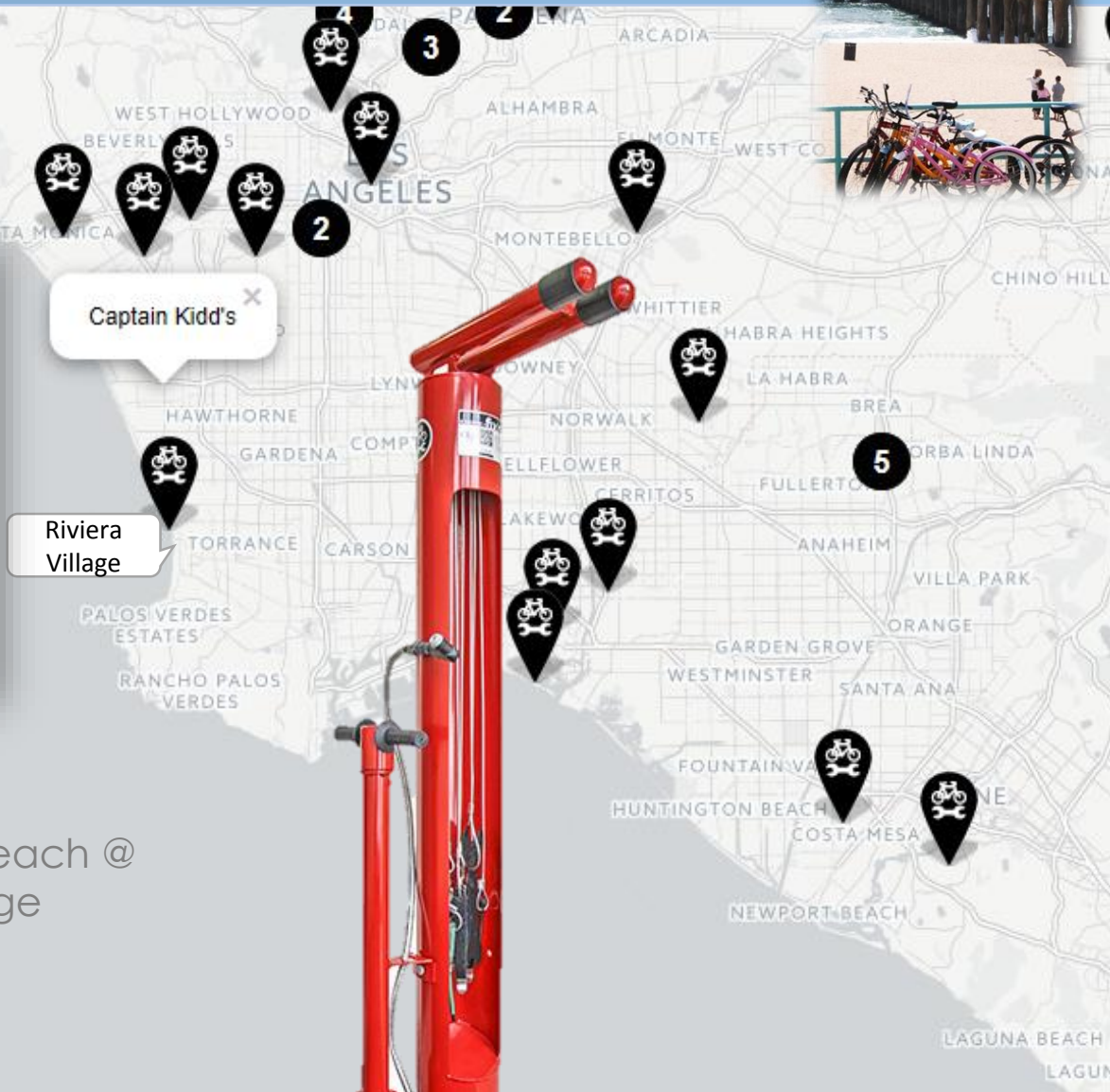


Redondo Beach @ Captain Kidd's



**Riviera Village** added 3 new photos.  
October 25 at 7:43am

In a bind and need basic bike repair? Riviera Village has its Fixit bicycle repair station located on the northeast corner of Del Mar in front of the The Laser Image Company. The station has the tools needed for repairs and maintenance. Hang your bike on the hanger arms to allow the pedals and wheels to spin freely for adjustments. Scan the station's QR code for detailed repair instructions. #rivieravillage #rivieravillagevibes #shopdinerelax #bikerepairs #redondbeach



Captain Kidd's

Riviera Village

Redondo Beach @ Riviera Village





# ERO Bike Fixit Station Cost



## CHOOSE OPTIONS

### Select Finish Option

[ Powder Coat - Deep Red ]

Galvanized



Powder Coat



Thermoplastic



### Select Pump

[ Air Kit 3 ]

No Pump



Air Kit 2  
(Added Cost)



Air Kit 3  
(Added Cost)



## ESTIMATED LEAD TIMES

2 weeks

\$1,282.00

- Fixit Station: ~ \$1,300
- Permit/Installation: ~ \$1,000
- Total Cost/Station: \$2,300
  - **Total Cost 3 Stations: \$6,900**
- Reserve: \$2,500 to purchase replacement tools (\$130/set) over the next 5 years.
- **Total Project Cost: \$9,400**

# Blue Zones



- Blue Zones Project has helped to spearhead projects in the Beach Cities that have resulted in more than \$8.1 million in grants being awarded for livability projects that help make active transportation easier
- Beach Cities Health District as a potential partner
- Sets a positive Impact for Leadership Manhattan Beach and Manhattan Beach Community as a whole

## One way to a long and healthy life? Live a 'Blue Zone' lifestyle



Students take a "Walking School Bus" to class in Redondo Beach, just one of the ways the city is encouraging residents to live healthier lives. (Los Angeles Times)

JULY 11, 2015, 8:50 AM

**I**n the midst of our burger-eating, screen-peering, stress-filled world, there are pockets of longevity and health, where habits and philosophies align to create communities where an unusual number of people live an unusually long time. And studying these people has provided insights into how the rest of us might emulate them.

"I believe that it's no coincidence that the way these people eat, interact with each other..."



Ride your Bike to School on  
**Wednesday, May 3**

Win Prizes. Photo Booth. Grand Prize Raffle.

Learn more at  
[www.southbaybicyclecoalition.org](http://www.southbaybicyclecoalition.org)

Presented by  
SOUTH BAY BICYCLE COALITION  
Beach Cities Health District

# Proposed Locations

City Council Meeting  
January 16, 2018



## Manhattan Beach Bikeways

Oct 18, 2017  
Geographic Information Systems  
CITY OF MANHATTAN BEACH



**Priority Level**

- Low Hanging Fruit
- Quick Wins
- Big Hitters
- Long Term
- Existing Bikeways
- - - Sharrows

Page 175 of 370



### Top 5 Locations

- Near or on Manhattan Beach Strand
  - Pier
  - El Porto
- Metlox
- Mira Costa High School
- Polliwog Park
- Manhattan Beach Middle School





# Optional Project Timeframe



- City Council Project Approval 1/16/18
- MBUSD Board Meeting TBS
- Location Selection Mid – February
- Final City Council Approval Late – February
- Bike FixIt Stand Procurement Late – February
- Delivery of FixIt Stands March
- Installation April
- Unveiling Ceremony May
- City Council Final Report May

# READY. SET. HERE WE GO... BIKE FIXIT PROJECT!

City Council Meeting  
January 16, 2018



## Attachment No. 2

**Web-Link to the Leadership Manhattan Beach Class of 2018  
Project – Bicycle “Fixit” Stations:**

<https://youtu.be/xACeOhSpuil>







**Agenda Date:** 1/16/2018

---

**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Steve S. Charelian, Acting Finance Director

Henry Mitzner, Controller

Libby Bretthauer, Financial Analyst

**SUBJECT:**

Approval of Refinancing of Underground Utility Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6; Adoption of a Debt Management and Disclosure Policy (Acting Finance Director Charelian).

**APPROVE; ADOPT RESOLUTIONS; ADOPT POLICY**

---

**RECOMMENDATION:**

Staff recommends that the City Council: a) adopt Resolution Nos. 18-0015, 18-0016, 18-0017 and 18-0018, as well as all related documents, approving the refunding (refinancing) of Underground Utility Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6; and b) adopt a Debt Management and Disclosure Policy.

**FISCAL IMPLICATION:**

The economic benefit from the refunding plan accrues directly to the homeowners with outstanding assessments. Based on current market conditions, assessment payers in Districts 04-1, 04-3 and 04-5 will save an average of \$441 while Districts 05-2 and 05-6 will save an average of \$1,568 from this refunding.

In addition, staff is recommending that unspent construction funds remaining after project completion be refunded to the current homeowners in Districts 05-2 and 05-6 as provided by State law. The total amount to be refunded is \$593,556 and will be allocated based on the original assessment amounts. The refunds will come in the form of either a direct reduction in the amount refinanced or a cash refund for those who previously paid-off the assessment.

**BACKGROUND:**

In 2004 and 2005, several utility underground assessment districts (UUADs) were formed for the purpose of placing overhead wires and cables from the major utilities (electric, cable, internet) into underground conduits. At that time, homeowners had a choice of paying cash for the improvements, or participating in a bond issue. If they chose the latter, they would pay-off the assessments over a 20 year period. The assessments are paid to the City through the annual consolidated property tax bill. The City then remits the proceeds to the bond trustee for payment to the bond holders.

Bonds were sold in two separate series: the 2004 series included Districts 1, 3 and 5; the 2006 series included Districts 2 and 6. The 2004 series included 390 parcels, with the bond issue totaling \$5.3 million. The 2006 series encompassed 352 parcels and the bonds totaled \$14.4 million.

The bonds for all five districts were issued with total interest cost of 4.72% to 4.92%. The refunding bonds have an estimated true interest cost of 2.527%.

**DISCUSSION:**

A review of existing UUAD debt has indicated that savings for the assessment payers may be achieved by refunding (refinancing) the existing bonds outstanding. Once all costs of issuance are considered, the net present value of savings equals 11.3%, or \$704,386.

In addition to the refunding of debt, Districts 05-2 and 05-6 have construction funds that remain with the trustee. Because the projects are completed and closed out, it is appropriate to refund those moneys to the existing homeowners. Those funds will be allocated based on the original assessments. City Council will be asked to adopt a resolution in order to initiate those refunds. As previously stated, those refunds may come in the form of a reduction in the amount refinanced or a cash refund for those who previously paid-off the assessments.

The refunding plan and all associated and requisite documents are included with this report for approval by the City Council. If approved, the sale of refunding bonds will close on March 1, 2018.

The Finance Subcommittee reviewed and approved the refunding plan.

**Documents to be Approved**

There are several documents that require City Council adoption/approval in order to move ahead with this refinancing. A brief description of each document is listed as well.

***Resolution No. 18-0015 (Attachment 1)***

This Resolution directs disposition of the balance in the improvement funds for Districts 05-2 and 05-6. District 05-2 has \$383,877 on account, while District 05-6 has \$209,679 in funds remaining. These will be distributed in cash to the current property owners if the assessments have been paid-off, or will be applied as a reduction to the principle for those properties being refinanced.

**Resolution No. 18-0016 (Attachment 2)**

This resolution declares City Council's intention to levy reassessments and to issue refunding bonds for the new reassessment District (2018)

**Resolution No. 18-0017 (Attachment 3)**

This resolution adopts the reassessment report, confirming and ordering the reassessment by summary proceedings and authorizing and directing related actions for reassessment district 2018

**Resolution No. 18-0018 (Attachment 4)**

This resolution authorizes the execution of the Indenture, Continuing Disclosure Agreement, the Bond Purchase Contract, the Preliminary Official Statement, the issuance of the redemption notice for the prior bonds, and the issuance of refunding bonds, and approves and authorizes related documents and actions.

**Continuing Disclosure Agreement (Attachment 5)**

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 debt.

**The Indenture (Attachment 6)**

Establishes the City's relationship with U.S. Bank as trustee of the funds. U.S. Bank will be responsible for receiving proceeds of the refunding bonds and distributing funds, handling on-going principal and interest payments, as well as other expenses associated with the bonds.

**The Purchase Contract (Attachment 7)**

Contract between the Underwriter (Bank of America Merrill Lynch, through its broker-dealer subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated), and the City, whereby Merrill Lynch, Pierce, Fenner & Smith Incorporated agrees to purchase the bonds from the City for marketing purposes.

**The Preliminary Official Statement (Attachment 8)**

Used to market the bonds and includes demographic, financial and other information about the refunding. Under federal securities laws, this document must contain all relevant information relating to the refunding generally that would be material to investors. For approval purposes, the statement is preliminary, subject to minor modifications.

**Debt Management and Disclosure Policy (Attachment 9)**

On September 12, 2016, Governor Brown signed SB 1029, which requires debt issuers to adopt debt policies addressing five areas:

1. The purpose for which the debt proceeds may be used (**See Section 4**);
2. The types of debt that may be issued (**See Section 6**);
3. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget (**See Section 7**);
4. Policy goals related to the issuer's planning goals and objectives (**See Section 3**);
5. The internal controls procedures that the issuer has implemented, or will implement, to

ensure that the proceeds of the proposed debt issuance will be directed to the intended use (**See Section 9**).

The bill requires a state or local public agency to submit an annual report for any issue of debt for which it has submitted a report of final sale on or after January 21, 2017. While the City has limited debt policies within the existing adopted Financial Policies, with this refunding of several utility underground assessment districts, it is a requirement that the City adopt this comprehensive policy prior to the refunding.

The proposed policy is consistent with other existing City financial policies. It simply expands definitions and articulates what has been past practice absent a full policy.

This new debt management policy must be adopted by the City Council prior to the issuance of the Preliminary Report of Sale for this debt, which is filed with the California Debt and Investment Advisory Commission (CDIAC) 30 days before the debt sale.

This policy has been reviewed by the City's Bond Counsel and Municipal Advisor, and approved by the Finance Subcommittee.

**SB450 Letter (Attachment 10)**

California Senate Bill No. 450, CHAPTER 625 was approved on October 9, 2017. The bill requires the governing body of a public entity to obtain and disclose specified information in a public meeting prior to authorizing the issuance of bonds. The information is to be obtained as good faith estimates from an underwriter, financial advisor, or private lender or from a third-party borrower if the public body issuing bonds is a conduit financing provider.

Information relating the issuance of bonds to be disclosed include: true interest cost of the borrowing, costs of borrowing, proceeds received from the borrowing, and total debt service payments. Such information is further defined and provided in the attached document for the City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018.

Please see Attachment #10 for full information.

**CONCLUSION:**

Refunding (refinancing) of the Underground Utility Districts will benefit property owners with outstanding assessments. Based on current market conditions, assessment payers in Districts 04-1, 04-3 and 04-5 will save an average of \$441 while Districts 05-2 and 05-6 will save an average of \$1,568 from this refunding. Further, staff is recommending that unspent construction funds remaining after project completion be refunded to the current homeowners in Districts 05-2 and 05-6 as provided by State law. The total amount to be refunded is \$593,556 and will be allocated based on the original assessment amounts. The refunds will come in the form of either a direct reduction in the amount refinanced or a cash refund for those who previously paid-off the assessment.

The refunding bonds are scheduled to close March 1, 2018. The new, lower assessments will first appear on the property tax bills issued in late 2018.

**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**

Bond/Disclosure Counsel has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Resolution No. 18-0015
2. Resolution No. 18-0016
3. Resolution No. 18-0017
4. Resolution No. 18-0018
5. Continuing Disclosure Agreement
6. Indenture
7. Purchase Contract
8. Preliminary Official Statement
9. Debt Management and Disclosure Policy
- 10.SB450 Letter

**RESOLUTION NO. 18-0015**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH  
DIRECTING DISPOSITION OF BALANCE IN THE IMPROVEMENT FUND OF  
ASSESSMENT DISTRICT NOS. 05-2 AND 05-6**

WHEREAS, the City Council of the City of Manhattan Beach has conducted proceedings and completed construction for certain works of improvement in certain special assessment districts pursuant to the terms and provisions of the “Municipal Improvement Act of 1913”, being Division 12 of the Streets and Highways Code of the State of California; said special assessment districts are respectively known and designated as Assessment District No. 05-2 and Assessment District No. 05-6 (collectively, the “Assessment Districts,” or individually each an “Assessment District”); and

WHEREAS, interest income was allocated to cash balances associated with each of the Assessment Districts, interest expense also accrued to the Improvement Funds [[while the City of Manhattan Beach advanced funds to the Assessment Districts during the design phase of the project improvements]]; and

WHEREAS, after completion of the improvements and payment of all the claims from the Improvement Funds for said Assessment Districts, there remains a surplus in the Improvement Funds for each of the Assessment Districts which includes apportioned interest income net of interest expenses, and this legislative body is desirous at this time to make the disposition of said surplus as so provided by Section 10427 of the Streets and Highways Code of the State of California.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MANHATTAN BEACH DOES RESOLVE as follows:

SECTION 1. That the above recitals are all true and correct.

SECTION 2. That the work of improvement, as set forth and described in the Resolution of Intentions for these proceedings, has been substantially completed to the satisfaction of this legislative body, and all payments have either been made or set aside for all existing or potential claims, costs and expenses.

SECTION 3. [[That prior to determining that portion of the amount remaining in the Improvement Funds, which represents surplus, the City shall reimburse itself for the interest expense accrued on the funds advanced to each of the Assessment Districts.]]

SECTION 4. That surplus monies, in the Improvement Funds (in the amounts of \$383,876.98 for Assessment District No. 05-2 and \$209,679.44 for Assessment District No. 05-6), shall be applied as a credit or payment to the property owners within the boundaries of the Assessment District to which such Improvement Fund relates on a pro-rata basis generally determined as follows:

A. To those who paid in cash, the proportionate share of the surplus shall be returned in cash to the person or persons currently owning the property for which the assessment or installment has been paid;

- B. As to the balance remaining after disbursement of the cash payment pursuant to Section 4(A), said balance shall be transferred to the redemption fund and applied to call bonds in a manner consistent with the bond indentures for such Assessment Districts.

**ADOPTED, SIGNED AND APPROVED** this 16th day of January, 2018.

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Mayor of the City of Manhattan Beach

ATTEST:

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City Clerk of the City of Manhattan Beach

**RESOLUTION NO. 18-0016**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
MANHATTAN BEACH DECLARING ITS INTENTION TO  
LEVY REASSESSMENTS AND TO ISSUE REFUNDING  
BONDS FOR REASSESSMENT DISTRICT NO. 2018**

**WHEREAS**, the City Council (the “Council”) of the City of Manhattan Beach (the “City”) has previously adopted its Resolutions of Intention with respect to Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6 pursuant to the Municipal Improvement Act of 1913, (Division 12 of the Streets and Highways Code of California (the “Prior Districts”)); and

**WHEREAS**, by the Resolutions of Intention, the Council provided that bonds would be issued thereunder pursuant to the provisions of the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California and reference to the Resolutions of Intention is hereby expressly made for further particulars; and

**WHEREAS**, special assessment bonds were issued and delivered, for each of the Prior Districts (the “Prior Bonds”); and

**WHEREAS**, the outstanding Prior Bonds are secured by the unpaid assessments on properties in the Prior Districts; and

**WHEREAS**, the public interest requires the refunding of the Prior Bonds and the City Council intends to accomplish the refunding through the levy of reassessments and the issuance of refunding bonds upon the security thereof;

**NOW, THEREFORE**, the Council of the City of Manhattan Beach does hereby **RESOLVE**, as follows:

**1. Proceedings Authorized.** The Council hereby declares its intention to refund the Prior Bonds and to levy reassessments as security for refunding bonds as hereinafter provided. The proceedings for the levy and collection of reassessments as security for the issuance and payment of refunding bonds shall be conducted pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 (commencing with Section 9500) of the Streets and Highways Code of California (the “Act”).

**2. Reassessment Diagram.** The contemplated reassessments and refunding, in the opinion of this Council, are of more than local or ordinary public benefit, and the costs and expenses thereof are made chargeable upon the Prior Districts, the exterior boundaries of which are shown on a reassessment diagram thereof heretofore filed in the office of the City Clerk, and to be filed in the office of the County Recorder of the County of Los Angeles, to which reassessment diagram reference is hereby made for further particulars and which shall hereafter be called “City of Manhattan Beach Reassessment District No. 2018 (the “Reassessment District”). The reassessment diagram indicates by a boundary line the extent of the territory included in the Reassessment District and shall govern for all details as to the extent thereof.



**3. Reassessment Consultant; Report.** The reassessment and refunding are hereby referred to Harris & Associates, a qualified firm employed by this City for the purpose hereof (the “Reassessment Consultant”), and the Reassessment Consultant is hereby directed to make and file with the City Clerk a report in writing, presenting the following:

(a) A schedule setting forth the unpaid principal and interest on the Prior Bonds to be refunded and the total amounts thereof and the unpaid assessment being continued;

(b) The total estimated principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon, together with an estimate of cost of the reassessment and of issuing the refunding bonds, including all costs of issuing the refunding bonds, as defined by subdivision (a) of Section 9600 of the Act;

(c) The auditor’s record kept pursuant to Section 8682 of the Streets and Highways Code of California showing the schedule of principal installments and interest on all unpaid original assessments and the total amounts thereof;

(d) The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed auditor’s record for the reassessment prepared in the manner described in the Section 8682;

(e) A reassessment diagram showing the Reassessment District and the boundaries and dimensions of the subdivisions of land within the Reassessment District. Each subdivision, including each separate condominium interest as defined in Section 783 of the Civil Code, shall be given a separate number upon the diagram.

When any portion or percentage of the costs and expenses of the refunding and reassessment is to be paid from sources other than reassessments, the amount of such portion or percentage shall first be deducted from the total estimated cost and expenses of the refunding and reassessment, and the reassessments shall include only the remainder of the estimated cost and expenses. If any excess shall be realized from the reassessment it shall be used, in such amounts as this Council may determine, in accordance with the provisions of law, in a manner or manners to be provided in these proceedings.

**4. Refunding Bonds.** Notice is hereby given that serial and/or term bonds to represent the reassessments, and bearing interest at the rate of not to exceed 3% per annum, will be issued hereunder in the manner provided by the Act, the last installment of which bonds shall mature not later than September 2, 2026. It is the intention of the City that the City will not obligate itself to advance available funds from the treasury of the City to cure any deficiency in the redemption fund to be created with respect to the bonds; provided, however, that a determination not to obligate itself shall not prevent the City from, in its sole discretion, so advancing the funds.

**5. Bond Call Procedures.** The provisions of Part 11.1 of Division 10 of the Streets and Highways Code of California, providing for an alternative procedure for the advance payment of reassessments and the calling of bonds, shall apply to refunding bonds issued pursuant to proceedings under this resolution.

**6. Prior Proceedings.** Reference is hereby made to the respective proceedings previously undertaken pursuant to Division 4 of the Streets and Highways Code with respect to the Prior Bonds, which are on file in the office of the Secretary.

**7. Reserve Fund.** It is the intention of this Council to create a special reserve fund pursuant to and as authorized by Part 16 of Division 10 of the Bond Law with respect to the refunding bonds and that the amount of the fund shall be included in the reassessment.

**8. Financing Professionals.** The firm of Stradling Yocca Carlson & Rauth, a Professional Law Corporation, is hereby appointed as bond counsel for the purpose of the reassessment and refunding proceedings. The firm of KNN Public Finance LLC, is hereby appointed municipal advisor for the refunding bonds. The firm of Merrill Lynch, Pierce, Fenner & Smith Incorporated is hereby appointed as underwriter for the refunding bonds. The fees of such firms shall be fixed in the proceedings.

**9. Effective Date.** This resolution shall take effect from and after its adoption.

ADOPTED, SIGNED AND APPROVED this 16th day of January, 2018.

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Mayor of the City of Manhattan Beach

ATTEST:

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City Clerk of the City of Manhattan Beach

**RESOLUTION NO. 18-0017**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
MANHATTAN BEACH ADOPTING THE REASSESSMENT  
REPORT, CONFIRMING AND ORDERING THE  
REASSESSMENT BY SUMMARY PROCEEDINGS AND  
AUTHORIZING AND DIRECTING RELATED ACTIONS FOR  
REASSESSMENT DISTRICT NO. 2018**

**WHEREAS**, the City Council (the “Council”) of the City of Manhattan Beach (the “City”) has previously adopted its Resolutions of Intention with respect to Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6 pursuant to the Municipal Improvement Act of 1913, (Division 12 of the Streets and Highways Code of California (the “Prior Districts”)); and

**WHEREAS**, by the Resolutions of Intention, the Council provided that bonds would be issued thereunder pursuant to the provisions of the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California and reference to the Resolutions of Intention is hereby expressly made for further particulars; and

**WHEREAS**, special assessment bonds were issued and delivered, for each of the Districts (the “Prior Bonds”); and

**WHEREAS**, the outstanding Prior Bonds are secured by the unpaid assessments on properties in the Prior Districts; and

**WHEREAS**, the public interest requires the refunding of the Prior Bonds and this City Council intends to accomplish the refunding through the levy of reassessments and the issuance of refunding bonds upon the security thereof;

**WHEREAS**, the City desires to issue refunding bonds (the “Refunding Bonds”) for the District pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the Streets and Highways Code of California (the “Act”), which Refunding Bonds shall refund the Prior Bonds; and

**WHEREAS**, on January 16, 2018, this Council adopted its “Resolution of the Council of the City of Manhattan Beach Declaring its Resolution of Intention to Levy Reassessments and to Issue Refunding Bonds” (the “Resolution of Intention to Levy Reassessments”) in and for the City of Manhattan Beach Reassessment District No. 2018 (the “Reassessment District”) which encompasses the boundaries of all of the Prior Districts, and therein directed the making and filing of a reassessment report (the “Report”) in writing, all in accordance with and pursuant to the Act; and

**WHEREAS**, the Report was duly made and filed, and duly considered by this Council with the aid of City staff and found to be sufficient in every particular, and the Report shall stand for all subsequent proceedings under and pursuant to the Resolution of Intention.

**NOW, THEREFORE**, the Council of the City of Manhattan Beach does hereby **RESOLVE**, as follows:

**1. Conditions Satisfied.** Pursuant to Section 9525 of the Act, and based upon the Report this Council finds that all of the following conditions are satisfied that:

(a) Each estimated annual installment of principal and interest on the reassessment for properties within the Reassessment District as set forth in the Report is less than the corresponding annual installment of principal and interest on the portion of the original assessment being superceded and supplanted as also set forth in the Report, by the same percentage for all subdivisions of land within such Reassessment District;

(b) The number of years to maturity of all refunding bonds proposed to be issued under the Resolution of Intention to Levy Reassessments is no more than the number of years to the last maturity of the Prior Bonds; and

(c) The principal amount of the reassessment on each subdivision of land within each Prior District is less than the unpaid principal amount of the portion of the original assessment being superceded and supplanted by the same percentage for each subdivision of land in the same District.

For the purpose of this Section 1, “unpaid” shall not include installments which are posted to the tax roll for fiscal year 2016-17.

**2. Public Interest.** The public interest, convenience and necessity require that the reassessment be made.

**3. Boundaries Approved.** The Prior Districts benefited by the reassessment and to be reassessed to pay the costs and expenses thereof, and the exterior boundaries thereof, are as shown by the reassessment diagram filed in the office of the City Clerk, which reassessment diagram is made a part hereof by reference thereto.

**4. Report Approved.** Pursuant to the findings hereinabove expressed with respect to Section 9525 of the Act, the conditions, and all of them are deemed satisfied, and the following elements of the Report are hereby finally approved and confirmed without further proceedings, including the conduct of a public hearing under the Act, to wit:

(a) a schedule setting forth the unpaid principal and interest on the Prior Bonds to be refunded and the total amounts thereof (and assessments being continued);

(b) an estimate of the total principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon, together with an estimate of cost of the reassessment and of issuing the refunding bonds, including expenses incidental thereto;

(c) the auditor’s record kept pursuant to Section 8682 of the California Streets and Highways Code of California showing the schedule of principal installments and interest on the Prior Bonds and the total amounts thereof;

(d) the estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number of the reassessment diagram, together with a proposed auditor’s record for the reassessment prepared in the manner described in the Section 8682;

(e) a reassessment diagram showing the Reassessment District and the boundaries and dimensions of the subdivisions of land therein and assigning a separate number to each such subdivision of land.

Final adoption and approval of the Report as a whole, estimate of the costs and expenses, the reassessment diagram and the reassessment, as contained in the Report, as hereinabove determined and ordered, is intended to and shall refer and apply to the Report, or any portion thereof, as amended, modified, revised or corrected by, or pursuant to and in accordance with, any resolution or order, if any, heretofore duly adopted or made by this Council.

**5. Reassessment Levied; Assessments Continued.** The reassessment, including all costs and expenses thereof, is hereby approved, confirmed and levied. Pursuant to the provisions of the Act, reference is hereby made to the Resolution of Intention to Levy Reassessments for further particulars. The reassessment shall be reduced in the event that City Staff determines that to do so is necessary and advisable to further the purposes of this Resolution, and, if such determination is made, City Staff is hereby authorized and directed to record said reduced reassessment in the manner set forth in Section 8 hereof, and to take any further actions required to finalize said reduction, without further action of the Board.

**6. Actions Directed.** The City Clerk and other appropriate officer or officers of the City are hereby authorized and directed to carry out the following, including the payment of any and all fees required by law in connection therewith:

(a) Deliver the reassessment to the official of the City who is its Superintendent of Streets, together with the reassessment diagram, as approved and confirmed by this Council, with a certificate of such confirmation and of the date thereof, executed by the City Clerk, attached thereto. The Superintendent of Streets shall record each of the reassessments and the reassessment diagram in a suitable book to be kept for that purpose, and append thereto a certificate of the date of such recording, and such recordation shall be and constitute the applicable reassessment roll herein.

(b) File and record, respectively, the reassessment diagram and a notice of reassessment in substantially the form specified by Section 3114 of the California Streets and Highways Code and executed by the City Clerk in the office of the County Recorder of the County.

(c) Provide a copy of this resolution to the Auditor of the County at the time of the delivery of the debt service records for the refunding bonds secured by the reassessments.

From the date of recording of the notice of reassessment, all persons shall be deemed to have notice of the contents of such reassessment, and each of such reassessments shall thereupon be a lien upon the property against which it is made, and unless sooner discharged such liens shall so continue for the period of ten (10) years from the date of such recordation, or in the event bonds are issued to represent the reassessments, then such liens shall continue until the expiration of four (4) years after the due date of the last installment upon such bonds or of the last installment of principal of such bonds.

The appropriate officer or officers of the City are hereby authorized to pay any and all fees required by law in connecting with the above.

**7. Levy of Reassessments.** The Finance Director shall keep the record showing the several installments of principal and interest on the reassessments which are to be collected each year during the term of the Refunding Bonds. An annual apportionment of each reassessment, together with annual interest on said reassessment, shall be payable in the same manner and at the same time and in the same installments as the general property taxes and shall be payable and become delinquent at the same time and in the same proportionate amount; provided that any reassessments on possessory interests shall be collected on the unsecured tax roll and shall be payable and become delinquent at the same time as other taxes levied on said unsecured roll. Each year the annual installments shall be submitted to the County of Los Angeles Treasurer and Tax Collector for purposes of collection, and the County of Los Angeles Treasurer and Tax Collector shall, at the close of the tax collecting period, promptly render to the Finance Director a detailed report showing the amount of such installments, interest, penalties and percentages so collected.

**8. Revision of the Report.** The Finance Director or Deputy Finance Director are each hereby authorized and directed (a) to revise the Report to reduce the applicable reassessments, as confirmed pursuant to Section 6 hereof, if and to the extent necessary so that the aggregate amount thereof does not exceed the initial principal amount of the Refunding Bonds, (b) to amend the reassessment and reassessment diagram to reflect such reductions, and (c) to promptly record the reassessment, together with the reassessment diagram, as so amended, in the office of the person acting as the Superintendent of Streets of the City. Immediately thereafter, a copy of the reassessment diagram, as so amended, shall be filed in the office of the County Recorder and a Notice of Reassessment, referring to the reassessment diagram, shall be recorded in the office of the County Recorder, all pursuant to the provisions of Division 4.5 of the California Streets and Highways Code.

**9. Effective Date.** This resolution shall take effect from and after its adoption.

ADOPTED, SIGNED AND APPROVED this 16<sup>th</sup> day of January, 2018.

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Mayor of the City of Manhattan Beach

ATTEST:

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City Clerk of the City of Manhattan Beach

**RESOLUTION NO. 18-0018**

**RESOLUTION OF THE COUNCIL OF THE CITY OF MANHATTAN BEACH  
AUTHORIZING THE ISSUANCE OF REFUNDING BONDS AND APPROVING AND  
AUTHORIZING RELATED DOCUMENTS AND ACTIONS**

**WHEREAS**, the City Council (the “Council”) of the City of Manhattan Beach (the “City”) has previously adopted its Resolutions of Intention with respect to Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6 pursuant to the Municipal Improvements Act of 1913, (Division 12 of the Streets and Highways Code of California (the “Prior Districts”)); and

**WHEREAS**, by the Resolutions of Intention, the Council provided that bonds would be issued thereunder pursuant to the provisions of the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California and reference to the Resolutions of Intention is hereby expressly made for further particulars; and

**WHEREAS**, special assessment bonds were previously issued and delivered, for each of the Prior Districts (the “Prior Bonds”); and

**WHEREAS**, the outstanding Prior Bonds are secured by the unpaid assessments on properties in the Prior Districts; and

**WHEREAS**, the public interest requires the refunding of the Prior Bonds and this City Council intends to accomplish the refunding through the levy of reassessments and the issuance of refunding bonds upon the security thereof;

**WHEREAS**, on January 16, 2018, the Council adopted a “RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH DECLARING ITS INTENTION TO LEVY REASSESSMENTS AND TO ISSUE REFUNDING BONDS FOR REASSESSMENT DISTRICT NO. 2018” (the “Resolution of Intention to Levy Reassessments”), in and for the City of Manhattan Beach Reassessment District No. 2018 (the “Reassessment District”), whose boundaries include all of the Prior Districts, and has thereafter conducted proceedings pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the Streets and Highways Code of California (the “Act”); and

**WHEREAS**, the proceedings under the Act and the Resolution of Intention to Levy Reassessments are now completed, a list of unpaid reassessments (the “List of Unpaid Reassessments”) is on file with the City Clerk, and this Council wishes to provide for the issuance of refunding improvement bonds hereinafter described and defined as the “Refunding Bonds” on the security of such unpaid reassessments pursuant to the Act; and

**WHEREAS**, the purpose of the issuance of the Refunding Bonds shall be to refund and redeem the Prior Bonds; and

**WHEREAS**, there has been submitted to this Council an agreement (the “Indenture”) providing for the issuance of the Refunding Bonds by the City for the Reassessment District, and the City Council, with the aid of City staff, has reviewed the Indenture and found it to be in proper order, and now desires to approve the Indenture and the issuance of the Refunding Bonds; and

**WHEREAS**, in order to effect the issuance of the Bonds, the City Council desires to approve the form of a Preliminary Official Statement for the Refunding Bonds (the “Preliminary Official Statement”) which Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Underwriter (the “Underwriter”) will use to market the Refunding Bonds, and to approve the forms of and to authorize the execution and delivery of the Indenture, a Bond Purchase Agreement and a Continuing Disclosure Certificate and to authorize such changes and additions thereto as the Authorized Officers (defined herein) deem necessary or desirable; and

**WHEREAS**, the City Council has determined that it is prudent in the management of its fiscal affairs to issue the Refunding Bonds and that the issuance of the Refunding Bonds is designed to achieve debt service savings and will benefit taxpayers within the Reassessment District; and

**WHEREAS**, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Refunding Bonds and the levy of the reassessments as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act;

**WHEREAS**, there has been presented to this Council the List of Unpaid Reassessments showing the unpaid reassessments upon the security of which the Refunding Bonds shall be issued, and this Council, with the aid of City staff, has reviewed and considered the List of Unpaid Reassessments; and

**WHEREAS**, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Refunding Bonds and the levy of the reassessments as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act;

**NOW, THEREFORE**, the Council of the City of Manhattan Beach does hereby **RESOLVE**, as follows:

1. The reassessments that remain unpaid are as shown on the List of Unpaid Reassessments, which is hereby approved and incorporated herein by this reference. The total amount of the unpaid reassessments is \$6,245,000. For a particular description of the lots, pieces and parcels of land bearing the respective reassessment numbers set forth in the List of Unpaid Reassessments, reference is hereby made to the reassessment and to the reassessment diagram, and any amendments thereto approved by this Council, all as recorded in the office of the official who is the Superintendent of Streets of the City.

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

3. The issuance of the Refunding Bonds in a principal amount not to exceed \$6,245,000 is hereby authorized and the exact principal amount to be issued shall be determined by the officer signing the Bond Purchase Agreement in accordance with Section 6 below. The Refunding Bonds shall mature on the dates and bear interest at the rates set forth in the Bond Purchase Agreement to be executed in accordance with Section 5 hereof. The Refunding Bonds shall be governed by the terms



and conditions of the Indenture between the City and U.S. Bank National Association, as Fiscal Agent, presented at this meeting (the “Indenture”). U.S. Bank National Association is hereby appointed as the Fiscal Agent for the Refunding Bonds. The Indenture shall be executed by one or more of the Mayor, the City Manager, Finance Director, Deputy Finance Director or any other person or persons designated by the City Council of the City (collectively, the “Authorized Officers”) substantially in the form presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.

4. The Refunding Bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Treasurer and the City Clerk of the City.

5. The covenants set forth in the Indenture are hereby approved and shall be deemed to be covenants of the City.

6. The form of the Bond Purchase Agreement presented at this meeting and the sale of the Refunding Bonds pursuant thereto are hereby approved, provided that the interest rate on the Refunding Bonds achieves savings and the discount at which the Underwriter purchase the Refunding Bonds (exclusive of original issue discount) does not exceed two percent of the principal amount thereof, as determined by the Director of Finance of the City or his designee. Any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement with such additions thereto and changes therein as the officer executing it may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Director of Finance of the City or his designee is authorized to determine the day on which the Refunding Bonds are to be priced in order to attempt to produce the lowest borrowing cost and may reject any terms presented by the Underwriter if determined not to be in the best interest of the City.

7. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions thereto and changes therein as the officer or officers executing the same deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

8. The form of the Preliminary Official Statement presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Refunding Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary or desirable by the Director of Finance of the City or his designee, in order to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Authorized Officer executing said document in order to make it complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Refunding Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the City as described above.

9. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Refunding Bonds. Such services shall include, but not be limited to, obtaining legal services, fiscal agent services, and any other services deemed appropriate by the Authorized Officer; and each of the Authorized Officers is authorized to pay for the cost of such services, together with other costs of issuance for the Refunding Bonds, from the proceeds of the Refunding Bonds.

10. The Authorized Officers, and each of them, are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Refunding Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Refunding Bonds as described in the Indenture, including, but not limited to, directing the issuance of a conditional notice of redemption relating to the Prior Bonds, providing certificates as to the accuracy of any information relating to the City which is included in the Official Statement and other certificates described in the Indenture or the Bond Purchase Agreement. Any document authorized herein to be signed by the Secretary of the City Council may be signed by a duly-appointed deputy secretary.

11. This Resolution shall be effective upon its adoption.

Dated: January 16, 2018

ATTEST:

---

City Clerk

(SEAL)

## 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 Reassessment District No. 2018 Limited Obligation Refunding Bonds (the “Bonds”). The Bonds are being executed pursuant to an Indenture, dated as of March 1, 2018 (the “Indenture”), between the City and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”). 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 Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“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 Bonds, dated February \_\_, 2018.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(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, 2018, 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 of the type contained in Table 7 in the Official Statement (Special Assessment Levies, Delinquencies and Delinquency Rates) for the Bonds for the most recent fiscal year ended. 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 Bonds in a timely manner not more than ten (10) business days after the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. 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 Bonds, 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 Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving 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 Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

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 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

No Bond 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 Bond 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 Bonds.

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 Bonds, 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: City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds

Date of Issuance: March 2, 2018

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 March 2, 2018. The Issuer anticipates that the Annual Report will be filed by

\_\_\_\_\_

Dated:

[ISSUER/DISSEMINATION AGENT]

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

**INDENTURE**

**By and Between**

**CITY OF MANHATTAN BEACH**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Fiscal Agent**

**Relating to**

**\$ \_\_\_\_\_  
CITY OF MANHATTAN BEACH  
REASSESSMENT DISTRICT NO. 2018  
LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

**Dated as of March 1, 2018**

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## INDENTURE

This Indenture, dated as of March 1, 2018 (this “Indenture”), is made and entered into by CITY OF MANHATTAN BEACH (the “City”), a \_\_\_\_\_, duly established and existing under the Constitution and laws of the State of California (the “State”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as fiscal agent (the “Fiscal Agent”) in connection with Reassessment District No. 2018 (the “Reassessment District”).

### WITNESSETH:

WHEREAS, the City Council of the City (the “City Council”) has taken proceedings under the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the California Streets and Highways Code (the “1984 Act”), for the reassessment of parcels with unpaid assessments within Reassessment District No. 2018 and has confirmed a reassessment, which reassessment and a related diagram were recorded with the Superintendent of Streets of the City, and a notice of reassessment, as prescribed in Section 3114 of the California Streets and Highways Code, has been recorded with the County Recorder of the County of Los Angeles, whereupon the assessment attached as a lien upon the property reassessed within the Reassessment as provided in Section 3115 of the Code; and

WHEREAS, it is necessary and desirable that the City sell refunding bonds (the “Bonds”) pursuant to the 1984 Act to Limited Obligation Improvement Bonds issued by the City for Assessment District Nos. 04-1, 04-3, 04-5, 05-2 and 05-6, to be issued to represent the unpaid reassessments;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 101. Definitions.** Unless the context otherwise requires, the following terms shall have the following meanings:

“Act” means, collectively, the 1915 Act and the 1984 Act.

“Administrative Expense Fund” means City of Manhattan Beach Reassessment District No. 2018 Administrative Expense Fund established and held by the Fiscal Agent pursuant to Section 401 hereof.

“Administrative Expense Requirement” means an amount, not in excess of the aggregate maximum annual assessment for Administrative Expenses permitted to be levied within the Reassessment as set forth in the Engineer’s Report, to be specified each year by an Authorized Representative of the City to be used for Administrative Expenses.

“Administrative Expenses” means the ordinary and necessary fees and expenses for determination of the Reassessment and administering the levy and collection of the Reassessment and servicing, calling and redeeming the Bonds, including any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying

out its duties hereunder (including, but not limited to, annual audits and costs incurred in the levying and collection of the Reassessment) including the fees and expenses of its counsel and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder and, in the case of the City, in any way related to the administration of the Reassessment.

“Assessment District” means City of Manhattan Beach Reassessment No. 2018.

“Authorized Representative of the City” means the Mayor, the City Manager, Finance Director, Deputy Finance Director or any other person or persons designated by the City Council of the City and authorized to act on behalf of the City by a written certificate signed on behalf of the City by the Mayor of the City and containing the specimen signature of each such person.

“Beneficial Owner” means, with respect to a Bond, the person whose name is recorded as the beneficial owner thereof or a portion thereof by a Participant on the records of such Participant, or such person's subrogee.

“City Council” means the City Council of the City of Manhattan Beach.

“Bond Counsel” means an attorney or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax treatment of interest on bonds issued by states and their political subdivisions.

“Bond Register” means the books which the Fiscal Agent shall keep or cause to be kept pursuant to Section 212, on which the registration and transfer of the Bonds shall be recorded.

“Bond Year” means the one year period or shorter period ending each year on September 2, or such other date as may be specified by the City in the Tax Certificate.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond is registered as shown on the Bond Register.

“Bonds” means City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018 issued pursuant to the Resolution of Issuance and this Indenture.

“Business Day” means any day other than (a) a Saturday, Sunday, (b) a day on which banking institutions in the State of California or in any state in which the Office of the Fiscal Agent is located are authorized or required by law (including Executive Order) to close, or (c) a day on which the New York Stock Exchange is closed.

“City Clerk” means the City Clerk of the City, or his or her designee.

“Closing Date” means the date of delivery of the Bonds by the City and payment therefor by the original purchaser(s) thereof.

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

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated as of March 1, 2018, executed and delivered by the City, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred by or on behalf of the City (including reasonable charges for the work performed by the officers and employees of the City) in connection with the preparation and approval of the Engineer’s Report, the confirmation of the reassessments and activities relating thereto, the issuance and sale of the Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent, legal fees and expenses, costs of printing the Bonds and the preliminary and final official statements for the Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Written Certificate of the City.

“Costs of Issuance Fund” means City of Manhattan Beach Reassessment District No. 2018 Costs of Issuance Fund established and held by the Fiscal Agent pursuant to Section 401 hereof.

“County” means the County of Los Angeles.

“Depository” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor appointed pursuant to Section 210 hereof.

“City” means City of Manhattan Beach and any successor thereto.

“Engineer’s Report” means the report concerning the Reassessment prepared by Harris & Associates, as approved by the City Council on January 16, 2018 and on file with the City Clerk.

“Federal Securities” means: direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Fiscal Agent; obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and prerefunded municipal obligations rated, at the time of purchase, by Moody’s and S&P in their highest Rating Category; provided that “structured securities” (including flip notes, range notes, inverse floaters and step-ups) will not be considered Federal Securities; provided further that floaters (based on single, interest rate based indices) and callable securities of the above-enumerated agencies may be treated as Federal Securities.

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 702 and 703 and any successor thereto.

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

“Indenture” means this Indenture, as amended or supplemented pursuant to the terms hereof.



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

- (1) is in fact independent and not under the domination of the City;
- (2) does not have any substantial interest, direct or indirect, with the City or with any owner of real property within the Reassessment; and
- (3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

“Interest Payment Date” means each March 2 and September 2, commencing September 2, 2018.

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

“1915 Act” means the Improvement Bond Act of 1915, being Division 10 (commencing with Section 8500) of the California Streets and Highways Code.

“1984 Act” means the Refunding Improvement Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 (commencing with Section 9500) of the California Streets and Highways Code.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 206 hereof.

“Nonpurpose Investment” means Permitted Investments described as Nonpurpose Investments in the Tax Certificate.

“Notice of Reassessment” means the Notice of Reassessment recorded in the Office of the County Recorder of the County of Los Angeles on \_\_\_\_\_, 2018, as Document No. \_\_\_\_\_.

“Office of the Fiscal Agent” means the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other office as may be specified in writing to the City by the Fiscal Agent.

“Outstanding Bonds” or “Outstanding” means all Bonds theretofore issued by the City, except:

- (1) Bonds theretofore canceled or surrendered for cancellation;
- (2) Bonds for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture; and
- (3) Bonds defeased pursuant to Section 901.

“Participant” means a broker-dealer, bank and other financial institution for which the Depository holds Bonds or interests therein from time to time as securities depository.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following investments, if and to the extent the same are at the time legal for investment of the City’s funds (the Fiscal Agent is entitled to rely upon investment direction from the City as a certification that such investment is an Authorized Investment):

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

2. Federal Housing Administration debentures.

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

- Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)  
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)  
Senior debt obligations  
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)  
Debt obligations
- Resolution Funding Corporation (REFCORP)  
Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 30 days) of any bank (including the Fiscal Agent and any affiliate) the short-term obligations of which are rated “A-1” or better by Standard & Poor’s.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Fiscal Agent and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s.

7. Money market funds rated “AAm” or “AAm-G” by Standard & Poor’s, or better (including those of the Fiscal Agent or its affiliates).

8. “State Obligations,” which means:

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

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

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

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

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

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

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

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

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

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

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Fiscal Agent or the City to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

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

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

(d) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “A-” by Standard & Poor’s or “A3” by Moody’s, as appropriate, the provider must, at the direction of Fiscal Agent or the City, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Fiscal Agent or the City.

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

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA” by Standard & Poor’s and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

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

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

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

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

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

(i) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the City, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Fiscal Agent or the City, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Fiscal Agent or City; and

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

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

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

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Fiscal Agent or the City.

12. The State of California Local Agency Investment Fund.

"Person" means any individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prior Bonds" means (i) the City of Manhattan Beach Underground Utility Assessment District No. 04-01; (ii) City of Manhattan Beach Underground Utility Assessment District No. 04-03; (iii) City of Manhattan Beach Underground Utility Assessment District No. 04-05; (iv) City of Manhattan Beach Underground Utility Assessment District No. 05-02; (v) City of Manhattan Beach Underground Utility Assessment District No. 05-06.

"Prior Fiscal Agent" means U.S. Bank National Association, as Fiscal Agent for the Prior Bonds pursuant to the respective Prior Fiscal Agreements.

"Prior Fiscal Agreements" means the respective fiscal agent Agreements entered into by the City and the Prior Fiscal Agent with respect to the Prior Bonds.

"Reassessment" or "Reassessments" means the special reassessments levied in the Reassessment in accordance with the 1984 Act together with the net proceeds derived from any foreclosure proceedings and interest and penalties thereon, but exclusive of any assessments or reassessments levied to pay Administrative Expenses. "Reassessments" shall also include, pursuant to Section 9503 of the Act, any assessments with respect to the Prior Bonds collected on or after the date of issuance of the Bonds.

"Reassessment Fund" means City of Manhattan Beach Reassessment District No. 2018 Reassessment Fund established and held by the Fiscal Agent pursuant to Section 401 hereof.

"Reassessment Installment" means the annual portion of the Reassessment levied to pay the principal of and interest on the Bonds (which does not include assessments levied by the City to pay Administrative Expenses).

"Rebate Fund" means the fund by that name established and held by the Fiscal Agent pursuant to Section 401 hereof in which there are established the accounts described in Section 401 hereof.

"Rebate Regulations" means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Rebate Requirement” shall have the meaning ascribed to it in the Tax Certificate.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means City of Manhattan Beach Reassessment District No. 2018 Redemption Fund established and held by the Fiscal Agent pursuant to Section 401 hereof.

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

“Representation Letter” means the Blanket Letter of Representations from the City and the Fiscal Agent to the Depository as described in Section 207 hereof.

“Reserve Fund” means City of Manhattan Beach Reassessment District No. 2018 Reserve Fund established and held by the Fiscal Agent pursuant to Section 401 hereof.

“Reserve Requirement” means, as of the date of any calculation, the lesser of (a) 10% of the original aggregate principal amount of the Bonds; (b) maximum annual debt service on the Bonds; and (c) 125% of average annual debt service on the Bonds.

“Resolution of Issuance” means Resolution No. 2018-\_\_\_, adopted by the City Council of the City on January 16, 2018, authorizing the issuance of the Bonds and approving the terms and provisions of this Indenture.

“Six-Month Period” means the period of time beginning on the Closing Date of the Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds (and any obligations that refund an issue of the Bonds).

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

“Superintendent of Streets” means the Director of Public Works of the City.

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

“Tax Certificate” means the Tax Certificate delivered upon the issuance of the Bonds.

“Treasurer” means the Treasurer of the City, or his or her designee.

“Written Certificate” and “Written Request” of the City mean, respectively, a written certificate or written request signed in the name of the City by an Authorized Representative of the City. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation; and the two or more so combined shall be read and construed as a single instrument.

“Yield on the Bonds” has the meaning as described in the Tax Certificate.

**Section 102. Interpretation.** Unless the context otherwise indicates, words expressed in the singular shall include the plural, and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate. Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

**Section 103. Equality of Bonds; Pledge of Reassessments; No Obligation to Cure Deficiency.** Pursuant to the Act and this Indenture, the Bonds are equally secured by a first pledge of and shall be equally payable from the Reassessments without priority for number, issue date, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof are equally secured by a first pledge of and shall be exclusively paid from the Reassessments and moneys on deposit in the Reassessment Fund, Redemption Fund and the Reserve Fund which are hereby set aside for and irrevocably pledged solely for the payment of the Bonds. The Reassessments, the amounts in the foregoing funds, and any interest earned on such funds shall constitute a trust fund held by the Fiscal Agent for the benefit of the Owners of the Bonds to be applied to the payment of the interest on, premium, if any, and principal of the Bonds and so long as any of the Bonds remain Outstanding and shall not be used for any other purpose, except as permitted by the Act, this Indenture or any Supplemental Indenture.

Nothing in this Indenture or any Supplemental Indenture shall preclude the redemption prior to maturity of any Bonds subject to call and redemption and payment of said Bonds from proceeds of refunding bonds.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

**Section 201. Authorization and Designation of Bonds.** The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by the Act, and that the City is now authorized, pursuant to each and every requirement of the Act and hereof, to issue the Bonds upon the security of the Reassessments in the aggregate principal amount and in the form and manner provided herein, which Bonds, upon their issuance, shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 202. Type and Nature of Bonds; Limited Liability.** Notwithstanding anything contained herein, in the Bonds, in the Act, any other provision of law, or in any of the resolutions adopted in connection with the proceedings for the formation of the Reassessment or the proceedings for the Reassessment to the contrary, all Bonds authorized pursuant to this Indenture shall be a special obligation of the City; and the City shall not under any circumstances (including, without limitation, after any installment of principal or interest of any Reassessment levied on any lot or parcel in the Reassessment becomes delinquent or after the City acquires title to any such lot or parcel whether through foreclosure or otherwise) be obligated to pay principal, premium, if any, or interest on the Bonds from any source whatsoever other than the Redemption Fund (including any transfers thereto from the Reassessment Fund and the Reserve Fund). Neither the City, the City Council, the officers or employees of the City, any person or entity acting for or on behalf of the City in connection with



the issuance of the Bonds or in connection with the formation or operation of the Reassessment, nor any persons executing the Bonds, shall be liable personally on the Bonds or be subject to any personal liability for the Bonds or any personal liability or accountability whatsoever by reason of or in connection with the issuance of the Bonds or by reason of any act or acts or the failure or omission to take any act or acts (including, without limitation, a negligent act or omission) in connection with or related to the formation or operation of the Reassessment.

**Section 203. Authorization and Purpose of Bonds.** The Bonds shall be designated “City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018” and shall be issued by the City under and pursuant to Act and under and pursuant hereto in the aggregate principal amount equal to the aggregate amount of the unpaid principal portion of the Reassessments (as of the Closing Date, \$ \_\_\_\_\_). The designation of each Bond shall include, in addition to their name, such further appropriate particular designation added to or incorporated in the title for the Bonds as the City may determine or as shall be required by the Act; and each Bond shall bear upon its face the designation so determined. The Bonds may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the City prior to the delivery thereof.

The primary purpose for which the Bonds are to be issued is to provide funds to refinance the cost of the improvements heretofore ordered by the City Council in connection with the formation of the Reassessment through the refunding of the Prior Bonds.

**Section 204. Terms of Bonds.**

(a) The Bonds and the Certificate of Authentication with respect thereto shall be substantially in the form attached hereto as Exhibit A, and forms are hereby approved and adopted as the form of the Bonds and of the Certificate of Authentication. The Bonds may include such appropriate or necessary insertions, omissions and variations as are permitted or required hereby. Only such of the Bonds as shall bear thereon the Certificate of Authentication in substantially the form approved above, manually executed by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture; and such certificate of or on behalf of the Fiscal Agent shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

(b) The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the Office of the Fiscal Agent. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c) The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date, show mature on September 2 of each year, and shall bear interest at the rates per annum as follows:

<i>Maturity Date (September 2)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2019		
2020		
2021		

2022  
2023  
2024  
2025  
2026

(d) Interest shall be payable on each Bond from the date established in accordance with paragraph (e) below on each Interest Payment Date thereafter until the principal sum of that Bond has been paid; provided, however, that if at the maturity date of any Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full in accordance with the terms of this Indenture, such Bonds shall then cease to bear interest.

(e) Each Bond shall bear interest from the Interest Payment Date next preceding its date of authentication and registration, unless (i) its date of authentication is after a Record Date and on or before the immediately succeeding Interest Payment Date, in which event the Bond shall bear interest from such Interest Payment Date or (ii) its date of authentication is before the close of business on the first Record Date, in which event the Bond shall bear interest from its dated date; provided, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

(f) Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the Bond Register as the registered owner thereof at the close of business on the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to such registered owner at his address as it appears on such books or at such other address as he may have filed with the Fiscal Agent for that purpose; provided, however, that, in the case of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of such registered owner to the Fiscal Agent at least 15 days prior to an Interest Payment Date, such payment may be made by wire transfer to an account within the United States designated by such owner. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made by check only to the person whose name appears in the Bond Register as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the corporate trust office of the Fiscal Agent at maturity or on redemption prior to maturity; provided that sinking fund payments, if any, shall be paid without presentment or surrender of the Bonds.

(g) The City and the Fiscal Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a certificated Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Indenture.

(h) From and after the issuance of the Bonds, the findings and determinations of the City Council shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue; and no bona fide purchaser of any of such Bonds shall be required to independently establish the existence of any fact or the performance of any condition or the taking of any proceeding required prior to such issuance or the application of the purchase price paid for such Bonds. The recital contained in the Bonds that the Bonds are issued under and pursuant to the Act and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Bonds shall be incontestable from and after their issuance. Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 205. Execution and Authentication.** The Bonds shall be signed on behalf of the City by the manual or facsimile signatures of the Treasurer and the City Clerk in their respective capacities as officers of the City, and the seal of the City (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds shall nevertheless be valid and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

**Section 206. Book-Entry System.** The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Fiscal Agent in the name of the Nominee as nominee of the Depository. Except as provided in Section 210 hereof, all of the Outstanding Bonds shall be registered in the Bond Register the name of the Nominee.

With respect to Bonds registered in the Bond Register in the name of the Nominee, neither the City nor the Fiscal Agent shall have any responsibility or obligation to any Participant or to any Person on behalf of whom such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The City and the Fiscal Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Fiscal Agent as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Fiscal Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the City's obligations with respect to payment of the principal, premium, if any, and

interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Fiscal Agent, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Fiscal Agent and the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

**Section 207. Representation Letter.** In order to qualify the Bonds which the City elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the Fiscal Agent is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 210 or in any other way impose upon the City or the Fiscal Agent any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond Register. The Fiscal Agent agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the Authorized Representatives of the City are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

**Section 208. Payments to the Nominee.** Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

**Section 209. Initial Depository and Nominee.** The initial Depository hereunder shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

**Section 210. Transfers Outside of Book-Entry System.** In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that the Depository shall no longer so act, then unless the City identifies another qualified securities depository to replace the Depository the City will discontinue the book-entry system. If the City fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the Bond Register kept by the Fiscal Agent in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 210 hereof.

**Section 211. Registration, Exchange or Transfer.** Under the circumstances described in Section 210 but subject to the limitations set forth in the next paragraph, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Office of the Fiscal Agent accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds may be exchanged at the Office of the Fiscal Agent for a like aggregate principal amount of Bonds. The Fiscal Agent will not charge the Owner for any new Bond issued upon any exchange or transfer, but shall require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. The cost of printing any Bonds and any services rendered or any expenses incurred by the Fiscal Agent in connection with any exchange or transfer shall be paid by the City as Administrative Expenses. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond for a like aggregate principal amount; provided, that the Fiscal Agent shall not be required to register transfers or make exchanges of Bonds (a) 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, or (b) with respect to a Bond after such Bond has been selected for redemption.

**Section 212. Bond Register.** The Fiscal Agent will keep or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times during regular business hours upon reasonable prior notice be open to inspection by the City; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds as herein provided.

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

**Section 213. Mutilated, Lost, Destroyed or Stolen Bonds.** If a Bond shall become mutilated, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent; and, if such evidence is satisfactory to the Fiscal Agent and, if indemnity satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Bondowner, shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond dated as such Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding Bonds for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond to replace a Bond which has been mutilated, lost, destroyed or stolen, and which has matured or is about to mature, the Fiscal Agent may make payment with respect to such Bond upon receipt of indemnity satisfactory to it and the City.

**Section 214. Refunding of Bonds; No Other Obligations.** The Bonds may be refunded by the City under Divisions 11 or 11.5 of the 1915 Act upon the conditions set forth in proceedings therefor, all as determined by the City Council. Except for bonds issued to refund the Bonds or to refund other refunding bonds, no other obligations may be issued that are secured in whole or in part

by the Reassessments or any of them.

### ARTICLE III

#### REDEMPTION OF BONDS

##### **Section 301. Provisions for the Redemption of Bonds.**

(a) Mandatory Redemption from Reassessment Prepayments. The Bonds shall be subject to mandatory redemption, in whole or in part as selected by the Treasurer pursuant to Section 8768 of the California Streets and Highways Code, on any Interest Payment Date, from and to the extent of any prepayment of Reassessments, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
March 2, 2019 through September 2, 20__	%
March 2, 20__ and September 2, 20__	
March 2, 20__ and September 2, 20__	
March 2, 20__ and any Interest Payment Date Thereafter	

(b) No Optional Redemption of Bonds. The Bonds are not subject to optional redemption prior to maturity.

**Section 302. Notice of Redemption.** When Bonds are to be called for redemption under Section 301, the Fiscal Agent shall give notice, on behalf of the City, of the redemption of such Bonds. Such notice of redemption shall (a) state the date fixed for redemption and for surrender of the Bonds to be redeemed; (b) state the redemption price; (c) state the place or places where the Bonds are to be surrendered for redemption; and (d) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least thirty (30) days but no more than sixty (60) days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by registered or certified mail, postage prepaid, to the respective Owners of Bonds selected for redemption at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption shall not be a condition precedent thereto, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties.

**Section 303. Partial Redemption of Bonds.** Upon surrender of any Bond to be redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds.

**Section 304. Effect of Notice and Availability of Redemption Money.** Notice of redemption having been duly given, as provided in Section 302, and the amount necessary for the

redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

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

(b) upon presentation and surrender thereof at the corporate trust office of the Fiscal Agent, the redemption price of such Bonds shall be paid to the Owner thereof;

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

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

#### ARTICLE IV

##### CREATION OF FUNDS AND ACCOUNTS; APPLICATION OF PROCEEDS AND ASSESSMENTS

**Section 401. Funds and Accounts.** There are hereby created and established the following funds and accounts, which funds and accounts the City agrees and covenants to maintain with the Fiscal Agent so long as any Bonds are Outstanding hereunder:

(a) City of Manhattan Beach Reassessment District No. 2018 Costs of Issuance Fund (the “Costs of Issuance Fund”);

(b) City of Manhattan Beach Reassessment District No. 2018 Reassessment Fund (the “Reassessment Fund”);

(c) City of Manhattan Beach Reassessment District No. 2018 Redemption Fund (the “Redemption Fund”), in which there shall be established and created a Principal Account, an Interest Account and a Prepayment Account;

(d) City of Manhattan Beach Reassessment District No. 2018 Reserve Fund (the “Reserve Fund”);

(e) City of Manhattan Beach Reassessment District No. 2018 Rebate Fund (the “Rebate Fund”); and

(f) City of Manhattan Beach Reassessment District No. 2018 Administrative Expense Fund (the “Administrative Expense Fund”).

Except for the Administrative Expense Fund and the Rebate Fund, all moneys in the funds and accounts established hereunder shall be held by the Fiscal Agent for the benefit of the Bondowners, shall be accounted for separately and apart from all other accounts, funds, money or other resources of

the City held by the Fiscal Agent and shall be allocated, applied and disbursed solely to the uses and purposes hereinafter set forth in this Article.

The Fiscal Agent may establish such additional funds, accounts or subaccounts of the funds or accounts listed above as it deems necessary or prudent to further its duties pursuant to this Indenture or any Supplemental Indenture and shall establish any additional funds, accounts or subaccounts which the City directs it to establish.

**Section 402. Application of Proceeds of the Sale of Bonds.** Proceeds from the sale of the Bonds shall be used as follows:

- (a) \$ \_\_\_\_\_, an amount equal to the Reserve Requirement shall be deposited by the Fiscal Agent into the Reserve Fund;
- (b) \$ \_\_\_\_\_ shall be deposited by the Fiscal Agent in the Costs of Issuance Fund; and
- (c) \$ \_\_\_\_\_ shall be transferred by the Fiscal Agent to the Prior Fiscal Agent to be applied by said Prior Fiscal Agent to the payment of the principal and interest coming due on the Prior Bonds on March 2, 2018 and to pay the redemption price of the remainder of the Prior Bonds on said date in accordance with the Prior Fiscal Agreements.

**Section 403. Costs of Issuance Fund.** The Fiscal Agent shall deposit into the Costs of Issuance Fund the amounts specified in Section 402. The Fiscal Agent shall pay the costs of issuing the Bonds from the Costs of Issuance Fund as set forth in Written Requests of the City from time to time which Written Requests shall be substantially in the form set forth in Exhibit B hereto. At the Written Direction of the City or six months after the Closing Date, the Fiscal Agent shall transfer any remaining balance in the Costs of Issuance Fund to the Redemption Fund and the Fiscal Agent shall close the Costs of Issuance Fund.

**Section 404. Reassessment Fund.** Upon receipt of Reassessment Installments, the City shall transfer the Reassessment Installments to the Fiscal Agent for deposit to the Reassessment Fund. On or prior to the first day of March and September of each year commencing September 1, 2018, the Fiscal Agent is to then transfer moneys on deposit in the Reassessment Fund in the amounts set forth in the following clauses, in the following order of priority, to:

- (a) the Interest Account of the Redemption Fund, an amount sufficient to make the Interest Payment on the next succeeding Interest Payment Date for the Bonds;
- (b) the Principal Account of the Redemption Fund, the amount needed to make the payment of principal due on the following September 2 on the Outstanding Bonds, including any mandatory sinking fund payments (provided, however, with respect to the transfer to be made on September 1, 2018, the transfer shall be in the amount needed to make the payment of principal due on September 2, 2019 on the Outstanding Bonds);
- (c) the Reserve Fund, the amount needed to restore the Reserve Fund to the Reserve Requirement; and
- (d) the Rebate Fund, the amount, if any, as specified in a Written Direction of the City.



Any moneys remaining in the Reassessment Fund after the deposits described above may be used for any lawful purpose as directed by an Authorized Representative of the City.

Upon provision for payment or redemption of all Bonds, and after payment of any amounts due to the Fiscal Agent, all moneys remaining in the Reassessment Fund shall be paid to the City.

**Section 405. Redemption Fund.** The principal of and interest on the Bonds until maturity shall be paid by the Fiscal Agent from the Redemption Fund. At the maturity of the Bonds, after all principal and interest then due on any Outstanding Bonds has been paid or provided for, moneys in the Redemption Fund shall be paid to the City.

(a) On or prior to the first day of March or September of each year, commencing September 1, 2018, the Fiscal Agent shall transfer to the Interest Account of the Redemption Fund from the Reassessment Fund an amount such that the balance in the Interest Account one day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same becomes due.

(b) On or prior to the first day of September of each year, commencing September 1, 2019, the Fiscal Agent shall transfer to the Principal Account of the Redemption Fund from the Reassessment Fund an amount such that the balance in the Principal Account one day prior to each September 2 shall be equal to the installment of principal (including mandatory sinking fund payments, if any) due on the Bonds on said September 2. Moneys in the Principal Account shall be used to pay the principal (including mandatory sinking fund payments, if any) of the Bonds as the same become due.

(c) Any amounts remaining in the Redemption Fund, other than in the Prepayment Account, on September 15 of each year commencing September 15, 2019, after all principal (including mandatory sinking fund payments, if any) and interest payments due on the prior September 2 have been paid, shall be transferred to the Reassessment Fund.

(d) Moneys set aside in the Prepayment Account of the Redemption Fund shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds.

Upon receiving any prepayment of a Reassessment, the City shall transfer such prepayment to the Fiscal Agent for deposit in the Prepayment Account. The amount so deposited, along with the moneys transferred to the Prepayment Account from the Reserve Fund pursuant to Section 406, shall be used to redeem Bonds pursuant to Section 301(a) on the next Interest Payment Date for which proper notice of redemption of Bonds can be given by the Fiscal Agent.

Money received by the Fiscal Agent from the City from funds other than the prepayment of Reassessments, which are accompanied by a Written Certificate of the City so directing, shall be deposited in the Prepayment Account and used to redeem Bonds as provided in Section 301(b).

If, after all of the Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining in any account of the Redemption Fund, said moneys shall be transferred to the Reassessment Fund.

**Section 406. Reserve Fund.** The Fiscal Agent shall initially deposit into the Reserve Fund the amount specified in Section 402. Thereafter, the Fiscal Agent shall transfer sufficient funds from the Reassessment Fund as provided in Section 404.

Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal (including mandatory sinking fund payments, if any) of and interest on the Bonds when due in the event that the moneys in the Redemption Fund are insufficient therefor. The Fiscal Agent shall withdraw moneys as necessary from the Reserve Fund for deposit in the Redemption Fund on or before the first day of March and September of each year.

In the event a Reassessment is prepaid in whole or in part, the Reassessment being prepaid shall be reduced by the amount transferred from the Reserve Fund to the Prepayment Account of the Redemption Fund pursuant to this paragraph. The amount transferred shall be that portion of the balance then in the Reserve Fund equal to the proportion that the principal amount of the Reassessment prepaid bears to the total of all principal amounts of Reassessments remaining unpaid as of such date. The City shall notify, or shall cause the Fiscal Agent to be notified, of the amount to be transferred pursuant to the provisions of this paragraph. Notwithstanding any provision of this Indenture, the amount to be transferred from the Reserve Fund may be utilized for redemption of the Bonds pursuant to Section 301(a) provided that in no event will moneys be transferred to accomplish such redemption in an amount that causes the Reserve Fund to drop below the Reserve Requirement as determined immediately subsequent to such redemption.

In the event that moneys comprising the Reserve Fund and the moneys in the Redemption Fund and the Reassessment Fund are sufficient to retire all of the Outstanding Bonds plus accrued interest thereon, such moneys in the Reserve Fund and the Reassessment Fund shall at the Written Direction of City be transferred to the Redemption Fund for the payment of the Bonds.

Notwithstanding any provisions herein to the contrary, moneys in the Reserve Fund in excess of the Reserve Requirement shall be held in the Reserve Fund until the amount in the Reserve Fund equals two hundred percent (200%) of the Reserve Requirement, and, thereafter, shall be withdrawn from the Reserve Fund by the Fiscal Agent on each March 1 and September 1 and shall be transferred to the Reassessment Fund and shall be used as provided in Section 404.

**Section 407. Rebate Fund.**

(a) The Fiscal Agent shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the Tax Certificate, unless the City obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds will not be adversely affected if such requirements are not satisfied. The Fiscal Agent shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if it follows the Written Requests of the City, including supplying all necessary information in the manner provided in the Tax Certificate, and except as otherwise expressly provided herein, shall not be required to take any actions hereunder in the absence of written directions by the City, and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate or this Section.

The following requirements shall be satisfied with respect to the Rebate Fund:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the City shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate, upon the written direction of an Authorized Representative of the City, an amount shall be deposited to each account, if any, of the Rebate Fund by the Fiscal Agent from any funds so designated by the City if and to the extent required, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the City in accordance with (i) above. In the event that immediately following any transfer required by the previous sentence, or the date on which the City determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable account of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the City, the Fiscal Agent shall withdraw the excess from the Rebate Fund and then credit the excess to the Reassessment Fund.

(iii) Payment to the Treasury. The Fiscal Agent shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in the Rebate Fund,

(A) Not later than 60 days after the end of (y) the fifth Bond Year for the Bonds, and (z) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds, as applicable; and

(B) Not later than 60 days after the payment or redemption of all of the Bonds, as applicable, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection shall be made in such manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund with respect to the Bonds after redemption and payment of such issue and after making the payments described in Subsection (a) may be withdrawn by the Fiscal Agent at the written direction of the City and utilized by the City for any lawful purpose.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds with respect to which an account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This Section may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the City an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

**Section 408. Administrative Expense Fund.** Upon receipt from time to time of amounts comprising any part of the annual portion of the Reassessment levied to pay Administrative Expenses, the City shall transfer such amounts to the Fiscal Agent for deposit to the Administrative Expense Fund; and the Fiscal Agent shall deposit the amounts so received by it into said Fund. The Fiscal Agent shall pay Administrative Expenses as set forth in Written Requests of the City from time to time which Written Requests shall be substantially in the form set forth in Exhibit C hereto.

**Section 409. Investments.** Moneys held in any of the funds and accounts under this Indenture shall be invested at the Written Direction of the City only in Permitted Investments which shall be deemed at all times to be a part of such funds and accounts. The Fiscal Agent shall provide monthly statements or reports of the principal balances and investment earnings thereon in each fund and account maintained by the Fiscal Agent hereunder.

Permitted Investments shall be purchased at such prices as may be specified or described in a Written Direction of the City (or in telephonic directions promptly confirmed in writing) delivered to the Fiscal Agent. The Fiscal Agent may conclusively reply upon the written instructions of the Authorized Representative as to both the suitability and legality of directed investments. Directions as to the purchase of all Permitted Investments shall be subject to the limitations hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by the Treasurer.

Moneys in all funds and accounts except for the Reserve Fund shall be invested in Permitted Investments maturing, or with respect to which payments of principal and interest are scheduled or otherwise payable, not later than the date on which the Treasurer has estimated that such moneys will be required by the Fiscal Agent for the purposes specified in this Indenture. Moneys in the Reserve Fund shall be invested in Permitted Investments, not less than 50% of which must mature within one year of the date of purchase and all of which must mature within two years of the date of purchase; however, if a Permitted Investment may be redeemed or sold at par on the Business Day prior to each Interest Payment Date, all or a portion of the amount of the Reserve Fund may be invested therein. Permitted Investments purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Fiscal Agent may deliver such Permitted Investments for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be retained therein, except to the extent that transfers from such funds or accounts are authorized in this Indenture. For investment purposes only, the Fiscal Agent may commingle the funds and accounts established hereunder, and administered by the Fiscal Agent, but shall account for each separately.

Notwithstanding anything to the contrary contained in this Section, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account for the credit of which such Permitted Investment was acquired.

For the purpose of determining the amount in any fund or account other than the Reserve Fund, all Permitted Investments credited to such fund or account shall be valued at the lower of the cost or the market value thereof, exclusive of accrued interest. Amounts in the Reserve Fund shall be valued at their market value at least annually on or before August 15. In making any such valuation, the Fiscal Agent may utilize nationally recognized securities valuation or pricing services available to it through its accounting system. The Fiscal Agent may rely on such valuations and shall not be responsible for the accuracy thereof.

The Fiscal Agent, or any of its affiliates, may act as principal or agent in the making or disposing of any investment or as a sponsor, depository, manager for or advisor to any issuer of Permitted Investments. The Fiscal Agent shall sell, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment, or any other investment made at the direction of the City or otherwise made in accordance with this Indenture.

In the absence of a Written Direction of the City received by Fiscal Agent at least two Business Days prior to the maturity of a Permitted Investment, the Fiscal Agent shall invest solely in Permitted Investments set forth in subsection (7) of the definition thereof.

The Fiscal Agent shall be entitled to rely conclusively upon the Written Direction of the City directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State of California and is a Permitted Investment as required by this Indenture, and the Fiscal Agent shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the list of Permitted Investments which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Fiscal Agent shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the City's expense.

Except as specifically provided in this Indenture, the Fiscal Agent shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the City for earnings derived from funds that have been invested.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmation of security transactions to be effected by the Fiscal Agent hereunder as they occur. The City specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which include detail for the investment transactions effected by the Fiscal Agent hereunder; provided, however, that the City retains its right to receive brokerage confirmation on any investment transaction requested by the City.

## ARTICLE V

### COVENANTS AND WARRANTY

**Section 501. Warranty.** The City shall preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons.

**Section 502. Covenants.** So long as any of the Bonds are Outstanding and unpaid, the City makes the following covenants with the Owners under the provisions of the 1915 Act, the 1984 Act and this Indenture (to be performed by the City or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the City to expend any funds or moneys other than the Reassessments:

(a) Punctual Payment; Covenant Against Encumbrances. The City covenants that it will receive all Reassessment Installments in trust and will, consistent with Section 404 hereof, deposit the Reassessment Installments with the Fiscal Agent and the City shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Reassessment Installments, whether received by the City in trust or deposited with the Fiscal Agent, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes herein set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

The City covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with this Indenture to the extent Reassessments and interest earnings transferred to the Redemption Fund are available therefor, and that the payments into the Redemption Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Bonds and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplements and of the Bonds issued hereunder. If at any time the total balance in the Redemption Fund, the Reassessment Fund and the Reserve Fund is sufficient to redeem all Outstanding Bonds pursuant to Section 301 hereof, the Treasurer may direct the Fiscal Agent to effect such redemption on the earliest date on which all Outstanding Bonds may be redeemed.

The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the Reassessments, and will not issue any obligation or security, payable in whole or in part from the unpaid Reassessments other than the Bonds.

(b) Covenant to Levy. The City will cause the Reassessment Installments required to pay the principal of and interest on the Bonds when due to be placed on the tax bills of the owners of the parcels assessed and covenants to levy assessments, as permitted by law, to satisfy the Administrative Expense Requirement.

(c) Foreclosure Proceedings. The City will commence foreclosure proceedings October 1 of the fiscal year immediately following the fiscal year in which delinquency in the payment of a Reassessment Installment occurs, except the City need not commence such proceedings with respect to any property other than property owned by a single property owner who is delinquent in excess of \$5,000 in the payment of Reassessment Installments if both (a) the aggregate amount of such

delinquent Reassessment Installments does not exceed five percent (5%) of the Reassessment Installments posted to the tax roll for the preceding Fiscal Year and (b) the balance on deposit in the Reserve Fund is not less than the Reserve Requirement.

(d) Books and Accounts. The City will cause the Fiscal Agent to keep proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions made by its Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice be subject to the inspection of the City or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(e) Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes by reason of the City's failure to do so, the City covenants to comply with all applicable requirements of the Code, necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

*Private Activity.* The City will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

*Arbitrage.* The City will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

*Federal Guarantee.* The City will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

*Information Reporting.* The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

*Rebate Requirements.* The City will take no action inconsistent with its expectations stated in the Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference herein. Without limiting the generality of the foregoing, the City agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. In particular, the City shall direct the Fiscal Agent to transfer to the Rebate Fund amounts sufficient to pay and shall instruct the Fiscal Agent to pay to the United States Treasury any amounts required to be paid as set forth in Section 407 hereof.

(f) Collection of the Administrative Expense Requirements. The City covenants that it will collect annually an amount specified by an Authorized Representative of the City to be the Administrative Expense Requirement to pay for Administrative Expenses. The Administrative Expense Requirement so collected shall not exceed the amount specified in the Engineer's Report.

**Section 503. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate. Notwithstanding

any other provision of this Indenture, a failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that the Fiscal Agent may (and, at the written direction of any Participating Underwriter or the Beneficial Owners of at least 25% aggregate principal amount of the Outstanding Bonds, and upon being indemnified to its reasonable satisfaction, shall) or any Beneficial Owner of Bonds may, take such actions as may be necessary and appropriate to compel such performance.

## ARTICLE VI

### AMENDMENTS TO AGREEMENT

**Section 601. Amendments Not Requiring Bondowner Consent.** The City may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplements hereto for any of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provisions herein provided that such action shall not materially adversely affect the interests of the Beneficial Owners;

(b) to add to the covenants and agreements of, and the limitations and the restrictions upon, the City contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not, materially adversely affect the interests of the Beneficial Owners; or

(d) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Beneficial Owners.

**Section 602. Amendments Requiring Bondowner Consent.** Exclusive of the Supplements described in Section 601, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve such Supplements as shall be deemed necessary or desirable by the City for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of any principal or interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplement without the consent of the Owners of all the Bonds then Outstanding.

If at any time the City shall desire to enter into a Supplement, which pursuant to the terms of this Section shall require the consent of the Bondowners, the City shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplement. The Fiscal Agent shall, at the expense of the City, cause notice of the proposed Supplement to be mailed, by first class mail postage prepaid, to all Bondowners and their addresses as they appear in the Bond Register. Such notice shall



briefly set forth the nature of the proposed Supplement and shall state that a copy thereof is on file at the office of the Superintendent of Streets and the corporate trust office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplement described in such notice, and shall specifically consent to and approve the Supplement substantially in the form of the copy referred to in such notice as on file with the Superintendent of Streets and the Fiscal Agent, such proposed Supplement, when duly executed by the City, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplement, Bonds which are owned by the City or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the City, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination. Upon request, the City shall designate to the Fiscal Agent those Bonds disqualified by this Section.

Upon the execution and delivery by the City and the Fiscal Agent of any Supplement and the receipt of consent to any such Supplement from the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding in instances where such consent is required pursuant to the provisions of this Section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the City, the Fiscal Agent and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

No Supplement pursuant to either Section 601 or this Section shall modify or amend any of the rights or obligations of the Fiscal Agent without its written consent thereto. The Fiscal Agent may request an opinion of counsel, at the expense of the City, that any such Supplement complies with the provisions of this Article and the Fiscal Agent may conclusively rely upon such opinion.

**Section 603. Notation of Bonds; Delivery of Amended Bonds.** After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent, a suitable notation as to such action shall be made on such Bonds. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Fiscal Agent without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

## ARTICLE VII

### FISCAL AGENT

**Section 701. Fiscal Agent.** U.S. Bank National Association is hereby appointed Fiscal Agent for the City for the purpose of receiving all money which the City is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Indenture.

The Fiscal Agent is hereby authorized to and shall mail by first-class mail, postage prepaid, interest payments to the Bondowners, select Bonds for redemption, and maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or upon redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid and discharged by it.

The Fiscal Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds upon payment thereof or upon the surrender thereof by the City pursuant to Section 1001 hereof. The Fiscal Agent shall keep accurate records of all Bonds paid and discharged and canceled by it for six years or such longer period as required by applicable law or the policies of the Fiscal Agent.

The Fiscal Agent shall supply information regarding investments made under Section 409 at the written request of the City including: (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest, received, and (ix) disposition date. In the event a Nonpurpose Investment is subject to a receipt of bids, the City shall maintain a record of all information establishing fair market value on the date such investment became a Nonpurpose Investment. Such detailed record keeping is required for the calculation of the Rebate Requirement which shall be performed by the City and, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the Yield on the Bonds.

The Fiscal Agent shall receive as compensation for its services hereunder only such fees as are set forth on the fee schedule attached as Exhibit D hereto, which fee schedule is incorporated herein; and the Fiscal Agent shall be entitled to be reimbursed by the City for its other reasonable expenses hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Fiscal Agent may employ in connection with the exercise and performance of its rights and its duties hereunder. All such fees and reimbursements shall be paid solely from amounts held in the Administrative Expense Fund pursuant to a Written Request of an Authorized Representative.

The City shall indemnify, defend and save the Fiscal Agent harmless against any losses, costs, expenses or liabilities, including reasonable fees and expenses of its attorneys (including the allocated costs and disbursements of in house counsel, to the extent such services are not redundant with those provided by outside counsel), not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder, which indemnity shall

survive discharge of the Bonds. The costs of the foregoing shall be paid solely from amounts held in the Administrative Expense Fund pursuant to a Written Request of an Authorized Representative.

Any bank or trust company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under Section 702, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 702. Removal of Fiscal Agent.** The City may in the absence of an event of default at any time, in the exercise of its sole discretion, upon thirty (30) days prior written notice to the Fiscal Agent, remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital and surplus) (or whose parent or holding company has a combined capital (exclusive of borrowed capital and surplus) of at least one hundred million dollars (\$100,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus shall be as set forth in its most recent report of condition so published. The City shall notify the Bondowners in writing of any such removal of the Fiscal Agent and appointment of a successor thereto.

**Section 703. Resignation of Fiscal Agent.** The Fiscal Agent may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing; provided, however, that in the event that the City does not appoint a successor Fiscal Agent within thirty (30) days following receipt of such notice of resignation, the resigning Fiscal Agent may petition an appropriate court having jurisdiction to appoint a successor Fiscal Agent. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the written acceptance of appointment by the successor Fiscal Agent, and notice to the Bondowners of the Fiscal Agent's identity and address.

**Section 704. Liability of Fiscal Agent.** The recitals of fact and all promises, covenants and agreements contained herein and in the bonds shall be taken as statements, promises, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture or of the Bonds or the tax status of the interest thereon, and shall incur no responsibility in respect thereof other than in connection with its duties or obligations herein or in the Bonds or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall have no duties or obligations other than as specifically set forth herein and no implied duties, covenants or obligations shall be read into this Indenture against the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall have no liability or obligation to the Bondowners with respect to the payment of debt service by the City or with respect to the observance or performance by the City of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the City pursuant to this

Indenture or otherwise; provided however that the Fiscal Agent provide the Bondowners with notice of event of default hereunder.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, bond or other paper or documents believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, at the expense of the City, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

The Fiscal Agent shall have no duty or obligations whatsoever to enforce the collection of Reassessments or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. The Fiscal Agent shall have no duty or obligation to monitor the City's compliance with the Act. No provision in this Indenture shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Fiscal Agent shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

The Fiscal Agent shall have no responsibility, opinion or liability with respect to any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

All protections extended to the Fiscal Agent shall also extend to its officers, directors, employees and agents. The Fiscal Agent's rights to indemnification hereunder and to payment of its fees and expenses shall survive its resignation or removal and the final payment or defeasance of the Bonds.

The Fiscal Agent makes no covenant, representation or warranty concerning the current or future tax status of interest on the Bonds.

The Fiscal Agent may become an Owner with the same rights it would have if it were not Fiscal Agent; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Fiscal Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee

formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, shall not be responsible for the actions or omissions of such attorneys, agents or receivers if appointed by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent shall only perform those duties specifically set forth herein and no implied duties, covenants or obligations whatsoever shall be read into this Indenture. In the event of and during the continuance of an Event of Default, the Fiscal Agent shall exercise such care in performing its duties hereunder as a prudent person would exercise under the circumstances in the conduct of its own affairs. No action by the Fiscal Agent shall be construed or deemed to expand the limitations on the scope of the Fiscal Agent's duties. The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Reassessment, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

In accepting the duties of the Fiscal Agent hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners and the City, having any claim against the Fiscal Agent arising from this Indenture shall look only to the funds and accounts held by the Fiscal Agent hereunder for payment, except as otherwise provided herein or where the Fiscal Agent has breached its standard of care as described in this Section. Under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Bonds.

The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, which such majority of the Owners may give, relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent or in the exercise of any right hereunder. In the event of conflicting instructions hereunder, the Fiscal Agent shall have the right to decide the appropriate course of action and be protected in so doing.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed in any respect relating to the Bonds.

The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless it has actual knowledge thereof at its Principal Office.

**Section 705. Interested Transactions.** The Fiscal Agent and its officers and employees may acquire and hold Bonds with the same effect as if it were not Fiscal Agent. The Fiscal Agent, either as principal or agent, may engage in or be interested in any financial or other transaction with the City.

**Section 706. Agents.** The Fiscal Agent may execute any of its trusts or powers or perform its duties through attorneys, agents or receivers and the Fiscal Agent shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care.

## ARTICLE VIII

### EVENTS OF DEFAULT; REMEDIES

**Section 801. Event of Default.** Any one or more of the following events shall constitute an “event of default”:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Default by the City in the observance of any of the other agreements, conditions or covenants on its part in this Indenture or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Fiscal Agent or any Owner, provided that if within thirty (30) days the City has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

The Fiscal Agent shall provide notice to the Owners of the occurrence of an event of default after the Fiscal Agent has actual knowledge of such occurrence.

**Section 802. Remedies.** Following the occurrence and during the continuance of an event of default, the Fiscal Agent may pursue any available remedy at law or in equity to enforce the provisions of this Indenture and to enforce any rights of the Fiscal Agent hereunder, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce the rights of the Owners and/or of the Fiscal Agent against the City and any of the officers and employees of the City, and to compel the City or any such officers or employees to perform and carry out their duties under the Act and their agreements with the Owners and the Fiscal Agent as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners and/or of the Fiscal Agent; or

(c) by a suit in equity to require the City and its members, officers and employees to account as the Fiscal Agent of an express trust.

If an event of default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and

if indemnified to its satisfaction, the Fiscal Agent shall be obligated to exercise such one or more of the rights and powers conferred by this Article, as the Fiscal Agent, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy herein conferred upon or reserved to the Fiscal Agent or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

## ARTICLE IX

### DEFEASANCE

**Section 901. Defeasance.** If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in this Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Reassessments and other amounts hereunder, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under this Indenture shall thereupon cease, terminate and become void and be discharged and satisfied except for the City's covenant under Section 502(e) hereof. In such event, the Fiscal Agent shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the City after payment of any amounts due the Fiscal Agent hereunder all money or securities held by it pursuant to this Indenture which are not required for the payment of the interest due on, and the principal of, such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest with respect to such Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Reassessment Fund, the Reserve Fund and the Redemption Fund, is fully sufficient to pay the principal of, premium and interest on such Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, in trust, Federal Securities in such amount as an Independent Financial Consultant shall determine will, together with the interest to accrue thereon and moneys then on deposit in the Reassessment Fund, the Reserve Fund and the Redemption Fund which is available to pay such Bond, together with the interest to accrue thereon without further investment, be fully sufficient to pay and discharge the principal of, premium, if any, and interest on such Bond as and when the same shall become due and payable; then, notwithstanding that such Bond shall not have been surrendered for payment, all obligations of the City under this Indenture with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owner of any Bond not so surrendered and paid, all sums due thereon from funds provided to it by the City and except for the City's covenant under Section 502(e) hereof. Any money or securities deposited with the Fiscal Agent to defease any Bond or Bonds shall be accompanied by a certificate of a certified public accountant confirming the accuracy of the calculations establishing the sufficiency

of such deposit. Any funds held by the Fiscal Agent at the time of payment or defeasance of all Outstanding Bonds, which are not required for the purpose above mentioned, or for payment of amounts due the Fiscal Agent hereunder shall be paid over to the City.

## ARTICLE X

### MISCELLANEOUS

**Section 1001. Cancellation of Bonds.** All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall upon payment therefor, and any Bond purchased by the City as authorized herein shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds as provided by law and furnish to the City a certificate of destruction.

**Section 1002. Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor, may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the commercial bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any commercial bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums to be paid. The Fiscal Agent shall not be affected by any notice to the contrary. Nothing contained in this Indenture shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept other evidence of the matters herein stated which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

**Section 1003. Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Bonds which remains unclaimed for one year after the Bonds become due and payable, if such money was held by the Fiscal Agent at such date, or for one year after the date of deposit of such money if deposited with the Fiscal Agent after said date when such Bonds become due and payable, shall be repaid by the Fiscal Agent to the City, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that, before being required to make



any such payment to the City, the Fiscal Agent shall, at the written request and the expense of the City, cause to be mailed to the registered Owners of such Bonds, at their addresses as they appear on the Bond Register, a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

**Section 1004. Provisions Constitute Contract; Successors.** The provisions of this Indenture shall constitute a contract between the City and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California. The City and the Fiscal Agent acknowledge and agree that the Bondholders are third party beneficiaries of this Indenture and shall be entitled to enforce the provisions of this Indenture against the City and the Fiscal Agent in the same manner as if the Bondholders were parties hereto.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken by the Fiscal Agent at the direction of the Bondowners, and the Fiscal Agent shall prevail, the Fiscal Agent and such Bondowners shall be entitled to receive from the Reassessment reimbursement for reasonable costs, expenses, outlays and attorneys' fees (including the allocated costs and disbursements of in-house counsel, to the extent such services are not redundant with those provided by outside counsel), and should said suit, action or proceeding be abandoned, or be determined adversely to the Fiscal Agent, then the City, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

This Indenture shall be binding upon the City and the Fiscal Agent and shall inure to the benefit of the City, the Fiscal Agent, the Bondholders, and their respective successors and assigns.

**Section 1005. Further Assurances; Incontestability.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

After the sale and delivery of the Bonds by the City, the Bonds shall be incontestable by the City.

**Section 1006. Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

**Section 1007. General Authorization.** Authorized Representatives of the City are hereby respectively authorized to do and perform from time to time any and all acts and things consistent with this Indenture necessary or appropriate to carry the same into effect.

**Section 1008. Liberal Construction.** This Indenture shall be liberally construed to the end that its purpose may be effected. No error, irregularity, informality and no neglect or omission herein or in any proceeding had pursuant hereto which does not directly affect the jurisdiction of the City Council shall void or invalidate this Indenture or such proceeding or any part thereof, or any act or determination made pursuant thereto.

**Section 1009. Notice.** Any notices required to be given to the City with respect to the Bonds for this Indenture shall be mailed, first class, or personally delivered to the Director of Finance of the City at 1400 Highland Avenue, Manhattan Beach, California 90266, and all notices to the Fiscal Agent in its capacity as Fiscal Agent shall be mailed, first class, postage prepaid, or personally delivered to U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071.

**Section 1010. Action on Next Business Day.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

*[The remainder of this page is left blank intentionally.]*

IN WITNESS WHEREOF, the City and the Fiscal Agent have executed this Indenture, effective the date first written above.

CITY OF MANHATTAN BEACH

By: \_\_\_\_\_  
Its: Authorized Representative

ATTEST:

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

U.S. BANK NATIONAL ASSOCIATION,  
as Fiscal Agent

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT A**  
**FORM OF BOND**

R-\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
**COUNTY OF LOS ANGELES**

**CITY OF MANHATTAN BEACH**  
**ASSESSMENT DISTRICT NO. 2018**  
**LIMITED OBLIGATION REFUNDING BOND, SERIES 2018**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
____%	September 2, ____	March __, 2018	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Under and by virtue of the Refunding Act of 1984 for 1915 Improvement Act Bonds, (Division 11.5, commencing with Section 9500, of the California Streets and Highways Code) (the "Act") and Resolution No. 201815-091 (the "Resolution of Issuance") adopted by the City Council of City of Manhattan Beach (the "City") on the \_\_<sup>th</sup> day of \_\_\_\_, 2018, the City will, out of the redemption fund for the payment of the bonds issued upon the unpaid portion of reassessments more fully described in proceedings taken pursuant to Resolution No. 2018-\_\_\_\_ (the "Resolution of Intention") adopted by the City Council of the City on the \_\_<sup>th</sup> day of \_\_\_\_, 2018, pay to the registered owner stated above, on the maturity date stated above, the principal sum stated above in lawful money of the United States of America, all as provided for in an Indenture dated as of March 1, 2018 (the "Indenture"), by and between U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent") and the City. In like manner, the City will pay interest on this bond from the Interest Payment Date (as defined below) next preceding the date on which this bond is authenticated, unless (i) its date of authentication is after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") and on or before the immediately succeeding Interest Payment Date, in which event the bond shall bear interest from such Interest Payment Date or (ii) its date of authentication is before the close of business on the first Record Date, in which event the bond shall bear interest from its dated date; provided, however, that if at the time of authentication of this bond, interest is in default, interest on this bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment. Such interest shall be payable on March 2 and September 2 of each year, commencing September 2, 2018 (each, an "Interest Payment Date").

Both the principal hereof and redemption premium hereon, if any, are payable at the principal corporate trust office of the Fiscal Agent, and the interest hereon is payable by check mailed by first class mail, postage prepaid, on the Interest Payment Date to the owner hereof at the owner's address as it appears on the records of the Fiscal Agent or at such address as may have been filed with the Fiscal Agent for that purpose, at the close of business on the applicable Record Date; provided,

however, that at the written request of an owner of at least \$1,000,000 in aggregate principal amount of bonds, filed with the Fiscal Agent prior to any Record Date, interest on such bonds will be paid to such owner on such succeeding Interest Payment Date by wire transfer of immediately available funds to an account within the United States of America designated in such written request.

This bond will continue to bear interest after maturity at the rate above stated provided it is presented at maturity and payment hereof is refused upon the sole ground that there are not sufficient moneys in said redemption fund with which to pay the same. If it is not presented at maturity, interest hereon will run only until maturity.

This bond is issued by the City under the Act and the Indenture for the purpose of providing means for refinancing the improvements described in the aforesaid proceedings; and it is secured by the moneys in the redemption fund and by the unpaid portion of certain reassessments made for the payment of those improvements, and, including principal and interest, is payable exclusively out of said fund.

This bond, or any portion of the principal hereof, may be redeemed and paid in advance of maturity on any Interest Payment Date from and to the extent of the proceeds of prepayment of reassessments in the manner provided in Part 8768 of the Act and as more particularly set forth in the Indenture at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

March 2, 20__ through September 2, 20__	%
March 2, 20__ and September 2, 20__	
March 2, 20__ and September 2, 20__	
March 2, 20__ and any Interest Payment Date	
Thereafter	

This bond is not subject to optional redemption prior to maturity.

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the office of the Fiscal Agent, subject to the terms and conditions provided in the Indenture, including the payment of certain charges, if any, upon surrender and cancellation of this bond. Upon such transfer a new registered bond for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

The City and the Fiscal Agent may treat the owner hereof, as shown on the bond register kept by the Fiscal Agent, as the absolute owner for all purposes; and the City and the Fiscal Agent shall not be affected by any notice to the contrary.

The Indenture is incorporated by reference herein and by acceptance hereof the registered owner assents to said terms and conditions.

This bond is subject to refunding pursuant to the procedures of the Refunding Act of 1984 for 1915 Improvement Act Bonds.

This bond shall not be entitled to any benefit under the Act or the Indenture or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed

shall have been manually signed by the Fiscal Agent.

THE CITY HAS DECLARED AND DETERMINED IN THE RESOLUTION OF INTENTION THAT, PURSUANT TO SECTION 8769 OF THE IMPROVEMENT BOND ACT OF 1915, IT WILL NOT OBLIGATE ITSELF TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO CURE ANY DEFICIENCY WHICH MAY OCCUR IN THE REDEMPTION FUND.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF CITY OF MANHATTAN BEACH, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE.

IN WITNESS WHEREOF, City of Manhattan Beach has caused this bond to be signed in manual or facsimile form by the Treasurer and City Clerk of said City, all as of the \_\_\_<sup>th</sup> day of \_\_\_\_\_, 2018.

CITY OF MANHATTAN BEACH

\_\_\_\_\_  
City Treasurer

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

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This is one of the bonds described in the within-mentioned Indenture, which bond has been authenticated and registered on \_\_\_\_\_, 2018.

U.S. BANK NATIONAL ASSOCIATION,  
as Fiscal Agent

By: \_\_\_\_\_  
Authorized Signatory

**[FORM OF LEGAL OPINION]**

The attached is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
City Clerk of the City of Manhattan Beach

**[FORM OF ASSIGNMENT]**

For value received the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
TAX I.D. #: \_\_\_\_\_  
the within bond and do(es) hereby irrevocably constitute and appoint

\_\_\_\_\_  
attorney to transfer the same on the register of the Fiscal Agent with full power of substitution in the premises.

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

\_\_\_\_\_  
SIGNATURE GUARANTEED:

\_\_\_\_\_  
Signature(s) must be guaranteed by an eligible guarantor institution

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever and the signature(s) must be guaranteed by an eligible guarantor.



**EXHIBIT B**

**FORM OF REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE**

**COST OF ISSUANCE FUND**

**REQUISITION FOR DISBURSEMENT FOR COST OF ISSUANCE**

The undersigned, an Authorized Representative of the City (as defined in the Indenture referred to below), hereby requests U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent"), to pay from the Cost of Issuance Fund established by the Indenture dated as of March 1, 2018 by and between City of Manhattan Beach and the Fiscal Agent, to the payee named below the amount specified below for the goods and/or services set forth in the invoice attached hereto.

Payee:

Address:

Purpose:

Amount:

Said amount is due and payable under purchase order, contract or other authorization and has not formed the basis of any prior request for payment. The conditions for the release of this amount from the Costs of Issuance Fund, including those conditions in the Indenture have been satisfied.

There has not been filed with nor served upon the City notice of any lien, right to lien or attachment upon, or stop notice or claim affecting the right to receive payment of the amount specified above which has not been released or will not be released simultaneously with the payment of such amount, other than materialmen's or mechanic's liens accruing by mere operation of law.

Executed by an Authorized Representative of City of  
Manhattan Beach.

Signature:

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

Name:

Title:

Dated:

Payment Request No.:

**EXHIBIT C**

**FORM OF REQUISITION FOR DISBURSEMENT OF ADMINISTRATIVE EXPENSES**

**ADMINISTRATIVE EXPENSE FUND**

**REQUISITION FOR DISBURSEMENT FOR ADMINISTRATIVE EXPENSES**

The undersigned, an Authorized Representative of the City (as defined in the Indenture referred to below), hereby requests U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent"), to pay from the Administrative Expense Fund established by the Indenture dated as of March 1, 2018 by and between City of Manhattan Beach and the Fiscal Agent, to the payee named below the amount specified below for the goods and/or services set forth in the invoice attached hereto.

Payee:

Address:

Purpose:

Amount:

Said amount is due and payable under purchase order, contract or other authorization and has not formed the basis of any prior request for payment. The conditions for the release of this amount from the Administrative Expense Fund, including those conditions in the Indenture have been satisfied.

There has not been filed with nor served upon the City notice of any lien, right to lien or attachment upon, or stop notice or claim affecting the right to receive payment of the amount specified above which has not been released or will not be released simultaneously with the payment of such amount, other than materialmen's or mechanic's liens accruing by mere operation of law.

Executed by an Authorized Representative of City of  
Manhattan Beach.

Signature:

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

Name:

Title:

Dated:

Payment Request No.:

**EXHIBIT D**  
**SCHEDULE OF FISCAL AGENT FEES**

**[TO COME]**

§ \_\_\_\_\_  
**CITY OF MANHATTAN BEACH  
REASSESSMENT DISTRICT NO. 2018  
LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2018

City of Manhattan Beach  
1400 Highland Avenue  
Manhattan Beach, California 90266

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 City of Manhattan Beach, California (the “City”), which upon acceptance will be binding upon the Underwriter and the City. This offer is made subject to 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 City at any time prior to the acceptance hereof by 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 Indenture, dated as of March 1, 2018 (the “Indenture”) by and between the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”).

The above-captioned Bonds will be issued pursuant to a resolution adopted by the City Council on January 16, 2018, (the “Resolution”) and pursuant to provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the Streets and Highways Code of California) (the “Act”) relating to the levy of assessments and issuance of the limited obligation refunding bonds and an Indenture, dated as of March 1, 2018 (the “Indenture”) by and between the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). The Bonds are secured by special reassessments to be levied on real property located within City of Manhattan Beach Reassessment District No. 2018 (the “Reassessment District”).

**Section 1. Purchase, Sale and Delivery of the Bonds.**

(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 City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the following bonds: City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018 (the “Bonds”).

The purchase price for the Bonds shall be \$ \_\_\_\_\_ (representing the aggregate principal amount of the Bonds of \$ \_\_\_\_\_, plus a net original issue premium 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 Bonds shall be substantially in the form described in, shall be executed and delivered and secured under the provisions of the Indenture.

The City acknowledges and agrees that: (i) the primary role of the Underwriter, an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the City 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 with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the City on other matters); (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; (iv) the City had 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.

(b) Pursuant to the authorization of the City, the Underwriter has distributed copies of the Preliminary Official Statement dated \_\_\_\_\_, 2018, relating to the Bonds, 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 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 Bonds (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 Bond Counsel ("Bond 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, Bond 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 Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The City further authorizes 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 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 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 Bond Counsel or at such other location as may be mutually agreed upon by the Underwriter and the City, the documents hereinafter mentioned and the City will deliver to the Underwriter at the offices of The Depository Trust Company (“DTC”) in New York, New York or to the Fiscal Agent, if the closing will occur under DTC’s “FAST” program, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the City and authenticated by the Fiscal Agent in the manner provided for in the Indenture at 8:00 a.m. California time, on March 2, 2018 (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section, in immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be made available to the Underwriter for inspection not later than two Business Days prior to the Closing Date. The Bonds 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 Bonds initially at prices not in excess of the public offering prices (or yields) set forth in Schedule I 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 Bonds and to offer and sell the Bonds 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 Bonds 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 City will, pursuant to the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), dated as of the Closing Date, undertake to provide certain annual financial information and operating data 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. Establishing the Issue Price.

(a) The Underwriter, agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. [All actions to be taken by the City under this section to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.]

(b) [Except as otherwise set forth in Schedule [I] attached hereto,] the City will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate

CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of Bonds. [If, as of the date hereof, the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% test has been satisfied as to the Bonds of that maturity or the Closing Date.]

*[Schedule [I] and subsection (c) shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.]*

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule [I] attached hereto, except as otherwise set forth therein. Schedule [I] also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the City and the Underwriter, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The City acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the

retail distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

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 of California (the “State”), with full right, power and authority to enter into and perform its duties under this Purchase Contract, the Indenture, and the Continuing Disclosure Certificate (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) The City has duly recorded a Notice of Assessment with respect to Assessment District No. 2018 in the office of the County Recorder of the County of Los Angeles.

(c) 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 \_\_\_\_\_, 2018 (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.

(d) 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 – "FORM OF APPROVING LEGAL OPINION" 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.

(e) 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.

(f) 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.

(g) 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 Bonds.

(h) 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 Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; 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.

(i) 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 Bonds, 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 Bonds, the City Resolution or the City Documents, or 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 of the other City 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 Bonds.

(j) 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

(k) If between the date hereof and the date which is 25 days following the End of the Underwriting Period for the Bonds 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 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 at its own expense, or will cause the Assessment District, at its own expense to 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 or the Assessment District.

(l) The City will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds with respect to the Assessment District to be applied in a manner other than as provided in the related Indenture or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(m) The Bonds are payable solely from the related Assessments and the other assets pledged therefor under the Indenture and the City has agreed to comply with all requirements of the Act, the Resolution and the Indenture to assure the timely collection of the Assessments, and interest thereon, including, without limitation, the enforcement of delinquent Assessments. Any funds received by the City in and for the Assessment District (excluding any penalty and interest charges imposed upon delinquent Assessments), including, but not limited to, collections of Assessments (including prepayments thereof), and interest thereon, upon the secured tax rolls, collections of delinquent Assessments and delinquent interest thereon, through foreclosure proceedings or otherwise, and collections of amounts for Administrative Expenses, shall as soon as practicable be transmitted directly to the Fiscal Agent, without deduction, to be deposited in accordance with the Indenture. The City intends to cause the Assessments to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes and, under the terms of the Act, the Assessments are currently subject to the same penalties in case of delinquency as provided for *ad valorem* taxes.

(n) The Indenture creates a valid pledge of the Assessments (including prepayments thereof), together with interest thereon (but excluding any penalty and interest charges imposed upon delinquent Assessments), and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund and the Administrative Expense Account), subject in all cases to the provisions of the Indenture permitting application thereof for the purposes and on the terms and conditions set forth therein.

(o) The City will apply the proceeds of the Bonds with respect to the Assessment District in accordance with the Indenture.

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

(q) 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.

(r) Since \_\_\_\_\_, 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.

(s) 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.

(t) 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.

(u) 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 Bonds 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 contained herein and the performance by the City 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 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, and the City 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.

(iv) The City shall have delivered to the Underwriter final Official Statements by the time, and in the numbers, required by Section 3(o) 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 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.

(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 City Resolution, the City Documents, or the Bonds 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 Bonds.

(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 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) Documents and resolutions relating to the formation of Assessment District No. 2018;

(5) An approving opinion, dated the Closing Date and addressed to the City, of Bond Counsel in substantially the form included as Appendix C to the Official Statement, together with a reliance letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the City 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 Bond Counsel, to the effect that: (i) this Purchase Contract and the City Documents have been duly authorized, executed and delivered by the City, as appropriate, and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid and binding agreements of 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 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the statements in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS" and "CONTINUING DISCLOSURE" and in Appendix B to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds, the City Documents and Bond 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 Bonds 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, dated the date of the Closing, and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(9) An opinion of Katten Muchin Rosenman LLP, New York, New York (“Underwriter’s Counsel”), dated the Closing Date, addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(10) 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 Bonds, (B) in any way contesting or affecting any authority for the execution or delivery of the Bonds or the validity of the Bonds, the City Resolution or any City Document, (C) in any way contesting the creation, existence or powers of the City 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 \_\_\_\_\_, 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 \_\_\_\_\_, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

(11) A certificate dated the Closing Date from Harris & Associates, (the "Reassessment Engineer"), as to the Assessment District, to the effect that (i) the Reassessment Engineer has prepared the Reassessment Report and the Reassessment Diagram with respect to the property located within the Assessment District; (ii) the Reassessment Engineer has consented to the inclusion of the information under the caption "SECURITY FOR THE BONDS – Reassessment Liens and Installments" in the Preliminary Official Statement and the Official Statement; (iii) as of the date hereof the conclusions set forth in the Reassessment Report and the Reassessment Diagram and the references to the Reassessment Engineer, the Reassessment Report and the Reassessment Map made in the Official Statement, including, but not limited to, Table \_\_\_ of the Official Statement, are accurate in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and (iv) no events or occurrences have been ascertained by the Reassessment Engineer or have come to its attention that would substantially change the conclusions set forth in the Reassessment Report and the Reassessment Diagram; and (v) it has reviewed the Preliminary Official Statement and Official Statement and to the best of its knowledge the statements under the caption "SECURITY FOR THE BONDS – Reassessment Liens and Installments" are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(12) A transcript of all proceedings relating to the authorization, execution and delivery of the Bonds, including certified copies of 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 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 and the Assignment Agreement; (iii) the Trustee is duly authorized to execute and deliver the Trust Agreement and the Assignment Agreement, to accept the obligations created by the Trust Agreement and the Assignment Agreement, and to authenticate the Bonds 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 Bonds of the



consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Trust Agreement and the Assignment Agreement; (v) compliance with the terms of the Trust Agreement and the Assignment 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 Bonds, the Trust Agreement and the Assignment 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 Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, 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 Bonds 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 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 and the Assignment Agreement, and, assuming due execution and delivery by the other parties thereto, the Trust Agreement and the Assignment 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 or the Assignment Agreement or the execution and delivery of the Bonds; 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 Bonds, the Trust Agreement and the Assignment Agreement;

(16) A Tax Certificate delivered by the City on the Closing Date in form and substance acceptable to Bond Counsel and the Underwriter;

(17) Evidence that the Bonds have been rated;

(18) A copy of the Blue Sky Survey with respect to the Bonds; and

(19) 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 City contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by 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 in connection with the transactions contemplated hereby and by the Official Statement.

Section 5. Termination. If the City shall be unable to satisfy the 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 in writing, or by telephone confirmed in writing. The performance by the City 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 Bonds, by written notice by the Underwriter to the City, 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 Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds 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 upon interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the City, its property or income, its securities (including the Bonds) 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;

(7) The introduction, proposal or enactment of any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income or securities ( or interest thereon), the validity or enforceability

of the Assessments or the ability of the City, to issue the Bonds with respect to the Assessment District and levy the Assessments as contemplated by the Indenture and the Official Statement; 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 Bonds, other securities of the City or obligations of the general character of the Bonds 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, the City Resolution, the City Documents, or the Bonds 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 Bonds; 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 Bonds, or the execution or delivery of the Bonds, 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 Bonds, or the execution and delivery of any City 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 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Bonds, the City Resolution, the City Documents, or the existence or powers of the City with respect to its obligations under the City Documents, or the Bonds; or

(viii) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by to assign the long-term rating of to the Bonds.

Section 6. Expenses.

(a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, the City shall pay out of the proceeds of the

Bonds or any other legally available funds of the City, all expenses incidental to the performance of the City's obligations hereunder, including but not limited to the cost of printing and delivering the Bonds, the City 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 Trustee and its counsel, Bond Counsel, the City Attorney, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City in connection with the issuance and sale of the Bonds; 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 Bonds. The City shall pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the City'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 Bonds are delivered to the Underwriter as set for herein, the City 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 Bonds 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 Bonds 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 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 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 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 and regardless of the delivery of and payment for the Bonds 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 Bonds for the City. This Purchase Contract, when accepted by the City, shall constitute the entire agreement between 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 City 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

CITY OF MANHATTAN BEACH

By: \_\_\_\_\_  
Authorized Representative

**SCHEDULE I**

**MATURITY SCHEDULE**

<u>Maturity Date (Sept. 2)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				

<sup>c</sup> Priced to the optional redemption date of \_\_\_\_\_.



## EXHIBIT A

### ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”), the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

Select appropriate provisions below:

1. [Alternative 1<sup>1</sup> – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2<sup>2</sup> – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. *Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities]*.

(a)[Alternative 1<sup>3</sup> – All Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2<sup>4</sup> – Select Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b)[Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the

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<sup>1</sup> If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

<sup>2</sup> If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

<sup>3</sup> If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

<sup>4</sup> Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [[SHORT NAME OF UNDERWRITER] has not offered or sold any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [[SHORT NAME OF UNDERWRITER] has not offered or sold any unsold Bonds of any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

### 3. *Defined Terms.*

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d)*Issuer* means the City of Manhattan Beach.

(e)*Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest

rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Merrill’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer [and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice it may give to the Issuer [and the Borrower] from time to time relating to the Bonds. [The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.]

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED, as Underwriter

By: \_\_\_\_\_  
[NAME]  
[TITLE]

Dated: [ISSUE DATE]

**EXHIBIT B**

**OPINION OF CITY ATTORNEY**

\_\_\_\_\_, 2016

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

with reference to

§ \_\_\_\_\_  
**CITY OF MANHATTAN BEACH  
REASSESSMENT DISTRICT NO. 2018  
LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

Ladies and Gentlemen:

In my capacity as the City Attorney to the City of Manhattan Beach (the “City”) in connection with the execution and delivery of the above-referenced bonds (the “Bonds”), 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 \_\_\_\_\_, 2018 (the “Purchase Contract”), by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriter, and accepted by the City.

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 general law City duly organized and existing under the laws of the State of California.
2. The City has duly organized and validly established Assessment District No. 2018 in accordance with and by virtue of the Constitution and the laws of the State.

3. 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.

4. 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 Documents or the Bonds, or (c) find illegal, invalid or unenforceable the City Documents or the transactions contemplated thereby, or any other agreement or instrument related to the execution and delivery of the Bonds to which the City is a party.

5. To the best of my knowledge, the execution and delivery of the Official Statement and the City Documents 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 Documents.

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 Bonds or the interest thereon, the City Documents 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 Bonds or the power of the City to execute and deliver the Bonds under state law, for which the City is relying on the opinion given by Bond Counsel. Further, I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the City Documents. 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 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 City.

I am furnishing this opinion as City Attorney to the City. Except for the City, no attorney-client relationship has existed or exists between me and the addressees hereof in connection with the Bonds 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

**NEW ISSUE – BOOK ENTRY ONLY**

**RATING (see “Rating” herein):**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.*

**\$5,330,000\***

**CITY OF MANHATTAN BEACH  
REASSESSMENT DISTRICT NO. 2018**

**LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

Dated: Date of Issuance

Due: September 2, as shown on inside front cover

The City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds (the “Bonds”) are limited obligations of the City of Manhattan Beach (the “City”) secured by special reassessments to be levied on real property located within City of Manhattan Beach Reassessment District No. 2018 (the “Reassessment District”). The proceeds of the Bonds will be used (i) redeem various series of the City of Manhattan Beach Assessment District Limited Obligation Improvement Bonds, currently outstanding in the aggregate principal amount of \$6,245,000 (the “Refunded Bonds”), (ii) fund a Reserve Fund, and (iii) pay the costs of issuing the Bonds. The proceeds of the Refunded Bonds were used to finance the cost of the undergrounding of existing overhead utility facilities. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES OF USES OF BOND PROCEEDS”.

The Bonds are being issued pursuant to provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the Streets and Highways Code of California) (the “Act”) and a Indenture, dated as of August 1, 2015 (the “Indenture”) by and between the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of ownership interests in the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but are expected to receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable on September 2, 2018 and semiannually thereafter on each March 2 and September 2. Principal of and interest on the Bonds will be paid by the Fiscal Agent to DTC for subsequent disbursement to DTC Participants, who are to remit such payments to the beneficial owners of the Bonds. See “THE BONDS — General” and APPENDIX E — “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds are special obligations of the City payable solely from revenues derived from installments of Reassessments (as defined herein) to be levied on and collected from the owners of parcels within the Reassessment District. Under the provisions of the Act, installments of principal and interest (the “Reassessment Installments”) sufficient to meet annual Bond debt service will be levied by the City and billed by the County of Los Angeles (the “County”) to owners of property within the Reassessment District against which there are unpaid Reassessments. Upon receipt by the City from the County, these annual Reassessment Installments are to be forwarded to the Fiscal Agent for deposit first into the Reassessment Fund and from that fund to the Redemption Fund (each such fund to be held by the Fiscal Agent) and used to pay debt service on the Bonds as it becomes due.

The Fiscal Agent will establish a Reserve Fund and deposit therein Bond proceeds in the amount of the Reserve Requirement (as defined herein) to provide funds for payment of principal and interest on the Bonds in the event of any delinquent Reassessment Installments. The City’s obligation to advance funds to the Redemption Fund as a result of delinquent installments is limited to the balance in the Reserve Fund. The City has covenanted to initiate judicial foreclosure in the event of a delinquency as described herein. See “SECURITY FOR THE BONDS — Covenant to Foreclose and Judicial Foreclosure Proceedings.”

The Bonds are subject to mandatory redemption from prepayments of Reassessments as set forth herein. See “THE BONDS — Redemption of Bonds” herein.

**THE BONDS ARE LIMITED OBLIGATION IMPROVEMENT BONDS AND ARE SECURED SOLELY BY THE OUTSTANDING REASSESSMENTS AND THE AMOUNTS IN THE REASSESSMENT FUND AND RESERVE FUND. THE BONDS ARE NOT SECURED BY THE GENERAL TAXING POWER OF THE CITY OF MANHATTAN BEACH, THE COUNTY OF LOS ANGELES (THE “COUNTY”), OR THE STATE OF**

\* Preliminary; subject to change.

**CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING “SPECIAL RISK FACTORS,” SHOULD BE READ IN ITS ENTIRETY.**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including, without limitation, “Special Risk Factors,” to obtain information essential to the making of an informed investment decision.*

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by Richards Watson & Gershon, P.C., City Attorney, and for the Underwriter by its counsel, Katten Muchin Rosenman LLP. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about March 2, 2018.*

**BofA Merrill Lynch**

Dated: February \_\_, 2018.



**MATURITY SCHEDULE**

**\$5,330,000\* Serial Bonds**

<i>Maturity Date (September 2)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.†</i>
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					

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\* Preliminary; subject to change.

† Copyright 2018, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. Neither the City or the Underwriter take responsibility for the accuracy of the CUSIP numbers.

**City of Manhattan Beach**

**City Council**

*Amy Thomas Howorth, Mayor*  
*Steve Napolitano, Mayor Pro Tem*  
*Nancy Hersman, Councilmember*  
*Richard Montgomery, Councilmember*  
*David J. Lesser, Councilmember*

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**CITY OFFICIALS**

*Timothy J. Lilligren, City Treasurer*  
*Mark Danaj, City Manager*  
*Bruce Moe, Finance Director*  
*Henry Mitzner, City Controller*  
*Stephanie Katsouleas, Public Works Director*  
*Libby Bretthauer-Long, Financial Analyst*

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**PROFESSIONAL SERVICES**

***Bond Counsel and Disclosure Counsel***

Stradling Yocca Carlson & Rauth, a Professional Corporation  
Newport Beach, California

***City Attorney***

Richards Watson & Gershon, P.C.  
Los Angeles, California

***Reassessment Engineer***

Harris & Associates  
Irvine, California

***Municipal Advisor***

KNN Public Finance LLP  
Los Angeles, California

***Fiscal Agent***

U.S. Bank National Association  
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the City, the Fiscal Agent or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Fiscal Agent or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board.

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their 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.

The information set forth herein which has been obtained by the City from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the City or the Fiscal Agent. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the development status or value of the property within the Reassessment District, the owners of such property, or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

A wide variety of other information, including information concerning the Reassessment District and the property therein, is available from publications and websites of the City and others. No such information is a part of or incorporated into this Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE REASSESSMENT DISTRICT.” 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. Except as set forth in the Continuing Disclosure Certificate, a form of which is attached as Appendix E, the City does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN**

**THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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

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**\$5,330,000\***  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

**INTRODUCTION**

**General**

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 appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Bonds (defined below) to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX B — “SUMMARY OF THE INDENTURE — Definitions.”

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by the City of Manhattan Beach, California (the “City”) of the \$5,330,000\* City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds (the “Bonds”). The proceeds of the Bonds will be used (i) redeem various series of the City of Manhattan Beach Assessment District Limited Obligation Improvement Bonds, currently outstanding in the aggregate principal amount of \$6,245,000 (the “Refunded Bonds”), (ii) fund a Reserve Fund, and (iii) pay the costs of issuing the Bonds. See “THE REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds are to be issued under the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the Streets and Highways Code of California (the “Act”), and pursuant to a Indenture by and between the City and U.S. Bank National Association (the “Fiscal Agent”), dated as of March 1, 2018 (the “Indenture”). The Bonds are secured under the Indenture by a pledge of and lien upon the Reassessments (as defined therein) and all moneys on deposit in the Reassessment Fund, the Redemption Fund and the Reserve Fund established pursuant to the Indenture. See “SECURITY FOR THE BONDS.”

**The Reassessment District**

The City’s Reassessment District No. 2018 (the “Reassessment District”) encompasses approximately 55.0 noncontiguous acres located within the City. The Reassessment District encompasses 5 assessment districts originally formed in 2004 and 2006 for the purpose of financing the cost of undergrounding public utilities lines in the respective districts (the “Original Districts”). Special assessment bonds were previously issued and delivered by the City, and are currently outstanding in the principal amount of \$6,245,000 (the “Refunded Bonds”). The City formed the Reassessment District to refinance the Refunded Bonds.

Proceedings for the formation of the Reassessment District were taken by the City Council pursuant to the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code (the “1913 Act”). The Reassessment District is substantially developed and consists of 690 completed single family detached homes, 11 undeveloped residential parcels and 17 parcels used as commercial property. Approximately 53.8 acres of the land within the Reassessment District has been

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\* Preliminary; subject to change.

developed for residential purposes, approximately 1.2 acres for commercial purposes and approximately 0.7 acres is currently undeveloped.

### **Reassessments**

In connection with the issuance of the Bonds, the City has conducted proceedings to reassess the parcels in the Reassessment District with Reassessments, and the resulting reassessments (exclusive of any portion thereof levied to pay Administrative Expenses (as defined below) are referred to herein as the “Reassessments.” Each Reassessment supersedes and supplants the assessment originally confirmed upon the applicable parcel in connection with the Original Districts. The Bonds are secured by the Reassessments; and installments of the Reassessments (the “Reassessment Installments”), which are to be collected each year along with the *ad valorem* taxes collected by the County, are to be used to pay the principal of and interest on the Bonds as the same became due and payable.

### **Property Values and Value-to-Reassessment Lien Ratios**

The aggregate assessed value of the parcels that are subject to Reassessments, as shown in the County Assessor’s preliminary roll for fiscal year 2017-18 (as of January 1, 2018), is \$1,578,753,238. The ratio of the assessed value of such parcels to the total amount of the Reassessments is approximately 320 to 1. See “THE REASSESSMENT DISTRICT — General Description” for a listing of each parcel with a Reassessments and the assessed value of each parcel. This ratio does not include other direct and overlapping debt within the Reassessment District. Taking that direct and overlapping debt into account, the ratio of the assessed value of such parcels within the Reassessment District to the total principal amount of all direct and overlapping special tax and assessment bonds for the Reassessment District (approximately \$17.8 million, inclusive of the Reassessments) is approximately 88:1. See “THE REASSESSMENT DISTRICT — Estimated Direct and Overlapping Indebtedness” and “Estimated Assessed Value-to-Lien Ratio” below.

### **No Additional Bonds**

The City is not authorized to issue additional bonds (other than the Bonds or any refunding bonds) secured by the Reassessments.

### **Tax Matters**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions, the interest (and original issue discount) on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with certain covenants set forth in the Indenture described herein, is excludable from gross income of the owners of the Bonds for federal income tax purposes and is not included as a specific preference item for purposes of the federal alternative minimum tax. Set forth in Appendix C is the opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and the tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, see “TAX MATTERS” herein.

### **Professionals Involved in the Offering**

U.S. Bank National Association, Los Angeles, California will act as Fiscal Agent under the Indenture. The legal proceedings in connection with the authorization and issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel. Certain legal matters



will be passed on for the City by Richards Watson & Gershon, P.C., City Attorney and for the Underwriter by its counsel, Katten Muchin Rosenman LLP. KNN Public Finance LLC, serves as the City's Municipal Advisor; and Harris & Associates prepared the Reassessment Report (as defined below).

For information concerning financial or other interest which certain of the above-mentioned professionals, advisors, counsel and agents may have in the offering of the Bonds, see "CONCLUDING INFORMATION — Financial Interests" herein.

### **Continuing Disclosure**

The City will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system certain annual financial information and operating data. The City will further agree to provide notice of certain specified events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See "CONCLUDING INFORMATION — Continuing Disclosure" and Appendix E for a description of the specific nature of the annual reports to be filed by the City and notices of material events to be provided by the City.

### **Bond Owners' Risks**

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The purchase of the Bonds involves risks, and the Bonds are not suitable investments for some types of investors.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the Board of Directors of the City, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information referred to herein are available for inspection and (upon request and payment to the Fiscal Agent of a charge for copying, mailing and handling) for delivery from the Fiscal Agent.

**THE REFUNDING PLAN**

A portion of the proceeds from the sale of the Bonds will be used along with other funds held by the City to redeem the Refunded Bonds on March 2, 2018 (the “Redemption Date”), contemporaneously with the issuance of the Bonds, at a redemption price equal to 100% of the principal amount thereon, plus interest accrued but unpaid to the Redemption Date. The following table shows certain information relating to the Refunded Bonds.

**Underground Utility Assessment District No. 04-1  
Limited Obligation Improvement Bonds, Series 2004**

<b>Bond</b>	<b>Maturity Date (September 2)</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>CUSIP<sup>†</sup></b>
Serial Bond	2018	4.850%	\$75,000	562783AT7
	2019	5.000	80,000	562783AU4
	2020	5.100	85,000	562783AV2
	2021	5.200	85,000	562783AW0
	2022	5.250	95,000	562783AX8
	2023	5.300	95,000	562783AY6
	2024	5.350	105,000	562783AZ3
			\$620,000	

**Underground Utility Assessment District No. 04-3  
Limited Obligation Improvement Bonds, Series 2004**

<b>Bond</b>	<b>Maturity Date (September 2)</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>CUSIP<sup>†</sup></b>
Serial Bond	2018	4.850%	\$55,000	562783BP4
	2019	5.000	55,000	562783BQ2
	2020	5.100	60,000	562783BR0
	2021	5.200	65,000	562783BS8
	2022	5.250	65,000	562783BT6
	2023	5.300	65,000	562783BU3
	2024	5.350	70,000	562783BV1
			\$435,000	

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<sup>†</sup> Copyright 2018, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. Neither the City or the Underwriter take responsibility for the accuracy of the CUSIP numbers.

**Underground Utility Assessment District No. 04-5  
Limited Obligation Improvement Bonds, Series 2004**

<b>Bond</b>	<b>Maturity Date (September 2)</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>CUSIP<sup>†</sup></b>
Serial Bond	2018	4.850%	\$45,000	562783CK4
	2019	5.000	50,000	562783CL2
	2020	5.100	50,000	562783CM0
	2021	5.200	55,000	562783CN8
	2022	5.250	55,000	562783CP3
	2023	5.300	60,000	562783CQ1
	2024	5.350	60,000	562783CR9
			<u>\$375,000.00</u>	

**Underground Utility Assessment District No. 05-2  
Limited Obligation Improvement Bonds, Series 2006**

<b>Bond</b>	<b>Maturity Date (September 2)</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>CUSIP<sup>†</sup></b>
Serial Bond	2018	4.500%	\$215,000	562783DD9
	2019	4.500	225,000	562783DE7
Term Bond	2022	4.625	740,000	562783DF4
Term Bond	2026	5.000	1,160,000	562783DG2
			<u>\$2,340,000</u>	

**Underground Utility Assessment District No. 05-6  
Limited Obligation Improvement Bonds, Series 2006**

<b>Bond</b>	<b>Maturity Date (September 2)</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>CUSIP<sup>†</sup></b>
Serial Bond	2018	4.500%	\$230,000	562783DU1
	2019	4.500	240,000	562783DV9
Term Bond	2022	4.625	775,000	562783DW7
Term Bond	2026	5.000	1,230,000	562783DX5
			<u>\$2,475,000</u>	

<sup>†</sup> Copyright 2018, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. Neither the City or the Underwriter take responsibility for the accuracy of the CUSIP numbers.

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the Bonds and certain other funds will be applied as set forth in the following table:

<b>SOURCES:</b>	
Par Amount of Bonds	\$
Plus Original Issue Premium	
Plus Funds Transferred by the City	_____
Total Sources	<u><u>\$</u></u>
 <b>USES:</b>	
Transfer to Escrow Fund	\$
Costs of Issuance Fund <sup>(1)</sup>	
Reserve Fund <sup>(2)</sup>	_____
Total Uses	<u><u>\$</u></u>

<sup>(1)</sup> Includes costs of issuance, such fees and costs of the Fiscal Agent, Bond Counsel, Disclosure Counsel, Municipal Advisor and Reassessment Engineer, underwriter’s discount, printing costs and other related costs for the confirmation of the Reassessments and the issuance of the Bonds.

<sup>(2)</sup> Equal to the initial Reserve Requirement.

**THE BONDS**

**General**

The Bonds will be dated their date of delivery and mature on September 2 in the years and in the amounts shown on the cover page of this Official Statement. Interest shall be payable on September 2, 2018 and semiannually thereafter on March 2 and September 2 of each year until maturity. The Bonds are issued as fully registered bonds, with authorized denominations of \$5,000 and any increment of \$5,000 in excess thereof.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication and registration thereof unless (i) it is authenticated after the fifteenth day of the month preceding an Interest Payment Date (the “Record Date”) and on or before the immediately succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated before the close of business on the first Record Date, in which event it shall bear interest from its dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon or from the date of original delivery of the Bonds.

Interest on the Bonds is payable by the Fiscal Agent on each Interest Payment Date to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of the Business Day on the Record Date preceding the Interest Payment Date. The Bonds will be initially held in book-entry form and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Thus, as long as the Bonds are so registered, all interest payments will be made directly to DTC for distribution to the beneficial owners in accordance with DTC’s procedures. See APPENDIX E — “BOOK-ENTRY ONLY SYSTEM.”

## Redemption of Bonds

*No Optional Redemption.* The Bonds are not subject to optional redemption prior to maturity.

*Mandatory Redemption from Reassessment Prepayments.* The Bonds shall be subject to mandatory redemption, in whole or in part selected by the Treasurer pursuant to Section 8768 of the California Streets and Highways Code, on any Interest Payment Date, from and to the extent of any prepayment of Reassessments, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Prices</i>
March 2, 20__ through September 2, 20__	%
March 2, 20__ and September 2, 20__	
March 2, 20__ and September 2, 20__	
March 2, 20__ and any Interest Payment Date Thereafter	

## Notice of Redemption

The Fiscal Agent shall cause notice of any redemption to be mailed by registered or certified mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the securities depository and to certain information services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register maintained by the Fiscal Agent; but the actual receipt of any notice shall not be a condition precedent to such redemption and failure to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. Such notice shall be mailed to the respective Owners of Bonds selected for redemption at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption shall not be a condition precedent thereto, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as provided in the Indenture shall be conclusive as against all parties.

## Refunding Bonds

Pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Divisions 11 and 11.5 of the Streets and Highways Code) (the "1984 Act"), the City may issue refunding bonds for the purpose of redeeming Bonds. The City may issue and sell refunding bonds without giving notice to and conducting a hearing for the owners of property in the Reassessment District or giving notice to the owners of the Bonds if the City Council makes the findings required in the 1984 Act.

## Annual Debt Service

Table 1 below sets forth the annual debt service on the Bonds based on the maturity schedule and interest rates set forth on the cover page of this Official Statement.

**TABLE 1  
CITY OF MANHATTAN BEACH  
REASSESSMENT DISTRICT NO. 2018  
LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

**Annual Debt Service**

<i>Year Ending September 2</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
<b>Total</b>			

**SECURITY FOR THE BONDS**

**Limited Obligation**

The obligation of the City relating to the Bonds is not a general obligation of the City, but is a limited obligation, payable solely from the Reassessment Installments and from the funds pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the City, the County or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds. **Notwithstanding any other provision of the Indenture, the City is not obligated to advance available surplus funds from the City treasury to cure any deficiency in the Redemption Fund.**

**Reassessment Liens and Installments**

The Bonds are issued upon and secured by and payable solely from the Reassessments on parcels of property within the Reassessment District together with interest thereon, and such Reassessments, together with interest thereon, constitute a fund for the redemption and payment of the principal of the Bonds and the interest thereon and premium, if any. In addition, all of the Bonds are secured by assessments relating to the Prior Bonds received after the date of issuance of the Bonds, the moneys in the Reassessment Fund, the Redemption Fund and the Reserve Fund created pursuant to the Indenture. Principal of and interest on the Bonds are payable exclusively from the Redemption Fund.

Although the Reassessments constitute fixed liens on the parcels assessed, they do not constitute a personal indebtedness of the respective owners of such parcels. There can be no assurance as to the ability or the willingness of such owners to pay the Reassessments when due. See "SPECIAL RISK FACTORS."

The Reassessments will be collected in annual installments, together with interest, on the County secured tax roll on which general *ad valorem* taxes on real property are collected (the "Reassessment Installments"). However, the Reassessment Installments represent only the annual portion of the Reassessments levied to pay the principal of and interest on the Bonds and therefore do not include the portion thereof levied to pay Administrative Expenses nor, to the maximum extent permitted by law, do

the Reassessment Installments include any penalties or interest payable in connection with delinquencies. The City will include in the annual installments an amount for the payment of Administrative Expenses in an amount not in excess of the amount set forth in the Reassessment Report; such amounts will not be available to pay debt service on the Bonds. The Reassessment Installments are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do such general taxes. The properties upon which the Reassessments are levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes. The annual Reassessment Installments are to be paid to the City and transferred by the City to the Fiscal Agent with instructions to deposit into the Reassessment Fund the portion thereof that was levied to pay the principal of and interest on the Bonds and to deposit into the Administrative Expense Fund the portion thereof that was levied to pay Administrative Expenses. The Fiscal Agent is to transfer amounts in the Reassessment Fund into the Redemption Fund to pay the principal of and interest on the Bonds as they become due.

The Reassessment Installments billed against each of the parcels in the Reassessment District each year represent a *pro rata* share of the total principal and interest coming due on all of the Bonds that year. The amount billed against each parcel is based on the percentage which the Reassessment against the subject parcel bears to the total of all the Reassessments. The failure of a property owner to pay an annual Reassessment Installment will not result in an increase in Reassessment Installments against other property in the Reassessment District.

Each property owner has a statutory right to prepay the Reassessment on a parcel in whole or in part on any date. Amounts received as prepaid Reassessments will be deposited in the Prepayment Account of the Redemption Fund and shall be used solely for the purpose of redeeming Bonds. See “THE BONDS — Redemption of Bonds — *Mandatory Redemption from Reassessment Prepayments.*”

#### **Limited Obligation Upon Delinquency**

**THE BONDS ARE LIMITED OBLIGATION IMPROVEMENT BONDS AND ARE SECURED SOLELY BY THE OUTSTANDING REASSESSMENTS AND THE AMOUNTS IN THE REASSESSMENT FUND AND RESERVE FUND. THE BONDS ARE NOT SECURED BY THE GENERAL TAXING POWER OF THE CITY OF MANHATTAN BEACH, THE COUNTY OF LOS ANGELES (THE “COUNTY”), OR THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.**

#### **Reserve Fund**

The Indenture provides that a Reserve Fund shall be established and held by the Fiscal Agent. The amount to be maintained in the Reserve Fund is to equal the Reserve Requirement. The Reserve Requirement means, as of any date of calculation, the lesser of (i) 10% of the original aggregate principal amount of the Bonds, (ii) maximum annual debt service on the Bonds and (iii) 125% of average annual debt service on the Bonds. Moneys in the Reserve Fund shall be held for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of and interest on the Bonds and shall be subject to a lien in favor of the Owners of the Bonds. See APPENDIX C — “SUMMARY OF INDENTURE.”

In the event a Reassessment is prepaid in whole or in part, the City shall transfer such payment to the Fiscal Agent. The amount of each Reassessment prepaid shall be reduced by the amount the Fiscal Agent is required to transfer from the Reserve Fund for deposit in the Prepayment Account of the Redemption Fund. Under the Indenture the Fiscal Agent is to transfer the portion of the balance then in

the Reserve Fund equal to the proportion that the principal amount of the Reassessment being prepaid bears to the total of all Reassessments remaining unpaid as of such date. The City shall notify, or shall cause the Fiscal Agent to be notified, of the amount so transferred provided that in no event shall the amount so transferred cause the amount in the Reserve Fund to drop below the Reserve Requirement as determined immediately subsequent to the transfer and redemption of Bonds made in connection therewith. After each such transfer, the Reserve Requirement shall be reduced by the amount of the related transfer.

Whenever there are insufficient funds in the Redemption Fund to meet the next maturing installment of principal of or interest on the Bonds, the Fiscal Agent shall transfer from the Reserve Fund for deposit in the Redemption Fund an amount necessary to satisfy such deficiency.

Moneys in the Reserve Fund in excess of the Reserve Requirement shall be held in the Reserve Fund until the amount in the Reserve Fund equals 200% of the Reserve Requirement, and, thereafter, shall be withdrawn from the Reserve Fund on each March 1 and September 1 and shall be transferred by the Fiscal Agent to the Reassessment Fund.

Whenever the balance in the Reserve Fund, the Reassessment Fund and the Redemption Fund is sufficient to retire all the remaining Outstanding Bonds, the Fiscal Agent shall, at the Written Direction of the City, transfer the balance in the Reserve Fund to the Redemption Fund.

THE CITY HAS NO OBLIGATION TO REPLENISH THE RESERVE FUND EXCEPT TO THE EXTENT THAT DELINQUENT REASSESSMENT INSTALLMENTS ARE PAID OR PROCEEDS FROM FORECLOSURE SALES ARE REALIZED.

#### **Covenant to Foreclose and Judicial Foreclosure Proceedings**

The 1913 Act provides that in the event any Reassessment Installment is not paid when due, the City may order the institution of a court action to foreclose the lien of the Reassessment. In such an action, the real property subject to the Reassessment may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory. However, pursuant to the Indenture, the City will covenant for the benefit of the Owners to commence foreclosure proceedings no later than October 1 of the fiscal year immediately following the fiscal year in which delinquency in the payment of a Reassessment Installment occurs, except the City need not commence such proceedings with respect to any property other than property owned by a single property owner who is delinquent in excess of \$5,000 in the payment of Reassessment Installments if both (a) the aggregate amount of such delinquent Reassessment Installments does not exceed five percent (5%) of the Reassessment Installments posted to the tax roll for the preceding Fiscal Year and (b) the balance on deposit in the Reserve Fund is not less than the Reserve Requirement. The City will also covenant to diligently prosecute any such foreclosure action to judgment and foreclosure sale unless such delinquency is paid prior thereto. Upon the redemption or sale of the real property responsible for such delinquencies, the City will first deposit to the Reserve Fund the amount of any delinquency advanced therefrom and then disburse the remaining amount as set forth in the judgment of foreclosure or as required by law.

The 1913 Act provides that the court in a foreclosure proceeding has the power to order property securing delinquent Reassessment Installments to be sold for an amount not less than all Reassessment Installments, interest, penalties, costs, fees and other charges that are delinquent at the time the foreclosure action is ordered and certain other fees and amounts as provided in the 1913 Act. The court may also include subsequent delinquent Reassessment Installments and all other delinquent amounts.



If the property to be sold fails to sell for the minimum price described above, the City may petition the court to modify the judgment so that the property may be sold at a lesser price or without a minimum price. In certain circumstances, the court may modify the judgment after a hearing if the court makes certain determinations, including, but not limited to, a determination that the sale at less than the minimum price will not result in an ultimate loss to the Owners of the Bonds or a determination that the Owners of at least 75% of the principal amount of the Bonds outstanding have consented to the petition and the sale will not result in an ultimate loss to the non-consenting Bond Owners. Neither the property owner, nor any holder of a security interest in the property, nor any defendant in the foreclosure action, nor any agent thereof may purchase the property at the foreclosure sale for less than the minimum price.

For any lot or parcel with not more than four dwelling units, a period of 140 days must elapse after the date of the notice of levy of the interest in real property is served on the judgment debtor before the sale of such lot or parcel can be made. However, pursuant to Streets and Highways Code Section 8832, the 140 day period may be shortened to 20 days for undeveloped property. If the judgment debtor fails to redeem, and if the purchaser at the sale is the judgment creditor (e.g., the City), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale.

**In the event judicial foreclosure proceedings are commenced by the City, there may be delays in payments to Owners of the Bonds pending prosecution of the foreclosure proceedings to completion, including the receipt of the City of the proceeds of the foreclosure sale. It is also possible that no qualified bid will be received at the foreclosure sale. See “SPECIAL RISK FACTORS” herein.**

#### **Priority of Reassessment Lien**

The Reassessments and each installment thereof and any interest and penalties thereon constitute a lien against the lots and parcels of land on which they were imposed until paid. Such lien has priority over all fixed special assessment liens which may thereafter be created against the property and also has priority over all private liens, including the lien of any mortgage or deed of trust whenever created. Such lien is co-equal to and independent of the lien for general taxes. See “THE REASSESSMENT DISTRICT — Direct and Overlapping Indebtedness” and “SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Parcels.”

#### **No Additional Bonds**

The City is not authorized to issue additional bonds (other than the Bonds or any refunding bonds) secured by the Reassessments. See “THE BONDS — Refunding Bonds” above.

### **THE CITY**

The City of Manhattan Beach is a general law city located in the South Bay area of Los Angeles County on the shores of the Pacific Ocean surrounded 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 that 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. See APPENDIX B — “THE CITY OF MANHATTAN BEACH” herein.

## **THE REASSESSMENT DISTRICT**

### **General Description**

The Reassessment District is substantially developed and consists of 695 completed single family detached homes and 17 parcels used as commercial property and eight parcels of undeveloped property. The single family homes range in size from approximately \_\_\_\_ square feet to approximately \_\_\_\_ square feet on lots ranging from approximately \_\_\_\_ acres to \_\_\_\_ acres. Approximately 53.8 acres of the land within the Reassessment District has been developed for residential purposes, and approximately 1.2 acres for commercial purposes. Approximately 0.7 acres is currently undeveloped. The Reassessment District consists of approximately 55.0 noncontiguous acres. A diagram of the Reassessment District appears in Appendix A.

### **Reassessments**

On January 16, 2018, the Board took proceedings under the Refunding Act of 1984 for 1915 Act Improvement Bonds and confirmed a reassessment, which reassessment and a related diagram were recorded in the office of the Director of Public Works of the City as the Superintendent of Streets, and with the County Recorder of the County of Los Angeles. A notice of reassessment, as prescribed in Section 3114 of the Streets and Highways Code, has been recorded with the County Recorder, whereupon the reassessment attached as a lien upon the property assessed within the Reassessment District as provided in Section 3115 of the Streets and Highways Code.

The amounts assessed against the parcels of property to pay the costs and expenses of the work and improvements were based on the estimated benefits to be derived by the various properties within the Reassessment District.

### **Estimated Direct and Overlapping Indebtedness**

Within the Reassessment District's boundaries are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and reassessments on the parcels within the Reassessment District and others have authorized but unissued bonds which, if issued, will be secured by taxes and reassessments levied on parcels within the Reassessment District. The approximate amount of the direct and overlapping debt secured by such taxes and reassessment on the parcels within the Reassessment District as of \_\_\_\_ 1, 2018 is shown in Table 2 below (the "Debt Report").

The Debt Report has been derived from data assembled and reported to the City by California Municipal Statistics, Inc. Neither the City nor the Underwriter has independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

**TABLE 2**  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**Secured Property Tax Roll and Direct and Overlapping Debt**

2017-18 Assessed Valuation: \$1,572,284,858 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/1/17</u>
Metropolitan Water District	0.058%	\$42,985
El Camino Community College District	1.508	5,804,818
Manhattan Beach Unified School District	8.973	7,056,264
<b>City of Manhattan Beach 1915 Act Bonds</b>	<b>100.000</b>	<b>6,245,000 (1)</b>
Los Angeles County Regional Park and Open Space Assessment District	0.018	<u>4,811</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$19,153,878</b>
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.111%	\$2,144,723
Los Angeles County Superintendent of Schools Certificates of Participation	0.111	7,202
City of Manhattan Beach General Fund Obligations	8.974	2,336,279
Los Angeles County Sanitation District South Bay Cities Authority	3.798	<u>121,767</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$4,609,971</b>
<b>COMBINED TOTAL DEBT</b>		<b>\$23,763,849 (2)</b>

- (1) Excludes refunding bonds to be sold.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Combined Direct Debt (\$6,245,000)</b> .....	<b>0.40%</b>
Total Overlapping Tax and Assessment Debt.....	1.22%
Combined Total Debt	1.51%

## **Expected Tax Burden**

The following table sets a sample property tax bill for a sample single family detached unit within the Reassessment District.

**TABLE 3**  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**Sample Fiscal Year 2017-18 Tax Bill**

## Estimated Assessed Value-to-Lien Ratio

The value of the land within the Reassessment District is significant because in the event of a delinquency in the payment of Reassessment Installments the City may foreclose only against delinquent parcels. The aggregate assessed value of the parcels that are subject to Reassessments, as shown in the County Assessor's preliminary roll for fiscal year 2017-18 (as of January 1, 2018), is \$1,578,753,238. The ratio of such assessed value to the total amount of the Reassessments is approximately 320 to 1. This ratio does not include other overlapping debt within the Reassessment District. See "— Estimated Direct and Overlapping Debt" above. Taking that overlapping debt into account, the ratio of such assessed value to the total amount of existing bonded debt is approximately 88:1 to 1 for property in the Reassessment District.

Table 4 below sets forth the stratification of value-to-liens of the parcels within the Reassessment District based on the assessed value for Fiscal Year 2017-18 as shown on the County Assessor's roll as of January 1, 2018 and such parcels' respective shares of the Reassessment Lien.

**TABLE 4**  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**Estimated Value to Lien Analysis**  
**Based on Assessed Value and Reassessment Lien**

<i>Value-to-Lien</i>	<i>Parcels</i>	<i>% of Total Parcels</i>	<i>Reassessment Lien Amount</i>	<i>% of Reassessment Lien</i>	<i>Assessed Value<sup>(1)</sup></i>	<i>% of Assessed Value</i>
100.00:1 and above	556	77.44%	\$ 3,552,200.98	72.18%	\$ 1,504,564,590	95.69%
75.00:1 through 99.99:1	43	5.99	322,833.91	6.56	27,712,952	1.76
50.00:1 through 74.99:1	43	5.99	342,246.24	6.95	21,435,222	1.36
40.00:1 through 49.99:1	22	3.06	166,723.62	3.39	7,447,914	0.47
20.00:1 through 39.99:1	31	4.32	275,224.91	5.59	7,611,417	0.48
15.00:1 through 19.99:1	9	1.25	103,115.62	2.10	1,805,965	0.11
10.00:1 through 14.99:1	8	1.11	91,273.31	1.85	1,124,462	0.07
0.00:1 through 9.99:1	6	0.84	67,529.58	1.37	582,336	0.04
<b>Totals</b>	<b>718</b>	<b>100.00%</b>	<b>\$ 4,921,148.17</b>	<b>100.00%</b>	<b>\$ 1,572,284,858</b>	<b>100.00%</b>

<sup>(1)</sup> The total reassessment lien amount is equal to the amount of refunding bonds issued less the credit for Fiscal Year 2017-18 assessments, which are being used to pay bond principal in 2019.

Source: Los Angeles County Assessor's Fiscal Year 2017-18 Secured Roll as of July 1, 2017.

Note: Table figures may not foot due to rounding.

Table 5 below shows the ratios of the Reassessment Lien and direct and overlapping debt to assessed value of the various parcels within the Reassessment District based on land use type.

**TABLE 5**  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**Estimated Value-to-Lien Ratios by Land Use**

<i>Land Use <sup>(1)</sup></i>	<i># of Parcels</i>	<i>Acres<sup>(1)</sup></i>	<i>Land Value <sup>(1)</sup></i>	<i>Structure Value <sup>(1)</sup></i>	<i>Total Value<sup>(2)</sup></i>	<i>Reassessment Amount</i>	<i>% of Reassessment</i>	<i>Assessed Value to Reassessment Lien</i>	<i>Total Reassessment and Direct and Overlapping Debt</i>	<i>Assessed Value to Total Reassessment and Direct and Overlapping Debt Lien</i>
<b>Undeveloped</b>										
Commercial	0	0.000	\$ 0	\$ 0	\$ 0	\$ 0.00	0.00%	0.00:1	\$ 0	0.00:1
Residential	11	0.699	28,035,294	2,594,917	30,630,211	69,025.99	1.40	443.75:1	320,469	95.58:1
<b>Total Undeveloped</b>	<b>11</b>	<b>0.699</b>	<b>\$ 28,035,294</b>	<b>\$ 2,594,917</b>	<b>\$ 30,630,211</b>	<b>\$ 69,025.99</b>	<b>1.40%</b>	<b>443.75:1</b>	<b>\$ 320,469</b>	<b>95.58:1</b>
<b>Developed</b>										
Commercial	17	1.249	\$ 8,803,839	\$ 4,759,597	\$ 13,563,436	\$ 43,498.25	0.88%	311.82:1	\$ 155,193	87.40:1
Residential	690	53.788	1,052,151,005	475,940,206	1,528,091,211	4,808,623.93	97.71	317.78:1	17,354,363	88.05:1
<b>Total Developed</b>	<b>707</b>	<b>54.037</b>	<b>\$ 1,060,954,844</b>	<b>\$ 480,699,803</b>	<b>\$1,541,654,647</b>	<b>\$ 4,852,122.18</b>	<b>98.60%</b>	<b>317.73:1</b>	<b>\$17,50,557</b>	<b>88.05:1</b>
<b>Total</b>	<b>718</b>	<b>54.736</b>	<b>\$ 1,088,990,138</b>	<b>\$ 483,294,720</b>	<b>\$1,572,284,858</b>	<b>\$ 4,921,148.17</b>	<b>100.00%</b>	<b>319.50:1</b>	<b>\$17,830,026</b>	<b>88.18:1</b>

<sup>(1)</sup> Los Angeles County Assessor's Fiscal Year 2017-18 Secured Roll as of July 1, 2017.

<sup>(2)</sup> The total reassessment amount is equal to the amount of refunding bonds issued less the credit for Fiscal Year 2017-18 assessments, which are being used to pay bond principal in 2019.

Source: California Municipal Statistics, Inc.

## **Top Taxpayers**

Table 6 below lists the largest property taxpayers within the Reassessment District measured by the allocated amount of the Reassessment lien. No property owner within the Reassessment District currently owns parcels responsible for more than 0.56% of the Reassessment lien. The 20 largest property owners are responsible for approximately 9.4% of the Reassessment lien.

**TABLE 6**  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**Top 20 Owners by Reassessment Amount<sup>(1)</sup>**

<i>Owner</i>	<i># of Parcels</i>	<i>Value<sup>(2)</sup></i>	<i>Structure Value<sup>(2)</sup></i>	<i>Total Value<sup>(3)</sup></i>	<i>Reassessment</i>	<i>% of Reassessment</i>	<i>Value to Reassessment Lien</i>	<i>Total Reassessment and Overlapping Debt<sup>(4)</sup></i>	<i>Assessed Value to Total Reassessment and Overlapping Debt Lien</i>
Gorman Gary M Pace Dana M	2	\$ 2,446,323	\$ 1,261,911	\$ 3,708,234	\$ 27,386	0.557%	135.41:1	\$ 57,837	64.12:1
Tanquary Grafton P III Co TR Tanquary Family Trust	2	5,553,858	1,774,917	7,328,775	27,386	0.557	267.61:1	87,553	83.71:1
Barker Jeffrey A & Andrea M	2	6,600,653	1,744,826	8,345,479	25,420	0.517	328.30:1	93,932	88.85:1
Hawken Jeffrey And Melinda TRS LBM Trust	3	17,211,079	2,627,549	19,838,628	24,661	0.501	804.45:1	187,458	105.83:1
Shibuya Robert And Michele TRS Shibuya Family Trust	2	2,167,573	2,390,286	4,557,859	23,165	0.471	196.75:1	60,561	75.26:1
Jamgotchian Jerry J And P Jamgotchian Trust	2	2,552,151	2,893,017	5,445,168	21,489	0.437	253.40:1	66,189	82.27:1
Bain Robert G And Vesna P TRS Bain Family Trust	2	3,533,088	2,532,810	6,065,898	20,910	0.425	290.10:1	70,657	85.85:1
Breen Edward M	2	216,698	96,304	313,002	20,910	0.425	14.97:1	23,434	13.36:1
Cox Mary E Et Al Meek Homer L	2	3,085,874	1,235,706	4,321,580	20,910	0.425	206.68:1	56,345	76.70:1
Fortaleza LP	2	572,546	1,961,357	2,533,903	20,910	0.425	121.18:1	41,666	60.81:1
Khalid Azmil K Hussein Nik F	2	20,026,834	9,053,658	29,080,492	20,910	0.425	1,390.75:1	259,561	112.04:1
Kirkpatrick Bernadette C Kirkpatrick Trust	2	2,564,947	668,692	3,233,639	20,910	0.425	154.65:1	47,413	68.20:1
Seagars Dana J Dana J Seagars Trust	2	230,584	73,320	303,904	20,910	0.425	14.53:1	23,365	13.01:1
Kaufman Michael A Co TR Kaufman Family Trust	1	2,760,969	698,024	3,458,993	18,608	0.378	185.89:1	47,006	73.59:1
Kelly John C And Holly T TRS Kelly Family Trust	1	2,722,999	1,894,369	4,617,368	18,608	0.378	248.14:1	56,514	81.70:1
Lapham John Iii And Evelyn TRS Lapham Family Trust	1	1,485,883	1,323,919	2,809,802	18,608	0.378	151.00:1	41,678	67.42:1
Napier Daniel W & Margaret N	1	119,759	411,193	530,952	18,608	0.378	28.53:1	22,973	23.11:1
Naylor Christopher S Co TR Naylor Trust	1	3,939,017	1,747,292	5,686,309	18,608	0.378	305.59:1	65,288	87.10:1
Neu Jeffrey P Jeffrey P Neu Trust	1	3,114,211	1,610,340	4,724,551	18,608	0.378	253.90:1	57,395	82.32:1
Poon Dominic K Lam Man Lai	1	1,124,559	2,731,780	3,856,339	18,608	0.378	207.24:1	50,268	76.72:1
Rosenberg W Michael Rosenberg Trust	1	4,086,004	1,651,390	5,737,394	18,608	0.378	308.33:1	65,707	87.32:1
Seiffer Jonathan A & Dora M	1	5,040,500	1,959,500	7,000,000	18,608	0.378	376.19:1	76,071	92.02:1
All Other Owners	682	997,834,029	440,952,560	1,438,786,589	4,457,800	90.585	322.76:1	16,266,154	88.45:1
<b>Totals</b>	<b>718</b>	<b>\$1,088,990,138</b>	<b>\$ 483,294,720</b>	<b>\$1,572,284,858</b>	<b>\$4,921,148</b>	<b>100.00%</b>	<b>319.50:1</b>	<b>\$17,830,026</b>	<b>88.18:1</b>

(1) Owners with the same reassessment amount are listed in alphabetical order.

(2) Los Angeles County Assessor's Fiscal Year 2017-18 Secured Roll as of July 1, 2017.

(3) The total reassessment amount is equal to the amount of refunding bonds issued less the credit for Fiscal Year 2017-18 assessments which are being used to pay bond principal in 2019.

Source: California Municipal Statistics, Inc.

Note: Table figures may not foot due to rounding.



## Historical Assessment Collections and Delinquencies

The following table sets forth a history of the assessments levied and delinquencies within the properties comprising the Original Districts from Fiscal Year 2012-13 through Fiscal Year 2016-17.

**TABLE 7**  
**CITY OF MANHATTAN BEACH**  
**REASSESSMENT DISTRICT NO. 2018**  
**Special Assessment Levies, Delinquencies and Delinquency Rates**  
**Fiscal Year 2012-13 through 2016-17**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Delinquencies as of June 30 of Fiscal Year<sup>(1)</sup></i>			<i>Delinquencies as of December 9, 2017</i>		
		<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2012-13	\$ 958,773.68	14	\$ 10,591.56	1.10%	1	\$ 354.54	0.04%
2013-14	958,783.35	11	10,047.15	1.05	0	0.00	0.00
2014-15	947,733.42	11	6,782.79	0.72	2	1,992.13	0.21
2015-16	951,549.67	11	9,736.16	1.02	1	2,796.09	0.29
2016-17	<u>954,129.45</u>	<u>17</u>	<u>14,828.09</u>	<u>1.55</u>	<u>6</u>	<u>6,819.98</u>	<u>0.71</u>
<b>Totals</b>	<b>\$ 4,770,969.57</b>	<b>64</b>	<b>\$ 51,985.75</b>	<b>1.09</b>	<b>10</b>	<b>\$ 11,962.74</b>	<b>0.25%</b>

<sup>(1)</sup> As of fiscal year end of year levied.

### SPECIAL RISK FACTORS

The purchase of the Bonds involves significant investment risks; and, therefore, the Bonds may not be suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Reassessment District to pay their Reassessment Installments when due. Such failures could result in the inability of the City to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Reassessment District.

#### General

In order to pay debt service on the Bonds, it is necessary that Reassessment Installments be paid in a timely manner. The Reserve Fund will be used to pay debt service on the Bonds if delinquent Reassessment Installments should occur. Failure by owners of the parcels to pay Reassessment Installments when due, depletion of the Reserve Fund or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Reassessment Installments for such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds, and Bondowners would thereby be adversely affected. There can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Fund and a delay in payments of debt service on the Bonds. See “SECURITY FOR THE BONDS — Covenant to Foreclose and Judicial Foreclosure Proceedings.”

The 1915 Act provides that except under certain circumstances property is to be sold upon foreclosure at a Minimum Price. “Minimum Price” as defined in the 1915 Act is the amount equal to the

delinquent installments of principal or interest of the assessment or assessment, together with all interest penalties, costs, fees, charges and other amounts more fully detailed in the 1915 Act. The court may authorize a sale at less than the Minimum Price if the court determines that sale at less than the Minimum Price will not result in an ultimate loss to the Bondowners or, under certain circumstances, if owners of 75% or more of the outstanding Bonds consent to such sale.

Reassessment Installments do not constitute a personal indebtedness of the owners of the parcels within the Reassessment District. There is no assurance the owners will be able to pay the Reassessment Installments or that they will pay such installments even though financially able to do so.

### **Delinquency Resulting in Ultimate or Temporary Loss on Bonds**

If a temporary deficiency occurs in the Redemption Fund with which to pay the principal of or interest on Bonds that have then matured, or the principal and interest on Bonds coming due during the current year, unless it appears to the Treasurer that there will be an ultimate loss to the Bondowners, the Treasurer shall cause the Fiscal Agent to pay the principal of Bonds which have matured as presented and make interest payments on the Bonds when due, as long as there are available funds in the Redemption Fund, in the order of priority and as required by the Indenture. If it appears to the Treasurer that there is a danger of an ultimate loss accruing to the Bondowners for any reason, the Treasurer is required pursuant to the 1915 Act to withhold payment on all matured Bonds and interest on all Bonds and report the facts to the City so that the City may take proper action to equitably protect all Bondowners. See APPENDIX C — “SUMMARY OF INDENTURE.”

### **Non-Cash Payments of Assessments**

The 1915 Act may permit the owner of a parcel that is subject to a Reassessment to tender any Bond secured by such Reassessment in payment or partial payment of any installment of the Reassessment or interest or penalties thereon which may be due or payable. A Bond so tendered is to be accepted at the par amount thereof and credit is to be given for any interest thereon accrued to the date of the tender. Thus, if Bonds can be purchased at a discount, it may be to the advantage of a property owner to pay amounts due with respect to an assessment by tendering a Bond. Such a practice would decrease the cash flow available to the City to make payments with respect to other Bonds then outstanding and could result in a default in payment on the Bonds.

### **Limited Obligation Upon Delinquency**

Pursuant to the 1915 Act, the City has elected not to be obligated to advance funds from the treasury of the City for delinquent Reassessment Installments. The only obligation of the City with respect to such delinquencies and the consequent deficiencies in the Redemption Fund (apart from its duty to commence foreclosure proceedings in certain circumstances; see “SECURITY FOR THE BONDS — Covenant to Foreclose and Judicial Foreclosure Proceedings”) is to advance money to the Redemption Fund from the Reserve Fund. The City has no obligation to replenish the Reserve Fund except to the extent that delinquent Reassessment Installments are paid or proceeds from foreclosure sales are realized. There is no assurance that the balance in the Reserve Fund will always be adequate to pay all delinquent Reassessment Installments and if during the period of delinquency there are insufficient funds in the Reserve Fund, a delay may occur in payments to the Bondowners.

### **Property Values**

The value of the property within the Reassessment District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Reassessment

Installments, the City's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the delinquent Reassessment Installments. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, droughts, stricter land use regulations or other events will adversely impact the security underlying the assessments. See "THE REASSESSMENT DISTRICT — General Description" herein.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per Fiscal Year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquent Reassessment Installments offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Reassessment Installments. See "SECURITY FOR THE BONDS — Covenant to Foreclose and Judicial Foreclosure Proceedings."

### **Risks of Real Estate Secured Investments Generally**

The Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Reassessment District, the supply of or demand for competitive properties in such area, and the market value of residential property commercial buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

### **Bankruptcy and Foreclosure**

The payment of Reassessments and the ability of the City to foreclose the lien of delinquent Reassessment Installments, as discussed in the section entitled "SECURITY FOR THE BONDS — Covenant to Foreclose and Judicial Foreclosure Proceedings," may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the law of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to crowded local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Reassessments to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior Judicial Foreclosure proceedings and could result in delinquent Reassessment Installments not being paid in full. Where property is encumbered by liens securing mortgage loans, it is highly probable that bankruptcy of a property owner would delay foreclosure for an extended period of time. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

## Federal Government Interests in Parcels

The ability of the City to foreclose the lien of delinquent Reassessment Installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal instrumentalities such as the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"), has or obtains an interest.

*FNMA and Freddie Mac.* The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding." The foregoing is generally interpreted to mean that, unless the United States Congress has otherwise provided, state and local governments cannot tax property owned by a federal agency or instrumentality without its consent. In *Rust v. Johnson* 597 F.2d 174 (9th Cir. 1979), the United States Court of Appeal held that FNMA is a federal instrumentality for purposes of this doctrine, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States. The court went on to hold that if FNMA has a mortgage interest in a parcel with a delinquent assessment installment, a city cannot sell the parcel at a foreclosure sale unless FNMA's mortgage interest is protected. For these reasons, the City may be unable to foreclose on property in which a federal agency or instrumentality has a mortgage interest, or may not be able to eliminate the federal mortgage in the course of foreclosing, which could materially adversely affect the City's ability to foreclose or the amount it receives as a result of a foreclosure or both.

[[DISCUSS There are currently \_\_\_\_\_ parcels within the Reassessment District owned by the FNMA. The aggregate assessed value of such parcels (based on the County Assessor's fiscal year 2017-18 preliminary roll as of January 1, 2017) is approximately \$\_\_\_\_\_ and such parcels are responsible for approximately \_\_\_% of the Reassessment lien.]]

*FDIC.* In the event that any financial institution making any loan which is secured by real property within the Reassessment District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Reassessment Installments may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent that the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County, California in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the United States Court of Appeals for the Ninth Circuit issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a parcel within the Reassessment District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale.

*Other Federal Agencies.* The City's remedies may also be limited in the case of delinquent Reassessment Installments with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels with Reassessments and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

### **Natural Disasters**

The Reassessment District, like many areas in California, may be subject to unpredictable seismic activity, fires, floods, droughts or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads and property within the Reassessment District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Reassessment District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Reassessment Installments when due. In addition, the value of property in the Reassessment District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Reassessment Installments.

### **Hazardous Substances**

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. The value of a parcel may be reduced as a result of a claim with regard to a hazardous substance.

In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA"

or the “Super Fund Act”, is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Reassessment District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition because the prospective purchaser of such a parcel will, upon becoming the owner of such parcel, become obligated to remedy the condition just as the seller of such a parcel is so obligated.

### **Loss of Tax Exemption**

As discussed under the heading “TAX MATTERS,” interest on the Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds.

### **No Acceleration Provision**

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the Bonds or the Indenture.

### **Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the City has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Future Debt Issuance**

The ability of an owner of land within the Reassessment District to pay the Reassessment Installments could be affected by the existence of other taxes and assessments imposed upon taxable parcels. In addition, the City and other public agencies whose boundaries overlap those of the Reassessment District could impose additional taxes or assessment liens on the property within the Reassessment District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the Reassessment District through the levy of such additional taxes may be on a parity with the lien of the assessments levied by the City. See “THE REASSESSMENT DISTRICT — Direct and Overlapping Indebtedness” herein.

The imposition of additional liens on a parity with the Reassessments may reduce the ability or willingness of the landowners to pay the Reassessment Installments and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Reassessment Installments.

**The City does not have control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Reassessment District. In addition, the landowners within the Reassessment District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments could reduce the estimated value-to-lien ratios for property within the Reassessment District described herein.**

### **Ballot Initiatives**

From time to time constitutional initiatives or other initiative measures may be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations, or on the ability of the landowners to complete their developments.

### **Constitutional Amendment – Articles XIIC and XIID**

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC (“Article XIIC”) and Article XIID (“Article XIID”) to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related reassessments, fees and charges.”

Article XIID requires that, beginning July 1, 1997, the proceedings for the levy of any reassessment by the City under the Act (including, if applicable, any increase in such reassessment or any supplemental reassessment under the Act) must be conducted in conformity with the provisions of Section 4 of Article XIID. The City completed its proceedings for the levy of assessments in the Reassessment District on October 17, 2001, after complying with the procedural requirements of Section 4 of Article XIID. Under Section 10400 of the Act, any challenge to the proceedings or the assessment must be brought within 30 days after the date the assessment was levied.

Article XIIC removes limitations on the initiative power in matters of local taxes, reassessments, fees and charges. Article XIIC does not define the term “reassessment”, and it is unclear whether this term is intended to include reassessments levied under the 1915 Act. In the case of the unpaid reassessments which are pledged as security for payment of the Bonds, the 1915 Act provides a mandatory, statutory duty of the City and the County Auditor to post Reassessment Installments on account of the unpaid reassessments to the property tax roll of the County each year while any of the Bonds are outstanding, in amounts equal to the principal of and interest on the Bonds coming due in the succeeding calendar year plus certain administrative costs. It is unlikely that the initiative power can be used to reduce or repeal the unpaid reassessments which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid reassessments which are pledged as security for payment of the Bonds.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

## TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Bond is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Board, the Participating Agencies and others and is subject to the condition that the Board and the Participating Agencies comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Board and the Participating Agencies will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indentures and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on



any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Board and the Participating Agencies continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

The proposed form of Bond Counsel's opinion with respect to the Bonds is attached as Appendix C.

#### **ABSENCE OF LITIGATION**

In connection with the issuance of the Bonds, the City Attorney will deliver a certificate to the effect that, to his actual knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the City, which would adversely impact the City's ability to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, the validity of the Bonds or the pledge of the Reassessments to repay the Bonds, the Indenture or the transactions described herein.

## **UNDERWRITING**

The Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_ (equal to \$\_\_\_\_\_ par value, plus original issue premium of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter’s compensation is contingent upon the successful issuance of the Bonds.

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

## **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of holders and beneficial owners of Bonds 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, 2019 with respect to the Annual Report for Fiscal Year 2017-18, 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 E - “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 Bonds. The provisions of the Disclosure Agreement are intended to be for the benefit of the owners of the Bonds 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 Bonds, 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.

The City filed its Annual Reports for Fiscal Years 2012-13, 2013-14 and 2014-15 11 days, 28 days and 37 days late, respectively. In addition, from time to time, the annual reports were not filed under all applicable CUSIP numbers. 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 Bonds. 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 Bonds.

### **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 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

### **CERTAIN LEGAL MATTERS**

Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the Bonds. A copy of the form of such approving opinion is attached hereto as Appendix C. Copies of such approving opinion will accompany each Bond. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the Underwriter by its counsel, Katten Muchin Rosenman LLP, and for the Fiscal Agent by its counsel. Certain legal matters will be passed upon for the City by Richards Watson & Gershon, P.C., City Attorney.

### **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The appendices are an integral part of this Official Statement and must be read together with all other parts of the Official Statement.

The distribution of this Official Statement has been authorized by the City.

CITY OF MANHATTAN BEACH, CALIFORNIA

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Mayor

**APPENDIX A**  
**REASSESSMENT DIAGRAM**

## APPENDIX B

### SUMMARY OF INDENTURE

*The following is a summary of certain definitions and provisions of the Indenture which are not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.*

### DEFINITIONS

**Definitions.** Unless the context otherwise requires, the following terms shall have the following meanings in the Indenture:

“Act” means, collectively, the 1915 Act and the 1984 Act.

“Administrative Expense Fund” means City of Manhattan Beach Reassessment District No. 2018 Administrative Expense Fund established and held by the Fiscal Agent pursuant to the Indenture.

“Administrative Expense Requirement” means an amount, not in excess of the aggregate maximum annual assessment for Administrative Expenses permitted to be levied within the Reassessment District as set forth in the Engineer’s Report, to be specified each year by an Authorized Representative of the City to be used for Administrative Expenses.

“Administrative Expenses” means the ordinary and necessary fees and expenses for determination of the Reassessment and administering the levy and collection of the Reassessment and servicing, calling and redeeming the Bonds, including any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties under the Indenture (including, but not limited to, annual audits and costs incurred in the levying and collection of the Reassessment) including the fees and expenses of its counsel and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties under the Indenture and, in the case of the City, in any way related to the administration of the Reassessment District.

“Assessment District” means City of Manhattan Beach Reassessment District No. 2018.

“Authorized Representative of the City” means the Mayor, the City Manager, the Finance Director, General Manager of the City, or any of their designees, or any other person or persons designated by the City Council and authorized to act on behalf of the City.

“Beneficial Owner” means, with respect to a Bond, the person whose name is recorded as the beneficial owner thereof or a portion thereof by a Participant on the records of such Participant, or such person's subrogee.

“Bond Counsel” means an attorney or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax treatment of interest on bonds issued by states and their political subdivisions.

“Bond Register” means the books which the Fiscal Agent shall keep or cause to be kept pursuant to the Indenture, on which the registration and transfer of the Bonds shall be recorded.

“Bond Year” means the one year period or shorter period ending each year on September 2, or such other date as may be specified by the City in the Tax Certificate.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond is registered as shown on the Bond Register.

“Bonds” means City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds issued pursuant to the Resolution of Issuance and the Indenture.

“Business Day” means any day other than (a) a Saturday, Sunday, (b) a day on which banking institutions in the State of California or in any state in which the Office of the Fiscal Agent is located are authorized or required by law (including Executive Order) to close, or (c) a day on which the New York Stock Exchange is closed.

“City” means the City of Manhattan Beach, California.

“City Council” means the City Council of the City.

“Closing Date” means the date of delivery of the Bonds by the City and payment therefor by the original purchaser(s) thereof.

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

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated as of March 1, 2018, executed and delivered by the City, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred by or on behalf of the City (including reasonable charges for the work performed by the officers and employees of the City) in connection with the preparation and approval of the Engineer’s Report, the confirmation of the reassessments and activities relating thereto, the issuance and sale of the Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent, legal fees and expenses, costs of printing the Bonds and the preliminary and final official statements for the Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Written Certificate of the City.

“Costs of Issuance Fund” means City of Manhattan Beach Reassessment District No. 2018 Costs of Issuance Fund established and held by the Fiscal Agent pursuant to the Indenture.

“County” means the County of Los Angeles.

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

“Engineer’s Report” means the report concerning the Reassessment prepared by Harris & Associates, as approved by the City Council on January 16, 2018 and on file with the City Clerk.

“Federal Securities” means: direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Fiscal Agent; obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and prerefunded municipal obligations rated, at the time of purchase, by Moody’s and S&P in their highest Rating Category; provided that “structured securities” (including flip notes, range notes, inverse floaters and step-ups) will not be considered Federal Securities; provided further that floaters (based on

single, interest rate based indices) and callable securities of the above-enumerated agencies may be treated as Federal Securities.

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

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

“Indenture” means the Indenture dated as of March 1, 2018, by and between the City and the Fiscal Agent, as amended or supplemented pursuant to the terms thereof.

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

- (1) is in fact independent and not under the domination of the City;
- (2) does not have any substantial interest, direct or indirect, with the City or with any owner of real property within the Reassessment District; and
- (3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

“Interest Payment Date” means each March 2 and September 2, commencing September 2, 2018.

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

“1915 Act” means the Improvement Bond Act of 1915, being Division 10 (commencing with Section 8500) of the California Streets and Highways Code.

“1984 Act” means the Refunding Improvement Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 (commencing with Section 9500) of the California Streets and Highways Code.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Nonpurpose Investment” means Permitted Investments described as Nonpurpose Investments in the Tax Certificate.

“Notice of Reassessment” means the Notice of Reassessment recorded in the Office of the County Recorder of the County of Los Angeles on \_\_\_\_\_, 2018, as Document No. \_\_\_\_\_.

“Office of the Fiscal Agent” means the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other office as may be specified in writing to the City by the Fiscal Agent.

“Outstanding Bonds” or “Outstanding” means all Bonds theretofore issued by the City, except:

- (1) Bonds theretofore canceled or surrendered for cancellation;
- (2) Bonds for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture; and
- (3) Bonds defeased pursuant to the Indenture.

“Participant” means a broker-dealer, bank and other financial institution for which the Depository holds Bonds or interests therein from time to time as securities depository.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following investments, if and to the extent the same are at the time legal for investment of the City’s funds (the Fiscal Agent is entitled to rely upon investment direction from the City as a certification that such investment is an Authorized Investment):

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.
2. Federal Housing Administration debentures.
3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
  - Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)  
Senior Debt obligations
  - Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system-wide bonds and notes
  - Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
  - Federal National Mortgage Association (FNMA)  
Senior debt obligations



Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Financing Corporation (FICO)  
Debt obligations
- Resolution Funding Corporation (REFCORP)  
Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Fiscal Agent and any affiliate) the short-term obligations of which are rated "A-1" or better by Standard & Poor's.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Fiscal Agent and any affiliate) which have capital and surplus of at least \$5 million.

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

7. Money market funds rated "AAM" or "AAM-G" by Standard & Poor's, or better (including those of the Fiscal Agent or its affiliates).

8. "State Obligations," which means:

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

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

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

9. Pre-refunded municipal obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's meeting the following requirements:

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

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

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public

accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

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

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

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

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Fiscal Agent or the City to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

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

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

(d) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “A-” by Standard & Poor’s or “A3” by Moody’s, as appropriate, the provider must, at the direction of Fiscal Agent or the City, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Fiscal Agent or the City.

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

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance

company, claims paying ability, of the guarantor is rated at least “AA” by Standard & Poor’s and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

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

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

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

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

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

(i) the provider’s rating by either Standard & Poor’s or Moody’s falls below “AA-” or “Aa3”, respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the City, the Fiscal Agent or a third party acting solely as agent therefor (the “Holder of the Collateral”) collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor’s and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider’s rating by either Standard & Poor’s or Moody’s is withdrawn or suspended or falls below “A-” or “A3”, respectively, the provider must, at the direction of the Fiscal Agent or the City, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Fiscal Agent or District; and

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

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

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

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (“event of insolvency”), the provider’s obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Fiscal Agent or the City.

12. The State of California Local Agency Investment Fund.

“Person” means any individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Reassessment” or “Reassessments” means the special reassessments levied in the Reassessment District in accordance with the 1984 Act together with the net proceeds derived from any foreclosure proceedings and interest and penalties thereon, but exclusive of any assessments or reassessments levied to pay Administrative Expenses. “Reassessments” shall also include, pursuant to Section 9503 of the Act, any assessments with respect to the Prior Bonds collected on or after the date of issuance of the Bonds.

“Reassessment Fund” means City of Manhattan Beach Reassessment District No. 2018 Reassessment Fund established and held by the Fiscal Agent pursuant to the Indenture.

“Reassessment Installment” means the annual portion of the Reassessment levied to pay the principal of and interest on the Bonds (which does not include assessments levied by the City to pay Administrative Expenses).

“Rebate Fund” means the fund by that name established and held by the Fiscal Agent pursuant to the Indenture in which there are established the accounts described in the Indenture.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Rebate Requirement” shall have the meaning ascribed to it in the Tax Certificate.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means City of Manhattan Beach Reassessment District No. 2018 Redemption Fund established and held by the Fiscal Agent pursuant to the Indenture.

“Refunded Bonds” means (i) the City of Manhattan Beach Underground Utility Assessment District No. 04-01; (ii) City of Manhattan Beach Underground Utility Assessment District No. 04-03; (iii) City of Manhattan Beach Underground Utility Assessment District No. 04-05; (iv) City of Manhattan Beach Underground Utility Assessment District No. 05-02; (v) City of Manhattan Beach Underground Utility Assessment District No. 05-06.

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

“Representation Letter” means the Blanket Letter of Representations from the City and the Fiscal Agent to the Depository as described in the Indenture.

“Reserve Fund” means City of Manhattan Beach Reassessment District No. 2018 Reserve Fund established and held by the Fiscal Agent pursuant to the Indenture.

“Reserve Requirement” means, as of the date of any calculation, the lesser of (a) 10% of the original aggregate principal amount of the Bonds; (b) maximum annual debt service on the Bonds; and (c) 125% of average annual debt service on the Bonds.

“Resolution of Issuance” means Resolution No. \_\_\_\_\_, adopted by the City Council on January 16, 2018, authorizing the issuance of the Bonds and approving the terms and provisions of the Indenture.

“Clerk” means the City Clerk of the City, or his or her designee.

“Six-Month Period” means the period of time beginning on the Closing Date of the Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds (and any obligations that refund an issue of the Bonds).

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

“Superintendent of Streets” means the Director of Public Works of the City, or his or her designee, to perform the tasks assigned to the Superintendent of Streets in the Act.

“Supplemental Indenture” or “Supplement” means any supplemental agreement amending or supplementing the Indenture.

“Tax Certificate” means the Tax Certificate delivered upon the issuance of the Bonds.

“Treasurer” means the Treasurer of the City, or his or her designee.

“Written Certificate” and “Written Request” of the City mean, respectively, a written certificate or written request signed in the name of the City by an Authorized Representative of the City. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation; and the two or more so combined shall be read and construed as a single instrument.

“Yield on the Bonds” has the meaning as described in the Tax Certificate.

**Equality of Bonds; Pledge of Reassessments and Reassessment Installments; No Obligation to Cure Deficiency.** Pursuant to the Act and the Indenture, the Bonds are equally secured by a first pledge of and shall be equally payable from the Reassessments without priority for number, issue date, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof are equally secured by a first pledge of and shall be exclusively paid from the Reassessments and moneys on deposit in the Reassessment Fund, Redemption Fund and the Reserve Fund which are set aside by the Indenture for and irrevocably pledged solely for the payment of the Bonds. The Reassessments, the amounts in the foregoing funds, and any interest earned on such funds shall constitute a trust fund held by the Fiscal Agent for the benefit of the Owners of the Bonds to be applied to the payment of the interest on, premium, if any, and principal of the Bonds and so long as any of the Bonds remain Outstanding and shall not be used for any other purpose, except as permitted by the Act, the Indenture or any Supplemental Indenture.

Nothing in the Indenture or any Supplemental Indenture shall preclude the redemption prior to maturity of any Bonds subject to call and redemption and payment of said Bonds from proceeds of refunding bonds.

## AUTHORIZATION AND ISSUANCE OF BONDS

**Authorization and Designation of Bonds.** The City has reviewed all proceedings taken relative to the authorization of the Bonds and has found, as a result of such review, and finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by the Act, and that the City is now authorized, pursuant to each and every requirement of the Act and of the Indenture, to issue the Bonds upon the security of the Reassessments in the aggregate principal amount and in the form and manner provided in the Indenture, which Bonds, upon their issuance, shall be entitled to the benefit, protection and security of the provisions of the Indenture.

**Type and Nature of Bonds; Limited Liability.** Notwithstanding anything contained in the Indenture, in the Bonds, in the Act, any other provision of law, or in any of the resolutions adopted in connection with the proceedings for the formation of the Reassessment District or the proceedings for the Reassessment to the contrary, all Bonds authorized pursuant to the Indenture shall be a special obligation of the City; and the City shall not under any circumstances (including, without limitation, after any installment of principal or interest of any Reassessment levied on any lot or parcel in the Reassessment District becomes delinquent or after the City acquires title to any such lot or parcel whether through foreclosure or otherwise) be obligated to pay principal, premium, if any, or interest on the Bonds from any source whatsoever other than the Redemption Fund (including any transfers thereto from the Reassessment Fund and the Reserve Fund). Neither the City, the Board of Directors, the officers or employees of the City, any person or entity acting for or on behalf of the City in connection with the issuance of the Bonds or in connection with the formation or operation of the Reassessment District, nor any persons executing the Bonds, shall be liable personally on the Bonds or be subject to any personal liability for the Bonds or any personal liability or accountability whatsoever by reason of or in connection with the issuance of the Bonds or by reason of any act or acts or the failure or omission to take any act or acts (including, without limitation, a negligent act or omission) in connection with or related to the formation or operation of the Reassessment District.

**Terms of the Bonds.** Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the Bond Register as the registered owner thereof at the close of business on the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to such registered owner at his address as it appears on such books or at such other address as he may have filed with the Fiscal Agent for that purpose; provided, however, that, in the case of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of such registered owner to the Fiscal Agent at least 15 days prior to an Interest Payment Date, such payment may be made by wire transfer to an account within the United States designated by such owner. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made by check only to the person whose name appears in the Bond Register as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the corporate trust office of the Fiscal Agent at maturity or on redemption prior to maturity; provided that sinking fund payments shall be paid without presentment or surrender of the Bonds.

The City and the Fiscal Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a certificated Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to the Indenture.

From and after the issuance of the Bonds, the findings and determinations of the Board of Directors shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue; and no bona fide purchaser of any of such Bonds shall be required to independently establish the existence of any fact or the performance of any condition or the taking of any proceeding required prior to such issuance or the application of the purchase price paid for such Bonds. The recital contained in the Bonds that the Bonds are issued under and pursuant to the Act and under and pursuant to the Indenture shall be conclusive evidence of their validity and of the regularity of their issuance and all Bonds shall be incontestable from and after their issuance. Bonds shall be deemed to be issued, within the meaning of the Indenture, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Execution and Authentication.** The Bonds shall be signed on behalf of the City by the manual or facsimile signatures of the Treasurer and the Clerk in their respective capacities as officers of the City, and the seal of the City (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions of the Indenture with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds shall nevertheless be valid and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

**Book-Entry System.** The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Fiscal Agent in the name of the Nominee as nominee of the Depository. Except as provided in the Indenture, all of the Outstanding Bonds shall be registered in the Bond Register the name of the Nominee.

With respect to Bonds registered in the Bond Register in the name of the Nominee, neither the City nor the Fiscal Agent shall have any responsibility or obligation to any Participant or to any Person on behalf of whom such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The City and the Fiscal Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Fiscal Agent as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Fiscal Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the City's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Fiscal Agent, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to the Indenture. Upon delivery by the Depository to the Fiscal Agent and the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such new nominee of the Depository.

**Representation Letter.** In order to qualify the Bonds which the City elects to register in the name of the Nominee for the Depository's book entry system, an authorized representative of the Fiscal Agent is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of the Indenture or in any other way impose upon the City or the Fiscal Agent any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond Register. The Fiscal Agent agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the Authorized Representatives of the City are authorized by the Indenture to take any other actions, not inconsistent with the Indenture, to qualify the Bonds for the Depository's book entry program.

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

**Initial Depository and Nominee.** The initial Depository under the Indenture shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

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

**Registration, Exchange or Transfer.** Under the circumstances described in the Indenture but subject to the limitations set forth in the next paragraph, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Office of the Fiscal Agent accompanied by delivery of a written instrument of transfer in a form acceptable to the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds may be exchanged at the Office of the Fiscal Agent for a like aggregate principal amount of Bonds. The Fiscal Agent will not charge the Owner for any new Bond issued upon any exchange or transfer, but shall require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. The cost of printing any Bonds and any services rendered or any expenses incurred by the Fiscal Agent in connection with any exchange or transfer shall be paid by the City as Administrative Expenses. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond for a like aggregate principal amount; provided, that the Fiscal Agent shall not be required to register transfers or make exchanges of Bonds (a) 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, or (b) with respect to a Bond after such Bond has been selected for redemption.

**Bond Register.** The Fiscal Agent will keep or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times during regular business hours upon reasonable prior notice be open to inspection by the City; and, upon presentation for such purpose,



the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds as provided in the Indenture.

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

**Mutilated, Lost, Destroyed or Stolen Bonds.** If a Bond shall become mutilated, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent; and, if such evidence is satisfactory to the Fiscal Agent and, if indemnity satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Bondowner, shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond dated as such Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds issued under the Indenture. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding Bonds for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement bond shall be treated as one and the same. Notwithstanding any other provision of the Indenture, and which has matured or is about to mature, the Fiscal Agent may make payment with respect to such Bond upon receipt of indemnity satisfactory to it and the City.

## REDEMPTION OF BONDS

**Partial Redemption of Bonds.** Upon surrender of any Bond to be redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds.

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

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

(b) upon presentation and surrender thereof at the corporate trust office of the Fiscal Agent, the redemption price of such Bonds shall be paid to the Owner thereof;

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

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

**CREATION OF FUNDS AND ACCOUNTS;  
APPLICATION OF PROCEEDS AND ASSESSMENTS**

**Costs of Issuance Fund.** The Fiscal Agent shall deposit into the Costs of Issuance Fund the amounts specified in the Indenture. The Fiscal Agent shall pay the costs of issuing the Bonds from the Costs of Issuance Fund as set forth in Written Requests of the City from time to time which Written Requests shall be substantially in the form set forth in the Indenture. At the Written Direction of the City or six months after the Closing Date, the Fiscal Agent shall transfer any remaining balance in the Costs of Issuance Fund to the Redemption Fund and the Fiscal Agent shall close the Costs of Issuance Fund.

**Reassessment Fund.** Upon receipt of Reassessment Installments, the City shall transfer the Reassessment Installments to the Fiscal Agent for deposit to the Reassessment Fund. On or prior to the first day of March and September of each year commencing September 1, 2018, the Fiscal Agent is to then transfer moneys on deposit in the Reassessment Fund in the amounts set forth in the following clauses, in the following order of priority, to:

(a) the Interest Account of the Redemption Fund, an amount sufficient to make the Interest Payment on the next succeeding Interest Payment Date for the Bonds;

(b) the Principal Account of the Redemption Fund, the amount needed to make the payment of principal due on the following September 2 on the Outstanding Bonds, including any mandatory sinking fund payments (provided, however, with respect to the transfer to be made on September 1, 2018, the transfer shall be in the amount needed to make the payment of principal due on September 2, 2019 on the Outstanding Bonds);

(c) the Reserve Fund, the amount needed to restore the Reserve Fund to the Reserve Requirement; and

(d) the Rebate Fund, the amount, if any, as specified in a Written Direction of the City.

Any moneys remaining in the Reassessment Fund after the deposits described above may be used for any lawful purpose as directed by an Authorized Representative of the City.

Upon provision for payment or redemption of all Bonds, and after payment of any amounts due to the Fiscal Agent, all moneys remaining in the Reassessment Fund shall be paid to the City.

**Redemption Fund.** The principal of and interest on the Bonds until maturity shall be paid by the Fiscal Agent from the Redemption Fund. At the maturity of the Bonds, after all principal and interest then due on any Outstanding Bonds has been paid or provided for, moneys in the Redemption Fund shall be paid to the City.

(a) On or prior to the first day of March or September of each year, commencing September 1, 2018, the Fiscal Agent shall transfer to the Interest Account of the Redemption Fund from the Reassessment Fund an amount such that the balance in the Interest Account one day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same becomes due.

(b) On or prior to the first day of September of each year, commencing September 1, 2018, the Fiscal Agent shall transfer to the Principal Account of the Redemption Fund from the Reassessment Fund an amount such that the balance in the Principal Account one day prior to each September 2 shall be equal to the installment of principal (including mandatory sinking fund payments) due on the Bonds on said September 2. Moneys in the Principal Account shall be used to pay the principal (including mandatory sinking fund payments) of the Bonds as the same become due.

(c) Any amounts remaining in the Redemption Fund, other than in the Prepayment Account, on September 15 of each year, after all principal (including mandatory sinking fund payments) and interest payments due on the prior September 2 have been paid, shall be transferred to the Reassessment Fund.

(d) Moneys set aside in the Prepayment Account of the Redemption Fund shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds.

Upon receiving any prepayment of a Reassessment, the City shall transfer such prepayment to the Fiscal Agent for deposit in the Prepayment Account. The amount so deposited, along with the moneys transferred to the Prepayment Account from the Reserve Fund pursuant to the Indenture, shall be used to redeem Bonds pursuant to the Indenture on the next Interest Payment Date for which proper notice of redemption of Bonds can be given by the Fiscal Agent.

Money received by the Fiscal Agent from the City from funds other than the prepayment of Reassessments, which are accompanied by a Written Certificate of the City so directing, shall be deposited in the Prepayment Account and used to redeem Bonds as provided in the Indenture.

If, after all of the Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining in any account of the Redemption Fund, said moneys shall be transferred to the Reassessment Fund.

**Rebate Fund.** (a) The Fiscal Agent shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by the Indenture and the Tax Certificate, unless the City obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds will not be adversely affected if such requirements are not satisfied. The Fiscal Agent shall be deemed conclusively to have complied with the provisions of the Indenture and the Tax Certificate if it follows the Written Requests of the City, including supplying all necessary information in the manner provided in the Tax Certificate, and except as otherwise expressly provided in the Indenture, shall not be required to take any actions under the Indenture in the absence of written directions by the City, and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate or the Indenture.

The following requirements shall be satisfied with respect to the Rebate Fund:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the City shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate, upon the written direction of an Authorized Representative of the City, an amount shall be deposited to each account, if any, of the Rebate Fund by the Fiscal Agent from any funds so designated by the City if and to the extent required, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the City in

accordance with (i) above. In the event that immediately following any transfer required by the previous sentence, or the date on which the City determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable account of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the City, the Fiscal Agent shall withdraw the excess from the Rebate Fund and then credit the excess to the Reassessment Fund.

(iii) Payment to the Treasury. The Fiscal Agent shall pay, as directed in writing by an Authorized Representative of the City, to the United States Treasury, out of amounts in the Rebate Fund,

(A) Not later than 60 days after the end of (y) the fifth Bond Year for the Bonds, and (z) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds, as applicable; and

(B) Not later than 60 days after the payment or redemption of all of the Bonds, as applicable, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection shall be made in such manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund with respect to the Bonds after redemption and payment of such issue and after making the payments described in Subsection (a) above may be withdrawn by the Fiscal Agent at the written direction of the City and utilized by the City for any lawful purpose.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the requirements of the Indenture shall survive the defeasance and final payment of the Bonds with respect to which an account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This section of the Indenture may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the City an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

**Administrative Expense Fund.** Upon receipt from time to time of amounts comprising any part of the annual portion of the Reassessment levied to pay Administrative Expenses, the City shall transfer such amounts to the Fiscal Agent for deposit to the Administrative Expense Fund; and the Fiscal Agent shall deposit the amounts so received by it into said Fund. The Fiscal Agent shall pay Administrative Expenses as set forth in Written Requests of the City from time to time which Written Requests shall be substantially in the form set forth in the Indenture.

## INVESTMENTS

**Investments.** Moneys held in any of the funds and accounts under the Indenture shall be invested at the Written Direction of the City only in Permitted Investments which shall be deemed at all times to be a part of such funds and accounts. The Fiscal Agent shall provide monthly statements or reports of the principal balances and investment earnings thereon in each fund and account maintained by the Fiscal Agent under the Indenture.

Permitted Investments shall be purchased at such prices as may be specified or described in a Written Direction of the City (or in telephonic directions promptly confirmed in writing) delivered to the Fiscal Agent. The Fiscal Agent may conclusively reply upon the written instructions of the Authorized Representative as to both the suitability and legality of directed investments. Directions as to the purchase of all Permitted Investments shall be subject to the limitations set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by the Treasurer.

Moneys in all funds and accounts except for the Reserve Fund shall be invested in Permitted Investments maturing, or with respect to which payments of principal and interest are scheduled or otherwise payable, not later than the date on which the Treasurer has estimated that such moneys will be required by the Fiscal Agent for the purposes specified in the Indenture. Moneys in the Reserve Fund shall be invested in Permitted Investments, not less than 50% of which must mature within one year of the date of purchase and all of which must mature within two years of the date of purchase; however, if a Permitted Investment may be redeemed or sold at par on the Business Day prior to each Interest Payment Date, all or a portion of the amount of the Reserve Fund may be invested therein. Permitted Investments purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Fiscal Agent may deliver such Permitted Investments for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture shall be retained therein, except to the extent that transfers from such funds or accounts are authorized in the Indenture. For investment purposes only, the Fiscal Agent may commingle the funds and accounts established under the Indenture, and administered by the Fiscal Agent, but shall account for each separately.

Notwithstanding anything to the contrary contained in the Indenture, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account for the credit of which such Permitted Investment was acquired.

For the purpose of determining the amount in any fund or account other than the Reserve Fund, all Permitted Investments credited to such fund or account shall be valued at the lower of the cost or the market value thereof, exclusive of accrued interest. Amounts in the Reserve Fund shall be valued at their market value at least annually on or before August 15. In making any such valuation, the Fiscal Agent may utilize nationally recognized securities valuation or pricing services available to it through its accounting system. The Fiscal Agent may rely on such valuations and shall not be responsible for the accuracy thereof.

The Fiscal Agent, or any of its affiliates, may act as principal or agent in the making or disposing of any investment or as a sponsor, depository, manager for or advisor to any issuer of Permitted Investments. The Fiscal Agent shall sell, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment, or any other investment made at the direction of the City or otherwise made in accordance with the Indenture.

In the absence of a Written Direction of the City received by Fiscal Agent at least two Business Days prior to the maturity of a Permitted Investment, the Fiscal Agent shall invest solely in Permitted Investments set forth in subsection (7) of the definition thereof.

The Fiscal Agent shall be entitled to rely conclusively upon the Written Direction of the City directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State of California and is a Permitted Investment as required by the Indenture, and the Fiscal Agent shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the list of Permitted Investments which embody legal conclusions (e.g., the existence, validity and

perfection of security interests in collateral), the Fiscal Agent shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the City's expense.

Except as specifically provided in the Indenture, the Fiscal Agent shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the City for earnings derived from funds that have been invested.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmation of security transactions to be effected by the Fiscal Agent under the Indenture as they occur. The City specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which include detail for the investment transactions effected by the Fiscal Agent under the Indenture; provided, however, that the City retains its right to receive brokerage confirmation on any investment transaction requested by the City.

## **COVENANTS AND WARRANTY**

**Warranty.** The City shall preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons.

**Covenants.** So long as any of the Bonds are Outstanding and unpaid, the City makes the following covenants with the Owners under the provisions of the 1915 Act, the 1984 Act and the Indenture (to be performed by the City or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the City to expend any funds or moneys other than the Reassessments:

(a) Punctual Payment; Covenant Against Encumbrances. The City covenants that it will receive all Reassessment Installments in trust and will, consistent with of the Indenture, deposit the Reassessment Installments with the Fiscal Agent and the City shall have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Reassessment Installments, whether received by the City in trust or deposited with the Fiscal Agent, all as provided in the Indenture, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

The City covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with the Indenture to the extent Reassessments and interest earnings transferred to the Redemption Fund are available therefor, and that the payments into the Redemption Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Bonds and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplements and of the Bonds issued under the Indenture. If at any time the total balance in the Redemption Fund, the Reassessment Fund and the Reserve Fund is sufficient to redeem all Outstanding Bonds pursuant to the Indenture, the Treasurer may direct the Fiscal Agent to effect such redemption on the earliest date on which all Outstanding Bonds may be redeemed.

The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the Reassessments, and will not issue any obligation or security, payable in whole or in part from the unpaid Reassessments other than the Bonds.

(b) Covenant to Levy. The City will cause the Reassessment Installments required to pay the principal of and interest on the Bonds when due to be placed on the tax bills of the owners of the parcels assessed and covenants to levy assessments, as permitted by law, to satisfy the Administrative Expense Requirement.

(c) Foreclosure Proceedings. The City will commence foreclosure proceedings October 1 of the fiscal year immediately following the fiscal year in which delinquency in the payment of a Reassessment Installment occurs, except the City need not commence such proceedings with respect to any property other than property owned by a single property owner who is delinquent in excess of \$5,000 in the payment of Reassessment Installments if both (a) the aggregate amount of such delinquent Reassessment Installments does not exceed five percent (5%) of the Reassessment Installments posted to the tax roll for the preceding Fiscal Year and (b) the balance on deposit in the Reserve Fund is not less than the Reserve Requirement.

(d) Books and Accounts. The City will cause the Fiscal Agent to keep proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions made by its Fiscal Agent under the Indenture. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice be subject to the inspection of the City or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(e) Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes by reason of the City's failure to do so, the City covenants to comply with all applicable requirements of the Code, necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

*Private Activity.* The City will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

*Arbitrage.* The City will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

*Federal Guarantee.* The City will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

*Information Reporting.* The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

*Rebate Requirements.* The City will take no action inconsistent with its expectations stated in the Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture. Without limiting the generality of the foregoing, the City agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. In particular, the City shall direct the Fiscal Agent to transfer to the Rebate Fund amounts sufficient to pay and shall instruct the Fiscal Agent to pay to the United States Treasury any amounts required to be paid as set forth in the Indenture.

(f) Collection of the Administrative Expense Requirements. The City covenants that it will collect annually an amount specified by an Authorized Representative of the City to be the Administrative Expense Requirement to pay for Administrative Expenses. The Administrative Expense Requirement so collected shall not exceed the amount specified in the Engineer's Report.

**Continuing Disclosure.** The City covenants and agrees that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, a failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of

default under the Indenture; provided that the Fiscal Agent may (and, at the written direction of any Participating Underwriter or the Beneficial Owners of at least 25% aggregate principal amount of the Outstanding Bonds, and upon being indemnified to its reasonable satisfaction, shall) or any Beneficial Owner of Bonds may, take such actions as may be necessary and appropriate to compel such performance.

**AMENDMENTS TO AGREEMENT**

**Amendments Not Requiring Bondowner Consent.** The City may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplements to the Indenture for any of the following purposes:

- (a) to cure any ambiguity or to correct or supplement any provisions in the Indenture provided that such action shall not materially adversely affect the interests of the Beneficial Owners;
- (b) to add to the covenants and agreements of, and the limitations and the restrictions upon, the City contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (c) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not, materially adversely affect the interests of the Beneficial Owners; or
- (d) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Beneficial Owners.

**Amendments Requiring Bondowner Consent.** Exclusive of the Supplements described in the Indenture, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve such Supplements as shall be deemed necessary or desirable by the City for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of any principal or interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplement without the consent of the Owners of all the Bonds then Outstanding.

If at any time the City shall desire to enter into a Supplement, which pursuant to the terms of the Indenture shall require the consent of the Bondowners, the City shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplement. The Fiscal Agent shall, at the expense of the City, cause notice of the proposed Supplement to be mailed, by first class mail postage prepaid, to all Bondowners and their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that a copy thereof is on file at the office of the Superintendent of Streets and the corporate trust office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplement described in such notice, and shall specifically consent to and approve the Supplement substantially in the form of the copy referred to in such notice as on file with the Superintendent of Streets and the Fiscal Agent, such proposed



Supplement, when duly executed by the City, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplement, Bonds which are owned by the City or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the City, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination. Upon request, the City shall designate to the Fiscal Agent those Bonds disqualified by the Indenture.

Upon the execution and delivery by the City and the Fiscal Agent of any Supplement and the receipt of consent to any such Supplement from the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding in instances where such consent is required pursuant to the provisions of the Indenture, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the City, the Fiscal Agent and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

No Supplement pursuant to the Indenture shall modify or amend any of the rights or obligations of the Fiscal Agent without its written consent thereto. The Fiscal Agent may request an opinion of counsel, at the expense of the City, that any such Supplement complies with the provisions of the Indenture and the Fiscal Agent may conclusively rely upon such opinion.

**Notation of Bonds; Delivery of Amended Bonds.** After the effective date of any action taken as provided in the Indenture, the City may determine that the Bonds may bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent, a suitable notation as to such action shall be made on such Bonds. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Fiscal Agent without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

## **FISCAL AGENT**

**Fiscal Agent.** U.S. Bank National Association is appointed Fiscal Agent for the City for the purpose of receiving all money which the City is required to deposit with the Fiscal Agent under the Indenture and to allocate, use and apply the same as provided in the Indenture.

The Fiscal Agent is authorized to and shall mail by first-class mail, postage prepaid, interest payments to the Bondowners, select Bonds for redemption, and maintain the Bond Register. The Fiscal Agent is authorized to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or upon redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in the Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid and discharged by it.

The Fiscal Agent is authorized to pay the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds upon payment thereof or upon the surrender thereof by the City pursuant to the Indenture. The Fiscal Agent shall keep accurate records of all Bonds paid and discharged and canceled by it for six years or such longer period as required by applicable law or the policies of the Fiscal Agent.

The Fiscal Agent shall supply information regarding investments made under the Indenture at the written request of the City including: (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest, received, and (ix) disposition date. In the event a Nonpurpose Investment is subject to a receipt of bids, the City shall maintain a record of all information establishing fair market value on the date such investment became a Nonpurpose Investment. Such detailed record keeping is required for the calculation of the Rebate Requirement which shall be performed by the City and, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the Yield on the Bonds.

The Fiscal Agent shall receive as compensation for its services under the Indenture only such fees as are set forth therein; and the Fiscal Agent shall be entitled to be reimbursed by the City for its other reasonable expenses under the Indenture, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Fiscal Agent may employ in connection with the exercise and performance of its rights and its duties under the Indenture. All such fees and reimbursements shall be paid solely from amounts held in the Administrative Expense Fund pursuant to a Written Request of an Authorized Representative.

The City shall indemnify, defend and save the Fiscal Agent harmless against any losses, costs, expenses or liabilities, including reasonable fees and expenses of its attorneys (including the allocated costs and disbursements of in house counsel, to the extent such services are not redundant with those provided by outside counsel), not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties under the Indenture, which indemnity shall survive discharge of the Bonds. The costs of the foregoing shall be paid solely from amounts held in the Administrative Expense Fund pursuant to a Written Request of an Authorized Representative.

Any bank or trust company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under the Indenture, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

**Removal of Fiscal Agent.** The City may in the absence of an event of default at any time, in the exercise of its sole discretion, upon thirty (30) days prior written notice to the Fiscal Agent, remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital and surplus) (or whose parent or holding company has a combined capital (exclusive of borrowed capital and surplus) of at least one hundred million dollars (\$100,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus shall be as set forth in its most recent report of condition so published. The City shall notify the Bondowners in writing of any such removal of the Fiscal Agent and appointment of a successor thereto.

**Resignation of Fiscal Agent.** The Fiscal Agent may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing; provided, however, that in the event that the City does not appoint a successor Fiscal Agent within thirty (30) days following receipt of such notice of resignation, the resigning Fiscal Agent may petition an appropriate court having jurisdiction to appoint a successor Fiscal Agent. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon

the written acceptance of appointment by the successor Fiscal Agent, and notice to the Bondowners of the Fiscal Agent's identity and address.

**Liability of Fiscal Agent.** The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the bonds shall be taken as statements, promises, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture or of the Bonds or the tax status of the interest thereon, and shall incur no responsibility in respect thereof other than in connection with its duties or obligations in the Indenture or in the Bonds or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall have no duties or obligations other than as specifically set forth in the Indenture and no implied duties, covenants or obligations shall be read into the Indenture against the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

The Fiscal Agent shall have no liability or obligation to the Bondowners with respect to the payment of debt service by the City or with respect to the observance or performance by the City of the other conditions, covenants and terms contained in the Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the City pursuant to the Indenture or otherwise; provided however that the Fiscal Agent provide the Bondowners with notice of event of default under the Indenture.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, bond or other paper or documents believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, at the expense of the City, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered under the Indenture and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

The Fiscal Agent shall have no duty or obligations whatsoever to enforce the collection of Reassessments or other funds to be deposited with it under the Indenture, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. The Fiscal Agent shall have no duty or obligation to monitor the City's compliance with the Act. No provision in the Indenture shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Fiscal Agent shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

The Fiscal Agent shall have no responsibility, opinion or liability with respect to any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

All protections extended to the Fiscal Agent shall also extend to its officers, directors, employees and agents. The Fiscal Agent's rights to indemnification under the Indenture and to payment of its fees and expenses shall survive its resignation or removal and the final payment or defeasance of the Bonds.

The Fiscal Agent makes no covenant, representation or warranty concerning the current or future tax status of interest on the Bonds.

The Fiscal Agent may become an Owner with the same rights it would have if it were not Fiscal Agent; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Fiscal Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

The Fiscal Agent may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, shall not be responsible for the actions or omissions of such attorneys, agents or receivers if appointed by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture.

The Fiscal Agent shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Fiscal Agent shall only perform those duties specifically set forth in the Indenture and no implied duties, covenants or obligations whatsoever shall be read into the Indenture. In the event of and during the continuance of an Event of Default, the Fiscal Agent shall exercise such care in performing its duties under the Indenture as a prudent person would exercise under the circumstances in the conduct of its own affairs. No action by the Fiscal Agent shall be construed or deemed to expand the limitations on the scope of the Fiscal Agent's duties. The Fiscal Agent shall not be considered in breach of or in default in its obligations under the Indenture in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Reassessment District, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

In accepting the duties of the Fiscal Agent hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners and the City, having any claim against the Fiscal Agent arising from the Indenture shall look only to the funds and accounts held by the Fiscal Agent under the Indenture for payment, except as otherwise provided in the Indenture or where the Fiscal Agent has breached its standard of care as described in the Indenture. Under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Bonds.

The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, which such majority of the Owners may give, relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent or in the

exercise of any right under the Indenture. In the event of conflicting instructions under the Indenture, the Fiscal Agent shall have the right to decide the appropriate course of action and be protected in so doing.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed in any respect relating to the Bonds.

The Fiscal Agent shall not be deemed to have knowledge of any Event of Default under the Indenture unless it has actual knowledge thereof at its Principal Office.

**Interested Transactions.** The Fiscal Agent and its officers and employees may acquire and hold Bonds with the same effect as if it were not Fiscal Agent. The Fiscal Agent, either as principal or agent, may engage in or be interested in any financial or other transaction with the City.

**Agents.** The Fiscal Agent may execute any of its trusts or powers or perform its duties through attorneys, agents or receivers and the Fiscal Agent shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care.

**EVENTS OF DEFAULT; REMEDIES**

**Event of Default.** Any one or more of the following events shall constitute an “event of default”:

- (a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or from mandatory redemption;
- (b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or
- (c) Default by the City in the observance of any of the other agreements, conditions or covenants on its part in the Indenture or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Fiscal Agent or any Owner, provided that if within thirty (30) days the City has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

The Fiscal Agent shall provide notice to the Owners of the occurrence of an event of default after the Fiscal Agent has actual knowledge of such occurrence.

**Remedies.** Following the occurrence and during the continuance of an event of default, the Fiscal Agent may pursue any available remedy at law or in equity to enforce the provisions of the Indenture and to enforce any rights of the Fiscal Agent under the Indenture, including:

- (a) by mandamus or other suit or proceeding at law or in equity to enforce the rights of the Owners and/or of the Fiscal Agent against the City and any of the officers and employees of the City, and to compel the City or any such officers or employees to perform and carry out their duties under the Act and their agreements with the Owners and the Fiscal Agent as provided in the Indenture;
- (b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners and/or of the Fiscal Agent; or
- (c) by a suit in equity to require the City and its members, officers and employees to account as the Fiscal Agent of an express trust.

If an event of default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty five percent (25%) in aggregate principal amount of Outstanding Bonds and if indemnified to its satisfaction, the Fiscal Agent shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Fiscal Agent, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy conferred in the Indenture upon or reserved to the Fiscal Agent or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

## **DEFEASANCE**

**Defeasance.** If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Reassessments and other amounts under the Indenture, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied except for the City's covenant under the Indenture. In such event, the Fiscal Agent shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the City after payment of any amounts due the Fiscal Agent under the Indenture all money or securities held by it pursuant to the Indenture which are not required for the payment of the interest due on, and the principal of, such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the Indenture if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest with respect to such Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Reassessment Fund, the Reserve Fund and the Redemption Fund, is fully sufficient to pay the principal of, premium and interest on such Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, in trust, Federal Securities in such amount as an Independent Financial Consultant shall determine will, together with the interest to accrue thereon and moneys then on deposit in the Reassessment Fund, the Reserve Fund and the Redemption Fund which is available to pay such Bond, together with the interest to accrue thereon without further investment, be fully sufficient to pay and discharge the principal of, premium, if any, and interest on such Bond as and when the same shall become due and payable; then, notwithstanding that such Bond shall not have been surrendered for payment, all obligations of the City under the Indenture with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owner of any Bond not so surrendered and paid, all sums due thereon from funds provided to it by the City and except for the City's covenant under the Indenture. Any money or securities deposited with the Fiscal Agent to defease any Bond or Bonds shall be accompanied by a certificate of a certified public accountant confirming the accuracy of the calculations establishing the sufficiency of such deposit. Any funds held by the Fiscal Agent at the time of payment or defeasance of all Outstanding Bonds, which are not required for the purpose above mentioned, or for payment of amounts due the Fiscal Agent under the Indenture shall be paid over to the City.

## MISCELLANEOUS

**Cancellation of Bonds.** All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall upon payment therefor, and any Bond purchased by the City as authorized in the Indenture shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds as provided by law and furnish to the City a certificate of destruction.

**Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor, may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the commercial bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of the Indenture (except as otherwise provided in the Indenture), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any commercial bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums to be paid. The Fiscal Agent shall not be affected by any notice to the contrary. Nothing contained in the Indenture shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept other evidence of the matters stated in the Indenture which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

**Unclaimed Moneys.** Anything in the Indenture to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Bonds which remains unclaimed for one year after the Bonds become due and payable, if such money was held by the Fiscal Agent at such date, or for one year after the date of deposit of such money if deposited with the Fiscal Agent after said date when such Bonds become due and payable, shall be repaid by the Fiscal Agent to the City, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that, before being required to make any such payment to the City, the Fiscal Agent shall, at the written request and the expense of the City, cause to be mailed to the registered Owners of such Bonds, at their addresses as they appear on the Bond Register, a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

**Provisions Constitute Contract; Successors.** The provisions of the Indenture shall constitute a contract between the City and the Bondowners and the provisions of the Indenture shall be construed in accordance with the laws of the State of California. The City and the Fiscal Agent acknowledge and agree that the Bondholders are third party beneficiaries of the Indenture and shall be entitled to enforce the provisions of the Indenture against the City and the Fiscal Agent in the same manner as if the Bondholders were parties to the Indenture.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken by the Fiscal Agent at the direction of the Bondowners, and the Fiscal Agent shall prevail, the Fiscal Agent and such Bondowners shall be entitled to receive from the Reassessment District reimbursement for reasonable costs, expenses, outlays and attorneys' fees (including the allocated costs and disbursements of in house counsel, to the extent such services are not redundant with those provided by outside counsel), and should said suit, action or proceeding be abandoned, or be determined adversely to the Fiscal Agent, then the City, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

The Indenture shall be binding upon the City and the Fiscal Agent and shall inure to the benefit of the City, the Fiscal Agent, the Bondholders, and their respective successors and assigns.

**Further Assurances; Incontestability.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

After the sale and delivery of the Bonds by the City, the Bonds shall be incontestable by the City.

**General Authorization.** Authorized Representatives of the City are respectively authorized to do and perform from time to time any and all acts and things consistent with the Indenture necessary or appropriate to carry the same into effect.

**Action on Next Business Day.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in the Indenture.



**APPENDIX C**  
**FORM OF APPROVING LEGAL OPINION**

## APPENDIX D

### BOOK-ENTRY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent, 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 Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Fiscal Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Fiscal Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Fiscal Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE FISCAL AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## **Debt Management and Disclosure Policy**

### **1. Introduction**

This Debt Management and Disclosure Policy (the “Debt Policy”) provides guidelines for debt issuance, management and post-issuance related policies and procedures for the City of Manhattan Beach (the “City”). This Debt Policy may be amended by the City Council as it deems appropriate from time-to-time in the prudent management of the debt and financing needs of the City.

### **2. Purpose**

The purpose of this Debt Policy is to establish guidelines and parameters for the effective governance, management and administration of debt and other financing obligations issued by the City and its related entities (such as the Manhattan Beach Capital Improvements Corporation). This Debt Policy is intended to improve and direct decision making, assist with the structure of debt issuance, identify policy goals, and demonstrate a commitment to long-term planning, including the City’s Capital Improvement Program. Adherence to a debt policy helps to ensure the City’s debt is issued and managed prudently in order to maintain a sound financial position and credit worthiness. When used in this Debt Policy, “debt” refers to all indebtedness and financing obligations of the City and its related entities.

### **3. Debt Policy Objective**

This Debt Policy is intended to comply with the requirements of Senate Bill 1029 (SB 1029), codified as part of California Government Code Section 8855(i), effective on January 1, 2017 and shall govern all debt undertaken by the City. The primary objectives of the City's debt and financing related activities are to:

- A. Maintain the City's sound financial position;
- B. Protect the City’s credit-worthiness, including maintaining the City’s Triple-A credit rating;
- C. Ensure the City has the flexibility to respond to possible changes in future service obligations, revenues, and operating expenses;
- D. Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the City;
- E. Minimize debt service commitments through efficient planning and cash management; and
- F. Ensure the City is in compliance with all relevant State and Federal securities laws and other applicable laws and regulations.

### **4. Acceptable Uses of Debt Proceeds**

The City will consider the use of debt financing primarily for assets and capital projects only if the term of debt shall not exceed the asset(s) or project’s useful life or will otherwise comply with Federal tax law requirements. An exception to this long-term driven focus is the potential issuance of short-term instruments, such as tax and revenue anticipation notes, which may be used for reasonable cash management purposes, as described below. Bonded debt shall not be issued to finance normal operating expenses. General Fund debt will not be issued to support ongoing operational costs unless such debt issuance achieves net operating cost savings and such savings are verified by independent analysis.

- A. Long-Term Debt.

- i. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and/or operated by the City. Long-term debt financings are appropriate when any of the following conditions exist:
  - (1) When the project to be financed is necessary to provide basic municipal services, or other projects for the benefit of the City's constituents;
  - (2) When the project to be financed will provide benefit to the City's constituents over a duration of more than one year;
  - (3) When the total debt financing would not impose an unreasonable burden on the City and its taxpayers and/or ratepayers, as applicable; or
  - (4) When the debt is used to refinance outstanding debt in order to produce debt service savings or to benefit from debt restructuring.
- ii. The City may use long-term debt financings subject to each of the following conditions:
  - (1) The project to be financed has been or will be considered and approved by the City Council;
  - (2) The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed 120% of the useful life of the project to be financed;
  - (3) The City estimates that sufficient revenues will be available to service the debt through its maturity; and
  - (4) The City determines that the issuance of the debt will comply with the applicable requirements of State and Federal law.

**B. Short-Term Debt.**

- i. Short-term debt may be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance the City's short-lived capital projects, such as undertaking lease-purchase financing for equipment.

**5. Standards for Use of Debt Financing**

The City recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, costs, and risks. The City will consider debt issuance only in those cases where public policy, equity and economic efficiency favor debt financing over cash funding. Prior to the issuance of debt or other financing obligations, the City will carefully consider the overall long-term affordability of the proposed debt issuance by conducting an objective analysis of the City's ability to support additional debt service payments. The City will consider its long-term revenue and expenditure trends, the impact on operational flexibility and the overall debt burden on the taxpayers/ratepayers. The evaluation process shall include a review of generally accepted measures of affordability and will strive to achieve and/or maintain debt levels consistent with its current operating and capital needs.

**6. Types of Debt**

In order to maximize the financial options available to benefit the public, it is the City's policy to allow the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

A. General Obligation (GO) Bonds:

- i. GO Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. The California Government Code, Division 4, Chapter 4, Article 1 commencing with section 43600 authorizes cities to finance certain municipal improvements through GO bonds when a city determines the public interest and necessity demands the acquisition, construction or completion of such municipal improvements, including property or structures necessary or convenient to carry out the objects, purposes, and powers of a city.
- ii. Examples of projects include but are not limited to parks, public services, and public safety facilities. All GO bonds must be authorized by the requisite number of voters.

B. Revenue Bonds:

- i. Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. Generally, no voter approval is required to issue this type of obligation but in some cases, the City must comply with proposition 218 regarding rate adjustments.

C. Certificates of Participation (COPs)/Joint Powers Authority (JPA) Lease Revenue Bonds:

- i. The City may obtain financing payable from the General Fund through the issuance of debt by a public benefit corporation (such as the Manhattan Beach Capital Improvements Corporation) or joint exercise of powers agency with such debt payable from amounts paid by the City under a lease, installment sale agreement, or contract of indebtedness.

D. Loans:

- i. The City is authorized to enter into loans, installment payment obligations, or other similar funding structures secured by a prudent source or sources of repayment.

E. Special Assessment/Special Tax Debt:

- i. The City will consider requests from developers for the use of debt financing secured by property-based assessments or special taxes in order to provide for necessary infrastructure for new development under guidelines adopted by City Council, which may include minimum value-to-lien ratios and maximum tax burdens. Examples of this type of debt are Assessment Districts (ADs) and Community Facilities Districts (CFDs), also known as Mello-Roos Districts. In order to protect bondholders as well as the City's credit rating, the City will also comply with all State guidelines regarding the issuance of special tax or special assessment debt.

F. Short-Term Debt:

- i. Short-term borrowing, such as commercial paper, Tax and Revenue Anticipation Notes (TRANS), and lines of credit, will be considered as an interim source of funding in anticipation

of long-term borrowing and may be issued to generate funding for cash flow needs. The final maturity of the debt issued to finance the project shall be consistent with the useful life of the project.

- ii. Short-term debt may also be used to finance short-lived capital projects such as lease-purchase financing for equipment.

G. Refunding Bonds:

- i. The City may refinance debt pursuant to the authorization that is provided under California law, including but not limited to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, as market opportunities arise. Refundings may be undertaken in order to:
  - (1) Take advantage of lower interest rates and achieve debt service costs savings;
  - (2) Eliminate restrictive or burdensome bond covenants; or
  - (3) Restructure debt to relieve debt service spikes, reduce volatility in interest rates or free up reserve funds.
- ii. Generally, the City shall strive to achieve a minimum of 3.00% net present value savings. The net present value assessment shall factor in all costs, including issuance, escrow, and foregone interest earnings of any contributed funds on hand. Refundings which produce a net present value savings of less than 3% will be considered on a case-by-case basis. Upon the advice of the Finance Director and with the assistance of a municipal advisor and bond counsel, the City will consider undertaking refundings for other than economic purposes based upon a finding that such a restructuring is in the City's overall best financial interest.

The City may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. However, the other form or forms of debt must comply with this Debt Management Policy.

Debt shall be issued as fixed rate debt unless the City determines a variable rate issue would be beneficial to the City based on the circumstances.

**7. Relationship to Capital Improvement Program and Operating Budget**

The City intends to issue debt for the purposes stated in this Debt Policy and the decision to incur new indebtedness should be integrated with the City Council-adopted annual Operating Budget and Capital Improvement Program Budget. Prior to issuance of revenue bonds, a reliable revenue source shall be identified to secure repayment of the debt and the annual debt service payments shall be included in the Operating Budget.

The City shall integrate its debt issuances with the goals of its Capital Improvement Program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

**8. Policy Goals Related to Planning Goals and Objectives**

- A. This Debt Policy has been adopted to assist with the City's goal of financial sustainability and financial prudence. In following this Debt Policy, the City shall pursue the following policy goals:



- i. The City is committed to financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's annual Operating Budget;
- ii. It is a policy goal of the City to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings, if applicable, and the lowest practical borrowing costs;
- iii. It is a policy goal of the City to reduce the unfunded liabilities for employee pension and other post-employment benefits (OPEB);
- iv. The City will comply with applicable State and Federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges; and
- v. When refinancing debt, it shall be the policy goal of the City to achieve, whenever possible and subject to any overriding non-financial policy, minimum aggregate net present value debt service savings of at least [[3%]] of the refunded principal amount.

## **9. Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The City will periodically review the requirements of and will remain in compliance with the following:

- i. Federal securities law, including any continuing disclosure undertakings under SEC Rule 15c2-12;
- ii. Any federal tax compliance requirements including without limitation arbitrage and rebate compliance, related to any prior bond issues;
- iii. The City's investment policies as they relate to the investment of bond proceeds; and
- iv. Government Code section 8855(k) and the annual reporting requirements therein.

The City shall be vigilant in using bond proceeds in accordance with the stated purpose at the time that such debt was issued. The City Manager, Finance Director or designee will monitor the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued.

## **10. Amendment and Waivers of Debt Policy**

This Debt Policy will be reviewed and updated periodically as needed. Any amendments to this Debt Policy are subject to specific City Council approval.

While adherence to this Debt Policy is required in all applicable circumstances, on rare occasions there might be circumstances when strict adherence to a provision of this Debt Policy is not possible or not in the best interest of the City. If the City staff has determined that a waiver of one or more provisions of this Debt Policy should be considered by the City Council, it will prepare an analysis for the City Council describing the rationale for the waiver and the impact of the waiver on the proposed debt issuance and on

taxpayers, if applicable. Upon a majority vote of the City Council, one or more provisions of this Debt Policy may be waived for a debt financing.

The failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the City in accordance with applicable laws.

## **11. SB 1029 Compliance**

SB 1029, signed by Governor Brown on September 12, 2016, and enacted as Chapter 307, Statutes of 2016, requires issuers to adopt debt policies addressing each of the five items below:

- A. The purposes for which the debt proceeds may be used.
  - i. Section 4 (Acceptable Uses of Debt Proceeds) addresses the purposes for which debt proceeds may be used.
- B. The types of debt that may be issued.
  - i. Section 6 (Types of Debt) provides information regarding the types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
  - i. Section 7 (Relationship to Capital Improvement Program and Operating Budget) provides information regarding the relationship between the City's debt and Capital Improvement Program and annual Operating Budget.
- D. Policy goals related to the issuer's planning goals and objectives.
  - i. Section 3 (Debt Policy Objective) and Section 8 (Policy Goals Related to Planning Goals and Objectives) address some of the City's policy goals and how this Debt Policy has implemented them.
- E. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.
  - i. Section 9 (Internal Control Procedures) provides information regarding the City's internal control procedures designed to ensure that the proceeds of its debt issues are spent as intended.

This Debt Policy, as written, complies with and meets the requirements of SB 1029.

Debt Management Policy

Adopted on January 16, 2018

**Date:** December 27, 2017

**To:** Bruce Moe, Finance Director  
City of Manhattan Beach

**From:** Mark Young, Managing Director  
Larry Lom, Assistant Vice President  
KNN Public Finance

**Re: Requirements of Senate Bill No. 450, CHAPTER 625**

California Senate Bill No. 450, CHAPTER 625 was approved on October 9, 2017. The bill requires the governing body of a public body to obtain and disclose specified information in a public meeting prior to authorizing the issuance of bonds. The information is to be obtained as good faith estimates from an underwriter, financial advisor, or private lender or from a third-party borrower if the public body issuing bonds is a conduit financing provider.

Information relating the issuance of bonds to be disclosed include: true interest cost of the borrowing, costs of borrowing, proceeds received from the borrowing, and total debt service payments. Such information is further defined and provided in the attached document for the City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018.

The purpose of the bill is to better inform the public of the costs of a bond financing. According to the author, "The public cannot readily evaluate whether bond financing is a prudent investment choice if they do not completely understand the cost of long-term borrowing and the dimensions of the obligation being undertaken. SB 450 would present financial data in a form similar to that required by federal law for mortgage loans. Bonds are not free money. Although taxpayers may know the principal amount borrowed by the local entity, they may not have a full picture as to annual costs of borrowing, the costs associated with bond transactions, and the total amount that will be paid by taxpayers over lifetime of the bond."

## Requirements of Senate Bill No. 450, CHAPTER 625 for the City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018

Prior to authorization of the issuance of bonds with a term greater than 13 months pursuant to this chapter, the governing body of a public body shall obtain and disclose all of the following information in a meeting open to the public:

(A) The true interest cost of the bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds.

<b>True Interest Cost:</b>	2.527%
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(B) The finance charge of the bonds, which means the sum of all fees and charges paid to third parties.

<b>Finance Charge:</b>	\$237,658.62
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(C) The amount of proceeds received by the public body for sale of the bonds less the finance charge of the bonds described in (B) and any reserves or capitalized interest paid or funded with proceeds of the bonds.

Total Proceeds:	\$7,486,723.45
Less amount in (B):	-\$237,658.62
Less Reserve Fund:	-\$533,500.00
Less Capitalized Interest:	-\$470,564.83 (represents installments to be applied to debt service)
<b>Net Proceeds:</b>	\$6,245,000.00

(D) The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the bonds plus the finance charge of the bonds described in (B) not paid with the proceeds of the bonds. The total payment amount shall be calculated to the final maturity of the bonds.

Total Debt Service:	\$5,905,946.50
Plus amount in (B) not paid with proceeds:	\$0.00
<b>Total Payment Amount:</b>	\$5,905,946.50

*Note: All figures are good faith estimates based on preliminary refunding numbers as of 12/27/2017 and are subject to change.*

**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Anne McIntosh, Community Development Director

Laurie B Jester, Planning Manager

Angelica Ochoa, Associate Planner

**SUBJECT:**

Discussion of Fees and Incentives for Historic Preservation Applications (Community Development Director McIntosh).

**DISCUSS AND PROVIDE DIRECTION**

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**RECOMMENDATION:**

Staff recommends that the City Council discuss and provide direction on fees and incentives associated with Historic Preservation.

**FISCAL IMPLICATIONS:**

The current fee for historic preservation applications is approved through the end of fiscal year 2018-2019, which will end on June 30, 2019. The fee is \$2,901 for Historic Designation and for Planning Commission Review of a Certificate of Appropriateness. Administrative review of a Certificate of Appropriateness is \$149 hourly, minimum 2 hours, and additional fees may apply, depending on the scope of project. The fee was approved through the User Fee Study and Fee Resolution process that was finalized in fiscal year 2014-2015. If the City Council approves reducing or waiving the fee as an incentive for residents to apply for historic preservation, the cost will be absorbed by the City. To date, staff has not received any Historic Preservation designation applications.

Property tax reductions through the Mills Act is another potential incentive. The current Mills Act pilot program expired October 7, 2016. If the Council provides direction for staff to explore reinitiating this incentive, staff will provide a report at a later date and fiscal implications will be provided.

**BACKGROUND:**

The prior Landmark Ordinance was adopted by the City Council in 2006. The designation was only honorary and voluntary, and did not limit or prohibit any alterations or development rights. In 2014 and 2015 the Council had a series of meetings and directed staff to revise and develop an expanded and more robust Historic Preservation Ordinance with assistance from a consultant. On February 29, 2016, the City Council adopted amendments to the Zoning Code to revise the Historic Preservation regulations, Chapter 10.86, which applies citywide. On August 15, 2017 the Council further revised the regulations to assign the responsibilities of implementation to the Planning Commission and amended the timeline for the initiation of the Historic Resources Survey and Inventory of Historic Resources until a later date, to be determined by the City Council.

As part of implementing the program, staff is in the process of hiring a consultant to complete a Historic Context Statement for the City and to review historical reports, as needed. The Historic Context Statement will provide a framework for evaluating potential historic resources. Historic Preservation applications are available for the public to begin the process, as well as additional information.

**DISCUSSION:**

At the December 5th meeting, the City Council received public input on the fee from the Manhattan Beach Cultural Conservancy, briefly discussed the input and directed staff to research options for application fees and other incentives.

**Current Fees**

The current fee to apply for Historical Designation is \$2,901, which includes:

- Application - \$2,616
- Public Hearing - \$70
- CEQA Determination - \$215

The current fee to apply for a Certificate of Appropriateness to make alterations to a designated historic property is a minimum of \$3,199, which includes:

- Staff review of application- \$149 per hour, minimum 2 hour deposit (\$298)
  - Additional fees may be required depending on scope of project and review required
- Planning Commission review of application - \$2,616
- Planning Commission Public Hearing Notice - \$70
- Planning Commission CEQA Determination - \$215

The current fees represent staff time and cost for processing Historical Preservation applications. These were adopted through a User Fee Study and Fee Resolution public hearing process, which was adopted in fiscal year 2014-2015. The current fees are approved through end of fiscal year 2019. If the City Council directs staff to provide a reduced fee or no fee, a public hearing would be required to amend the current adopted Fee Resolution, which can be done at any time. According to the Finance Department, the new User Fee Study will begin

February 2019 to revisit overall fees.

### **Other Cities and Incentives**

During the adoption of the Historical Preservation Ordinance, the Historic Preservation consultant researched different cities and fees related to preservation applications (Attachment 1). Some cities waive the fee and other cities offer reduced fees, as well as incentives, such as the Mills Act, to encourage applications. The City of Redondo Beach does not charge any fees for Historical Designation applications unless the project includes a Variance or a Certificate of Appropriateness. The City may want to waive or reduce the fee in order to give residents an incentive to apply. In this case, the City would absorb the cost of processing applications.

The Mills Act program is a contract that allows qualifying property owners to receive a property tax reduction and use the savings to help restore and maintain their property. The City initiated and adopted a two-year Mills Act Pilot Program on October 7, 2014, which expired on October 7, 2016. Staff will return with information on the Mills Act program for City Council consideration at a later date. The City Council can discuss adoption of a permanent Mills Act program at that time as an incentive for property owners along with applying for Historic Designation.

### **LEGAL REVIEW**

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

### **CONCLUSION**

Staff requests the City Council discuss and provide direction on fees for Historic designation and Certificate of Appropriateness applications.

### **Attachment:**

1. Memo and Permit Fee Spreadsheet

## MEMORANDUM

To: Rafael Garcia, Angelica Ochoa, Laurie Jester, Marisa Lundstedt  
City of Manhattan Beach

From: Debi Howell-Ardila, MHP, SWCA Senior Architectural Historian

RE: Preliminary Draft, Comparison of Preservation-related Permit Fees

Date: 21 March 2016

## SUMMARY

Per your request, the attached table presents the preliminary results of research on application fees for preservation-related entitlements. As you can see, fees vary quite a bit, even for the most typical permits (such as applications for landmark designation and Mills Act historic property contracts and for processing Certificates of Appropriateness at the staff and commission levels). Since I wanted to offer a wide cross-section of cities, you'll see that data for each permit type was not uniformly available at this stage. If you need additional information, please feel free to let me know, and I will continue populating this table and providing further analysis.

As you see on this table, in order to incentivize preservation, some cities offer fee waivers or reductions for actions such as designation or Mills Act contracts. One interesting case is Redondo Beach, which does not charge a fee for historic designation, the Mills Act program, or Certificates of Appropriateness (unless a variance is involved). Redondo Beach does charge \$3,380 for delisting a property from their register (to dis-incentivize this action).

Another strategy reflected in this data is the use of tiered fees, lower at the application processing stage, and higher once an application is successful and adopted. This tiered strategy seems particularly helpful with the Mills Act program. A lower initial application fee makes it possible for people to apply, with the higher fee kicking in after the application has been approved (so as not to penalize home owners whose applications are not successful). Another incentive is offering fee waivers on Certificates of Appropriateness for designated properties, including contributors within historic districts.

This is just a preliminary first pass, though, so please feel free to let me know if you have any questions or need additional analysis. A selection of representative application forms will follow under separate cover.





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## COMPARISON OF PRESERVATION-RELATED APPLICATION FEES (PRELIMINARY DRAFT)

City	Historic Designation	Mills Act	Certificate of Appropriateness (Administrative Review)	Certificate of Appropriateness (before CHC or other discretionary body)	Demolition Permit (if separate)	Other Permit Fees
Berkeley	\$100 (no fee is designated by LPC)	Application processing (one-time payment): \$3,650 Contract monitoring (5-year intervals): \$2,210			Referral of Use Permit for demolition of nonresidential building older than 40 years: \$1,055	Design Review: sign/awning: \$868 Design Review, structural alterations (non-residential): Project valued under \$50,000: \$1,788 Project valued between \$50,001-\$1,999,999 Project valued at \$2 million or more: \$4,550 base fee (25 hours), plus \$180 per staff hour in excess of that covered by base fee
Glendale	No fee for application; \$700 fee for required bronze plaque installation Zone change (adopting Historic District Overlay Zone): \$2,083	Application: \$1,462 (upon applying)		HPC Review of modification or demolition of single-family dwelling: \$4,500 HPC Review of modification or demolition of building/structure/features other than single-family dwelling: \$4,881		
Long Beach	\$912, application fee	Pre application: \$83 Application (per unit): \$1,103 Annual inspection: \$218	Exterior painting and re-roofing: no fee Signs, utilities, and other minor exterior features: \$76.51 Staff-level (administrative) CofA: \$923	Pre-application for CofA: \$437 CHC-level CofA: 1,879	Demolition request: \$3,317	Penalty for noncompliance to an approved CofA (per violation): \$1,355 Penalty for unauthorized work without a CofA: double the cost of the required CofA Reschedule CHC hearing (continuance): \$83 Revision to CofA, staff review: 50% of original CofA fee (but no less than \$72) Revision to CofA, CHC review: 50% of original CofA fee (but no less than \$94) Time extension for CofA: \$142



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City	Historic Designation	Mills Act	Certificate of Appropriateness (Administrative Review)	Certificate of Appropriateness (before CHC or other discretionary body)	Demolition Permit (if separate)	Other Permit Fees
						Appeal of CofA decision: 85% of original CofA fee (but no less than \$65)
Los Angeles	No fee listed for Historic-Cultural Landmark application. HPOZ establishment, change, or removal: \$138,017 HPOZ Preservation Plan: \$30,998	Application fee at submittal, \$1,021. If contract approved, contract execution fee of \$564.		HPOZ CofA, not involving new construction or additions: \$473 HPOZ Certificate of Appropriateness or Certificate of Compatibility for new additions or construction up to 750 square feet: \$708 HPOZ Certificate of Appropriateness or Certificate of Compatibility for new additions or construction over 750 square feet: \$1,706	Demolition of primary structure: \$4,317 Demolition of secondary structure: \$2,158	
Monrovia	\$500, filing fee. Owner pays for landmark plaque (with \$50 reimbursement offered through local preservation organization)	\$780				
Oakland	No fee for designation of landmark or historic district	\$600 (up from \$400 in past years)	All design review fees waived for designated properties (individual and district)	All design review fees waived for designated properties (individual and district)		
Palm Springs	No fees for processing Class 1 historic designation applications, (noticing fees of \$872 apply)	Application: \$1,305.		Certificate of Appropriateness for modifications to Class 1 property: \$302	Demolition permit of Class 3 property (anything built before 1969), \$558	CEQA Categorical Exemption: \$333.



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City	Historic Designation	Mills Act	Certificate of Appropriateness (Administrative Review)	Certificate of Appropriateness (before CHC or other discretionary body)	Demolition Permit (if separate)	Other Permit Fees
Pasadena	Individual Landmark and Historic District application: \$3,558	No fee to apply. If application approved, one-time processing fee of \$1,075 for single-family homes and \$2,150 for multi-family/commercial properties	Alteration or relocation, Category 1, staff review: \$379		Demolition (primary structure): \$1,180 Demolition (accessory or noncontributing structure): \$98	Variance, Historic Resources: \$3,558
Redondo Beach	No fee	No fee	No fee	No fee (unless involving a variance; for example, for existing nonconforming uses). For CofA with variance, \$1,680		Delisting/rescission of designation: \$3,380
Sacramento	No fee for designation of individual landmark or historic district (reasoning is that research and evaluation are already complete and included in designation application)				Primary building/structure: \$117 + 8% technology charge Accessory structures: no charge. Structure declared immediately dangerous: no charge Additional research required: \$500 research fee (See Sacramento's demolition "investigation report" for example)	
Santa Clara	Historic Landmark Review, \$650	Application, \$2,250		\$610		
South Pasadena	No fee for designation	\$500		\$800, application fee; \$220, public noticing fee		
Ventura	No fee	Mills Act application deposit: \$610 Mills Act certification: \$2,483	\$80 non-refundable	\$235 non-refundable		



**Agenda Date:** 1/16/2018

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Anne McIntosh, Community Development Director

**SUBJECT:**

Pending Project(s) in Adjacent Cities: Update Northrop Grumman Lab Expansion Project (Redondo Beach) (Community Development Director McIntosh).

**PROVIDE DIRECTION**

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**RECOMMENDATION:**

Staff will update City council on the findings of the traffic analysis for the project. City Council may direct staff to attend the public hearing for the project on January 18, 2018.

**FISCAL IMPLICATIONS:**

No fiscal implications associated with the recommended action.

**DISCUSSION:**

On December 21, 2017, the City of Redondo Beach issued a Notice of Intent to Adopt/Certify a mitigated negative declaration, initial study and mitigation monitoring and reporting system for a 150,500 square foot expansion to the Northrop Grumman Lab at 1 Space Park Drive to the east of Manhattan Beach.

The comment period ended on January 10, 2018 at 5:00 p.m. and a public hearing will be held on the project on Thursday, January 18, 2018, at 7:00 p.m.

Staff is researching these projects and related documents and will provide more information in a verbal report at the meeting.

