



**CITY OF MONTEBELLO
CITY COUNCIL AND PUBLIC FINANCING AUTHORITY
JOINT REGULAR MEETING**

WEDNESDAY, JUNE 24, 2026 AT 7:00 PM

TELECONFERENCE LOCATION FOR
MAYOR PRO TEM ROMERO:
6131 WEST SEEGER COURT
VISALIA, CA 93277

**CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA**

CITY COUNCIL/PUBLIC FINANCING AUTHORITY

Georgina Tamayo, Mayor/Chairperson
Danielle Romero, Mayor Pro Tem/Vice Chairperson
Scarlet Peralta, Councilmember/Member
Ric Alonzo, Councilmember/Member
Salvador Melendez, Councilmember/Member

CITY MANAGER/EXECUTIVE DIRECTOR
Raul Alvarez

CITY TREASURER
David Matanga

CITY ATTORNEY/AUTHORITY COUNSEL
Arnold M. Alvarez-Glasman

CITY CLERK/SECRETARY OF AUTHORITY
Christopher Jimenez

DEPARTMENT HEADS

Assistant City Manager
Fire Chief
Police Chief
Director of City Clerk Services
Director of Finance
Director of Planning/Community Development
Director of Public Works
Director of Recreation and Community Services
Director of Transportation

Angelica Palmeros
Fernando Pelaez
Luis Lopez
Kimberly Guillen
Michael Solorza
Joseph Palombi
Cesar Roldan
David Sosnowski
John Soria

NOTICES

This City Council/Public Financing Authority Joint Regular Meeting ("Council"/"PFA") will be held in person and will meet at **City Hall – City Council Chambers, 1600 West Beverly Boulevard, Montebello, California.** The meeting will be live streamed and can be watched on the City's website and YouTube Channel via the following link: <https://www.montebelloca.gov>, and may also be viewed on Spectrum Public Access Channel 3 for all Spectrum cable subscribers.

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act (ADA) any person with a disability who requires special accommodations in order to participate in a meeting should contact the Administration Office at (323) 887-1437 Monday-Thursday from 7:30 a.m.-5:30 p.m. Please call 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II 1203). If you require translation services, please contact the City Clerk's office 72 hours before this meeting. **Si necesita servicios de traducción, comuníquese con la Oficina del Secretario Municipal 72 horas antes de esta reunión.** 如果您需要翻译服务, 请在会议前 72 小时联系市书记办公室。

RULES OF DECORUM:

Pursuant to Section 54957.95 of the Government Code, the presiding member of the legislative body conducting a meeting, or their designee, is authorized to remove, or cause the removal of, an individual for disrupting the meeting. Any such removal will be preceded by a warning to the disruptive individual by the presiding member of the legislative body or their designee that the individual's behavior is disrupting the meeting and that the individual's failure to promptly cease their disruptive behavior may result in their removal.

PUBLIC COMMENTS:

In-Person: For those interested in participating during the Public Comment period(s) or public testimony period for Public Hearings of the Council/PFA meetings, ***you may address the City Council/PFA in person only the day of the meeting.*** Speakers will be required to fill out a speaker card provided at the door and submit it to City Clerk staff prior to each Public Comment announcement period. Staff will number and call each speaker card in the order received. ***Regular Session will begin at 7:00 p.m.***

AGENDA MATERIALS: The agenda and/or agenda packet are available for public inspection at City's website at: [Agendas, Minutes, and Videos.](#)

IN CONSIDERATION OF OTHERS, PLEASE TURN OFF, OR MUTE, ALL CELL PHONES AND PAGERS
THANK YOU FOR YOUR COOPERATION

OPENING CEREMONIES

CALL TO ORDER - 7:00 P.M.

ROLL CALL

CLOSED SESSION - NONE

REGULAR SESSION - 7:00 P.M.

PUBLIC COMMENTS ON NON-AGENDA ITEMS (30 MINUTES)

At this time, the public may submit speaker card(s) to the City Clerk staff, for both agenda and non-agenda items, prior to the beginning of this statement; Public Hearing items do not require a speaker card.

The City Council/PFA will address non-agenda items during this section and speakers will be called in the order received. Those persons not accommodated during this 30-minute period will have an opportunity to speak under “Public Comments – Continued”, after all scheduled matters have been considered. **Public Hearing, Regular Business and/or Consent Calendar items will be addressed at the time that matter of business is heard, in the order received.**

Please be aware that the maximum time allotted for members of the public to speak shall not exceed three (3) minutes per speaker. State Law prohibits the City Council/PFA from taking action or entertaining extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor/Chairperson and City Council/PFA.

STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST

REGULAR BUSINESS

1. **ADOPT RESOLUTION NO. 26-51 OF THE CITY COUNCIL AND RESOLUTION NO. 26-01 OF THE PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND CERTIFICATES IN CONNECTION WITH THE ISSUANCE BY THE MONTEBELLO PUBLIC FINANCING AUTHORITY OF LEASE REVENUE REFUNDING BONDS, 2026 SERIES A**

RECOMMENDATION: It is recommended that the City Council and Public Financing Authority:

1. Adopt Resolution Nos. 26-51 (City Council) and 26-01 (Public Financing Authority) Authorizing the Execution and Delivery of a Lease Agreement, a Ground Lease, an Indenture, a Continuing Disclosure Certificate, and a Bond Purchase Agreement in Connection with the Issuance by the Montebello Public Financing Authority of Lease Revenue Refunding Bonds, Approving the Issuance of Such Bonds in One or More Series in an Aggregate Principal Amount Not to Exceed \$44,000,000, Authorizing the Distribution of an Official Statement in Connection with the Offering and Sale of Such Bonds, and Authorizing the Execution of Necessary Documents and Certificates and Related Actions; and
2. Authorize the City Manager and Finance Director and/or their designees, to execute all necessary documents, forms, agreements, etc. related to the issuance of Lease Revenue Bonds 2026 Series A; and,
3. Take such additional, related action that may be desirable.

ADJOURNMENT

The City of Montebello will adjourn to the next **Regular Meeting on August 12, 2026, at 6:00 p.m.**, which can be live-

streamed at <https://www.montebelloca.gov> (Click on Live Stream).

I, Kimberly Guillen, Director of City Clerk Services for the City of Montebello hereby certify that a copy of this agenda has been posted on or before **Sunday, June 21, 2026, no later than 6:00 p.m.**



Kimberly Guillen, Director of City Clerk Services



ITEM # 1

**CITY OF MONTEBELLO
CITY COUNCIL AND PUBLIC FINANCING AUTHORITY AGENDA STAFF REPORT**

TO: Honorable Mayor and City Council Members

FROM: Raul Alvarez, City Manager

BY:

SUBJECT: ADOPT RESOLUTION NO. 26-51 OF THE CITY COUNCIL AND RESOLUTION NO. 26-01 OF THE PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND CERTIFICATES IN CONNECTION WITH THE ISSUANCE BY THE MONTEBELLO PUBLIC FINANCING AUTHORITY OF LEASE REVENUE REFUNDING BONDS, 2026 SERIES A

DATE: June 24, 2026

RECOMMENDATIONS:

It is recommended that the City Council and Public Financing Authority:

1. Adopt Resolution Nos. 26-51 (City Council) and 26-01 (Public Financing Authority) Authorizing the Execution and Delivery of a Lease Agreement, a Ground Lease, an Indenture, a Continuing Disclosure Certificate, and a Bond Purchase Agreement in Connection with the Issuance by the Montebello Public Financing Authority of Lease Revenue Refunding Bonds, Approving the Issuance of Such Bonds in One or More Series in an Aggregate Principal Amount Not to Exceed \$44,000,000, Authorizing the Distribution of an Official Statement in Connection with the Offering and Sale of Such Bonds, and Authorizing the Execution of Necessary Documents and Certificates and Related Actions; and
2. Authorize the City Manager and Finance Director and/or their designees, to execute all necessary documents, forms, agreements, etc. related to the issuance of Lease Revenue Bonds 2026 Series A; and,
3. Take such additional, related action that may be desirable.

FISCAL IMPACT:

The 2026 Bonds are being issued to refinance the Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2Suites by Hilton Hotel Project) (the "2016A Bonds") for debt service savings.

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Based on interest rates as of June 12, 2026, the 2026 Bonds are expected to be issued in a principal amount of approximately \$40.325 million and a true interest cost of 4.04%. The transaction is expected to reduce annual debt service payments by an estimated \$435,000 on average and generate approximately \$2.44 million in net present value savings. The net present value savings represents about 5.2% of the amount of debt being refinanced. The annual estimated savings in debt service would lower operating expenditures, allowing for a greater cushion between revenue and expenses in the event of an economic downturn impacting leisure and travel.

In accordance with California Government Code Section 5852.1, good faith estimates are provided with respect to the 2026 Bonds in Attachment A.

BACKGROUND/DISCUSSION:

In November 2016, the Public Financing Authority issued \$54,860,000 of the 2016A Bonds to finance the acquisition, construction and equipping of the Home2Suites by Hilton Hotel Project. The 2016A Bonds are payable from revenues under the lease agreement, including base rental payments paid by the City. Currently, there is \$46,660,000 of par amount outstanding on the 2016A Bonds. The 2016A Bonds were structured with a final term of June 1, 2046 and interest rates of 5.00%. The 2016A Bonds are subject to optional redemption on or after June 1, 2026 at a price of 100% of par.

Staff has determined, in consultation with its Municipal Advisor, that the current market conditions are favorable for the issuance of refunding bonds to refund and defease the 2016A Bonds for debt service savings. The 2026 Bonds will maintain the same final maturity (June 1, 2046) as the 2016A Bonds. In other words, there would be no extension of the final maturity.

It is expected that the 2026 Bonds will receive the same rating as the 2016A Bonds (A+ from S&P), reflecting the credit characteristics of the City, condition of the General Fund, and structure of the bonds. Additionally, the 2026 Bonds are also expected to qualify for bond insurance, which would lead to a lower cost of borrowing (i.e., reduced cost of borrowing leads to lower annual debt service).

The 2026 Bonds will be payable from Lease Payments made by the City to the Authority under the Lease Agreement pursuant to which the City will lease the Property (consisting of the Home2Suites Hotel) from the Authority (Attachment F). Operating revenues from the Home2Suites Hotel have historically been more than sufficient to pay for all operating expenses associated with the project, including debt service payments on the 2016A Bonds being refunded. The City expects future net operating income from the hotel to be sufficient to pay debt service on the 2026 Bonds. However, the City will be obligated to pay Base Rental Payments from any available source of funds, including the City's General Fund, if net revenues generated by the Home2 Suites Hotel are insufficient.

City Council and the Authority (as issuer of the 2026 Bonds) are being asked to approve the issuance of the 2026 Bonds and all related documents (Attachments A through J), as

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further described herein. After approval of the 2026 bond refinancing, staff will work with the financing team on finalizing all legal documents and the preliminary official statement (Attachment J) with the goal of pricing the refunding of bonds in July 2026.

ENVIRONMENTAL:

N/A

ANALYSIS:

Resolution Nos. 26-51 (Attachment B) and 26-01 (Attachment C) accomplish the following:

- Appoints and retains the financing team (Urban Futures, Inc., as Municipal Advisor, Stradling Yocca Carlson & Rauth as Bond and Disclosure Counsel, and The Bank of New York Mellon Trust Company as Trustee and Escrow Bank);
- Approves all actions needed to authorize the issuance and sale of the 2026 Bonds;
- Approves execution and delivery of all documents needed to authorize the issuance and sale of the 2026 Bonds, including the form financing documents described below, together with any changes or additions deemed advisable and approved by the Mayor, the Mayor Pro Tem (in the Mayor's absence), the City Manager, the Finance Director, or their authorized designees ("Authorized Officers"):

Indenture among the Authority, the City, and the Trustee which sets forth the material terms and provisions relating to the 2026 Bonds (Attachment D).

Ground Lease between the City as lessor and the Authority as lessee, whereby the City leases the Leased Property to the Authority in consideration of the payment by the Authority to the City of an upfront rental payment (Attachment E)

Lease Agreement between the Authority as lessor and the City as lessee, whereby the Authority subleases the Leased Property back to the City in consideration of the payment by the City of Lease Payments (Attachment F)

Assignment Agreement between the Authority and the Trustee, whereby the Authority assigns certain of its rights, including its right to receive the Lease Payments, to the Trustee for the benefit of the 2026 Bond owners (Attachment G)

Bond Purchase Agreement among the City, the Authority, and the underwriter, Cabrera Capital Markets, LLC, which provides the terms and provisions by which the 2026 Bonds will be sold with a negotiated method of sale. Such terms and provisions include a true interest cost of the 2026 Bonds which shall not exceed 4.70% and the underwriter's

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discount which shall not exceed 0.65% of the aggregate initial principal amount of the 2026 Bonds (Attachment I)

Escrow Agreement between the Authority and the Escrow Bank (The Bank of New York Mellon Trust Company), containing terms by which the Escrow Bank will hold the 2026 Bond proceeds on behalf of the owners of the 2016A Bonds to pay and discharge the prior bonds on the redemption date, and give proper notice to the owners (Attachment H)

Preliminary Official Statement to be distributed to prospective purchasers of the 2026 Bonds which must contain all facts material to the 2026 Bonds, the City, and the Project (with certain permitted exceptions to be completed in the final Official Statement) and must not omit any material facts (Attachment J)

Continuing Disclosure Certificate executed by the City, whereby the City agrees to provide certain annual reports to investors in order to allow the underwriter to comply with federal securities laws.

SUMMARY:

Staff is recommending that the City Council adopt Resolution No. 26-51 (Attachment B) and the Public Financing Authority adopt Resolution No. 26-01 (Attachment C) Authorizing the Execution and Delivery of Documents and Certificates in Connection with the Issuance of Series 2026 Lease Revenue Bonds (Attachments D through J), Approving the Issuance of Such Bonds, Authorizing the Distribution of an Official Statement in Connection with the Sale of Such Bonds, and Authorizing Related Actions.

ATTACHMENT(S)

1. ATTACHMENT A - Montebello 2026 LRB Good Faith Estimates
2. ATTACHMENT B - City Council Resolution No. 26-51
3. ATTACHMENT C - Public Financing Authority Resolution No. 26-01
4. ATTACHMENT D - Indenture - City-PFA-BNY
5. ATTACHMENT E - Ground Lease
6. ATTACHMENT F - Lease Agreement
7. ATTACHMENT G - Assignment Agreement
8. ATTACHMENT H - Escrow Agreement (2016 Home2 Suites Bonds)
9. ATTACHMENT I - Montebello 2026 LRB Bond Purchase Agreement
10. ATTACHMENT J - Preliminary Official Statement - Montebello 2026 Lease Revenue Bonds

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2026 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Urban Futures, Inc., as municipal advisor to the City (the “Municipal Advisor”), each with respect to the 2026 Bonds, and are based on interest rates provided by Cabrera Capital Markets, LLC, as of June 12, 2026.

Principal Amount. The Municipal Advisor has informed the City that, based on the City’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2026 Bonds to be sold is \$40,325,000 (the “Estimated Principal Amount”).

True Interest Cost of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2026 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2026 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 2026 Bonds, is 4.04%.

Finance Charge of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2026 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2026 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2026 Bonds), is \$640,656.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2026 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the 2026 Bonds, less the finance charge of the 2026 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2026 Bonds, is \$43,399,316.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the 2026 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the 2026 Bonds (which payments are net of interest to be paid from the capitalized interest fund and net of the final bond payments to be paid from the debt service reserve fund), plus the finance charge for the 2026 Bonds, as described above, not paid with the proceeds of the 2026 Bonds, calculated to the final maturity of the 2026 Bonds, is \$64,271,965.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the 2026 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount

with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the 2026 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2026 Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the 2026 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the 2026 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the 2026 Bonds and the actual principal amount of 2026 Bonds sold will be determined by the City based on the timing of the need for proceeds of the 2026 Bonds and other factors. The actual interest rates borne by the 2026 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2026 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

RESOLUTION NO. 26-51

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, A LEASE AGREEMENT, AN INDENTURE, A CONTINUING DISCLOSURE CERTIFICATE, AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE BY THE MONTEBELLO PUBLIC FINANCING AUTHORITY OF LEASE REVENUE REFUNDING BONDS, APPROVING THE ISSUANCE OF SUCH BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$44,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

RECITALS

WHEREAS, the City of Montebello, California (the “City”) is a general law city duly organized and existing under the laws of the State of California (the “State”);

WHEREAS, the City desires to refinance the Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “2016 Bonds”), which were issued to finance the cost of constructing the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “2016 Project”);

WHEREAS, the Montebello Public Financing Authority (the “Authority”) and the City have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Bonds”) for the purpose of refinancing the 2016 Project;

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the “Ground Lease”) pursuant to which the City will lease certain real property consisting of the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “Leased Asset”) to the Authority, and a Lease Agreement between the City and the Authority (the “Lease Agreement”), pursuant to which the City will lease the Leased Asset back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which are pledged to the owners of the Bonds by the Authority pursuant to an Indenture by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the City and the Authority (the “Indenture”);

WHEREAS, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the “Act”);

RESOLUTON NO. 26-51

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WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Cabrera Capital Markets, LLC, as the underwriter (the "Underwriter") of the Bonds, and in connection therewith, to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), requires that, in order to be able to purchase or sell the Bonds, the Underwriter thereof must have reasonably determined that the City has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain enumerated events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the City desires to enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") with respect to the Bonds;

WHEREAS, a form of the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement") has been prepared;

WHEREAS, the City is a member of the Authority and the Project is located within the boundaries of the City;

WHEREAS, the City Council held a noticed public hearing on the original financing of the 2016 Project and issuance of the 2016 Bonds on May 11, 2016, notice of which was published in the Montebello Comet on May 5, 2016 in accordance with Section 6586.5 of the Act;

WHEREAS, the City Council has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the City Council desires to authorize and direct the execution of such documents and the consummation of such financing;

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO HEREBY RESOLVES, FINDS, AND DECLARES AS FOLLOWS:

Section 1. Findings. Each of the above recitals is true and correct. The City Council hereby finds and determines that there are significant public benefits to the citizens of the City through the use of the Act to assist the City with respect to the subject

matter hereof through the approval of the issuance of the Bonds and otherwise hereunder within the meaning of Section 6586(a)-(d), inclusive, of the Act, in that the issuance of the Bonds and related transactions will result in more efficient delivery of local agency services to residential and commercial development.

Section 2. Ground Lease and Lease Agreement. The forms of the Ground Lease and Lease Agreement, on file with the City Clerk, are hereby approved, and the Mayor of the City (or in her absence, the Mayor Pro Tem), the City Manager, the Finance Director of the City, or their authorized designees (the “Authorized Officers”), are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Ground Lease and Lease Agreement in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Ground Lease and Lease Agreement shall terminate no later than June 1, 2046 (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 4.70%.

Section 3. Indenture. The form of the Indenture, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Bonds shall not exceed \$44,000,000, the final maturity date of the Bonds shall be no later than June 1, 2046, and the true interest cost applicable to the Bonds shall not exceed 4.70%; provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. Bond Purchase Agreement. The Bond Purchase Agreement, on file with the City Clerk, is hereby approved and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the acceptance thereof set forth in the Bond Purchase Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriters’ discount in excess of 0.65% of the aggregate principal amount of the Bonds (not including any original issue discount or premium).

Section 5. Principal Amount. The issuance of not to exceed \$44,000,000 aggregate principal amount of the Bonds, in one or more series, in the principal amount, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

Section 6. Preliminary Official Statement. The form of the Preliminary Official Statement, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, are hereby approved, and the use of the

Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the City that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 7. Official Statement. The preparation and delivery of the Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the City.

Section 8. Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to enter into the Continuing Disclosure Certificate with Urban Futures, Inc., as dissemination agent, or another third party, as selected by an Authorized Officer, in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

Section 9. Professionals. The City Council hereby approves and appoints Stradling Yocca Carlson & Rauth LLP, as Bond and Disclosure Counsel, Urban Futures Inc., as Municipal Advisor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, each to provide such services to the City as may be required to issue the Bonds. The Authorized Officers are hereby authorized to enter into contracts or to sign such other documentation as is necessary or appropriate to evidence such engagements and retain such services in connection with the Bonds.

Section 10. Municipal Bond Insurance. Each of the Authorized Officers is authorized to select a municipal bond insurer to insure payments of the principal of and interest on the Bonds and to provide a reserve account insurance policy, so long as such Authorized Officer determines that obtaining the municipal bond insurance policy and/or reserve account insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to the Bonds. Bond Counsel is hereby directed to make all changes to the Indenture, the Ground Lease, the Lease Agreement, and Bond Purchase Agreement, and Disclosure Counsel is hereby directed to make all changes to the Preliminary Official Statement and the final Official Statement, as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

Section 11. Other Actions. The Authorized Officers are each hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including but not limited to, adding property to, substituting property for, or

removing property from the Leased Asset, and taking any and all actions in order to clear any title exceptions to the Leased Asset. The Authorized Officers are further directed to take all actions, sign all instruments, including without limitation amendments and supplements to the Site and Facilities Lease, Lease Agreement, Indenture, Assignment Agreement, and other legal documents relating to the 2016 Bonds as may be necessary or appropriate to effectuate the redemption and defeasance of the 2016A Bonds as contemplated in this Resolution. As an alternative to issuance of the Bonds under the Indenture and pursuant to the Ground Lease and Lease Agreement, the Authorized Officers are further authorized to supplement and amend the legal documents executed in connection with the 2016 A Bonds to provide for the issuance of the Bonds pursuant to supplements or amendments to the Site and Facilities Lease, the Lease Agreement, the Assignment Agreement, and the Indenture, and other legal documents relating to the 2016 Bonds. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 12. Good Faith Estimates. In accordance with Government Code Section 5852.1, certain good faith estimates have been provided to the City by its Municipal Advisor with respect to the Bonds. Such good faith estimates are attached hereto as Exhibit A. The City Council hereby finds that the requirements of Section 5852.1 have been satisfied.

Section 13. Effective Date. This resolution shall take effect immediately upon its passage.

APPROVED AND ADOPTED this 24th day of June, 2026

Georgina Tamayo, Mayor

ATTEST:

APPROVED AS TO FORM:

Christopher Jimenez, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF MONTEBELLO)

I, Christopher Jimenez, City Clerk of the City of Montebello, County of Los Angeles, State of California, hereby certify that the foregoing Resolution No. 26-51 was passed and adopted by the City Council of the City of Montebello, signed by the Mayor and attested by the City Clerk at a regular meeting of said Council held on the 24th day of June, 2026 and that said Resolution was adopted by the following vote, to-wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

The undersigned, City Clerk of the City of Montebello, does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said City which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

Christopher Jimenez, City Clerk

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Authority's Municipal Advisor, Urban Futures, Inc., in consultation with Cabrera Capital Markets, the Underwriter of the Bonds, as of _____.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be issued and sold is **\$40,325,000** (the "Estimated Principal Amount").

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 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 Bonds, is **4.04%**.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is **\$640,656**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **\$43,399,316**.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is **\$64,271,965**, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount) and further excludes future administrative costs such as trustee and continuing disclosure costs.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual

principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds issued and sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations to the Authority's financing plan, or a combination of such factors.

RESOLUTION NO. 26-01

RESOLUTION OF THE MONTEBELLO PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, A LEASE AGREEMENT, AN INDENTURE, AN ASSIGNMENT AGREEMENT, AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE BY THE MONTEBELLO PUBLIC FINANCING AUTHORITY OF LEASE REVENUE REFUNDING BONDS, APPROVING THE ISSUANCE OF SUCH BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$44,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

RECITALS

WHEREAS, the City of Montebello, California (the “City”) desires to refinance the Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “2016 Bonds”), which were issued to finance the cost of constructing the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “2016 Project”);

WHEREAS, the Montebello Public Financing Authority (the “Authority”) and the City have determined that it would be in the best interests of the Authority, the City and residents of the City to authorize the preparation, sale and delivery of the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Bonds”) for the purpose of refinancing the 2016 Project; and

WHEREAS, in order to facilitate the issuance of the Bonds, the City and the Authority desire to enter into a Ground Lease between the City and the Authority (the “Site and Facilities Lease”) pursuant to which the City will lease certain real property consisting of the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “Leased Asset”) to the Authority, and a Lease Agreement between the City and the Authority (the “Lease Agreement”), pursuant to which the City will lease the Leased Asset back from the Authority, and pay certain Base Rental Payments (as defined in the Lease Agreement), which are pledged to the owners of the Bonds by the Authority pursuant to an Indenture by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the City and the Authority (the “Indenture”); and

WHEREAS, the Authority and the Trustee desire to enter into an Assignment Agreement (the “Assignment Agreement”) in order to provide, among other things, that all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee;

WHEREAS, the Authority and the Trustee desire to enter into an Escrow Agreement (2016 Bonds) (the “Escrow Agreement”) in order to provide the refunding of all or a portion of the 2016 Bonds to be accomplished pursuant to the terms of the Escrow Agreement;

WHEREAS, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the “Act”);

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Cabrera Capital Markets, LLC, as the underwriter (the “Underwriter”) of the Bonds, and in connection therewith, to purchase the Bonds from the Authority pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”);

WHEREAS, a form of the Preliminary Official Statement with respect to the Bonds (the “Preliminary Official Statement”) has been prepared;

WHEREAS, the City is a member of the Authority and the 2016 Project is located within the boundaries of the City;

WHEREAS, the City Council held a noticed public hearing on the original financing of the 2016 Project and issuance of the 2016 Bonds on May 11, 2016, notice of which was published in the Montebello Comet on May 5, 2016 in accordance with Section 6586.5 of the Act;

WHEREAS, the Board of Directors of the Authority (the “Board of Directors”) has been presented with the form of each document referred to herein, and the Board of Directors desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, THE MONTEBELLO PUBLIC FINANCING AUTHORITY HEREBY RESOLVES, FINDS, AND DECLARES AS FOLLOWS:

Section 1. Findings. All of the recitals herein contained are true and correct and the Board of Directors so finds. The Board of Directors has determined and hereby

finds that the Authority's assistance in financing the 2016 Project by the issuance of the Bonds will result in significant public benefits of the types described in Section 6586 (a) through (d), inclusive, of the Act, in that the issuance of the Bonds and related transactions will result in more efficient delivery of local agency services to residential and commercial development.

Section 2. Ground Lease and Lease Agreement. The forms of the Ground Lease and Lease Agreement, on file with the Secretary of the Authority, are hereby approved, and the Chair, the Executive Director, and the Treasurer of the Authority, and any designee thereof (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Ground Lease and the Lease Agreement, respectively, in substantially said forms, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Lease Agreement and the Site and Facilities Lease shall terminate no later than June 1, 2046 (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest components of the Base Rental Payments shall not exceed 4.70%.

Section 3. Indenture. The form of the Indenture, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Bonds shall not exceed \$44,000,000, the final maturity date of the Bonds shall be no later than June 1, 2046, and the true interest cost applicable to the Bonds shall not exceed 4.70%; provided, further, that such changes, insertions and omissions shall be consistent with the terms of the Bonds established at negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. Principal Amount. The issuance of not to exceed \$44,000,000 aggregate principal amount of the Bonds, in one or more series, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

Section 5. Assignment Agreement. The form of the Assignment Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Assignment Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. Bond Purchase Agreement. The Bond Purchase Agreement on file with the Secretary of the Authority is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Authority

to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriters' discount in excess of 0.65% of the aggregate principal amount of the Bonds (not including any original issue discount or premium).

Section 7. Preliminary Official Statement. The form of the Preliminary Official Statement, on file with the Secretary of the Authority, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (except for the omission of certain final pricing, rating and related information as permitted by such Rule 15c2-12). The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective investors for the Bonds a reasonable number of copies of the Preliminary Official Statement.

Section 8. Official Statement. The preparation, execution and delivery of the Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the Authority.

Section 9. Escrow Agreement. The form of the Escrow Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. Professionals. The Board of Directors hereby approves and appoints Stradling Yocca Carlson & Rauth LLP as Bond and Disclosure Counsel, Urban Futures Inc., as Municipal Advisor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, each to provide such services to the Authority as may be required to issue the Bonds. The Authorized Officers are hereby authorized to enter into contracts or to sign such other documentation as is necessary or appropriate to evidence such engagements and retain such services in connection with the Bonds.

Section 11. Municipal Bond Insurance. Each of the Authorized Officers is authorized to select a municipal bond insurer to insure payments of the principal of and interest on the Bonds and to provide a reserve account insurance policy, so long as such Authorized Officer determines that obtaining the municipal bond insurance policy and/or reserve account insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to the Bonds. Bond Counsel is hereby directed to make all changes to the Indenture, the Ground Lease, the Lease Agreement, and Bond Purchase Agreement, and Disclosure Counsel is hereby directed to make all changes to the Preliminary Official Statement and the final Official Statement, as are necessary to reflect the selection of a municipal bond insurer and the reasonable comments thereof.

Section 12. Other Actions. The Authorized Officers are each hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including but not limited to, adding property to, substituting property for, or removing property from the Leased Asset, and taking any and all actions in order to clear any title exceptions to the Leased Asset. The Authorized Officers are further directed to take all actions, sign all instruments, including without limitation amendments and supplements to the Site and Facilities Lease, Lease Agreement, Indenture, Assignment Agreement, and other legal documents relating to the 2016 Bonds as may be necessary or appropriate to effectuate the redemption and defeasance of the 2016 Bonds as contemplated in this Resolution. As an alternative to issuance of the Bonds under the Indenture and pursuant to the Ground Lease and Lease Agreement, the Authorized Officers are further authorized to supplement and amend the legal documents executed in connection with the 2016 Bonds to provide for the issuance of the Bonds pursuant to supplements or amendments to the Site and Facilities Lease, the Lease Agreement, the Assignment Agreement, and, the Indenture, and the other legal documents relating to the 2016 Bonds. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 13. Good Faith Estimates. In accordance with Government Code Section 5852.1, certain good faith estimates have been provided to the Authority by its Municipal Advisor with respect to the Bonds. Such good faith estimates are attached hereto as Exhibit A. The Board of Directors hereby finds that the requirements of Section 5852.1 have been satisfied.

Section 14. Effective Date. This resolution shall take effect immediately upon its passage.

RESOLUTON NO. 26-01

Page 6 of 8

APPROVED AND ADOPTED this 24th day of June, 2026

Georgina Tamayo, Mayor

ATTEST:

APPROVED AS TO FORM:

Christopher Jimenez, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF MONTEBELLO)

I, Christopher Jimenez, City Clerk of the City of Montebello, County of Los Angeles, State of California, hereby certify that the foregoing Resolution No. 26-01 was passed and adopted by the City Council of the City of Montebello, signed by the Mayor and attested by the City Clerk at a regular meeting of said Council held on the 24th day of June, 2026 and that said Resolution was adopted by the following vote, to-wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

The undersigned, City Clerk of the City of Montebello, does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said City which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

Christopher Jimenez, City Clerk

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Authority's Municipal Advisor, Urban Futures, Inc., in consultation with Cabrera Capital Markets, the Underwriter of the Bonds, as of June 12, 2026.

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be issued and sold is **\$40,325,000** (the "Estimated Principal Amount").

True Interest Cost of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 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 Bonds, is **4.04%**.

Finance Charge of the Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is **\$640,656**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **\$43,399,316**.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is **\$64,271,965**, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount) and further excludes future administrative costs such as trustee and continuing disclosure costs.

RESOLUTON NO. 26-01

Page 8 of 8

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds issued and sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations to the Authority's financing plan, or a combination of such factors.

INDENTURE

by and among

MONTEBELLO PUBLIC FINANCING AUTHORITY

and

CITY OF MONTEBELLO

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Dated as of _____ 1, 2026

Relating to

**\$ _____
MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

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INDENTURE

THIS INDENTURE (this “Indenture”), executed and entered into as of _____ 1, 2026, is by and among the MONTEBELLO PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under the laws of the State of California (the “Authority”), the CITY OF MONTEBELLO, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority previously issued its Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Series 2016A Bonds”) for the purpose of financing the acquisition, construction and equipping of the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “2016 Project” or the “Project”); and

WHEREAS, the Authority has now determined to issue its Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home 2 Suites by Hilton Hotel Project) (the “Series 2026A Bonds”) to refinance the Series 2016A Bonds in full; and

WHEREAS, in consideration for the issuance by the Authority of the Series 2026A Bonds, the City and the Authority will enter into a Ground Lease, dated as of _____ 1, 2026 (the “Ground Lease”); and

WHEREAS, the Authority, in consideration for Base Rental Payments equal to the principal and interest coming due on the Series 2026A Bonds, concurrently with the execution of the Ground Lease, will enter into a Lease Agreement, dated as of _____ 1, 2026 (the “Lease”); and

WHEREAS, to secure payment of principal of, premium, if any, and interest on the Series 2026A Bonds the Authority and the Trustee will enter into an Assignment Agreement (the “Assignment Agreement”), whereby the Authority will assign to the Trustee substantially all of the Authority’s rights under the Lease, including the right to receive the Base Rental Payments; and

WHEREAS, the Series 2026A Bonds will be payable equally and ratably from the Base Rental Payments;

WHEREAS, the Authority and the City desire to provide for the issuance of additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2026A Bonds (the Series 2026A Bonds and any such Additional Bonds being collectively referred to as the “Bonds”);

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority and the City have authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority and the City have determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by

the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture has been in all respects duly authorized;

NOW THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Lease Agreement.

“Additional Bonds” means Bonds other than the Series 2026A Bonds issued hereunder in accordance with the provisions of Sections 3.06 and 3.07 hereof.

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 of the Lease Agreement.

“Assignment Agreement” means the Assignment Agreement, dated as of the date hereof, by and between the Authority and the Trustee, as amended and supplemented from time to time.

“Authority” means the Montebello Public Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

“Authorized Authority Representative” means the Chair, Vice Chair, Executive Director, Treasurer and Secretary of the Authority and the Finance Director of the City, or any other person authorized by the Board of Commissioners of the Authority to act on behalf of the Authority under or with respect to this Indenture.

“Authorized City Representative” means the Mayor of the City, the Mayor Pro Tem of the City, the City Manager of the City, the Treasurer of the City, the Finance Director of the City or the City Clerk, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to this Indenture.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Base Rental Payment Fund” means the fund by that name established in accordance with Section 5.02 hereof.

“**Base Rental Payments**” means all amounts payable to the Authority by the City as Base Rental Payments pursuant to Section 3.01 of the Lease Agreement.

“**Beneficial Owner**” means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person’s subrogee.

“**Bond Insurer**” means _____.

“**Bonds**” means the Series 2026A Bonds and any Additional Bonds issued hereunder.

“**Book-Entry Bonds**” means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

“**Business Day**” means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“**Cede & Co.**” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“**City**” means the City of Montebello, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“**Closing Date**” means _____, 2026.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Continuing Disclosure Certificate**” means the Continuing Disclosure Certificate, dated as of the date hereof, executed by the City, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Costs of Issuance**” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and Escrow Agent and its counsel, the initial fees and expenses of any bond insurer or reserve fund credit facility provider, and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

“**Costs of Issuance Fund**” means the fund by that name established in accordance with Section 3.04 hereof.

“**DTC**” 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 any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.10 hereof.

“**Escrow Agent**” means The Bank of New York Mellon Trust Company, N.A., as escrow agent pursuant to the Escrow Agreement.

“**Escrow Agreement**” means the Escrow Agreement (2016 Bonds), dated as of _____ 1, 2026 by and among the Authority, the City, and the Escrow Agent relating to the defeasance of the Series 2016A Bonds.

“**Escrow Fund**” means the fund established and held by the Escrow Agent pursuant to the Escrow Agreement.

“**Federal Securities**” means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“**Ground Lease**” means the Ground Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

“**Indenture**” means this Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“**Information Services**” means the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

[“**Insurance Policy**” means the municipal bond insurance policy issued by the Bond Insurer with respect to the Series 2026A Bonds.]

“**Interest Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Interest Payment Date**” means June 1 and December 1 of each year, commencing on December 1, 2026.

“**Lease Agreement**” means the Lease Agreement, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions thereof.

“**Moody’s**” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**Office of the Trustee**” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of

transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

“**Opinion of Counsel**” means a written opinion of Stradling Yocca Carlson & Rauth LLP, or other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City and which written opinion is satisfactory to the Trustee.

“**Outstanding**,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09 hereof) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01 hereof; and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“**Owner**” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“**Participant**” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“**Participating Underwriter**” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“**Permitted Investments**” means any of the following to the extent then permitted by the general laws of the State of California (provided that the Trustee shall be entitled to rely upon any investment directions from the City and Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California):

(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 (collectively “United States Obligations”). These include, but are not necessarily limited to:

-U.S. Treasury obligations
All direct or fully guaranteed obligations

- Farmers Home Administration
 - Certificates of beneficial ownership
- General Services Administration
 - Participation certificates
- U.S. Maritime Administration
 - Guaranteed Title XI financing
- Small Business Administration
 - Guaranteed participation certificates
 - Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
 - GNMA-guaranteed mortgage-backed securities
 - GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
 - Local authority bonds
- Washington Metropolitan Area Transit Authority
 - Guaranteed transit bonds

(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 systemwide 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 mortgages securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
 - Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- 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 180 days) of any bank, including the Trustee and its affiliates, the short-term obligations of which are rated "A-1+" or better by S&P and "P-1" or better by Moody's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, 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 S&P and “Prime-1” by Moody’s at the time of purchase.

(7) Money market funds rated “AAm” or “AAm-G” or better by S&P and “Aa2” or better by Moody’s, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered; (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds; and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(8) Repurchase agreements:

(a) With any domestic bank the long term debt of which is rated “AA” or better by S&P and “Aa” by Moody’s (so long as an opinion is rendered that the repurchase agreement is a “repurchase agreement” as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”) and that such bank is subject to FIRREA), or any foreign bank rated at least “AA” by S&P and “Aaa” by Moody’s or “AA” by S & P and at least “Aa2” by Moody’s; provided the term of such repurchase agreement is for one year or less.

(b) With (i) any broker-dealer with “retail customers” which has, or the parent company of which has, long-term debt rated at least “AA” by S&P and “Aa2” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corp. (SIPC); provided that:

A. The market value of the collateral is maintained for United States Treasury Obligations, at the levels shown below under “Collateral Levels for United States Treasury Obligations”;

B. Failure to maintain the requisite collateral percentage will require the City or the Trustee to liquidate the collateral;

C. The Trustee, the City or a third party acting solely as agent therefor (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);

D. The repurchase agreement states, and an opinion of counsel is rendered to the effect, that the Trustee 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);

E. The transferor represents that the collateral is free and clear of any third-party liens or claims;

F. An opinion is rendered that the repurchase agreement is a “repurchase agreement” as defined in the United States Bankruptcy Code;

G. There is or will be a written agreement governing every repurchase transaction;

H. The City represents that it has no knowledge of any fraud involved in the repurchase transaction; and

I. The City and the Trustee receive an opinion of counsel (which opinion shall be addressed to the City and the Trustee) that such repurchase agreement is legal, valid and binding and enforceable against the provider in accordance with its terms.

(9) State Obligations

(a) Direct general obligations of any state of the United States 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 “A2” by Moody’s and “A” by S&P, 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 described in (a) above and rated “A-1+” by S&P 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 S&P and “Aa2” or better by Moody’s.

(10) Local Agency Investment Fund.

(11) Investment agreements, including guaranteed investment contracts, repurchase agreements and forward delivery agreements, that are obligations of an entity rated, or whose obligations are rated, or guaranteed by an entity which is rated or whose obligations are rated, (at the time the investment is entered into) not lower than “A-” by S&P or Fitch, or “A3” by Moody’s.

(12) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee 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 trustee in trust for owners of the municipal obligations; and

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

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

“**Person**” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**Principal Fund**” means the account by that name established in accordance with Section 5.02 hereof.

“**Rebate Fund**” means the fund by that name established in accordance with Section 5.05 hereof.

“**Rebate Requirement**” has the meaning ascribed thereto in the Tax Certificate.

“**Record Date**” means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

“**Redemption Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Redemption Price**” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

“**Registration Books**” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05 hereof.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through November 30, 2026 and, thereafter, the twelve-month period commencing on June 1 of each year during the term of the Lease Agreement.

“Representation Letter” means the Letter of Representations from the Authority to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Authority makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“Series” means the Series 2026A Bonds executed, authenticated and delivered on the Closing Date and identified pursuant to this Indenture and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series 2016A Bonds” has the meaning ascribed thereto in the recitals hereof.

“Series 2026A Bonds” means the Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) issued hereunder.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means the Tax Certificate executed by the Authority and the City at the time of issuance of the Series 2026A Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States, or any successor thereto as Trustee hereunder, appointed as provided herein.

“Written Certificate of the Authority” and **“Written Request of the Authority”** mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. 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.

“**Written Certificate of the City**” and “**Written Request of the City**” mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. 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.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority or the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01 Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture and applicable laws of the State of California for the purpose of financing and refinancing the Project. The Bonds may consist of one or more Series of Bonds of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein.

Section 2.02 Terms of Series 2026A Bonds.

(a) The Series 2026A Bonds shall be designated the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project).” Each Series of Additional Bonds shall bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series, of Bonds.

(b) The Series 2026A Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2026A Bond shall have more than one maturity date. The Series 2026A Bonds shall be dated as of the Closing Date, shall be issued in the aggregate principal amount of \$_____, shall mature on June 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

<i>Maturity Date (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2027	\$	%
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		
2046		

(c) Interest on the Series 2026A Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2026A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2026A Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series 2026A Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2026A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2026A Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

(d) The principal and premium, if any, of the Series 2026A Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2026A Bonds shall be subject to redemption as provided in Article IV.

Section 2.03 Form of Series 2026A Bonds. The Series 2026A Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.04 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.05 Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the facsimile signature of an Authorized Officer of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Section 2.07 Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A hereto, manually executed by the Trustee, 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 Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.08 Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be

determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it will execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series, may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or in accordance with the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.10 Book-Entry Bonds.

(a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity shall be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2026A Bonds shall initially be issued as Book-Entry Bonds.

Except as provided in subsection (c) of this Section, the registered Owner of all of the Book-Entry Bonds shall be Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in this Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to Book-Entry Bonds, selecting Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, registering the transfer of Book-Entry Bonds, obtaining any

consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any and interest with respect to Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of subsection (c) of this Section, no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds, or (ii) the Authority determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Authority determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of this Indenture. If the Authority fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, shall designate. In such event the Authority shall execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in Sections 2.04, 2.08 and 2.09 hereof. All such Bonds of such Series shall be in fully registered form in Authorized Denominations.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to this Indenture by the Authority, the City or the Trustee with respect to any consent or other action to be taken by Owners, the Authority, the City or the Trustee, as

the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of Series 2026A Bonds. The Authority may, at any time, execute the Series 2026A Bonds for issuance hereunder and deliver the same to the Trustee. The Trustee shall authenticate the Series 2026A Bonds and deliver the Series 2026A Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section 3.02 Application of Proceeds of the Series 2026A Bonds. On the Closing Date, the net proceeds of the sale of the Series 2026A Bonds received by the Trustee, \$ _____ (being the purchase price for the Series 2026A Bonds [less the premium for the Insurance Policy paid directly to the Bond Insurer on the Delivery Date by the original purchaser of the Series 2026A Bonds]), shall be deposited by the Trustee as follows:

(a) The Trustee shall deposit the amount of \$ _____ in the Costs of Issuance Fund.

(b) The Trustee shall transfer \$ _____ to the Escrow Agent for deposit into the Escrow Fund.

Section 3.03 [Reserved].

Section 3.04 Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the “Costs of Issuance Fund.” On the Closing Date, there shall be deposited in the Costs of Issuance Fund the amount specified in Section 3.02 hereof. There shall be additionally deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. One hundred eighty (180) days following the Closing Date, or earlier upon the Written Request of the Authority, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Fund.

Section 3.05 Reserved.

Section 3.06 Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2026A Bonds) payable from Base Rental Payments as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds shall have been authorized under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) The application of the proceeds of the sale of such Additional Bonds;

(ii) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on June 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on June 1, (ii) the Additional Bonds shall be payable as to interest semiannually on June 1 and December 1 of each year, except that the first installment of interest may be payable on either June 1 or December 1 and shall be for a period of not longer than twelve months and the interest shall be payable thereafter semiannually on June 1 and December 1, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination (except that Additional Bonds of a Series and like maturity may have different interest rates), and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(iv) The redemption premiums and terms, if any, for such Additional Bonds;

(v) The form of such Additional Bonds; and

(vi) If a reserve fund is to be established and maintained for such Series of Additional Bonds, the applicable reserve requirement and the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in such reserve fund to be held as separate security for such Series of Additional Bonds;

(vii) Designate accounts in the Interest Fund, the Principal Fund, the Redemption Fund, the Rebate Fund and the reserve fund (if any) to be applicable to such Additional Bonds; and

(viii) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof, including the establishment of a capitalized interest fund for the Additional Bonds, if appropriate;

(b) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The City shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(d) The Ground Lease shall have been amended, to the extent necessary, and the Lease Agreement shall have been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City).

Nothing contained herein shall limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.07 Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by Section 3.06 hereof and the amendment to the Ground Lease, if any, required by Section 3.06 hereof, together with satisfactory evidence that such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, have been (or will be immediately upon issuance of such Additional Bonds) duly recorded;

(b) A Written Request of the Authority as to the delivery of such Additional Bonds;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by Section 3.06 hereof) and the Ground Lease (including any amendment thereto required by Section 3.06 hereof) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), (ii) such Additional Bonds constitute valid

and binding special obligations of the Authority payable solely from Base Rental Payments as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on any tax-exempt Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(d) a Written Certificate of the Authority that the requirements of Section 3.06 hereof have been met;

(e) a Written Certificate of the City that the requirements of Section 3.06 hereof and Sections 6.01 and 6.02 of the Lease Agreement have been met, and a Written Certificate of the City directing the application of the proceeds of such Additional Bonds; and

(f) Such further documents as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 3.08 Additional Bonds. So long as any of the Bonds remain Outstanding, the Authority shall not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to Sections 3.06 and 3.07 hereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2026A Bonds.

(a) Extraordinary Redemption. The Series 2026A Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to Sections 5.03 and 5.04 hereof, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(b) Optional Redemption. The Series 2026A Bonds maturing on or after June 1, [2037], shall be subject to optional redemption, in whole or in part, on any date on or after June 1, [2036], in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to subsection (a) of Section 8.02 of the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(c) Sinking Fund Redemption. The Series 2026A Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each June 1 on and after June 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus

accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Sinking Fund Redemption Date (June 1)</i>	<i>Principal Amount To Be Redeemed</i>
	\$

(maturity)

The Series 2026A Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each June 1 on and after June 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Sinking Fund Redemption Date (June 1)</i>	<i>Principal Amount To Be Redeemed</i>
	\$

(maturity)

In the event of a partial redemption pursuant to Section 4.01(a) or (b), the City shall provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

Section 4.02 Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Such notice may state that such redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Bonds so called for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Section 4.03 Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption pursuant to Section 4.01(a) hereof and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 4.05 Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01 Pledge; Special Obligations. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act. Said pledge shall constitute a first lien on such assets.

All obligations of the Authority under this Indenture shall be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor hereunder; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 5.02 Flow of Funds.

(a) The Trustee shall establish and maintain separate funds designated the “Base Rental Payment Fund,” the “Interest Fund,” the “Principal Fund” and the “Redemption Fund.” If Additional Bonds are issued, the Trustee shall establish subaccounts within each fund for each Series of Additional Bonds.

All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the Authority at any time shall be transferred by the Authority with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee shall be deposited by the Trustee in the Base Rental Payment Fund.

(b) The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner hereinafter provided, to the following respective funds:

(1) Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Base Rental Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date. Moneys in the Interest Fund shall be used by the Trustee to pay interest due on the Bonds on each Interest Payment Date.

(2) Principal Fund. On the Business Day immediately preceding each June 1, commencing June 1, 2027, the Trustee shall transfer from the Base Rental Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such June 1 either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund shall be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(3) Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to Section 5.03 or Section 5.04 hereof. Moneys in the Redemption Fund shall be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2026A Bonds redeemed pursuant to the provisions of subsections (a) and (b) of Section 4.01 hereof and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 5.03 Application of Net Insurance Proceeds. If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this Section, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions hereof.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of any damage to or destruction of the Property caused by one of the perils covered by the insurance required by Section 6.01(c) of the Lease Agreement which would result in an abatement of rental payments or any portion thereof pursuant to Section 3.06 thereof, then the City shall apply the Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), together with other legally available funds that the City elects to contribute, to the repair, reconstruction or replacement of the damaged or destroyed portions of the Property; provided, however, that the City shall not be required to repair or replace any portion of the Property pursuant to this Section 5.03 if such Net Insurance Proceeds, together with any other amounts held under this Indenture and any other legally available funds made available by the City at its election, are sufficient to prepay (i) all of the Outstanding Bonds, or (ii) a portion of the Outstanding Bonds such that the resulting Base Rental Payments under Section 4.01(a) in any Rental Period following such partial prepayment are sufficient to pay in such Rental Period the principal of and interest on all Bonds to remain Outstanding immediately after such partial redemption. If the City is not required to replace or repair the Property, or the affected portion thereof, or to use such amounts to redeem Bonds, in each case as set forth in this Section 5.03, then such proceeds (and rental interruption insurance proceeds not applied pursuant to the next paragraph) shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

Proceeds of rental interruption insurance shall be applied to the payment of Base Rental Payments to the extent of any abatement thereof pursuant to the Lease Agreement, and otherwise as directed by the City.

The proceeds of any award in eminent domain received in respect to the Property shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Section 5.04 Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in subsection (a) of Section 4.01 hereof and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Section 5.05 Rebate Fund.

(a) Establishment. The Trustee shall establish a fund for the Bonds designated the “Rebate Fund” when required in accordance herewith. Absent an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2026A Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series 2026A Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (1) shall be deemed conclusively to have complied with the provisions thereof if it follows all Written Requests of the Authority or Written Requests of the City; (2) shall have no liability or responsibility to enforce compliance by the Authority or the City with the terms of the Tax Certificate and shall not be deemed to have knowledge of the terms thereof; (3) may rely conclusively on the Authority’s or the City’s calculations and determinations and certifications relating to rebate matters; and (4) shall have no responsibility to independently make any calculations or determinations or to review the Authority’s or the City’s calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(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 Treasury Regulations (the “Rebatable Arbitrage”). The Authority 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 fifth Bond Year, upon the Written Request of the Authority or Written Request of the City, an amount shall be deposited to the Rebate Fund by the Trustee from any Rental Payments legally available for such purpose (as specified by the Authority or the City in the aforesaid Written Request), if and to the extent required, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the Authority or Written Request of the City, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Base Rental Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Written Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) 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; and

(B) Not later than 60 days after the payment of all of the Bonds, 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 and Section 1.148-3 of the Treasury Regulations.

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 Authority 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 (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the Authority), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Series 2026A Bonds and the payments described in subsection (a) above being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Series 2026A Bonds.

Section 5.06 Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture and held by the Trustee shall be

invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent timely written direction from the Authority, the Trustee shall hold any funds held by it uninvested.

Subject to the provisions of Section 5.06 hereof, 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 in such fund or account.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Trustee at the fair market value thereof, such valuation to be performed not less frequently than semiannually on or before each June 15 and December 15. In determining fair market value, the Trustee may use and rely conclusively on any generally recognized securities pricing service available to it (including brokers and dealers in securities).

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

The Trustee may make any investments hereunder through the bond or investment department or trust investment department of the entity acting as Trustee hereunder, or those of such entity's parent or any affiliate, and such entity, or its parent or affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee hereunder, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder and such entity, or its affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City acknowledge that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City specifically waive receipt of such confirmations to the extent permitted by law.

ARTICLE VI

COVENANTS

Section 6.01 Compliance with Agreements. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions hereof, and the Authority and the City will not suffer or permit any default by them to occur hereunder, but will faithfully comply

with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

Section 6.02 Compliance with Ground Lease and Lease Agreement. The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Section 6.03 Observance of Laws and Regulations. The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 6.04 Other Liens. The City will keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City shall create or suffer to be created any pledge of or lien the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien hereof.

The Authority, the City and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Section 6.05 Prosecution and Defense of Suits. The City will promptly, upon request of the Trustee (which request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 6.06 Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions relating to

the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

Section 6.07 Recordation and Filing. The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Section 6.08 Tax Covenants. Notwithstanding any other provision of the Indenture, absent an Opinion of Counsel that the exclusion from gross income of the interest on the Series 2026A Bonds will not be adversely affected for federal income tax purposes, the City and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the Series 2026A Bonds and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City and the Authority will not take any action or refrain from taking any action or make any use of the proceeds of the Series 2026A Bonds or of any other moneys or property which would cause the Series 2026A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The City and the Authority will make no use of the proceeds of the Series 2026A Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which would cause the Series 2026A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City and the Authority will make no use of the proceeds of the Series 2026A Bonds and will not take or omit to take any action that would cause the Series 2026A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the Series 2026A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The City and the Authority will make no use of the proceeds of the Series 2026A Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Series 2026A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City and the Authority take all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Series 2026A Bonds for federal income tax purposes; and

(f) Miscellaneous. The City and the Authority will not take any action or refrain from taking any 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.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the City and the Authority from causing the Trustee to issue revenue bonds or to execute and deliver contracts payable on a parity with the Series 2026A Bonds, the interest

with respect to which has been determined by an Opinion of Counsel to be subject to federal income taxation.

Section 6.09 Continuing Disclosure. The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, shall) or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.10 Further Assurances. As may be necessary, as determined by the City; or whenever and so often as requested to do so by the Trustee, the Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it hereby or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01 Action on Default. If an event of default (within the meaning of Article VII of the Lease Agreement) shall happen, then such event of default shall constitute an event of default hereunder. The Trustee shall give notice, as assignee of the Authority, of an event of default under the Lease Agreement to the City. In each and every case during the continuance of an event of default, the Trustee may, and upon being indemnified to its reasonable satisfaction therefor, shall, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.02 hereof.

Section 7.02 Other Remedies of the Trustee. Subject to the provisions of Section 7.01 hereof, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee thereof, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any event of default hereunder to require the Authority and the City to account as the trustee of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 7.03 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often the Trustee shall deem expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Authority and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.04 Remedies Not Exclusive. Subject to the provisions of Section 7.01 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.05 No Liability by the Authority to the Owners. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease Agreement or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.06 No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or herein, the City shall not have any obligation or liability to the Owners with respect to the Trust Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.07 No Liability of the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority

or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or herein.

Section 7.08 Application of Amounts After Default. All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to Article VII of the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Article VII of the Lease Agreement, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held hereunder (except funds in the Rebate Fund):

(a) to the payment of all amounts due the Trustee under Article VIII hereof;

(b) to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and

(c) to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Section 7.09 Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Section 7.10 Limitation on Suits. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or Trustee, or for any other remedy hereunder, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing event of default, (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee hereunder, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or

seek to obtain priority or preference over any other Owner or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01 Employment of the Trustee. The Authority hereby appoints and employs the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained herein, all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Indenture, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms hereof. Other than when an event of default has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee hereby covenants and agrees that it will not encumber the Property.

Section 8.02 Duties, Removal and Resignation of the Trustee. The Authority shall remove the Trustee initially a party hereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be: (i) a national banking association in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by federal or state authority, or (ii) a state-chartered commercial bank that is a member of the Federal Reserve System having at least \$1,000,000,000 of assets. No removal, resignation or termination of the Trustee shall take effect until a successor, meeting the requirements above is qualified and appointed. If such entity publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such entity shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, ipso facto, shall be and become successor trustee under this Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.03 Compensation of the Trustee. The City shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include “overhead expenses” except as such expenses are included as a component of the Trustee’s stated annual fees) hereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder. The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder, under the Lease Agreement, or in connection with any document or transaction contemplated hereunder or thereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its misconduct. The duty of the City to indemnify the Trustee shall survive the termination and discharge of this Indenture and the earlier removal or resignation of the Trustee.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder.

Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.04 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested

in it by this Indenture at the request or direction of any of the Owners of the Bonds pursuant to this Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall in a commercially reasonable manner pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct, negligence hereunder.

The Trustee shall not be deemed to have knowledge of an event of default unless it has actual knowledge thereof.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to

take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture and the Lease Agreement, including, but not limited to, this Article VIII.

ARTICLE IX

MODIFICATION OR AMENDMENTS

Section 9.01 Modifications and Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the prior written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall

(i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Base Rental Payments and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the City in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority or the City;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture;

(3) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III hereof;

(4) 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;

(5) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(6) in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners hereunder, in the opinion of Bond Counsel filed with the Authority, the City and the Trustee.

(c) Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(d) No Supplemental Indenture shall modify any of the rights or obligations of the Trustee without the Trustee's prior written consent.

Section 9.02 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Indenture. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Base Rental Payments and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority and the City shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then this Indenture shall be considered

to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City hereunder shall cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the compensation and indemnity of the Trustee shall remain in effect and shall be binding upon the Trustee, the City and the Authority.

Section 10.02 Bonds Deemed To Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01 hereof. Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 hereof if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02 hereof, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 4.02 hereof, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited or on deposit with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such Bonds, are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Section 10.03 Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Authority (without liability for interest) free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses

shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the Authority or the City shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 11.02 Successor Deemed Included in all References to Predecessor. Whenever the Authority, the City or the Trustee, or any officer thereof, is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City or the Trustee, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the City or the Trustee in good faith and in accordance therewith.

Section 11.04 Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained herein shall relieve any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or hereby.

Section 11.05 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.06 Funds and Accounts. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at an times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

The Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to this Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Section 11.07 Article and Section Headings Gender and References. The singular form of any word used herein, including the terms defined in Section 1.01 hereof, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “Articles,” “Sections,” subsections or clauses are to the corresponding Articles, Sections, subsections or clauses hereof, and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, subsection or clause thereof.

Section 11.08 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Authority, the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee hereby declare that they would have executed this Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee shall be protected in relying upon any such demand, request,

direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the City shall specify in a Written Certificate of the City and Authority those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such Certificate.

Section 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.03 hereof but without any liability for interest thereon.

Section 11.11 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.12 California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 11.13 Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

- | | |
|----------------------|--|
| If to the City: | City of Montebello
1600 West Beverly Boulevard
Montebello, California 90640
Attention: City Manager |
| If to the Authority: | Montebello Public Financing Authority
1600 West Beverly Boulevard
Montebello, California 90640
Attention: Executive Director |
| If to the Trustee: | The Bank of New York
Mellon Trust Company, N.A.
400 S. Hope St., Suite 500
Los Angeles, California 90071
Attention: Corporate Trust Department |

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.14 Notice to Rating Agencies. The Trustee shall provide S&P, if the Bonds are then rated by S&P, and Moody's, if the Bonds are then rated by Moody's, with prompt notice of any substitution or release of property pursuant to Sections 10.03 and 10.04 of the Lease Agreement.

Section 11.15 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the Authority and the City have caused this Indenture to be signed in their respective names by their representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

CITY OF MONTEBELLO

By: _____
Mayor

ATTEST:

City Clerk

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2026A Bond

No. _____

\$ _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

INTEREST RATE _____ %	MATURITY DATE June 1, 20__	DATED DATE _____, 2026	CUSIP
---------------------------------	--------------------------------------	----------------------------------	--------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS

The Montebello Public Financing Authority (the “Authority”), for value received, hereby promises to pay, solely from the Base Rental Payments (as hereinafter defined) or amounts in certain funds and accounts held under the Indenture (as hereinafter defined), to the Registered Owner identified above or registered assigns (the “Registered Owner”); on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on June 1 and December 1 in each year, commencing December 1, 2026 (the “Interest Payment Dates”), until payment of such Principal Amount in full. This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to [November 15, 2026], in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, interest on this Bond shall be payable from the date to which interest hereon has been paid in full, payable on each Interest Payment Date). The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption at the Office of the Trustee (as hereinafter defined). Interest hereon is payable by wire or check of The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner hereof at the address of the

Registered Owner shown on the Registration Books at the close of business on the fifteenth calendar day of the month next preceding such Interest Payment Date. “Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City of Montebello (the “City”) by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

This Bond is one of a series of a duly authorized issue of bonds issued for the purpose of financing and refinancing the Project (as defined in the Indenture), and is one of the series of bonds designated “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Series 2026A Bonds”) in the aggregate principal amount of \$_____. The Series 2026A Bonds are issued pursuant to the Indenture, dated as of _____ 1, 2026 (the “Indenture”), by and among the Authority, the City and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds (“Additional Bonds”), may be issued by the Authority secured by a lien on a parity with the lien securing the Series 2026A Bonds. The Series 2026A Bonds and any Additional Bonds are collectively referred to as the “Bonds.” The Indenture is entered into, and this Bond is issued under, the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”) and the laws of the State of California.

Pursuant to the Indenture, the principal of and interest on the Bonds are payable solely from certain base rental payments (the “Base Rental Payments”) under and pursuant to that certain Lease Agreement, dated as of _____ 1, 2026 (the “Lease Agreement”), by and between the City, as lessee, and the Authority, as lessor, all of which rights to receive such Base Rental Payments have been assigned without recourse by the Authority to the Trustee. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund established under the Indenture are pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

The Series 2026A Bonds are authorized to be issued in the form of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”).

The Series 2026A Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Series 2026A Bonds maturing on or after June 1, [2037] shall be subject to optional redemption, in whole or in part, on any date on or after June 1, [2036], in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Series 2026A Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each June 1 on and after June 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Sinking Fund Redemption Date (June 1)</i>	<i>Principal Amount To Be Redeemed</i>
--	--

\$

(maturity)

The Series 2026A Bonds maturing on June 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each June 1 on and after June 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Sinking Fund Redemption Date (June 1)</i>	<i>Principal Amount To Be Redeemed</i>
--	--

\$

(maturity)

In the event of a partial redemption pursuant to the Indenture, the City shall provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Series 2026A Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Series 2026A Bond numbers and the maturity or maturities (except in the event of redemption of all of the Series 2026A Bonds of such maturity or maturities in whole) of the Series 2026A Bonds to be redeemed, and shall require that such Series 2026A Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2026A Bonds will not accrue from and after the date fixed for redemption. Such notice may state that such redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Series 2026A Bonds so called for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Series 2026A Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2026A Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Series 2026A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount and maturity of fully registered Series 2026A Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Series 2026A Bond or 2026A Bonds, in Authorized Denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Authority, the City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority, the City and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the City, the owners of the Bonds and the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the fixed maturity of any Bonds, or reduce the principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the owner of each Bond so affected, or, (b) reduce the percentage of Bonds the consent of the owners of which is required to effect any such amendment or modification, or (c) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the owners of the Bonds of the lien created by the Indenture on such the Base Rental Payments and such other assets (except as expressly provided in the Indenture), without the consent of the owners of all Bonds then outstanding.

The Indenture contains provisions permitting the Authority to make provision for the payment of interest on, and the principal and premium, if any, of any of the Bond so that such Bonds shall no longer be deemed to be outstanding under the terms of the Indenture.

All obligations of the Authority under the Indenture and under the Bonds shall be special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed in its name and on its behalf by the facsimile signatures of its Chair and Secretary, all as of the Dated Date identified above.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Chair

Attest:

Secretary

[FORM OF TRUSTEE’S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2026A Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2025

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth LLP, 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.

Secretary of the Board of the Montebello Public
Financing Authority

[FORM OF STATEMENT OF INSURANCE]

[FORM OF ASSIGNMENT]

For value, received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within bond in every particular without alteration or enlargement or any change whatsoever.

RECORDING REQUESTED BY:
Montebello Public Financing Authority

AND WHEN RECORDED RETURN TO:
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

THE GRANTOR AND THE GRANTEE ARE GOVERNMENTAL AGENCIES.

GROUND LEASE

by and between

CITY OF MONTEBELLO

and

MONTEBELLO PUBLIC FINANCING AUTHORITY

Dated as of _____ 1, 2026

Relating to

**\$ _____
MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

GROUND LEASE

THIS GROUND LEASE (this “Ground Lease”), executed and entered into as of _____ 1, 2026, is by and between the CITY OF MONTEBELLO (the “City”), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessor, and the MONTEBELLO PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers entity duly organized and existing under the laws of the State of California, as lessee.

WITNESSETH:

WHEREAS, the Authority previously issued its Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Series 2016A Bonds”) for the purpose of financing the acquisition, construction and equipping of the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “2016 Project” or the “Project”);

WHEREAS, the City and Authority desire to refinance all or a portion of the Series 2016A Bonds;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Series 2026A Bonds”) for the purpose of refinancing the Series 2016A Bonds and the City’s related lease payments;

WHEREAS, in order to facilitate the issuance of the Series 2026A Bonds, the City will lease the Home2 Suites Hotel facility (the improvements only) located on the real property described on Exhibit A hereto (the “Property”) to the Authority pursuant to this Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to the Lease Agreement (the “Lease Agreement”);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to refinance all or a portion of the Series 2016A Bonds through the issuance by the Authority of the Series 2026A Bonds payable from the base rental payments (the “Base Rental Payments”) to be made by the City under the Lease Agreement;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide for the issuance of such bonds payable from the Base Rental Payments pursuant to an Indenture, dated as of the date hereof (the “Indenture”), by and among the Authority, the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”);

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof (the “Assignment Agreement”);

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Ground Lease do exist, have happened and have been performed in regular and due time, form and

manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Ground Lease;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in Article I of the Lease Agreement shall have the same meaning in this Ground Lease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01 Lease of Property. The City hereby leases to the Authority, and the Authority hereby leases from the City, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Ground Lease.

Section 2.02 Rental. The Authority shall pay to the City as and for rental of the Property hereunder, the sum of \$1.00, the receipt of which is hereby acknowledged.

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement for the term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of this Ground Lease to (a) take possession of the Property, (b) if it deems it appropriate, cause an appraisal of the Property and a study of the then reasonable use thereof to be undertaken, and (c) relet the Property. Subject to any rights the City may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the City hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Authority and at the City's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

Section 4.01 Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Section 4.02 Further Assurances and Corrective Instruments. The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be

executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Ground Lease, the Indenture and the Lease Agreement.

Section 4.03 Waiver of Personal Liability. All liabilities under this Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers entity, and the City hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability under this Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

All liabilities under this Ground Lease on the part of the City shall be solely liabilities of the City as a public corporation, and the Authority hereby releases each and every member, officer and employee of the City of and from any personal or individual liability under this Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City hereunder.

Section 4.04 Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 4.05 Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Section 4.06 Representations of the City. The City represents and warrants to the Authority and the Trustee as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the City in order for the City to perform its governmental functions.

Section 4.07 Representations of the Authority. The Authority represents and warrants to the City and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this Ground Lease.

ARTICLE V

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 5.01 Assignment and Subleasing. This Ground Lease may be sold or assigned and the Property subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the Lease Agreement. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be.

Section 5.02 Restrictions on City. The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of this Ground Lease.

ARTICLE VI

TERM; TERMINATION

Section 6.01 Term. The term of this Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement and shall remain in full force and effect from such date to and including June 1, [2046], unless such term is extended or sooner terminated as hereinafter provided.

Section 6.02 Extension; Early Termination. If, on June 1, [2046], the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of this Ground Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, except that the term of this Ground Lease shall in no event be extended more than ten years. If, prior to June 1, [2046], all Bonds shall be fully paid, or provisions therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, the term of this Ground Lease shall end simultaneously therewith.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Section 7.02 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.03 Amendments, Changes and Modifications. This Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement.

Section 7.04 Assignment to Trustee. The Authority and City acknowledge that the Authority has assigned its right, title and interest in and to this Ground Lease (but none of its obligations and none of its rights to provide consents or approvals hereunder) to the Trustee pursuant to certain provisions of the Assignment Agreement. The City consents to such assignment.

Section 7.05 Execution In Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.06 Applicable Law. This Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 7.07 Captions. The captions or headings in this Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ground Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Ground Lease to be executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

CITY OF MONTEBELLO

By: _____
Raul Alvarez,
City Manager

ATTEST:

Christopher Jimenez,
City Clerk

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Raul Alvarez,
Executive Director

ATTEST:

Christopher Jimenez,
Secretary

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in the Property conveyed under the foregoing to the Montebello Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Board of Directors of the Montebello Public Financing Authority, pursuant to authority conferred by resolution of the said Board of Directors adopted on _____, 2026, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____ 1, 2026

CITY OF MONTEBELLO

By: _____
Raul Alvarez, City Manager

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

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

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

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

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

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE PROPERTY DESCRIBED IN THIS GROUND LEASE CONSISTS OF THE HOME2SUITES HOTEL BUILDING LOCATED AT THE FOLLOWING REAL PROPERTY:

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

PARCEL A: 5267-009-903

LOTS 375 384, INCLUSIVE, OF TRACT NO. 10034, IN THE OF MONTEBELLO, COUNTY OF LOS ANGELES, STATE CALIFORNIA, AS PER MAP RECORDED IN BOOK 146, PAGES 51 TO 57 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: 5267-010-904

LOT A OF NO. 10034, IN THE CITY OF MONTEBELLO, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 146, PAGES 51 TO 57 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LEASE AGREEMENT

by and between

CITY OF MONTEBELLO

and

MONTEBELLO PUBLIC FINANCING AUTHORITY

Dated as of _____ 1, 2026

Relating to

**\$ _____
MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”) executed and entered into as of _____ 1, 2026, is by and between the CITY OF MONTEBELLO (the “City”), a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessee, and the MONTEBELLO PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California, as lessor.

RECITALS

WHEREAS, the Authority previously issued its Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Series 2016A Bonds”) for the purpose of financing the acquisition, construction and equipping of the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “2016 Project” or the “Project”);

WHEREAS, the City and Authority desire to refinance all or a portion of the Series 2016A Bonds;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Series 2026A Bonds”) for the purpose of refinancing the Series 2016A Bonds and the City’s related lease payments;

WHEREAS, in order to facilitate the issuance of the Series 2026A Bonds, the City will lease the Property (defined below) to the Authority pursuant to a Ground Lease, dated as of the date hereof, and the City will sublease the Property back from the Authority pursuant to this Lease Agreement;

WHEREAS, the City and the Authority desire to provide for the issuance of the Series 2026A Bonds pursuant to an Indenture, dated as of the date hereof, by and among the Authority, the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”);

WHEREAS, the Series 2026A Bonds are payable from base rental payments (the “Base Rental Payments”) to be made by the City hereunder;

WHEREAS, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease Agreement, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

“Additional Bonds” means bonds other than the Series 2026A Bonds issued under the Indenture in accordance with the provisions thereof

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 hereof.

“Authority” means the Montebello Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“Base Rental Deposit Date” means the third (3rd) Business Day next preceding each Interest Payment Date.

“Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

“Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

“Bonds” means the Series 2026 Bonds issued under the Indenture, and any Additional Bonds.

“City” means the City of Montebello, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Delivery Date” means _____, 2026.

“Termination Date” means June 1, [2046], unless extended or sooner terminated as provided in Section 2.02 hereof.

“Ground Lease” means the Ground Lease, dated as of the date hereof, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with to the provisions thereof and hereof.

“Indenture” means the Indenture, dated as of the date hereof, by and among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“Joint Powers Agreement” means that certain Joint Exercise of Powers Agreement, dated as of September 2, 1997, as amended by and between the City and the Parking Authority of the City of Montebello creating the Authority for the purposes, among other things, of assisting in the financing

of public capital improvements, as such term is defined in Section 6585(g) of the California Government Code, together with any amendments thereof and supplements thereto.

“**Lease Agreement**” means this Lease Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

“**Net Insurance Proceeds**” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“**Permitted Encumbrances**” means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article VI hereof, permit to remain unpaid, (b) the Assignment Agreement, (c) this Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Delivery Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing.

“**Property**” means the Home2 Suites Hotel facility (the improvements only) located on the real property described on Exhibit A hereto and incorporated herein. The Property includes improvements, expansions, renovations, and other modifications to such improvements during the term hereof.

“**Rental Payments**” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“**Rental Period**” means the twelve-month period commencing on June 1 of each year during the term of the Lease Agreement.

“**Series 2026A Bonds**” means the Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) issued under the Indenture.

“**Termination Date**” means June 1, [2046], unless extended or sooner terminated as provided in Section 2.02 hereof.

“**Trustee**” means the trustee appointed under the Indenture and referred to therein as the Trustee.

ARTICLE II

LEASE OF PROPERTY; TERM

Section 2.01 Lease of Property.

(a) The Authority hereby leases to the City and the City hereby leases from the Authority the Property, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

(b) The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City's leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and hereof. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Section 2.02 Term; Occupancy. The term of this Lease Agreement shall commence on the Delivery Date and shall end on the Termination Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Termination Date the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, then the term of this Lease Agreement shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of this Lease Agreement shall in no event be extended more than ten years beyond the Termination Date, such extended date being the "Maximum Lease Term." If prior to the Termination Date, all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full, then the term of this Lease Agreement shall end simultaneously therewith.

ARTICLE III

RENTAL PAYMENTS

Section 3.01 Base Rental Payments.

(a) Subject to the provisions hereof relating to a revision of the Base Rental Payment Schedule pursuant to subsection (b) of this Section, the City shall pay to the Authority, as Base Rental Payments (subject to the provisions of Section 3.06 and Article VIII hereof) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments shall constitute principal, and a portion of which shall constitute interest. Rental Payments, including Base Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

(b) If the term of this Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of this Lease Agreement (as so extended pursuant to Section 2.02 hereof). Upon such extension, the Base Rental Payments shall be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Section 3.02 Additional Rental Payments. The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to Article VI hereof;

(d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and

(e) all other payments required to be paid by the City under the provisions of this Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Section 3.03 Fair Rental Value. The parties hereto have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 3.04 Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority or Trustee shall designate. Each Base Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of this Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Section 3.05 Appropriations Covenant. The City covenants to take such action as may be necessary to include all Rental Payments due hereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City will deliver to the Authority and the Trustee a Certificate of the City stating that its final annual budget includes all Base Rental Payments due in such fiscal year within ten days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

Section 3.06 Rental Abatement. Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of this Lease Agreement shall be extended as provided in Section 2.02 hereof, except that the term shall in no event be extended beyond the Maximum Lease Term.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture or proceeds of the rental interruption insurance required by section 6.01(d) hereof are available, Rental Payments shall

not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds, accounts, and proceeds.

ARTICLE IV

RESERVED

ARTICLE V

MAINTENANCE, ALTERATIONS AND ADDITIONS

Section 5.01 Modification of the Property.

(a) Subject to Section 9.02 hereof, the City and any sublessee shall, at its own expense, or with the proceeds of Additional Bonds, have the right to make additions, modifications, and improvements to any portion of the Property if such improvements are necessary or beneficial for the use of such portion of the Property. All such additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way cause an abatement of Rental Payments with respect to the Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest on the Bonds and Additional Bonds (to the extent such Additional Bonds were issued as tax exempt Bonds); and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall have an annual fair rental value which is not less than the annual Rental Payments.

(b) Subject to Section 9.02 hereof, the City and any sublessee shall, at its own expense, or with the proceeds of Additional Bonds, have the right to make replacements, redevelopment or renovation of all or a portion of the Property if the following conditions precedent are satisfied:

(i) The City receives an opinion of Bond Counsel, a copy of which the City shall furnish to the Authority and the Trustee, that (1) such replacement does not adversely affect the federal income tax exclusion or the State tax-exempt status of the interest on the Bonds and Additional Bonds (to the extent such Additional Bonds were issued as tax exempt Bonds), and (2) this Lease will remain the legal, valid, binding and enforceable obligation of the City;

(ii) In the event such replacement, redevelopment or renovation would result in the temporary abatement of Rental Payments as provided in Section 3.06 hereof the City shall have notified any rating agency then providing a rating on the Bonds and shall deposit moneys with the Trustee in advance for payment of Rental Payments from the proceeds of Additional Bonds or from special funds of the City or other moneys, the application of which would not, in the opinion of Bond Counsel (a copy of which shall have been delivered to the Trustee), result in such Rental Payments constituting indebtedness of the City in contravention of the Constitution and laws of the State; and

(iii) The City shall certify to the Trustee that it has sufficient funds to complete such replacement, redevelopment or renovation.

Section 5.02 Maintenance and Utilities. Throughout the term of this Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Section 5.03 Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

ARTICLE VI

INSURANCE

Section 6.01 Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance.

(a) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of Section 6.04 hereof. The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance shall have been paid.

(b) The City shall maintain or cause to be maintained, throughout the term of this Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under

the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 6.04 hereof.

(c) The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. The City has an insurance policy which provides replacement cost coverage. All insurance required to be maintained pursuant to this subsection may be subject to a deductible in an amount not to exceed \$500,000. The City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 6.04 hereof.

(d) The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to subsection (c) of this Section in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 6.04 hereof.

(e) The insurance required by this Section shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes hereof.

Section 6.02 Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2026A Bonds and the initial aggregate principal amount of any Additional Bonds issued after the Closing Date. Such policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate hereunder in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 5.03 of the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or this Lease Agreement or required thereby or hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Section 6.03 Additional Insurance Provision; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies required by Section 6.01 hereof, and shall promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof or any intended cancellation thereof. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City shall cause to be delivered to the Trustee on or before June 1 each year, commencing June 1, 2027, a Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said Certificate of the City as to the City's compliance with this Article. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 6.04 Self-Insurance. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall be deemed to be self-insurance for purposes hereof and may be utilized by the City to satisfy the requirements of this Article. Any self-insurance maintained by the City pursuant to this Article shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by the City's Risk Manager, a professionally certified risk manager, or an independent insurance consultant;

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by the City's Risk Management Department, a professionally certified risk manager or by an independent insurance consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the City's Risk Management Department, a professionally certified risk manager or an independent insurance consultant, as applicable; and

(c) in the event that the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, shall be maintained.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01 Defaults and Remedies.

(a) (i) If the City shall fail (A) to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in this subsection or in subsection (b) of this Section, the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or, such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease Agreement in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating this Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Authority, does not elect to terminate this Lease Agreement in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City hereby indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry

without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

(b) If (i) the City's interest in this Lease Agreement or any part thereof is assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as hereinafter provided for, or (ii) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Property, then the City shall be deemed to be in default hereunder.

(c) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its city council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term “re-let” or “re-letting” as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the City agrees to pay a reasonable amount as and for attorney’s fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Notwithstanding anything to the contrary contained in this Lease Agreement, the Authority shall have no right upon a default hereunder by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in this Lease Agreement, the termination of this Lease Agreement by the Authority and its assignees on account of a default by the City under this Section shall not effect or result in a termination of the Ground Lease.

Section 7.02 Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease Agreement.

ARTICLE VIII

EMINENT DOMAIN; PREPAYMENT

Section 8.01 Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 3.06 hereof. So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in subsection (a) of Section 4.01 of the Indenture, in the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued and in Section 5.03 of the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and hereunder, have been fully paid, shall be paid to the Authority and to the City as their respective interests may appear.

Section 8.02 Prepayment.

(a) The City may prepay all or a portion of the Base Rental Payments attributable to the Series 2026A Bonds which are payable after June 1, [2037] from any source of available funds, on any date on or after June 1, [2036], by paying (i) all or a portion, as selected by the City, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

(b) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2026A Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article X of the Indenture sufficient to make such Base Rental Payments when due or to make such Base Rental Payments through a specified date on which the City has a right to prepay such Base Rental Payments pursuant to subsection (a) of this Section, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

(c) If less than all of the Base Rental Payments attributable to the Series 2026A Bonds are prepaid pursuant to this Section then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the principal and interest components of such Base Rental Payments shall be recalculated by the City and transmitted to the Trustee in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City shall not be entitled to any reimbursement of such Base Rental Payments.

(d) If all of the Base Rental Payments are prepaid in accordance with the provisions of this Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) of this Section and, if applicable, the corresponding provisions hereof relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant to subsection (b) of this Section and, if applicable, such corresponding provisions, and payment of all other amounts owed under this Lease Agreement, the term of this Lease Agreement shall be terminated.

(e) Prepayments of Base Rental Payments attributable to the Series 2026A Bonds made pursuant to this Section shall be applied to the redemption of the Series 2026A Bonds as directed by the City and as provided in Section 4.01 of the Indenture.

(f) Before making any prepayment pursuant to this Article, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made (conditionally or otherwise), which date shall be not less than 20 nor more than 60 days from the date such notice is given to the Authority.

ARTICLE IX

COVENANTS

Section 9.01 Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies

at all times) for any purpose connected with the Authority's rights or obligations under this Lease Agreement, and for all other lawful purposes.

Section 9.02 Liens. In the event the City shall at any time during the term of this Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Section 9.03 Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Section 9.04 Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to this Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or Operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

Section 9.05 Assignment and Subleasing. This Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof to any person or entity for any purpose, subject to the satisfaction of all of the following conditions (a) through (d) below:

(a) this Lease Agreement and the obligation of the City to make all Rental Payments hereunder shall remain the primary obligation of the City;

(b) the City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) any sublease of the Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and

(d) the City shall furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Section 9.06 Title to Property. Upon the termination or expiration of this Lease Agreement (other than as provided in Section 7.01 and Section 8.01 hereof), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property shall vest in the City. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Section 9.07 Authority's Purpose. The Authority covenants that, prior to the discharge of this Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Section 9.08 Representations of the City. The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver this Lease Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Section 9.09 Representation of the Authority. The Authority represents and warrants to the City that the Authority has the full power and authority to enter into, to execute and to deliver this Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Lease Agreement, the Assignment Agreement and the Indenture.

ARTICLE X

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

Section 10.01 No Consequential Damages. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease Agreement or the City's use of the Property.

Section 10.02 Use of the Property. The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under this Lease Agreement.

Section 10.03 Substitution or Release of the Property. The City shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from this Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the City. Notwithstanding any substitution or release of Property pursuant to this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the City hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

(a) the City shall have found (as set forth in a certificate delivered by the City to the Trustee) that the Property, as constituted after such substitution or release, (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) the City shall have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in Section 6.02 hereof;

(c) the City shall have provided the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee shall have executed, and the City shall have caused to be recorded with the San Bernardino County Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained herein and in the Ground Lease;

(e) the City shall have provided notice of such substitution to each rating agency then rating the Bonds;

(f) no event of default (as described in Article VII hereof) has occurred and is continuing;

(g) the City will give, or cause to be given, any notice of the occurrence of such substitution required to be given pursuant to the Continuing Disclosure Certificate;

(h) the City will certify to the Trustee that the City has a current need for the substituted real property; and

return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Section 11.05 Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Lease Agreement as and when the same become due.

The City or any sublessee may, at the City's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 11.06 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease Agreement.

Section 11.07 Amendments.

(a) This Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority and the City hereunder and thereunder may be amended at any time by an amendment hereto or thereto which shall become binding upon execution and delivery by the Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment shall (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of this Lease Agreement or the Ground Lease.

(b) This Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City hereunder and thereunder may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the Authority and the City, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed herein or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of Sections 10.03 or 10.04 hereof;

(v) to provide for the issuance of Additional Bonds in accordance with Article III of the Indenture; or

(vi) to make such other changes herein or therein or modifications hereto or thereto as the Authority or the City may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel.

Section 11.08 Assignment. The City and the Authority hereby acknowledge the assignment of this Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals hereunder), and the Base Rental Payments payable hereunder, to the Trustee pursuant to the Assignment Agreement. To the extent that this Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 11.09 Execution. This Lease Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF MONTEBELLO

By: _____
City Manager

ATTEST:

City Clerk

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE PROPERTY DESCRIBED IN THIS GROUND LEASE CONSISTS OF THE HOME2SUITES HOTEL BUILDING LOCATED AT THE FOLLOWING REAL PROPERTY:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A: 5267-009-903

LOTS 375 384, INCLUSIVE, OF TRACT NO. 10034, IN THE OF MONTEBELLO, COUNTY OF LOS ANGELES, STATE CALIFORNIA, AS PER MAP RECORDED IN BOOK 146, PAGES 51 TO 57 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: 5267-010-904

LOT A OF NO. 10034, IN THE CITY OF MONTEBELLO, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 146, PAGES 51 TO 57 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

<i>Base Rental Deposit Date (Third Business Day Prior to)</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total Base Rental Payment</i>
12/01/2026			
06/01/2026			
12/01/2027			
06/01/2027			
12/01/2028			
06/01/2028			
12/01/2029			
06/01/2029			
12/01/2030			
06/01/2030			
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06/01/2042			
12/01/2043			
06/01/2043			
12/01/2044			
06/01/2044			
12/01/2045			
06/01/2045			
12/01/2046			
06/01/2046			
Total			

RECORDING REQUESTED BY:
Montebello Public Financing Authority

AND WHEN RECORDED RETURN TO:
Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Vanessa S. Legbandt, Esq.

[Space above for Recorder's use.]

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE. THE ASSIGNOR IS A GOVERNMENTAL AGENCY.

ASSIGNMENT AGREEMENT

by and between

MONTEBELLO PUBLIC FINANCING AUTHORITY

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Dated as of _____ 1, 2026

Relating to

**\$ _____
MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this “Assignment Agreement”), executed and entered into as of _____ 1, 2026, is by and between the MONTEBELLO PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States, as Trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority previously issued its Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Series 2016A Bonds”) for the purpose of financing the acquisition, construction and equipping of the Home2 Suites Hotel located at 988 Via San Clemente, Montebello, California (the “2016 Project” or the “Project”);

WHEREAS, the City and Authority desire to refinance all or a portion of the Series 2016A Bonds;

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Series 2026A Bonds”) for the purpose of refinancing the Series 2016A Bonds and the City’s related lease payments;

WHEREAS, in order to facilitate the issuance of the Series 2026A Bonds, the City will lease the Home2 Suites Hotel facility (the improvements only) located on the real property described on Exhibit A hereto (the “Property”) to the Authority pursuant to a Ground Lease, dated as of the date hereof and recording concurrently herewith, and the City will sublease the Property back from the Authority pursuant to a Lease Agreement, dated as of the date hereof and recording concurrently herewith (the “Lease Agreement”);

WHEREAS, under the Lease Agreement, the City is obligated to make Base Rental Payments (as defined in the Lease Agreement) to the Authority;

WHEREAS, the Authority desires to assign without recourse certain of its rights in the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments, to the Trustee for the benefit of the owners of the Series 2026A Bonds to be issued pursuant to the Indenture, dated as of the date hereof (the “Indenture”), by and among the Authority, the City and the Trustee;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Assignment. The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby sell, assign and transfer to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the owners of the Series 2026A Bonds, all of its right, title and interest in and to the Ground Lease and the Lease Agreement including, without limitation, its right to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided, however, that the Authority shall retain its obligations under the Lease Agreement and Ground Lease, the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

Section 2. Acceptance. The Trustee hereby accepts the foregoing assignment, subject to the terms and provisions of the Indenture, and all such Base Rental Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Lease Agreement and the Indenture.

Section 3. Conditions. This Assignment Agreement shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

Section 4. Further Assurances. The Authority shall 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 Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the owners of the Series 2026A Bonds, the rights intended to be conveyed pursuant hereto.

Section 5. Governing Law. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS HEREOF AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Section 6. Execution. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Assignment Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Assignment Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above-written.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Raul Alvarez,
City Manager

ATTEST:

Christopher Jimenez,
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Amy Green,
Vice President

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

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

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public,

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

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE PROPERTY DESCRIBED IN THIS ASSIGNMENT AGREEMENT CONSISTS OF THE HOME2SUITES HOTEL BUILDING LOCATED AT THE FOLLOWING REAL PROPERTY:

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

PARCEL A: 5267-009-903

LOTS 375 384, INCLUSIVE, OF TRACT NO. 10034, IN THE OF MONTEBELLO, COUNTY OF LOS ANGELES, STATE CALIFORNIA, AS PER MAP RECORDED IN BOOK 146, PAGES 51 TO 57 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: 5267-010-904

LOT A OF NO. 10034, IN THE CITY OF MONTEBELLO, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 146, PAGES 51 TO 57 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ESCROW AGREEMENT (2016 BONDS)

THIS ESCROW AGREEMENT, dated as of _____ 1, 2026, by and between the Montebello Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., acting in its capacity as escrow bank (the “Escrow Bank”) pursuant to this Escrow Agreement (2016 Bonds) (the “Agreement”) and as 2016 Trustee (as defined below);

WITNESSETH:

WHEREAS, the Authority has previously caused to be issued its Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “2016 Bonds”), in the original aggregate principal amount of \$54,860,000, pursuant to an Indenture, dated as of October 1, 2016 (the “2016 Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2016 Trustee”), of which \$ _____ aggregate principal amount is currently outstanding; and

WHEREAS, the City of Montebello (the “City”) and the Authority have determined that it is in its best interests and desirable that the 2016 Bonds be redeemed and defeased; and

WHEREAS, in order to accomplish such redemption it is necessary and desirable for the City to prepay a portion of its Base Rental obligation under that certain Lease Agreement, dated as of October 1, 2016 (the “2016 Lease Agreement”), by and between the City and the Authority, and to thereby defease the 2016 Bonds in accordance with the terms of Section 10.01 of the 2016 Indenture and Section 5.07 of the 2016 Lease Agreement; and

WHEREAS, the City and the Authority have agreed to provide funds necessary to secure redemption and defeasance of the 2016 Bonds through the issuance by the Authority of its \$ _____ aggregate principal amount Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “2016 Bonds”); and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City, the Authority and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys. The Authority hereby deposits with the Escrow Bank \$ _____ from the net proceeds of the 2016 Bonds and direct the 2016 Trustee to transfer \$ _____ to the Escrow Bank from certain funds and accounts established in connection with the 2016 Bonds. Such moneys shall be held [uninvested] in irrevocable escrow by the Escrow Bank separate and apart from other funds of the City, the Authority, the Escrow Bank and the 2016 Trustee in a fund hereby created and established and to be known as the “Escrow Fund,” and shall be applied solely as provided in this Agreement. Such moneys are at least equal to an amount sufficient to redeem on _____ 1, 2026 (the “Redemption Date”) the 2016 Bonds maturing on and after June 1, 2027. [Amounts on deposit in the Escrow Fund shall be held uninvested as cash.]

SECTION 2. Use of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees:

- (a) to deposit such moneys in the Escrow Fund; and

(b) to pay the principal of the 2016 Bonds and accrued interest thereon, without premium (the “Redemption Price”), on the Redemption Date.

SECTION 3. Payment and Redemption of the 2016 Bonds.

The Authority hereby requests and irrevocably instructs the Escrow Agent to pay on the Redemption Date, from the amounts on deposit in the Escrow Fund, the Redemption Price of the 2016 Bonds, as set forth in Schedule C hereto. Upon payment in full of the 2016 Bonds, the Escrow Agent shall transfer any moneys remaining in the Escrow Fund to the City and, after provision for payment of amounts due to the 2016 Trustee and the Escrow Agent pursuant to this Section 3 and Section 10 hereof, this Agreement shall terminate. Pursuant to the 2016 Indenture, as a result of the irrevocable deposit in the Escrow Fund pursuant to Section 2 of this Escrow Agreement to pay and redeem all of the 2016 Bonds, the entire indebtedness of the outstanding 2016 Bonds has been discharged within the meaning of the 2016 Indenture.

The holders of the 2016 Bonds shall have a first lien on the moneys in the Escrow Fund which are allowable and sufficient to pay the 2016 Bonds until such moneys are used and applied as provided in this Agreement. Cash and investments held in the Escrow Fund are irrevocably pledged only to the 2016 Bond holders.

SECTION 4. Performance of Duties. The Escrow Bank agrees to perform the duties set forth herein.

SECTION 5. Indemnity. The Authority hereby assumes liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Bank against the Escrow Bank’s own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank’s respective successors, assigns, agents and employees or the breach by the Escrow Bank of the terms of this Agreement. In no event shall the City, the Authority or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 6. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of such moneys to accomplish the defeasance of the 2016 Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this

Agreement or by reason of any non negligent act, non negligent omission or non negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the Authority and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the moneys deposited in the Escrow Fund to accomplish the defeasance of the 2016 Bonds or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. In no event shall the Escrow Bank be liable for any special indirect or consequential damages. The Escrow Bank may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City or the Authority. The Escrow Bank shall incur no liability for losses arising from any investment made pursuant to this Agreement. No provision of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise 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. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 7. Irrevocable Instructions to Provide Notice. The forms of the notices required to be mailed pursuant to Sections 4.06 and 10.01 of the Indenture and the Continuing Disclosure Agreement, dated as of November 1, 2016, between the City and the 2016 Trustee (the “Continuing Disclosure Agreement”), are substantially in the forms attached hereto as Exhibits A and B. [The Escrow Bank confirms that it sent the conditional notice of redemption in the form attached hereto as Exhibit B on _____, 2026 in accordance with Section 4.06 of the 2016 Indenture.] The Authority hereby irrevocably instructs the Escrow Bank to mail a notice of defeasance of the 2016 Bonds in the form attached hereto as Exhibit A, in accordance with Section 10.01 of the 2016 Indenture and the Continuing Disclosure Agreement.

SECTION 8. Amendments. This Agreement is made for the benefit of the City, the Authority and the holders from time to time of the 2016 Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Bank and the City; provided, however, but only after the receipt by the Escrow Bank of an opinion of nationally recognized bond counsel that the exclusion from gross income of interest with respect to the 2016 Bonds and the 2016 Bonds will not be adversely affected for federal income tax purposes, that the City, the Authority and the Escrow Bank may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the

holders of the 2016 Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Bank; and (iii) to include under this Agreement additional funds, securities or properties. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the 2016 Bonds or that any instrument executed hereunder complies with the conditions and provisions of this section.

SECTION 9. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2016 Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank pursuant to this Agreement.

SECTION 10. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien nor will it assert a lien whatsoever on any moneys in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Bank under this Agreement.

SECTION 11. Resignation or Removal of Trustee as Escrow Bank.

(a) The Escrow Bank may resign by giving notice in writing to the City and the Authority. The Escrow Bank may be removed: (1) by: (i) filing with the City and the Authority an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the 2016 Bonds then remaining unpaid; and (ii) the delivery of a copy of the instruments filed with the City and the Authority to the Escrow Bank; or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the City or the Authority or the holders of 5% in aggregate principal amount of the 2016 Bonds then remaining unpaid.

(b) If the position of Escrow Bank becomes vacant due to resignation or removal of the Escrow Bank or any other reason, a successor Escrow Bank may be appointed by the City and the Authority. Within one year after a vacancy, the holders of a majority in principal amount of the 2016 Bonds then remaining unpaid may, by an instrument or instruments filed with the City and the Authority, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the City and the Authority. If no successor Escrow Bank is appointed by the City and the Authority or the holders of such 2016 Bonds then remaining unpaid, within 45 days after any such resignation or removal, the holder of any such 2016 Bonds or any retiring Escrow Bank may apply to a court of competent jurisdiction for the appointment of a successor Escrow Bank. The responsibilities of the Escrow Bank under this Escrow Agreement will not be discharged until a new Escrow Bank is appointed and until the cash held under this Escrow Agreement is transferred to the new Escrow Bank.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City, the Authority or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 15. Holidays. 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 Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 16. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the City.

SECTION 17. Standard and Poor's. The City agrees to provide to S&P Global Ratings, prior notice of each amendment entered into pursuant to Section 8 hereof and a copy of such proposed amendment, and to forward a copy (as soon as possible) of: (i) each amendment hereto entered into pursuant to Section 8 hereof; and (ii) any action relating to severability or contemplated by Section 12 hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

ATTEST:

By: _____
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Bank and 2016 Trustee

By: _____
Authorized Officer

SCHEDULE A

2016 Bonds

<i>Maturity Date (June 1)</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Price</i>
2027	5.000%	\$ 1,415,000	100%
2028	5.000	1,490,000	100
2029	5.000	1,560,000	100
2030	5.000	1,640,000	100
2031	5.000	1,720,000	100
2032	5.000	1,810,000	100
2033	5.000	1,900,000	100
2034	5.000	1,995,000	100
2035	5.000	2,095,000	100
2036	5.000	2,200,000	100
2041	5.000	12,755,000	100
2046	5.000	6,000,000	100
2046	4.000	10,080,000	100

SCHEDULE B

[Reserved]

SCHEDULE C

REDEMPTION PRICE OF PRIOR BONDS

<i>Payment Date</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Debt Payment</i>
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EXHIBIT A

NOTICE OF DEFEASANCE OF

**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, 2016 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

Notice is hereby given to the owners of the outstanding bonds (the “2016 Bonds”) captioned above: (i) that there has been deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Bank, moneys as permitted by the Indenture of Trust, dated as of October 1, 2016 (the “2016 Indenture”), by and between the Montebello Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as 2016 Trustee, which, together with such other moneys deposited with the Escrow Bank, shall be sufficient and available to pay on _____ 1, 2026 the redemption price equal to 100% aggregate principal amount of the 2016 Bonds maturing on and after June 1, 2027; and (ii) that the 2016 Bonds are deemed to be paid and that the 2016 Indenture and the pledge of Base Rental (as such term is defined in the 2016 Indenture) and other assets made under the 2016 Indenture and all covenants, agreements and other obligations of the Authority under the 2016 Indenture have ceased, terminated, become void and been completely discharged and satisfied in accordance with Section 10.01 of the 2016 Indenture.

The obligations of the City of Montebello under the Continuing Disclosure Agreement dated November 1, 2016, by and between the City of Montebello and Hilltop Securities Inc. have terminated as of the date hereof.

No representation is made as to the correctness of the CUSIP number either as printed on any of the 2016 Bonds or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the 2016 Bonds.

Dated this ____ day of _____, 2026.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.
as 2016 Trustee

EXHIBIT B

CONDITIONAL NOTICE OF FULL OPTIONAL REDEMPTION

Montebello Public Financing Authority
Lease Revenue Bonds, 2016 Series A
(Montebello Home2 Suites by Hilton Hotel Project)

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the “2016 Bonds”) pursuant to the Indenture of Trust, dated as of October 1, 2016, by and between the Montebello Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2016 Trustee”), that all of the outstanding 2016 Bonds in the aggregate principal amount of \$46,660,000 have been called for redemption on _____, 2026 (the “Redemption Date”). The 2016 Bonds were originally issued on November 1, 2016 and are described in the following table:

<i>CUSIP</i>	<i>Maturity (June 1)</i>	<i>Rate</i>	<i>Principal Amount</i>	<i>Redemption Price</i>
612286DG6	2027	5.000%	\$ 1,415,000	100%
612286DH4	2028	5.000	1,490,000	100
612286DJ0	2029	5.000	1,560,000	100
612286DK7	2030	5.000	1,640,000	100
612286DL5	2031	5.000	1,720,000	100
612286DM3	2032	5.000	1,810,000	100
612286DN1	2033	5.000	1,900,000	100
612286DP6	2034	5.000	1,995,000	100
612286DQ4	2035	5.000	2,095,000	100
612286DU5	2036	5.000	2,200,000	100
612286DR2	2041	5.000	12,755,000	100
612286DS0	2046	5.000	6,000,000	100
612286DT8	2046	4.000	10,080,000	100

On the Redemption Date, the principal amount of the 2016 Bonds at a redemption price of 100% of the principal amount plus accrued interest thereon to such date (the “Redemption Price”) will become due and payable at the principal office of the 2016 Trustee. The Redemption Price of the 2016 Bonds will become due and payable on the Redemption Date. Interest on the 2016 Bonds will cease to accrue and be payable from and after the Redemption Date, and such 2016 Bonds will be surrendered to the 2016 Trustee.

Redemption of the Bonds is conditioned upon the receipt by the Trustee of sufficient funds on or before the Redemption Date to pay the Redemption Price. In the event that such funds are not received, the redemption of the 2016 Bonds will be cancelled and the Trustee will give written notice of such cancellation to the owners of the Bonds and this notice will be deemed to be canceled and rescinded. No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the Bonds.

To receive payment on the Redemption Date, owners of the 2016 Bonds should present and surrender said 2016 Bonds on the Redemption Date at the address of the 2016 Trustee set forth below:

<i>First Class/Registered/Certified</i>	<i>Express Delivery Only</i>	<i>By Hand Only</i>
The Bank of New York Mellon Global Corporate Trust 500 Ross Street, Ste 625 Pittsburgh, PA 15262	The Bank of New York Mellon Global Corporate Trust 500 Ross Street, Ste 625 Pittsburgh, PA 15262	The Bank of New York Mellon Global Corporate Trust Corporate Trust Window 500 Ross Street, Ste 625 Pittsburgh, PA 15262

IMPORTANT NOTICE

Federal law requires the 2016 Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

If the owner of any 2016 Bond fails to deliver such 2016 Bond to the 2016 Trustee on the Redemption Date, such 2016 Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such 2016 Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2016 Trustee for such payment.

Note: The Authority and the 2016 Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any 2016 Bond. They are included solely for the convenience of the holders.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as 2016 Trustee

Dated this _____, 2026

\$ _____
**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

BOND PURCHASE AGREEMENT

_____, 2026

Montebello Public Financing Authority
1600 West Beverly Boulevard
Montebello, CA 90640

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

Ladies and Gentlemen:

The undersigned Cabrera Capital Markets LLC (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the Montebello Public Financing Authority (the “Authority”) and the City of Montebello, California (the “City”), which, upon the acceptance by the Authority and the City, will be binding upon the Authority, the City and the Underwriter. This offer is made subject to acceptance by the Authority and by the City by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture (defined herein).

Section 1. Purchase and Sale. Upon the terms and conditions and on the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Bonds”) in the aggregate principal amount of \$ _____. The Bonds shall be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on June 1 and December 1 in each year, commencing December 1, 2026 (each an “Interest Payment Date”) and will bear interest at the rates and on the dates as set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$ _____ (which represents the principal amount of the Bonds in the amount of \$ _____, plus net original issue premium in the amount of \$ _____, less an Underwriter’s discount of \$ _____).

The payment of principal of and interest on the Bonds, when due, will be insured by a municipal bond insurance policy (the “Municipal Bond Insurance Policy”) to be issued by _____ (the “Municipal Bond Insurer”) concurrently with the delivery of the Bonds. As an accommodation to the Authority and the City, the Underwriter will pay, from the purchase price of the

Bonds, the sum of \$ _____ to the Municipal Bond Insurer as the premium for the Municipal Bond Insurance Policy. The remaining sum of \$ _____ will be paid to The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”).

The City and the Authority acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the City, the Authority 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 principals and is not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or the Authority on other matters); and (iv) the City and the Authority have consulted their own legal, financial, municipal and other advisors to the extent they have deemed appropriate.

Section 2. The Bonds. The Bonds shall be secured by Base Rental Payments to be made by the City for the right to use certain real property (the “Property”) pursuant to a Lease Agreement, dated as of _____ 1, 2026 (the “Lease Agreement”), by and between the Authority and the City, and certain amounts on deposit in certain funds and accounts established under the Indenture, dated as of _____ 1, 2026 (the “Indenture”), by and between the Authority and the Trustee. The Authority’s right to receive the Base Rental Payments due under the Lease Agreement and to exercise remedies upon default under such Lease Agreement shall be assigned to the Trustee for the benefit of the owners of the Bonds pursuant to an Assignment Agreement, dated as of _____ 1, 2026 (the “Assignment”), by and between the Authority and the Trustee.

Section 3. Public Offering and Establishment of Issue Price. The Underwriter agrees to make a *bona fide* initial public offering of all the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing (as defined below) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

Except for the Hold-the-Price Maturities described below and as otherwise set forth in Exhibit A attached hereto, the Authority 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. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of the Bonds.

With respect to the maturities of the Bonds that are not 10% Test Maturities, as described in Exhibit A attached hereto (the “Hold-the-Price Maturities”), the Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. The Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the Authority 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:

(A) the close of the fifth (5th) business day after the sale date; or

(B) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority when they have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the 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 Authority (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) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (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 4. The Official Statement. By their acceptance of this Purchase Agreement, the Authority and the City ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds, dated _____, 2026 (including the cover page, all appendices and all information incorporated therein 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, the “Preliminary Official Statement”) that authorized officers of the City and the Authority deemed “final” as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) except for certain omissions permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the City and the Underwriter (the “Official Statement”)) in such quantity as the Underwriter shall reasonably request to comply with Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the “MSRB”).

Section 5. Closing. At 8:30 a.m., California time, on _____, 2026, or at such other time or date as the Authority, the City and the Underwriter mutually agree upon, the Authority shall deliver or cause to be delivered to the Trustee, and the Trustee shall deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York (“DTC”), the Bonds in definitive form, duly executed and authenticated. Concurrently with the delivery of the Bonds, the Authority and the City shall deliver the documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California (“Bond Counsel”) or another place to be mutually agreed upon by the Authority, the City and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents referenced herein, is called the “Closing.”

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of \$5,000 and any integral multiple thereof, and shall be made available to the Underwriter at least one (1) business day before the Closing for purposes of inspection and packaging. The Authority and the City acknowledge that the services of DTC will be used initially by the Underwriter to permit the issuance of the Bonds in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the City that:

(a) The Authority is and will be at the date of Closing a joint exercise of powers authority organized and existing under the laws of the State of California (the “State”), including Section 6500 *et seq.* of the Government Code of the State of California (the “JPA Act”) with all necessary power and authority to enter into and perform its duties under the Ground Lease, dated as of _____ 1, 2026 (the “Ground Lease”), by and between the City and the Authority, the Lease Agreement, the Indenture, the Assignment, the Escrow Agreement (2016 Bonds), dated as of _____ 1, 2026 (the “Escrow Agreement”), by and between the Authority The Bank of New York Mellon Trust Company, N.A., as escrow bank (the “Escrow Bank”), and this Purchase Agreement (collectively, the “Authority Documents”).

(b) The Authority has complied with all filing requirements of the JPA Act.

(c) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement (including in electronic form), and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained, in the Authority Documents. When executed and delivered, each Authority Document will constitute the legal, valid and binding obligation of the Authority enforceable in accordance with its 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.

(d) Prior to the date hereof, the Authority has provided to the Underwriter for its review the Preliminary Official Statement that an authorized officer of the Authority has deemed final for purposes of Rule 15c2-12, has approved the distribution of the Preliminary Official Statement and the Official Statement and has duly authorized the execution and delivery of the Official Statement (including in electronic form). The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading. As of the date hereof and on the Closing, the final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading.

(e) The execution and delivery by the Authority of the Authority Documents and the approval and execution by the Authority of the Official Statement and compliance with the provisions on the Authority's part contained in the Authority Documents, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which conflict, breach or default has or may have a material adverse effect on the ability of the Authority to carry out its obligations under the Authority Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument, except as provided by the Authority Documents.

(f) The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will 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 Official Statement in connection with the offering, sale or distribution of the Bonds.

(g) The Authority is not in breach of or 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, trust agreement, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default

or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents.

(h) As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the Authority has been served or, to the best knowledge of the officers of the Authority, threatened (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices, (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the Authority Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from gross income for federal income tax purposes or contesting the powers of the Authority to enter into the Authority Documents or (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clause (i) through (iii) of this sentence.

(i) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the issuance, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter and the City as to the statements made therein but not of the person signing such certificate.

(j) The Authority will apply the proceeds of the Bonds in accordance with the Indenture.

Section 7. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter and the Authority that:

(a) The City is and will be at the date of Closing a municipal corporation duly organized and existing pursuant to and under the Constitution and laws of the State and has all necessary power and authority to enter into and perform its duties under the Continuing Disclosure Certificate relating to the Bonds (the “Continuing Disclosure Certificate”), the Ground Lease, the Lease Agreement and this Purchase Agreement (collectively, the “City Documents” and, together with the Authority Documents, the “Legal Documents”) and has by official action 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.

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement (including in electronic form), and 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. When executed and delivered, each City Document will constitute the legally valid and binding obligation of the City enforceable in accordance with its 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.

(c) The Preliminary Official Statement heretofore delivered to the Underwriter is hereby deemed final by the City as of its date and as of the date hereof, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in the light of the circumstances under which they were made, not misleading. As of the date hereof and on the Closing, the final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in the light of the circumstances under which they were made, not misleading.

(d) The execution and delivery by the City of the City Documents and the approval by the City of the Official Statement and compliance with the provisions on the City's part contained in the City Documents, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject to, which conflict, breach or default has or may have a material adverse effect on the ability of the City to carry out its obligations under the City Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(e) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(f) The City is not in breach of or 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, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents.

(g) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2025 as set forth in the Official Statement fairly represent the receipts, expenditures and cash balances of the General Fund. Except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the General Fund or in its operations since June 30, 2025 and, except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(h) As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the knowledge of the officers of the City, threatened (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the City Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from gross income for federal income tax purposes or contesting the power of the City to enter into the City Documents; (iii) which may result in any material adverse change to the financial condition of the City or to its ability to pay the Base Rental Payments when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clause (i) through (iv) of this sentence.

(i) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. Except as otherwise disclosed in the Preliminary Official Statement, the City has not failed to comply in all material respects with any previous undertakings with regard to the Rule 15c2-12 to provide annual reports or notices of enumerated events in the past five years.

(j) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the issuance, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter and the Authority as to the statements made therein but not of the person signing such certificate.

(k) As of the date hereof, the City does not have any material obligations secured by payments from the General Fund of the City, except as disclosed in the Official Statement.

(l) The exceptions set forth in the title insurance policy for the Property insuring, subject only to Permitted Encumbrances, the fee interest of the City in the Property, the Authority's leasehold estate in the Property under the Ground Lease, and the City's leasehold estate in the Property under the Lease Agreement, do not materially impair the use of the Property, the existing facilities and the sites thereof for the purposes for which they are or may reasonably be expected to be held.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the date of the Closing shall be subject, at the option of the Underwriter, to the accuracy in all respects of the statements of the officers and other officials of the Authority and of the City, as well as authorized representatives of Bond Counsel, Disclosure Counsel and the Trustee made in any certificates, opinions or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the City of their obligations to be performed hereunder at or prior to the date of the Closing; and to the following additional conditions:

(a) The representations, warranties and covenants of the City and the Authority contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing;

(b) At the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and all such reasonable actions as, in the opinion of Bond Counsel, shall reasonably deem necessary in connection with the transactions contemplated hereby;

(c) At the time of the Closing, no default shall have occurred or be existing under the Authority Documents, the City Documents, or any other agreement or document pursuant to which any of the City's financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would adversely impact the ability of the City to make the Base Rental Payments;

(d) In recognition of the desire of the Authority, the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the absolute discretion of the Underwriter by notification, in writing, to the Authority and the City prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) any event shall occur which makes untrue any statement or results in an omission to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially or adversely affect the ability of the Underwriter to market the Bonds; or

(ii) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States of America or by any legislation in or by the Congress of the United States of America or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States of America, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States of America, the Treasury Department of the United States of America, 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 the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States of America, or the favorable reporting for passage of legislation to either House of the Congress of the United States of America by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other

federal or State authority affecting the federal or State tax status of the Authority or the City, or the interest on or with respect to bonds or notes (including the Bonds); or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; or

(iv) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(v) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(vii) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(viii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of America of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the sole judgment of the Underwriter, impractical to proceed with the purchase or delivery of the Bonds as contemplated by the final Official Statement (exclusive of any amendment or supplement thereto); or

(ix) any rating of the Bonds or the rating of any obligations of the City secured by the City's general fund shall have been downgraded or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) the commencement of any action, suit or proceeding described in Section 6(h) or Section 7(h);

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) the resolution relating to the Bonds adopted by the Authority on _____, 2026, certified by an authorized official of the Authority, authorizing the execution and delivery of the Bonds, the Authority Documents and the Official Statement;

(ii) the resolution relating to the Bonds adopted by the City on _____, 2026, certified by an authorized official of the City, authorizing the execution and delivery of the City Documents and the delivery of the Bonds and the Official Statement;

(iii) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(iv) the approving opinion of Bond Counsel, dated the date of Closing and addressed to the Authority and the City, in substantially the form attached as Appendix E to the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

(v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriter, in the form set forth in Exhibit D.

(vi) the Official Statement, executed on behalf of the Authority and the City;

(vii) evidence that the Bonds have received an underlying rating of “____” and an insured rating of “____” by S&P Global Ratings;

(viii) a certificate, dated the date of Closing, signed by a duly authorized officer of the Authority satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Authority contained in this Purchase Agreement are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of the Closing by the Authority, and the Authority has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the date of Closing; (ii) to the best of such officer’s knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information relating to DTC and its book-entry system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements

therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) the Authority is not in breach of or 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, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; (v) no Event of Default under the Indenture has occurred and is outstanding and no event which, when all notice or grace periods have passed, would constitute an Event of Default under the Indenture currently exists as of the Closing; and (vi) the individual signing the Certificate has read the provisions of the Indenture and the Lease Agreement and has made or caused to be made such examination or investigation as is necessary to enable such individual to express an informed opinion as to the matters set forth in this Certificate regarding compliance with the applicable provisions of the Indenture and the Lease Agreement;

(ix) a certificate, dated the date of Closing, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of the Closing by the City, and the City has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the date of Closing; (ii) to the best of such officer's knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information relating to DTC and its book-entry system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) the City is not in breach of or 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, resolution, agreement (including but not limited to the Lease Agreement) or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under 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 such a default or an event of default under any such instrument; (v) no further consent is required for inclusion of its audited financial statements in the Official Statement; (vi) no Event of Default under the Indenture has occurred and is outstanding and no event which, when all notice or grace periods have passed, would constitute an Event of Default under the Indenture currently exists as of the Closing; and (vii) the individual signing the Certificate has read the provisions of the Indenture and the Lease Agreement and has made or caused to be made such examination or investigation as is necessary to enable such individual to express an informed opinion as to the matters

set forth in this Certificate regarding compliance with the applicable provisions of the Indenture and the Lease Agreement;

(x) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and Bond Counsel, of the City Attorney of the City, as Counsel to the Authority, to the effect that:

(A) the Authority is a joint exercise of powers authority organized and existing under the laws of the State of California;

(B) the resolution of the Authority approving and authorizing the execution and delivery of the Authority Documents, the Bonds and the Official Statement and other actions of the Authority was duly adopted at a meeting of the governing body of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the resolution is now in full force and effect and has not been amended or superseded in any way;

(C) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending with respect to which the Authority has been served or, to the best of such counsel's knowledge, threatened against or affecting the Authority, except as may be disclosed in the Official Statement, which would materially adversely impact the Authority's ability to complete the transactions contemplated by the Authority Documents, the Official Statement or any other document or certificate related to such transactions, restrain or enjoin the collection of Base Rental Payments with respect to the Lease Agreement, or in any way contesting or affecting the validity of the Bonds, the Official Statement, the Authority Documents or the transactions described in and contemplated thereby wherein an unfavorable decision, ruling or finding would materially adversely affect the validity and enforceability of the Bonds or the Authority Documents or in which a final adverse decision could materially adversely affect the operations of the Authority;

(D) the execution and delivery of the Authority Documents and the issuance of the Bonds and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject, which breach or default has or may have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents; and

(E) no authorization, approval, consent, or other order of the State of California or any other governmental body within the State of California is required for the valid authorization, execution and delivery of the Authority Documents or the Official Statement by the Authority or the consummation by the Authority of the transactions on its part contemplated therein, except such as have been obtained and except such as may be required under state securities

or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter.

(xi) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and the Bond Counsel, of the City Attorney of the City, to the effect that:

(A) the City is a municipal corporation duly organized and validly existing under the Constitution and laws of the State of California;

(B) the resolution of the City approving and authorizing the execution and delivery of the City Documents and approving and authorizing the issuance of the Bonds and the delivery of the Official Statement and other actions of the City was duly adopted at a meeting of the governing body of the City which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the resolution is now in full force and effect and has not been amended or superseded in any way;

(C) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending with respect to which the City has been served or, to the best of such City Attorney's knowledge, threatened against or affecting the City, except as may be disclosed in the Official Statement, which would materially adversely impact the City's ability to complete the transactions contemplated by the City Documents, the Official Statement or any other document or certificate related to such transactions, restrain or enjoin the collection of Base Rental Payments with respect to the Lease Agreement, or in any way contesting or affecting the validity of the Bonds, the Official Statement or the City Documents;

(D) the execution and delivery of the City Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents; and

(E) no authorization, approval, consent, or other order of the State of California or any other governmental body within the State of California is required for the valid authorization, execution and delivery of the City Documents or the consummation by the City of the transactions on its part contemplated therein, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter.

(xii) A defeasance opinion related to the Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California,

Bond Counsel, addressed to the Underwriter satisfactory in form and substance to the Underwriter and Underwriter's Counsel;

(xiii) an opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel to the Authority and the City dated the date of Closing and addressed to the Authority, the City, the Underwriter in the form set forth in Exhibit C;

(xiv) an opinion of counsel to the Trustee, addressed to the Underwriter and the Authority, dated the date of the Closing, to the effect that:

(A) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Indenture;

(B) the Indenture and the Assignment Agreement (together, the "Trustee Documents") have each been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Trustee Documents constitute the valid, legal and binding obligations of the Trustee enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) the Trustee has duly authenticated the Bonds upon the order of Authority.

(xv) a certificate, dated the date of Closing, signed by a duly authorized officer of the Trustee satisfactory in form and substance to the Underwriter, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Trustee Documents;

(B) the Trustee is duly authorized to enter into the Trustee Documents and has duly executed and delivered the Trustee Documents, and assuming due authorization and execution by the other parties thereto, the Trustee Documents are legal, valid and binding upon the Trustee and enforceable against such party in accordance with its terms;

(C) the Trustee has duly authenticated the Bonds under the Indenture and delivered the Bonds to or upon the order of the Underwriter;

(D) to the knowledge of the Trustee, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is required for the authentication and delivery of the Bonds or

the consummation by the Trustee of its obligations under the Trustee Documents; and

(E) to the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel's knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee's ability to complete the transactions contemplated by the Trustee Documents.

(xvi) an opinion of counsel to the Escrow Bank, addressed to the Underwriter and the Authority, dated the date of the Closing, to the effect that:

(A) the Escrow Bank is a national banking association duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Escrow Agreement; and

(B) the Escrow Agreement has each been duly authorized, executed and delivered by the Escrow Bank and, assuming due authorization, execution and delivery by the Authority, the Escrow Agreement constitutes the valid, legal and binding obligation of the Escrow Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(xvii) a certificate, dated the date of Closing, signed by a duly authorized officer of the Escrow Bank satisfactory in form and substance to the Underwriter, to the effect that:

(A) the Escrow Bank is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Escrow Agreement;

(B) the Escrow Bank is duly authorized to enter into the Escrow Agreement and has duly executed and delivered the Escrow Agreement, and assuming due authorization and execution by the Authority, the Escrow Agreement is legal, valid and binding upon the Escrow Bank and enforceable against such party in accordance with its terms;

(C) to the knowledge of the Escrow Bank, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Escrow Bank that has not been obtained is required for the consummation by the Escrow Bank of its obligations under the Escrow Agreement; and

(D) to the knowledge of the Escrow Bank, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel's knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Escrow Bank's ability to complete the transactions contemplated by the Escrow Agreement.

(xviii) the preliminary and final forms required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code of the State of California and Section 8855(i) and (j) of the Government Code;

(xix) a copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xx) the tax certificate, duly executed by the Authority and the City in form and substance to the reasonable satisfaction of Bond Counsel, the Underwriter and Best Best & Krieger LLP ("Underwriter's Counsel");

(xxi) a title policy in form and substance acceptable to Bond Counsel, the Underwriter and Underwriter's Counsel;

(xxii) an opinion of Underwriter's Counsel in form and substance acceptable to the Underwriter;

(xxiii) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement, of the City;

(xxiv) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement, of the Authority;

(xxv) certified copies of the Joint Exercise of Powers Agreement establishing the Authority, and all amendments thereto, and related certificates issued by the Secretary of State of the State;

(xxvi) a copy of the Municipal Bond Insurance Policy, together with an opinion of counsel to the Municipal Bond Insurer, addressed to the Authority, the City and the Underwriter and a certificate of the Municipal Bond Insurer, each in form and substance acceptable to the Authority, the City, the Underwriter, Bond Counsel, Disclosure Counsel and Underwriter's Counsel; and

(xxvii) such additional legal opinions, Bonds, proceedings, instruments or other documents as the Underwriter or Underwriter's Counsel may reasonably request.

Section 9. Changes in Official Statement. Within 90 days after the Closing or within 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority shall occur as a result of which it is necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the

Authority will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City and the Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the “end of the underwriting period” will be the date of Closing unless the Underwriter otherwise notifies the City in writing that it still owns some or all of the Bonds.

Section 10. 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, and the Authority shall pay, or cause the City to pay, out of the proceeds of the Bonds or any other legally available funds of the City or the Authority, all expenses incidental to the performance of the Authority’s obligations hereunder, including but not limited to the cost of printing and delivering the Legal Documents to the Underwriter; the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities; the fees and disbursements of the Authority, the Trustee and its counsel, Bond Counsel, Authority Counsel, Municipal Advisor, the City Attorney, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City or the Authority 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 Authority shall pay, or cause the City to pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the City’s or the Authority’s employees and representatives which are incidental to implementing this Purchase Agreement, 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 forth herein, the Authority 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 CDIAC 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 Agreement and other Underwriter documents, travel expenses and the fees and disbursements of Underwriter’s Counsel.

Section 11. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Cabrera Capital Markets LLC 915 Wilshire Boulevard, Los Angeles, CA 90017, Attention: Ben Cardenas. Any notice or communication to be given the Authority under this Purchase Agreement may be given by delivering the same in writing 1600 West Beverly Boulevard, Montebello, CA 90640, Attention: Executive Director. Any notice or communication to be given the City under this Purchase Agreement may be given by delivering the same in writing to the City of Montebello, 1600 West Beverly Boulevard, Montebello, CA 90640, Attention: City Manager. All notices or communications hereunder by any party shall be given and served upon each other party.

Section 12. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the City in this Purchase Agreement shall remain

operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 13. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 14. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

CABRERA CAPITAL MARKETS
LLC

By: _____
Authorized Signatory

Accepted:

MONTEBELLO PUBLIC FINANCING AUTHORITY

By: _____
Authorized Signatory

Time of Execution: ____:____

Accepted:

CITY OF MONTEBELLO

By: _____
Authorized Signatory

Time of Execution: ____:____

EXHIBIT A
MATURITY SCHEDULE

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Used	Hold-the- Offering Price Rule Used
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EXHIBIT B

§ _____
**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Cabrera Capital Markets LLC (the “**Underwriter**”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “**Bonds**”).

1. Sale of the Bonds. As of the date of this Certificate, for each Maturity of the Bonds, the first price at which a Substantial Amount of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. Reserved.

3. Defined Terms.

(a) *Issuer* means Montebello Public Financing Authority.

(b) *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.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a Regulatory Underwriter. The term “related party” for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Regulatory 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).

(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 _____, 2026.

(h) *Substantial Amount* means ten percent.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Nonarbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP 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, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

CABRERA CAPITAL MARKETS LLC

By: _____
Authorized Signatory

Dated: [ISSUE DATE]

EXHIBIT C

FORM OF DISCLOSURE COUNSEL OPINION

_____, 2026

Montebello Public Financing Authority
Montebello, CA

City of Montebello
Montebello, CA

Cabrera Capital Markets LLC
Los Angeles, CA

Re: \$ _____ Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)

Ladies and Gentlemen:

We have acted as disclosure counsel to the Montebello Public Financing Authority (the “Authority”) and the City of Montebello (the “City”) in connection with the issuance by the Authority of \$ _____ aggregate principal amount of the bonds of the Authority designated the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)” (the “Bonds”), pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Law”), an Indenture, dated as of _____ 1, 2026 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, and a resolution of the governing body of the Authority adopted on _____, 2026. The Bonds are secured by Revenues being (i) all payments to the Trustee (as assignee of the Authority) pursuant to a Lease Agreement, dated as of _____ 1, 2026 (the “Lease”), by and between the Authority and the City, the components of which are described in the Indenture, to be paid by the City; and (ii) all amounts held in certain funds and accounts created under the Indenture, together with earnings thereon.

This letter is being delivered by us in our capacity as disclosure counsel to the Authority and the City and not as counsel to any other addressee hereof. Capitalized terms used in this letter and not otherwise defined herein have the meanings given to them in the Indenture.

In connection with this letter, we have reviewed the Indenture, the Preliminary Official Statement, dated _____, 2026 (the “Preliminary Official Statement”) and the Official Statement, dated _____, 2026 (the “Official Statement”), which describe the Bonds, the Indenture, the Lease, and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusions hereinafter expressed. In arriving at the conclusions expressed below, we are not expressing any opinion or view on, and with your permission are assuming, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including (without limitation) representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds and the exclusion of interest with respect thereto from

gross income for federal income tax purposes). We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

Based on and subject to the foregoing, and in reliance thereon, we advise that the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and that the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as disclosure counsel to the Authority and the City, we have reviewed certain documents as described above and have participated in conferences during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based on our review of documents and our participation in the above-mentioned conferences, and with the assumptions described in the second preceding paragraph, we advise you that, during the course of our assistance in the preparation of the Preliminary Official Statement and the Official Statement, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such representation that caused us to believe that the Preliminary Official Statement and the Official Statement, as of their respective dates and as of the date of this letter contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that we express no opinion or belief with respect to: (i) the expressions of opinion, the assumptions, the projections, the financial statements or other financial, numerical, economic, demographic or statistical data contained in the Preliminary Official Statement and the Official Statement, (ii) any CUSIP numbers or information relating thereto contained in the Preliminary Official Statement and the Official Statement, (iii) any information contained in the appendices to the Preliminary Official Statement and the Official Statement, (iv) any information with respect to the Depository Trust Company and its book entry system for the Bonds contained or incorporated in the Preliminary Official Statement and the Official Statement, (v) any information incorporated by reference into the Preliminary Official Statement and the Official Statement, (vi) information with respect to the rating on the Bonds and the rating agency referenced in the Preliminary Official Statement and the Official Statement, and (vii) compliance by the City with its obligations to provide notices of the events described in Part (b)(5)(i)(C) of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule") or to file annual reports described in Part (b)(5)(i)(A) of the Rule, which compliance we have not reviewed pursuant to your direction).

During the period from the dates of the Preliminary Official Statement and the Official Statement to the date of this letter, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement. We also advise you that the preceding paragraph is not an opinion but, rather, in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as disclosure counsel to the Authority and the City. The scope of those activities performed by us for purposes of delivering this letter were inherently limited and do not purport to encompass all activities necessary for compliance with applicable securities laws. In addition, the performance of those activities by us required our reliance upon third-party representations, warranties, certifications and opinions, including and primarily, representations, warranties and certifications made by the Authority and the City, and are otherwise subject to the conditions set forth herein.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur, and our engagement with respect to this matter has terminated as of the date hereof.

Very truly yours,

EXHIBIT D

FORM OF SUPPLEMENTAL OPINION

_____, 2026

Cabrera Capital Markets LLC
Los Angeles, CA

Re: Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project)

Ladies and Gentlemen:

We have examined certified copies of proceedings taken for the sale and issuance of the above-referenced bonds (the “Bonds”), and we have rendered our opinion to the Montebello Public Financing Authority (the “Authority”) this day regarding the validity and enforceability of the Bonds (the “Approving Opinion”). The Bonds are being issued pursuant to an Indenture, dated as of _____ 1, 2026 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. You may rely upon our Approving Opinion as if it were addressed to you. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Bond Purchase Agreement, dated _____, 2026 (the “Purchase Agreement”), among the Authority, the City and Cabrera Capital Markets LLC (the “Underwriter”).

We have assumed, but not independently verified, that the signatures on all documents, letters, certificates and instructions which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed are true and accurate.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds, the Indenture, the Ground Lease, the Lease Agreement, the Assignment, or the Purchase Agreement, nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Ground Lease, the Lease Agreement, the Assignment, or the Indenture, or the accuracy or sufficiency of the description of any such property contained therein.

Based upon the foregoing and such other information and documents as we consider necessary to render this opinion, we are of the opinion that:

1. The Purchase Agreement has been duly authorized, executed and delivered by the Authority and the City and is a valid and binding agreement of the Authority and the City. The

Continuing Disclosure Certificate has been duly authorized, executed and delivered by the City and is a valid and binding agreement of the City

2. The statements on the cover of the Official Statement and in the Official Statement under the captions “INTRODUCTION,” “THE SERIES 2026A BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS” and “TAX MATTERS” and in “APPENDIX B – SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS” and “APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION,” excluding any material that may be treated as included under such captions and appendices by any cross reference, insofar as such statements expressly summarize certain provisions of the Indenture, the Lease Agreement, the Ground Lease, the Assignment, and the final opinion of Bond Counsel concerning certain tax matters relating to the Bonds, are accurate in all material respects as of the date of Closing.

3. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. This opinion is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We call attention to the fact that the rights and obligations under the Legal Documents are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

We express no opinion herein regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Bonds.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or occur (or do not occur).

This opinion is furnished by us to you and is solely for your benefit, and may not be used, circulated, quoted or otherwise referred to or relied upon by others without our prior written consent. This letter is not intended to be, and may not be, relied upon by the owners of the Bonds or any beneficial ownership interest therein. You have acknowledged that no attorney-client relationship exists between us and you with respect to any matters related to the Bonds.

Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this opinion or other matters discussed in the Official Statement.

Respectfully submitted,

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _____ 2026

NEW ISSUE—BOOK-ENTRY ONLY

UNDERLYING RATING: S&P: “_____”

INSURED RATING: S&P “_____”

(See “RATINGS” herein)

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 in this Official Statement, interest (and original issue discount) on the Series 2026A 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 Series 2026A Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” herein with respect to tax consequences relating to the Series 2026A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$ _____*

**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

Dated: Date of Delivery

Due: June 1, as shown on inside cover

The Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) are payable from Base Rental Payments to be made by the City of Montebello for the right to use certain real property pursuant to a Lease Agreement, dated as of _____ 1, 2026, by and between the City, as lessee, and the Montebello Public Financing Authority, as lessor. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS.”

The Series 2026A Bonds are being issued to provide funds to (i) refund the outstanding Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project), and (ii) pay the costs incurred in connection with the issuance of the Series 2026A Bonds [including the premium for a municipal bond insurance policy insuring the Insured Bonds (defined below)]. See “PLAN OF REFUNDING.” The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments as a separate line item in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City’s right to use and occupy any portion of the Property. See “RISK FACTORS—Abatements.”

The Series 2026A Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (DTC), Jersey City, New Jersey. Interest on the Series 2026A Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026. Purchasers will not receive certificates representing their interest in the Series 2026A Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2026A Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the Beneficial Owners of the Series 2026A Bonds. See “THE SERIES 2026A BONDS—Book-Entry Only System” herein.

The Series 2026A Bonds will be issued pursuant to an Indenture, dated as of _____ 1, 2026 (the “Indenture”) by and among the City, the Authority and the Trustee. The Series 2026A Bonds and any Additional Bonds issued pursuant to the Indenture are collectively referred to as the “Bonds.”

[The Series 2026A Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity. See “THE SERIES 2026A BONDS—Redemption.” The Authority is not funding a debt service reserve fund for the Series 2026A Bonds.]

[The scheduled payment of principal of and interest on the Series 2026A Bonds maturing on June 1 of the years 20__ through 20__, inclusive (collectively, the “Insured Bonds”), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____ (“the “Insurer”).]

[INSURER’S LOGO]

The Series 2026A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2026A Bonds.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

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 TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2026A Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is also acting as Disclosure Counsel to the City and the Authority. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Montebello, and for the Underwriter by Best, Best & Krieger LLP, Los Angeles, California. It is anticipated that the Series 2026A Bonds in definitive form will be available for delivery to DTC in Jersey City, New Jersey on or about _____, 2026.

CABRERA CAPITAL MARKETS LLC

Dated: _____, 2026

* Preliminary, subject to change.

MATURITY SCHEDULE

\$ _____*
MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
 Base CUSIP[†]: _____

<i>Maturity Date</i> <i>(June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					

\$ _____ % Term Bonds due June 1, 20__ Yield: . ____ % Price: _____ CUSIP[†]

\$ _____ % Term Bonds due June 1, 20__ Yield: . ____ % Price: _____ CUSIP[†]

* Preliminary, subject to change.

^c Yield calculated to the first optional redemption date of June 1, 20__, at par.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Underwriter, the Authority or the City, or their agents or counsel, assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the Series 2026A Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026A 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 Series 2026A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2026A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “THE CITY OF MONTEBELLO,” “CITY FINANCIAL INFORMATION” and “RISK FACTORS.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2026A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2026A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2026A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES 2026A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026A Bonds.

[_____. (“the **“Insurer”**”) makes no representation regarding the Series 2026A Bonds or the advisability of investing in the Series 2026A Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the caption “BOND INSURANCE” and in Appendix G—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

**CITY OF MONTEBELLO
LOS ANGELES COUNTY, CALIFORNIA**

**MONTEBELLO PUBLIC FINANCING AUTHORITY
GOVERNING BOARD AND CITY COUNCIL OF THE CITY OF MONTEBELLO**

Georgina Tamayo, *Mayor*
Danielle Romero, *Mayor Pro Tem*
Scarlet Peralta, *Council Member*
Ric Alonzo, *Council Member*
Salvador Melendez, *Council Member*

AUTHORITY OFFICIALS / CITY

Raul Alvarez, *City Manager*
David Matanga, *Treasurer*
Michael Solorza, *Director of Finance*
Christopher Jimenez, *City Clerk*
_____, *City Attorney*

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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**CITY OF MONTEBELLO
LOCATION MAP**

[TO COME]

OFFICIAL STATEMENT

\$ _____ *

**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES A
(MONTEBELLO HOME2 SUITES BY HILTON HOTEL PROJECT)**

INTRODUCTION

This Official Statement (which includes the cover page and the appendices hereto) (the “Official Statement”) provides certain information concerning the sale and delivery of \$ _____ * aggregate principal amount of Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Series 2026A Bonds”).

The net proceeds of the sale of the Series 2026A Bonds will be used to (i) refund the outstanding Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “2016 Bonds”) and (ii) pay the costs incurred in connection with the issuance of the Series 2026A Bonds, [including the premium for a Municipal Bond Insurance Policy (the “Policy”) insuring the Series 2026A Bonds maturing on June 1 of the years 20__ through 20__, inclusive (collectively, the “**Insured Bonds**”), to be issued by the Insurer concurrently with the issuance of the Series 2026A Bonds.]

The Series 2026A Bonds are equally and ratably payable from base rental payments (the “Base Rental Payments”) to be made by the City of Montebello (the “City”) for the right to use certain real property (collectively, the “Property” and described further under the caption “THE PROPERTY”) pursuant to a Lease Agreement, dated as of _____ 1, 2026 (the “Lease Agreement”), between the City, as lessee, and the Montebello Public Financing Authority (the “Authority”), as lessor.

The Series 2026A Bonds will be issued pursuant to an Indenture, dated as of _____ 1, 2026 (the “Indenture”), by and among the Authority, the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Pursuant to the Indenture, the Authority may issue additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2026A Bonds (the Series 2026A Bonds and any such Additional Bonds being collectively referred to as the “Bonds”). See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Additional Bonds.”

Pursuant to a Ground Lease, dated as of _____ 1, 2026 (the “Ground Lease”), by and between the City and the Authority, the City has leased the Property to the Authority. The Authority has subleased the Property to the City under the Lease Agreement. The Lease Agreement obligates the City to make Base Rental Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of _____ 1, 2026, pursuant to which the Authority has assigned to the Trustee for the benefit of the Bond Owners substantially all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City.

The Property leased under the Ground Lease and the Lease Agreement will consist of the Home2 Suites Hotel facility (defined below) owned by the City. See the caption “THE PROPERTY.” The City has the right to substitute or release all or a portion of the Property subject to certain conditions precedent. See “SECURITY

* Preliminary, subject to change.

AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Substitution, Addition and Removal of Property.”

The City will covenant under the Lease Agreement to take such action as may be necessary to include all Rental Payments, which are comprised of Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee and other amounts payable under the Lease Agreement), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s right to use and occupy the Property or any portion thereof. See “RISK FACTORS—Abatements.” Abatement of Base Rental Payments under the Lease Agreement, to the extent that payment is not made from alternative sources as set forth below, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Series 2026A Bonds. To the extent that proceeds of insurance are available or moneys are available in certain funds and accounts pledged as security for the Series 2026A Bonds, Base Rental Payments (or a portion thereof) may be made during periods of abatement.

THE SERIES 2026A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2026A BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Authority is not funding a debt service reserve fund for the Series 2026A Bonds.

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“Rule 15c2-12”) certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12. See “CONTINUING DISCLOSURE” herein for a description of the City’s compliance with its prior continuing disclosure undertakings pursuant to Rule 15c2-12 and APPENDIX—E “FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a description of the specific nature of the annual report and notices of listed events and the terms of the disclosure undertaking pursuant to which such reports are to be made.

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Trustee with respect to the Series 2026A Bonds. The Series 2026A Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Montebello and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Best, Best & Krieger LLP, Los Angeles, California. The City’s financial statements for the fiscal year ended June 30, 2025 included as Appendix C hereto have been audited by the Pun Group, LLP, Santa Ana, California (the “Auditor”). See APPENDIX C—“AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025” herein. The City’s

financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement.

Certain events could affect the ability of the City to make the Base Rental Payments when due. See “RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2026A Bonds.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for a budget discussion for the Fiscal Year 2026-27 budget is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. See the captions “THE CITY OF MONTEBELLO” and “CITY FINANCIAL INFORMATION” for financial and operating information related to the City.

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the Series 2026A Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS.”

Bond Insurance

The scheduled payment of principal of and interest on the Insured Bonds (consisting of the Series 2026A Bonds maturing on June 1, 20__ through 20__, inclusive) when due will be guaranteed under the Policy to be issued by the Insurer concurrently with the delivery of the Insured Bonds. See the caption “BOND INSURANCE.”

The Series 2026A Bonds maturing on June 1 of the years 20__ through 20__, inclusive, are *not* insured under the Policy.

PLAN OF REFUNDING

The Series 2026A Bonds are being sold to provide for the current refunding of the 2016 Bonds. Proceeds from the sale of the Series 2026A Bonds will be deposited in an escrow fund (the “Escrow Fund”) to be established by The Bank of New York Mellon Trust Company, N.A., as escrow bank and trustee for the 2016 Bonds (the “Escrow Bank”), pursuant to an escrow agreement (the “Escrow Agreement”) by and between the Authority and the Escrow Bank. Amounts on deposit in the Escrow Fund will be [held uninvested in cash] and will be applied by the Escrow Bank pursuant to the Escrow Agreement and the indenture for the 2016 Bonds, for the sole benefit of the holders of the 2016 Bonds. Amounts on deposit in the Escrow Fund will not serve as security or be available for payment of principal of or interest or premium, if any, on the Series 2026A Bonds. The Authority plans to pay or redeem all of the \$_____ remaining outstanding principal amount of the 2016 Bonds on _____, 2026 at a prepayment price equal to the principal amount of the 2016 Bonds, plus accrued interest to the redemption date, without premium.

THE SERIES 2026A BONDS

General

The Series 2026A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2026A Bonds will be dated as of and bear interest (calculated

on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Series 2026A Bonds will be paid semiannually on June 1 and December 1 (each, an “Interest Payment Date”) of each year, commencing December 1, 2026.

Interest on the Series 2026A Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof (a “Record Date”) unless (i) a Series 2026A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (ii) a Series 2026A Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the dated date thereof, or (iii) interest on any Series 2026A Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest will be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2026A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2026A Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

The principal and premium, if any, of the Series 2026A Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series 2026A Bonds will be subject to redemption as set forth herein.

Registration, Transfers and Exchanges

The Series 2026A Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2026A Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2026A Bonds. See “THE SERIES 2026A BONDS—Book-Entry Only System.”

Redemption*

Extraordinary Redemption from Net Proceeds. The Series 2026A Bonds are subject to redemption, in whole or in part, on any date, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of Series 2026A Bonds. The Series 2026A Bonds maturing on or after June 1, 20__, are subject to optional redemption, in whole or in part, on any date on or after June 1, 20__, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2026A Bonds with stated maturities on June 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each June 1 on and after June 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

* Preliminary, subject to change.

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

(Maturity)

The Series 2026A Bonds with stated maturities on June 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each June 1 on and after June 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>

(Maturity)

In the event of a partial optional redemption or extraordinary mandatory redemption of any of the Term Bonds, the City will provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series 2026A Bonds, the Trustee shall select the Series 2026A Bonds to be redeemed from all Bonds not previously called for redemption with respect to any redemption of Series 2026A Bonds of a Series, among maturities of Series 2026A Bonds of such Series as directed in a Written Request of the Authority, and pro rata among Bonds of the same Series with the same maturity. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Series 2026A Bonds which may be separately redeemed.

Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Series 2026A Bonds of such maturity or maturities in whole) of the Series 2026A Bonds to be redeemed, and shall require that such Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Such notice may state that such redemption is conditioned upon sufficient funds being on deposit on the redemption date to redeem the Series 2026A Bonds so called for redemption. Such notice of redemption may also state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Series 2026A Bonds. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2026A Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Partial Redemption of Bonds. Upon surrender of any Series 2026A Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Series 2026A Bonds surrendered.

Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Series 2026A Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the principal corporate trust office of the Trustee, said Series 2026A Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2026A Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof has been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Series 2026A Bonds so to be redeemed without liability to such Owners for interest thereon. All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

Book-Entry Only System

General. DTC will act as securities depository for the Series 2026A Bonds. The Series 2026A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2026A Bond will be issued for each maturity of the Series 2026A Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series 2026A Bonds apply only during any period in which the Series 2026A Bonds are not subject to DTC's book-entry system. While the Series 2026A Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee pursuant to the provisions of the Indenture 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, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Series 2026A Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee will require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee is not obligated to make any transfer or exchange of Bonds of a Series during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS

Pledge of Revenues

The Series 2026A Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in certain funds and accounts established under the Indenture. Base Rental Payments will be paid by the City from any and all legally available funds. See the captions “THE CITY OF MONTEBELLO,” “CITY FINANCIAL INFORMATION” and “RISK FACTORS” for a description of such available funds and the potential risks associated with the availability of such funds to make Base Rental Payments. The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Owners of the Series 2026A Bonds all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See “—Base Rental Payments” below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2026A Bonds, subject to certain conditions precedent. See the caption “—Additional Bonds.”

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Series 2026A Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Series 2026A Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

THE SERIES 2026A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2026A BONDS. THE AUTHORITY HAS NO TAXING POWER.

Base Rental Payments

Rental Payments (collectively, the Base Rental Payments and the Additional Rental Payments) will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid. Each Base Rental Payment will be deposited with the Trustee no later than the third Business Day preceding each Interest Payment Date (the “Base Rental Deposit Date”) on which such Base Rental Payment is due. All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each June 1, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund to provide for the payment of the interest on and principal of the Series 2026A Bonds.

Scheduled Base Rental Payments relating to the Series 2026A Bonds are set forth below under the caption "BASE RENTAL PAYMENT SCHEDULE."

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as Additional Rental payments thereunder, in addition to the Base Rental Payments, such amounts as shall be required for the payment of the following:

- (i) All taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein.
- (ii) All reasonable administrative costs of the Authority relating to the Property, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees.
- (iii) Insurance premiums for all insurance required pursuant to the Lease Agreement.
- (iv) Any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Internal Revenue Code of 1986.
- (v) All other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments are subject to abatement proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. Any such abatement will continue for the period commencing with the date of interference

resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, except that the term will in no event be extended ten years beyond the stated termination date of the Lease Agreement. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Rental Payments—Rental Abatement.”

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds or amounts in certain funds and accounts pledged to the Series 2026A Bonds), such Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

The Lease Agreement provides that if the Bonds have not been fully paid or defeased by the final maturity thereof, or if the Rental Payments remain due and payable or have been abated at any time and for any reason, then the term of the Lease Agreement will be extended until the date upon which (i) all Bonds are fully paid or defeased, or (ii) the Indenture is discharged by its terms and all Rental Payments are paid in full, up to an additional ten years beyond the final maturity of the Bonds.

Substitution or Release of the Property

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement and described below. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement.

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution or release. Any such substitution or release is subject to the following specific conditions precedent:

(a) the City finds (as set forth in a certificate delivered by the City to the Trustee) that the Property, as constituted after such substitution or release: (i) has an annual fair rental value at least equal to the maximum annual Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds.

(b) the City obtains or causes to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in an amount at least equal to the aggregate principal amount of any Outstanding Bonds, of the type and with the endorsements described in the Lease Agreement;

(c) the City provides the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee execute, and the City causes to be recorded with the Los Angeles County Clerk-Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease;

- (e) the City shall have provided notice of such substitution to each rating agency then rating the Bonds;
- (f) no event of default has occurred and is continuing under the Lease Agreement;
- (g) the City gives, or causes to be given, any notice of the occurrence of such substitution required to be given pursuant to the Continuing Disclosure Certificate;
- (h) the City certifies to the Trustee that the City has a current need for the substituted real property; and
- (i) the City certifies to the Trustee that any substitution will not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of Property; Substitution or Release.”

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Base Rental Payments may not be accelerated upon a default under the Lease Agreement. See “RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental.”

For purposes of certain actions of Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Owners of the Series 2026A Bonds do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Series 2026A Bonds and Additional Bonds, if any.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Defaults and Remedies” and “—THE INDENTURE—Default and Limitations of Liability.”

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Series 2026A Bonds.

Additional Bonds

Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on parity with the Series 2026A Bonds upon satisfaction of certain conditions, including, but not limited to, the following:

- (a) The issuance of such Additional Bonds has been authorized under and pursuant to the Indenture and provided for by a Supplemental Indenture;
- (b) The Authority and the City are in compliance with all agreements, conditions, covenants and terms contained in the Indenture, the Lease Agreement and the Ground Lease required to be observed or performed by each of them;

(c) The Ground Lease has been amended, to the extent necessary, and the Lease Agreement has been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment is permitted to be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Issuance of Bonds; Application of Proceeds.”

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Series 2026A Bonds. All insurance required to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed \$500,000.

The Lease Agreement requires the City to maintain rental interruption insurance to cover the Authority’s loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the casualty insurance described in the preceding paragraph, in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period.

The City is also required to maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees, and worker’s compensation insurance as described in APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance.”

The City’s obligation to maintain the insurance described above (including rental interruption insurance) may be satisfied by self-insurance, provided such self-insurance complies with the requirements of the Lease Agreement.

The City is required under the Lease Agreement to provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2026A Bonds (and the initial aggregate principal amount of Additional Bonds issued after the Closing Date), insuring the fee interest of the City in the Property, the Authority’s leasehold estate in the Property under the Ground Lease, and the City’s subleasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Owners.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance.”

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2026A Bonds are shown below.

Sources

Principal Amount of Series 2026A Bonds	\$
Original Issue Premium	
Funds on Hand ⁽¹⁾	
Total Sources	\$

Uses

Escrow Fund	\$
Costs of Issuance ⁽²⁾	
Total Uses	\$

⁽¹⁾ Moneys on deposit in the [Debt Service Fund and Reserve Fund] held under the 2016 Bonds indenture.

⁽²⁾ Includes legal, municipal advisory, rating agency, printing fees, underwriter’s discount, and other miscellaneous costs of issuance.

BASE RENTAL PAYMENT SCHEDULE

Following is the annual schedule of Base Rental Payments due with respect to the Series 2026A Bonds, assuming no redemption prior to maturity:

<i>Bond Year (Ending June 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			

THE PROPERTY

The Property consists of an approximately 137,000 square feet in an eight story building consisting of 203 guestrooms in various configurations, including king rooms, double rooms, and one-bedroom suites (the “Hotel”). The Hotel is branded as Homes2Suites by Hilton and is located at 988 Via San Clemente, Montebello, California. Construction of the Hotel Began in 2016 and was completed in 2018. The Property also includes a conference room and a boardroom to accommodate small functions and business meetings.

The Property features a kitchen and dining area for a complimentary continental breakfast. Other facilities and amenities at the Property include a fitness center, a business center, an indoor/outdoor pool area, laundry facilities, and wireless high-speed internet access throughout the property. Self-parking is available to guests and visitors of the hotel on surface parking lots. The Insured value of the Property is \$74,552,937.

[BOND INSURANCE]

THE AUTHORITY

The Authority is a joint exercise of powers entity organized and existing under and by virtue of the Joint Powers Act. The City and the Community Redevelopment Agency of the City of Montebello formed the Authority by the execution of a joint exercise of powers agreement on September 2, 1997. In July 2014, the Parking Authority of the City of Montebello replaced the Successor Agency to the Former Redevelopment Agency (as successor to the Community Redevelopment Agency of the City of Montebello) as a member of the Authority. Pursuant to the Joint Powers Act, the Authority is authorized to issue lease revenue bonds to provide funds to acquire or construct public capital improvements, such revenue bonds to be repaid from the lease payments for such improvements, such as the lease payments described herein. The members of the City Council of the City comprise the Authority’s Board of Directors.

THE CITY OF MONTEBELLO

General

The City is situated in the eastern portion of the County and was incorporated as a general law city in 1920. The City encompasses 8.4 square miles and is located 9 miles east of downtown Los Angeles. The City has access to three freeways: the San Gabriel River Freeway (Interstate Highway 605) to the east, the Santa Ana Freeway (Interstate 5) to the south and the Pomona Freeway (State Highway 60) to the north. The City includes light industry, residential areas and commercial centers. The City is bordered to the north by the cities of Monterey Park and Rosemead, to the east by the city of Pico Rivera and to the west by the city of Commerce. Other surrounding cities include the cities of Bell Gardens, Whittier, South El Monte and Los Angeles. The population of the City was estimated to be 62,994 as of January 1, 2026. For additional economic and demographic information regarding the City, see APPENDIX A — “ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MONTEBELLO.”

City Council

The City operates under the Council-Manager form of government. The five City Council members are elected on staggered four-year terms. The Mayor and the Mayor Pro Tem are selected by the City Council to serve one-year terms. The City Clerk and City Treasurer are also elected to four-year terms. The City Manager and City Attorney are appointed by the City Council.

The members of the City Council and the current expiration dates of their respective terms are set forth in the table below.

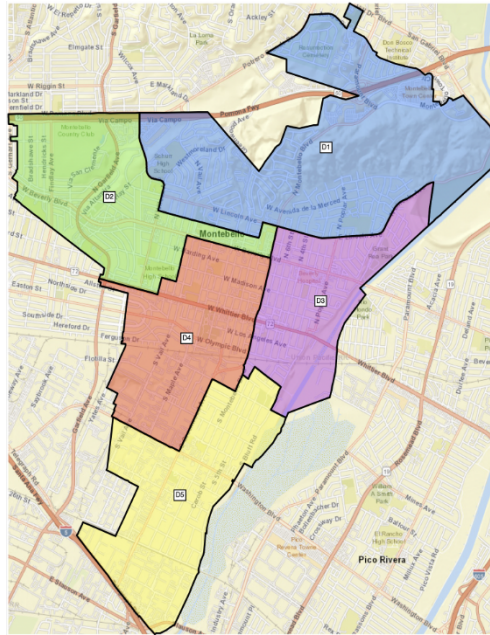
CITY OF MONTEBELLO
City Council

<i>Name</i>	<i>District</i>	<i>Term Expires</i>
Georgina Tamayo, Mayor	District 1	December 2026
Danielle Romero, Mayor Pro Tem	District 4	December 2026
Scarlet Peralta, Councilmember	District 2	December 2028
Ric Alonzo, Councilmember	District 5	December 2026
Salvador Melendez, Councilmember	District 3	December 2026

Source: City of Montebello.

The following map shows the locations of the five council member districts within the City.

CITY OF MONTEBELLO
COUNCIL MEMBER DISTRICT MAP
(Effective beginning November 8, 2022)



Source: City of Montebello.

City Management

City Manager. The City Manager is responsible for enforcing municipal laws, directing the daily operations of the City, and preparing and observing the municipal budget. The City Manager is the City’s chief executive officer and is responsible for planning, organizing and directing all administrative activities. The City Manager and Assistant City Manager, in concert with department Directors, work to develop all personnel, continually evaluate the organizational structure of the City, implement programs to improve the community, and direct employee relations and personnel management. The City Manager makes recommendations to the City Council on program alternatives and ensures that programs adopted by the City Council are implemented. The department performs a wide variety of administrative procedures and special projects.

The City's current City Manager is Raul Alvarez. Mr. Alvarez began serving as City Manager of the City in November 2023. Mr. Alvarez holds a Bachelor's degree in Political Science from UCLA, a Master's in Public Administration from California State University, Long Beach, and an Executive Education Certificate in Social Innovation from the University of Southern California. Mr. Alvarez brings more than 15 years of experience in state and local government, having previously served as Assistant City Manager for the cities of Huntington Park and Lynwood, District Director and Senior Advisor to California State Assembly Speaker Anthony Rendon, and as a Deputy for Los Angeles County Supervisor Gloria Molina.

City Treasurer. The City Treasurer (the "City Treasurer") is an elected official who serves a four-year term. The City Treasurer is responsible for ensuring that the City's funds are invested in a manner consistent with the City's Investment Policy and to achieve maximum safety, liquidity and yield. The City Treasurer's investment activities are coordinated with the City's Director of Finance to assure the ability of the City to meet its obligations.

Currently, the City Treasurer is David Matanga. Mr. Matanga previously worked as a Senior Tax Compliance Representative for the Employment Development Department of the State of California. He also brings more than 20 years of experience as a union activist, holding various leadership roles with SEIU 1000 and the Los Angeles County Federation of Labor, and participating in local and statewide political campaigns.

Director of Finance. The Director of Finance is appointed by the City Manager and is responsible for financial services of the City. The Director of Finance oversees a staff of twenty employees. Together, the department coordinates the development of the annual budget, preparation of the Annual Comprehensive Finance Report (ACFR), Single Audit, related audits and financial statements, oversees purchasing, processes accounts payable and payroll, performs general ledger fund accounting and reporting, and fulfills grant requirements and reporting.

The City's current Director of Finance is Michael Solorza. Mr. Solorza has over 25 years of public service experience working with various public agencies at all levels of government, including more than a decade in executive roles and 21 years in municipal finance. He currently leads the City's Finance Department, overseeing approximately twenty employees across accounting, cashiering, payroll, purchasing, budgeting, treasury, and accounts payable. His areas of expertise include budget, development and forecasting, financial audits, and treasury management. Under his direction, the Finance Department earned the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award and the California Municipal Treasurers Association's Investment Policy Certification Award. Mr. Solorza holds degrees from the University of California, Irvine and the University of Wisconsin–Madison.

Employee Relations

As of May 14, 2026, the City had 600 full-time authorized positions, of which 532 were filled. The City also employed 172 part-time employees as of that date. In accordance with the provisions of California Government Code Section 3500, the City participates in labor negotiations with its employee associations. The result of the negotiations processes is memorialized in memoranda of understanding (each an "MOU") reached between the City and the City employee associations. The table below lists the City's ten employee associations and the approximate membership as of May 14, 2026, as well as the unrepresented executive employees:

<i>Unit/Affiliation</i>	<i>Contract Expiration Date</i>	<i>Number of Members⁽¹⁾</i>
Montebello City Employees' Association (MCEA)	June 30, 2028	93
Montebello Executive Management Association (MEMA)	June 30, 2028	10
Montebello Fire Management Association (MFMA)	June 30, 2028	8
Montebello Firefighters Association (MFA)	June 30, 2028	55
Montebello Management Professional Association (MMPA)	June 30, 2028	37
Montebello Mid-Management Association (MMMA)	June 30, 2028	37
Montebello Police Management Association (MPMA)	June 30, 2026	10
Montebello Police Officers Association (MPOA)	June 30, 2027	65
Montebello Supervisors' Association (MSA)	June 30, 2028	28
International Association of Sheet Metal, Air, Rail, and Transportation Workers – Transportation Division (SMART-TD)	June 30, 2028	172
Total		

⁽¹⁾ Represents filled positions as of May 14, 2026.
Source: City of Montebello.

Risk Management

The City is partially self-insured for general liability and workers' compensation claims. The City pays up to \$1 million per occurrence for general liability claims and has excess insurance up to \$10 million per occurrence. For workers' compensation, the City provides self-insurance up to a \$1,000,000 retention level and has acquired excess insurance coverage of \$5 million for each claim. The City also purchases commercial insurance for other risks of loss, including property loss and vehicle physical damage. The City also purchases cyber, crime, and pollution insurance. There have been no significant changes in insurance coverage as compared to last year.

At June 30, 2025, the value of the estimated liability for claims payable, discounted at a 2% rate, was \$31,804,163, based on an actuarial study. The liability includes an estimate for incurred, but not reported (IBNR), losses and is based on past experience, modified for current trends and information.

For additional information about the City's historic claims payable, see APPENDIX C—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025", Note 8. For more information with respect to the insurance requirements under the Lease Agreement, see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Insurance" in this Official Statement.

CITY FINANCIAL INFORMATION

Financial Statements

The City's accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board. See the caption "FINANCIAL STATEMENTS OF THE CITY."

Accounting and Financial Reporting

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in

individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements. The government-wide financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Net Position and the Statement of Activities report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's enterprise activities and various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Advances to and from other funds
- Transfers in and out

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. See Note 1B in APPENDIX C—“AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025”

Financial Policies

General. The City Council has adopted a comprehensive set of financial management policies to provide for the prudent investment of City funds and management of debt. The City's practice is to incur debt only after deliberation over the effect of such debt on the City's General Fund and other resources of the City, and in those circumstances where the use of debt would be appropriate to the scale and economic life of the asset being financed and the accumulation or availability of reserves to fund the capital requirement. A summary of certain of these City Council policies is set forth below.

Reserve Policies. The City Council adopted General Fund reserve policies to provide guidance on maintaining reasonable levels of reserves in the City's General Fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54. The City's current General Fund reserve policy was first adopted in June, 2020, and has been updated and adopted annually as part of the City's budget process. The City's General Fund reserve policy provides a comprehensive protocol on what is legally deemed the unrestricted (or spendable) portion of the General Fund balance, and the order in which the classifications are spent. The unrestricted portion of the fund balance is comprised of the General Fund's resources classified as "Committed," "Assigned," or "Unassigned."

Under the reserve policy, as General Fund balances increase, the City is required to designate excess fund balance for specific purposes through "committed" or "assigned" classifications, as described below. The City's reserve policy functions as a waterfall, with increases in General Fund balance flowing first to required reserve levels and then to additional committed and assigned reserves for designated purposes. Amounts remaining after these allocations are maintained as unassigned fund balance. The City's current General Fund reserve policies establish in the following order of priority:

- a Commitment for Economic Uncertainties equal to an amount calculated as twenty-five percent (25%) of the General Fund's annual operating revenues,
- a Commitment for Unfunded Liabilities equal to an amount calculated as five percent (5%) of the General Fund's annual operating revenues,
- an assignment for equipment and/or technology replacement and upgrade needs will be made that is equal to five (5%) of the General Fund's annual operating revenues,
- an assignment will be made that is equal to five percent (5%) of the General Fund's annual operating revenues for the purposes of providing funding for any unfunded, unprogrammed or otherwise unplanned capital improvement projects that required a General Fund funding component,
- an assignment will be made that is equal to \$1,000,000 for the purpose of providing funding for deferred maintenance on the City's building assets (i.e., City Hall, community centers), sports fields and other related infrastructure items,
- an assignment will be made that is equal to \$500,000 and is intended to meet the City's "self-insured retention" for various insurance needs, and
- an assignment will be made equal to \$1,000,000 to fund economic development sustainability efforts within the City of Montebello.

As of June 30, 2025, the City had approximately \$16 million in its Commitment for Economic Uncertainties fund which represented approximately 21% of that years General Fund operating revenue and had not funded any of the other funds established under the reserve policy. When either Committed or Assigned funds are utilized for their specific, intended purposes, or the levels fall below the policy levels as described and

set forth herein, the City Council will develop a reserve replenishment plan to return the various reserves to their policy levels.

Debt Management Policy. In accordance with Section 8855(i) of the California Government Code the City adopted a debt management policy on August 6, 2016, to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the City’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the City.

Investment Policy. The investment of funds of the City (except pension and retirement funds) is made in accordance with the City’s Investment Policy, most recently approved on June 28, 2025 (the “Investment Policy”), and Section 53601 et seq. of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends. All amounts held under the Indenture are invested at the direction of the City in Investment Securities, as defined in the Indenture, and are subject to certain limitations contained therein.

At April 30, 2026, the City had an investment portfolio with a market value of \$ 44,550,965 _____. The following table presents a summary of the City’s investment portfolio as of such dates.

**TABLE 1
CITY OF MONTEBELLO
SUMMARY OF INVESTMENTS
(AS OF APRIL 30, 2026)⁽¹⁾**

<i>Investment Type</i>	<u><i>Market Value</i></u> <i>As of April 30, 2026⁽²⁾</i>
Local Agency Investment Fund	\$44,550,965

⁽¹⁾ Investments measured at fair value.

⁽²⁾ Unaudited.

Source: City of Montebello.

For additional information with respect to the City’s cash and investments, see Note 2 see APPENDIX C—“AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025”.

State Audit

In October of 2017, the City received a letter from the California State Auditor (the “State Auditor”) under the “High-Risk Local Government Agency Audit Program,” authorized under Section 8546.10 of the Government Code of the State. The Local High-Risk Agency Audit Program authorizes the State Auditor to use publicly available financial information to identify and audit local government agencies that are at high risk for potential waste, fraud, abuse, or mismanagement, or that have major challenges associated with their economy, efficiency, or effectiveness. Local agencies identified by the State Auditor as “high-risk” because of their audit must submit a corrective action plan and must then provide written updates every six months regarding its progress. Once satisfactory corrective action has been taken the State Auditor will remove the “high-risk”

designation. So long as an agency retains the “high-risk” designation, Government Code requires follow up audits every three years

The State Auditor released its initial audit report 2018-802 (the “2018 State Audit Report”) on December 11, 2018. In releasing the 2018 State Audit Report, the State Auditor concluded that the City was a high-risk city because of its significant financial and organizational risks.

In its initial response to the 2018 State Audit Report, the City largely agreed with the State Auditor’s conclusions. Since the publication of the 2018 State Audit Report the City has put into place numerous new procedures and policies directly aimed at responding to the audit reports’ various recommendations, including updating its purchasing and procurement policies and other administrative policies and implementing training for the City Staff.

2021 Follow-Up Report. On October 14, 2021 the State Auditor published report No. 2021-807 (the “2021 State Audit Report Update”) addressing the City’s efforts to respond to the issues raised in the original 2018 State Audit Report. Government Code requires a “follow-up audit” every three years so long as an agency retains the “high-risk” designation. The State Auditor acknowledged improvements in several operational areas, including updates to competitive bidding requirements, efforts to address retirement system costs, and improvements to golf course operations. The State Auditor continued to express concerns regarding procurement practices, compliance with competitive bidding and public notice requirements, and petty cash and credit card policies. In its September 27, 2021 response letter, the City disagreed with certain facts, assumptions, and conclusions in the 2021 State Audit Report Update and highlighted improvements to the City’s General Fund health, the issuance of pension obligation bonds to reduce unfunded pension liabilities, oversight of City-owned hotels, and the adoption of updated financial policies.

2024 Follow-Up Report. On December 19, 2024 the State Auditor released report No. 2024-801 (the “2024 State Audit Report Update”) regarding the City’s actions to address the findings in the 2021 State Audit Report Update. The State Auditor retained the City’s high-risk designation, noting that the City continues to rely on one-time revenues. The State Auditor reported that the City’s financial position improved in recent years; however, much of the improvement was a result of one-time funding sources, including the sale of the City’s water system for \$16.2 million. The State Auditor also noted that the City’s General Fund expenditures exceeded revenues in two of the prior three fiscal years, resulting in a cumulative deficit despite certain one-time adjustments and exclusions.

2025 Corrective Action Plan. The City responded to the 2024 State Audit Report Update in January 2025 (the “2025 Corrective Action Plan”). The 2025 Corrective Action Plan stated that the City has developed a three-year financial forecast that project revenues and expenditures and is updated with new inputs throughout the fiscal year. The City was also reviewing major projects affecting the General Fund to reduce costs where feasible while continuing economic development efforts to increase sales tax and property tax revenues. The 2025 Corrective Action Plan acknowledges that the City’s budget concerns will require several years to fully address but the City was making gradual progress through revenue growth and ongoing expenditure management.

Staff have been in regular contact with State Auditor staff since publication of the “2024 State Audit Report Update” and have submitted several updates to its initial 2025 Corrective Action Plan. There remains only one item outstanding as noted in the 2024 State Audit Report Update. All other risk areas have been fully or partially addressed. The updates to the 2025 Corrective Action Plan, and communications from the State Auditor, indicate the two “partially addressed” high-risk areas are not “fully addressed,” leaving only one high risk area as “pending.” Staff recently (April, 2026) reached out to the State Auditor, providing them with the June 30, 2025 ACFR and asking for an update on their review of progress in remedying the one outstanding item from the 2024 State Audit Report Update. As of the publication of this document, the State Auditor has not replied.

The City is actively seeking confirmation from the State Auditor that it has met all measures necessary to remove the “high risk” designation. The City’s General Fund revenues have increased steadily over the past six years, and General Fund reserves have improved over that same time period. In addition, the City has a healthy cash balance, showing steady growth in pooled cash in the last five years. Annual budgets, beginning in Fiscal Year 2020-21, have been routinely adopted with surpluses. The City also updated and created policies governing procurement, petty cash, credit cards, and gifts of public funds.

The City remains committed to implementing recommendations from the 2018 State Audit Report, the 2021 State Audit Report Update, and the 2024 State Audit Report Update to satisfy the State Auditor,, and formally remove the City from the State Auditor’s high-risk category. City staff will continue to study and implement improvements to its organizational management and internal controls to that effect.

The 2018 State Audit Report, the 2021 State Audit Report Update, the 2024 State Audit Update and the 2025 Corrective Action Plan, together with the City’s letters in response thereto, can be found on the State Auditor’s website. The progress reports and other information presented on the City’s website are not incorporated by reference as part of this Official Statement.

Any failure of the City to meet its financial obligations could have a material adverse impact on the value of the Series 2026A Bonds. See also “RISK FACTORS—Limitations on Remedies Available; Bankruptcy.”

Single Audit Report Findings of Material Deficiencies

2024 Single Audit and Independent Auditor’s Reports. In 2024, the City’s Auditor reported a material weakness related to deficit net position in various funds. The finding cited a net deficit of \$32,152,998 in the Self-Insurance Internal Service Fund, \$3,349,508 in the Golf Course Enterprise Fund, and \$378,700 in the Capital Improvements Capital Projects Fund. Furthermore, six governmental funds, including the General Fund, had expenditures exceeding appropriations.

The Auditor also reported a material weakness related to internal controls over financial reporting and bank reconciliations. The Auditor identified cash variances of \$87,744 for the Hilton Garden Inn Enterprise Fund and \$177,612 for the Home2 Suites Enterprise Fund. The Auditor also found that bank reconciliations for September 2023, October 2023, January 2024, and May 2024 were not completed within the City’s required 30-day timeframe.

2024 Management Letter. In a letter to the City dated September 2, 2025 (the “Management Letter”), the Auditor described two issues related to the City’s capital assets and employer contribution rate for pension. The Auditor found that the City overstated its capital assets by approximately \$15.5 million because an asset removed from its accounting system in 2018 remained on a manually maintained capital asset schedule and continued to be reported in the financial statements until corrected in Fiscal Year 2023-24. The Auditor also found that the City used an outdated Fiscal Year 2021-22 pension contribution rate in its payroll system instead of the Fiscal Year 2023-24 rate, resulting in internal reporting and reconciliation discrepancies, although the correct amounts were ultimately paid to CalPERS.

Budget Procedure, Current Budget and Historical Budget Information

Budget Procedure. The City Council adopts an annual budget with appropriations for all City funds prior to the beginning of the fiscal year, which begins on July 1 of each year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the City’s operating budget is at the fund level. For the operating budget, the City Manager has the authority to

move appropriations between accounts (without dollar limitation) within a budget program and within the same fund. All other appropriation changes require the approval of the City Council.

Fiscal Year 2026-27 Adopted Budget. The City’s annual operating budget for the 2026-27 period (the “2026-27 Budget”) was approved by the City Council on June 10, 2026. The 2026-27 Budget projects General Fund revenues and other sources in Fiscal Year 2026-27 to be approximately \$92.90 million. The 2026-27 Budget projects General Fund expenditures to be approximately \$92.75 million, leaving a projected surplus of \$155,100.

The City’s two primary General Fund revenue sources are sales taxes and property taxes which collectively account for approximately 52.7% of the City’s General Fund revenues in the 2026-27 Budget. The 2026-27 Budget projected that property taxes, which has historically been the most stable of the major revenue sources, has grown with a 6.4% increase in Assessed Value, resulting in an additional of approximately \$1.18 million in revenue. Sales tax overall is projected to increase by approximately \$500,000 when compared to the Fiscal Year 2026-27 budget.

Capital Improvement Program. The City’s proposed Fiscal Year 2026-27 Budget includes the City’s Capital Improvement Program (the “CIP”), which consists of long-range (five year) capital projects approved by the City Council. Capital funds account for major construction, improvements, and repair projects.

For Fiscal Year 2026-27, the total CIP proposed budget is approximately \$31.05 million. This amount consists of approximately \$12.31 million in new appropriations, \$12.14 million in carryover appropriations for projects started in prior Fiscal Years, and \$6.6 million in maintenance and operations expenditures. The proposed CIP utilize funding from Metro Local Return Funds (i.e., Proposition A, Proposition C, Measure M and Measure R), State of California Gas Tax and Senate Bill 1/Road Maintenance and Rehabilitation Account (SB1RMRA) funding, Los Angeles County Parks Measure A funds and other State and Federal grant funds.

Historical and Preliminary Budget Information. Table 2 presents the adopted and final General Fund budgets and the audited results for Fiscal Years 2023-24 and 2024-25. Table 3 presents the adopted General Fund budget for Fiscal Years 2024-25 and 2025-26 with budgeted expenditures broken down by type and by department. The General Fund budget figures shown in Table 2 and Table 3 below do not reflect the application of GAAP and therefore differs in certain respects to the audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance shown in Table 4 below.

TABLE 2
CITY OF MONTEBELLO
GENERAL FUND BUDGETS TO ACTUAL COMPARISONS (ON A BUDGETARY BASIS)

	Fiscal Year Ended June 30, 2024			Fiscal Year Ended June 30, 2025		
	Adopted Budget	Final Budget	Audited Actuals	Adopted Budget	Final Budget	Audited Actuals
REVENUES						
Taxes	\$ 45,377,800	\$ 45,377,800	\$ 47,148,373	\$ 47,670,000	\$ 47,670,000	\$ 47,791,052
Intergovernmental	15,000	15,000	4,856,358	15,000	15,000	1,042,336
Licenses and permits	7,241,000	7,241,000	7,544,339	7,163,000	7,163,000	9,724,788
Fines and forfeitures	2,952,000	2,952,000	3,034,338	3,145,000	3,145,000	2,884,302
Use of money and property	350,000	350,000	1,626,354	520,000	520,000	1,939,861
Charges for services	8,857,100	8,857,100	9,099,161	9,251,600	9,251,600	11,209,402
Other revenues	725,500	692,000	718,651	498,500	498,500	1,797,653
Total Revenues	<u>\$ 65,518,400</u>	<u>\$ 65,484,900</u>	<u>\$ 74,027,574</u>	<u>\$ 68,263,100</u>	<u>\$ 68,263,100</u>	<u>\$ 76,389,394</u>
EXPENDITURES						
Current:						
General government	\$ 7,714,350	\$ 8,305,482	\$ 10,965,916	\$ 7,817,300	\$ 6,631,023	\$ 6,768,296
Public safety	35,068,850	38,403,626	41,360,617	38,611,500	43,301,476	48,292,218
Public works	16,668,600	17,368,488	16,620,706	15,202,200	16,591,122	15,824,123
Parks and recreation	3,414,350	3,457,040	3,785,328	4,732,700	5,308,175	5,312,622
Housing and community development	2,739,200	3,263,710	3,126,335	3,467,700	4,423,202	5,470,664
Capital outlay	2,873,600	3,964,345	11,513,920	3,833,600	5,009,167	5,510,115
Interfund charges						
Debt service – Principal	558,500	576,461	715,750	992,800	992,800	643,065
Debt service – Interest	152,200	152,000	370,566	741,600	742,600	901,163
Total Expenditures	<u>\$ 69,189,450</u>	<u>\$ 75,491,152</u>	<u>\$ 88,459,138</u>	<u>\$ 75,400,400</u>	<u>\$ 82,999,565</u>	<u>\$ 88,722,266</u>
REVENUES OVER EXPENDITURES	<u>\$ (3,671,050)</u>	<u>\$ (10,006,252)</u>	<u>\$ (14,431,564)</u>	<u>\$ (7,137,300)</u>	<u>\$ (14,736,465)</u>	<u>\$ (12,332,872)</u>
OTHER FINANCING SOURCES/(USES)						
Other Revenues						
Transfers in	4,300,000	6,300,000	6,666,044	7,700,000	7,800,000	5,629,175
Transfers out	-	(839,000)	(856,748)	-	-	(581,814)
Issuance of Debt	-	-	11,911,265	-	-	28,428
Total Other Financing Sources	<u>\$ 4,300,000</u>	<u>\$ 5,461,000</u>	<u>\$ 17,720,561</u>	<u>\$ 7,700,000</u>	<u>\$ 7,800,000</u>	<u>\$ 5,075,789</u>
NET CHANGE IN FUND BALANCES	<u>\$ 628,950</u>	<u>\$ (4,545,252)</u>	<u>\$ 3,288,997</u>	<u>\$ 562,700</u>	<u>\$ (6,936,465)</u>	<u>\$ (7,257,083)</u>
FUND BALANCES – BEGINNING OF YEAR			<u>28,467,886</u>			<u>31,756,883</u>
FUND BALANCES – END OF YEAR			<u>31,756,883</u>			<u>24,449,800</u>

Source: City of Montebello Audited Financial Statements for Fiscal Years 2022-23 through 2023-24 and Adopted Budgets for 2021-23 and 2023-25.

TABLE 3
CITY OF MONTEBELLO
ADOPTED FISCAL YEAR 2025-26 AND FISCAL YEAR 2026-27 BUDGETS
(BUDGETARY BASIS)

	<i>2025-26</i>	<i>2026-27</i>
	<i>Adopted Budget</i>	<i>Adopted Budget</i>
REVENUES		
Sales Tax	\$ 28,600,000	\$ 29,100,000
Property Tax	18,635,200	19,818,800
Other Taxes	665,000	655,000
Franchise Taxes	3,599,000	4,123,500
Licenses and Permits	9,435,000	12,435,000
Fines and Forfeitures	3,425,000	3,400,000
Investment Income	530,000	851,000
Intergovernmental	65,000	90,000
Charges for Services	8,826,700	10,707,500
Other Revenue	5,282,600	5,400,500
Transfer in (Non-Operating)	<u>5,383,600</u>	<u>6,325,000</u>
Totals	\$ 84,447,100	\$ 92,906,300
EXPENDITURES BY DEPARTMENT		
Regular Salaries	\$ 26,664,400	\$ 29,724,600
Part-time Salaries	2,127,800	2,766,800
Overtime	5,072,900	5,297,000
Benefits	8,187,000	8,408,900
Special Pays	4,905,400	6,133,600
Retirement	6,006,300	7,166,800
Supplies	2,712,400	3,079,800
Equipment	1,157,600	1,181,100
Contract Services	17,786,800	19,483,900
Utilities-Fuel	3,498,300	4,012,300
Vehicle Maintenance	780,400	789,600
Miscellaneous	1,655,800	1,731,300
Transfers	-	-
Debt Service - Rent - Notes	2,554,100	2,757,500
Miscellaneous Other	75,000	95,000
Capital	<u>368,200</u>	<u>123,000</u>
Totals	\$ 83,552,400	\$ 92,751,200
EXPENDITURES BY CATEGORY		
Administration / Elected	\$ 2,861,200	\$ 3,231,900
Community Development	4,809,800	5,351,100
Finance	3,158,600	3,362,600
Fire	19,367,900	22,137,100
Human Resources	1,534,900	1,812,100
Parks & Recreation	5,926,100	9,162,900
Police	25,199,400	27,041,000
Public Works	16,272,400	15,743,500
Information Technology	1,231,200	1,554,500
Non-Departmental	<u>3,190,900</u>	<u>3,354,500</u>
Totals	\$ 83,552,400	\$ 92,751,200

Source: City of Montebello Adopted Budget Fiscal Year 2024-25.

Comparative Change in Fund Balance of the City General Fund

The table below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balances for Fiscal Years 2020-21 through 2024-25

**TABLE 4
CITY OF MONTEBELLO
GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**

	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES					
Taxes ⁽¹⁾	\$ -	\$42,505,700	\$ 45,340,242	\$ 47,148,373	\$ 47,791,052
Sales Taxes ⁽²⁾	22,270,247	-	-	-	-
Intergovernmental	1,096,273	6,311,326	4,629,569	4,856,358	1,042,336
Property Taxes ⁽²⁾	13,714,565	-	-	-	-
Other Taxes ⁽²⁾	476,959	-	-	-	-
Franchise Taxes ⁽⁴⁾	2,316,250	-	-	-	-
Licenses and Permits	5,769,474	7,806,258	8,643,908	7,544,339	9,724,788
Fines and Forfeitures	2,312,454	2,512,256	3,405,033	3,034,338	2,884,302
Investment Income	77,455	-	-	-	-
Charges for Services	6,317,440	8,077,509	9,338,312	9,099,161	11,209,402
Use of Money and Property	-	(869,471)	215,049	1,626,354	1,939,861
Other Revenue	<u>1,762,641</u>	<u>560,220</u>	<u>506,686</u>	<u>718,651</u>	<u>1,797,653</u>
Total Revenues	56,113,758	66,903,798	72,078,799	74,027,574	76,389,394
EXPENDITURES					
Current:					
General Government	8,335,363	7,508,181	10,267,283	10,965,916	6,768,296 ⁽⁵⁾
Public Safety	32,641,866	33,255,910	36,007,849	41,360,617	48,292,218 ⁽⁶⁾
Public Works	10,635,745	11,882,266	16,196,891	16,620,706	15,824,123
Parks and Recreation	4,360,265	4,711,686	3,232,621	3,785,328	5,312,622
Housing and Community Development	1,752,077	2,370,064	2,725,759	3,126,335	5,470,664
Capital Outlay	9,014,007	2,073,997	7,301,667	11,513,920	5,510,115
Debt Service:					
Principal Retirement	656,625	1,254,815	709,045	715,750	643,065
Interest and Fiscal Charges	-	397,418	151,873	370,566	901,163
Interfund Charges	<u>(536,079)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	66,859,869	63,454,337	76,592,988	88,459,138	88,722,266
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,746,111)</u>	<u>3,449,461</u>	<u>(4,514,189)</u>	<u>(14,431,564)</u>	<u>(12,332,872)</u>
Other Financing Sources (Uses)					
Transfers In ⁽³⁾	3,570,002	3,637,348	20,608,439	6,666,044	5,629,175
Transfers Out ⁽⁴⁾	(471,300)	-	(3,613,179)	(856,748)	(581,814)
Issuance of Debt	5,785,000	-	-	11,911,265	28,428
Proceeds from Sale of Assets	<u>-</u>	<u>44,300</u>	<u>1,270,561</u>	<u>-</u>	<u>-</u>
Net Other Financing Sources (Uses)	8,883,702	3,681,648	18,265,821	17,720,561	5,075,789
Net Change in Fund Balances	(1,862,409)	7,131,109	13,751,632	3,288,997	(7,257,083)
Fund Balances, Beginning of Year	\$ 9,447,554	\$ 7,585,145	\$ 14,716,254	\$ 28,467,886	\$ 31,756,883
Fund Balances, End of Year	\$ 7,585,145	\$ 14,716,254	\$ 28,467,886	\$ 31,756,883	\$ 24,499,800

⁽¹⁾ Beginning in Fiscal Year 2021-22, the City combined Property Taxes, Other Taxes and Franchise Taxes into one Taxes category for financial reporting purposes.

[Footnotes continue on to the next page]

- (2) Prior to Fiscal Year 2021-22, Sales Taxes, Property Taxes, Other Taxes and Franchise Taxes were reported separately. Beginning in Fiscal Year 2021-22, such revenues were consolidated into one Taxes category and are no longer presented as separate line items.
- (3) Transfers-In to the General Fund are to pay annual retirement expenses to CalPERS for the City's defined retirement program, to pay for street expenditures, excess revenue from the two hotels, and a one-time payment after the sale of water operations. The sale of the City's water system to San Gabriel Valley Water Company in February 2023 resulted in a one-time influx of revenue of \$16,236,927.
- (4) Transfers-Out from the General Fund include (i) \$471,300 in Fiscal Year 2020-21, to the Golf Course Enterprise Fund, as defined below (ii) \$3,613,179 in Fiscal Year 2022-23 and \$838,873 in Fiscal Year 2023-24 to the Information Technology Fund for citywide information technology infrastructure expenses, and (iii) \$581,814 in Fiscal Year 2024-25 to the Golf Course Enterprise Fund to record a portion of the Topgolf, as defined below, lease payment due to accounting treatment of the underlying receivable.
- (5) General Government expenditures decreased from Fiscal Year 2023-24 to Fiscal Year 2024-25 due to an approval of a new MOU, as defined above, for the Fire Management Association.
- (6) Public Safety expenditures increased from Fiscal Year 2023-24 to Fiscal Year 2024-25 due to second year increases in MOU with the Montebello Police Officers Association.

Source: The City of Montebello and the City of Montebello Audited Financial Statements for Fiscal Years 2020-21 through 2024-25.

Comparative General Fund Balance Sheets of the City

The table below presents the City's audited General Fund Balance Sheets for Fiscal Years 2020-21 through 2024-25.

TABLE 5
CITY OF MONTEBELLO
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	2020-21	2021-22	2022-23	2023-24	2024-25
ASSETS					
Cash and investments ⁽¹⁾	\$ 9,349,552	\$ 19,131,893	\$ 18,308,963	\$ 1,620,788	\$ 7,560,740
Restricted cash and investments	1,921,304	-	-	-	-
Accounts receivable	2,349,066	2,042,338	17,982,215	2,971,371	3,376,945
Interest receivable	41,022	112,522	590,724	849,797	766,065
Taxes receivable	5,174,071	4,949,073	5,220,922	4,894,867	5,156,227
Due from other funds ⁽²⁾	8,622,169	5,555,019	1,994,764	24,669,588	13,512,741
Due from Successor Agency	-	-	-	-	11,875
Due from Agency Fund	9,467	-	-	-	-
Due from governments	-	34,737	83,012	88,212	333,721
Lease receivable ⁽³⁾	-	-	73,953,814	73,953,814	72,615,382
Advances to other funds	-	3,159,680	2,300,000	2,300,000	-
Prepaid items	106,416	195,722	229,240	362,602	512,022
Property held for resale	682,538	682,538	682,538	682,538	682,538
Restricted assets:					
Cash and investments held by fiscal agent	-	374,594	-	-	-
Cash in escrow	-	-	-	9,384,448	6,523,683
Total Assets	<u>\$28,255,605</u>	<u>\$36,238,116</u>	<u>\$ 121,346,192</u>	<u>\$ 121,778,025</u>	<u>\$ 111,051,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,490,270	\$ 2,912,815	\$ 2,272,631	\$ 2,277,847	\$ 1,573,353
Due to Agency Fund	865	-	-	-	-
Due to other funds ⁽⁴⁾	1,475,000	1,475,000	4,221,972	6,533,903	7,096,220
Due to other governments	-	7,381	3,146	5,817	19,818
Unearned revenues ⁽⁵⁾	<u>15,704,325</u>	<u>17,126,666</u>	<u>12,426,743</u>	<u>7,249,761</u>	<u>5,613,375</u>
Total liabilities	20,670,460	21,521,862	18,924,492	16,067,328	14,302,766
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Lease related ⁽⁶⁾	-	-	73,953,814	73,953,814	72,249,373
Total deferred inflows of resources	-	-	73,953,814	73,953,814	72,249,373
Fund Balances:					
Nonspendable	788,954	4,037,940	3,211,778	3,345,140	1,194,560
Restricted	-	374,594	-	9,384,448	6,523,683
Committed	-	459,491	21,624,037	18,000,000	16,000,000
Assigned	-	-	3,604,006	-	-
Capital projects	1,921,304	-	-	-	-
Unassigned (deficit)	<u>4,874,887</u>	<u>9,844,229</u>	<u>28,065</u>	<u>1,027,295</u>	<u>781,557</u>
Total fund balances	7,585,145	14,716,254	28,467,886	31,756,883	24,499,800
Total liabilities, deferred inflows of resources, and fund balances	<u>\$28,255,605</u>	<u>\$36,238,116</u>	<u>\$ 121,346,192</u>	<u>\$ 121,778,025</u>	<u>\$ 111,051,939</u>

(1) The change between Fiscal Years 2020-21 and 2021-22 is mainly due to the receipt of \$8.3 million ARPA Fund, and the change from Fiscal Year 2022-23 to Fiscal Year 2023-24 the General Fund's cash covered for the Golf Course Improvement deficit.

(2) The change between the three Fiscal Years are due to how much General Fund is covering for other fund's cash deficit.

(3) The General Fund receives lease revenues from the 2022 Topgolf lease agreement. Such revenues are subsequently transferred to the Golf Course Enterprise Fund to support the debt service obligations on the 2022A Lease Revenue Bonds.

(4) Receivable of the General Fund from the Golf Course Enterprise Fund to fund operating deficit.

(5) Advanced receipt of ARPA fund, recognized revenue every year which lowers the unearned revenue.

(6) The General Fund receives lease revenues from the TopGolf lease agreement, for which the related lease receivable is recorded in the General Fund. Such revenues are subsequently transferred to the Golf Course Enterprise Fund to support its debt service obligations.

Source: City of Montebello Audited Financial Statements for Fiscal Years 2020-21 through 2024-25.

Tax Revenues By Source

The City derives its General Fund tax revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, cannabis taxes, transient occupancy taxes, and franchise taxes. The City’s total General Fund tax revenues by source for the six most recent Fiscal Years are set forth below.

**TABLE 6
CITY OF MONTEBELLO
GENERAL FUND TAX REVENUES BY SOURCE**

<i>Revenue Category</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>Projected 2025-26⁽¹⁾</i>
Sales taxes	\$22,270,247	\$25,378,979	\$26,351,605	\$25,658,377	\$26,378,884	\$28,525,000
Property taxes	13,714,565	14,195,128	15,324,568	17,373,671	17,507,562	19,444,200
Other taxes	476,959	631,085	650,178	666,485	606,912	797,000
Franchise taxes	<u>2,316,250</u>	<u>2,300,508</u>	<u>3,013,891</u>	<u>3,449,842</u>	<u>3,297,694</u>	<u>3,817,900</u>
Total taxes	\$38,778,021	\$42,505,700	\$45,340,242	\$47,148,375	\$47,791,052	\$52,584,100

(1) Based on estimated revenues through April 30, 2026.

Source: City of Montebello.

Sales Taxes

General. During Fiscal Year 2024-25, sales tax receipts of approximately \$26.4 million provided the largest tax revenue source for the City, contributing approximately 30.4% of total General Fund revenues. General Fund sales tax revenues of approximately \$28.5 million are estimated to be received during Fiscal Year 2025-26 and approximately \$29.1 million are budgeted for Fiscal Year 2026-27. A sales tax is imposed on retail sales or consumption of personal property. The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current total sales tax rate in the City is 10.5%, which includes the 7.25% sales tax rate established by the State Legislature.

Over 1,700 sales tax generating businesses operate in the City. During the second quarter of Fiscal Year 2025-26 (further quarter sales tax data representing the months of October – December, 2025), the top 25 businesses in the City generated approximately 62% of the City’s total sales tax revenues. The City’s sales tax base is diverse and comprised of the following categories: Fuel and Service Stations, Building and Construction, Restaurants and Hotels, Autos and Transportation, Food and Drugs, Business and Industry, General Consumer Goods, and State and County Pools.

The table below sets forth the top twenty-five sales tax producers as of December 31, 2025 (fourth quarter sales tax data for October – December 2025) in alphabetical order.

**TABLE 7
CITY OF MONTEBELLO
TOP 25 SALES TAX PRODUCERS
(AS OF JUNE 30, 2025)**

Albertsons	Landsberg Orora
Bath & Body Works	Macy's
Best Buy	Marshalls
BJ's Restaurant & Brewhouse	New Flyer of America
Carvana	Pemex
Chevrolet of Montebello	Pottorff
Chevron	Quiet Cannon
Contractors' Warehouse	Ross
CVS Pharmacy	Tesla
Ford of Montebello	Topgolf
Foundation Building Materials	Toro Aire
Inland Kenworth	Victoria's Secret
JC Penny	

Source: City of Montebello.

Property Taxes

During Fiscal Year 2024-25, property tax receipts of approximately \$17.5 million provided the second largest tax revenue source of the City, contributing approximately 20.2% of total Government Activities revenues. Property tax revenues of approximately \$19.4 million are estimated to be received during Fiscal Year 2025-26 and approximately \$20 million are projected for Fiscal Year 2026-27.

Many years ago, the Statewide Department of Motor Vehicle license fees ("VLF") were reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out, and as of Fiscal Year 2011-12, all of the VLF is now received through an in-lieu payment from State property tax revenues referred to as "property taxes in lieu of VLF." The City received approximately \$9 million in "property tax in-lieu of VLF" revenue for Fiscal Year 2024-25 and is projected to receive \$9.7 million for Fiscal Year 2025-26 and \$9.1 million in Fiscal Year 2026-27.

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State Law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property are due November 1 and February 1 and become delinquent on the following December 10 and April 10, respectively. Taxes on unsecured property are due July 1, and become delinquent August 31.

Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County

Recorder's Office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 75 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current Fiscal Year and the full 12 months of the next Fiscal Year.

In the past, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund (ERAF). However, the California Constitution has been amended to protect cities and other local agencies from legislative reductions and reallocations of local property tax revenues, with some exceptions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" and "—Proposition 22" for a description of certain limitations on the State's authority over local government revenue sources.

The table below sets forth the secured assessed valuations for property in the City for the Fiscal Years 2015-16 through 2025-26.

TABLE 8
CITY OF MONTEBELLO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS 2020-21 THROUGH 2025-26
(000s)

<i>Fiscal Year Ending June 30</i>	<i>Secured⁽¹⁾</i>	<i>Unsecured</i>	<i>Less: Exemptions</i>	<i>Total Taxable Assessed Value</i>	<i>Redeveloped Incremental Value⁽²⁾</i>	<i>Total</i>
2021	\$ 4,529,900	\$ 90,240	\$ 118,765	\$ 4,501,375	\$ 2,212,166	\$ 6,713,541
2022	4,691,478	90,364	120,075	4,661,767	2,370,632	7,032,399
2023	4,965,422	120,738	157,959	4,928,201	2,321,075	7,249,276
2024	5,214,070	130,404	196,335	5,148,139	2,606,384	7,754,523
2025	5,508,184	141,335	168,184	5,481,334	2,696,286	8,177,621
2026	5,765,720	155,781	244,012	5,677,489	3,073,168	8,750,656

⁽¹⁾ Includes utility assessed valuation.

⁽²⁾ Net of exemptions.

Source: City of Montebello Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The 10 largest property taxpayers in the City for Fiscal Years 2024-25 based on secured assessed valuation and the percentage of the City’s total assessed value attributable to each are shown in the below table. The information in the following table has been obtained from third-party sources and is included for general information purposes only. Neither the City nor the Underwriter has verified the information in the following table and neither guarantees the accuracy of such information.

**TABLE 9
CITY OF MONTEBELLO
LARGEST SECURED PROPERTY OWNERS BY TOTAL ASSESSED VALUATION
FISCAL YEAR 2024-25**

<i>Property Owner</i>	<i>Total Assessed Valuation</i>	<i>% of Total</i>
1. Metro Heights Montebello LLC	\$ 152,254,955	1.83%
2. Bimbo Bakeries Usa Inc.	91,320,206	1.10
3. Bridge Group Investments II LLC	86,732,940	1.04
4. Brixmor Montebello Plaza LP	84,264,569	1.01
5. Pace Jon D	82,111,450	0.99
6. Montebello Edens LLC	75,504,480	0.91
7. Lennar Homes of California LLC	70,515,254	0.85
8. KK 3A CORP	54,247,097	0.65
9. Somerset Apartments LLC	51,598,955	0.62
10. COMREF So Ca Industrial	49,578,555	0.60
TOTAL TOP 10 TAXPAYERS	\$ 645,873,506	7.78%
TOTAL CITY TAXABLE VALUE	\$ 8,306,869,935	100.00%

Source: City of Montebello Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Charges for Services

During Fiscal Year 2024-25, charges for services of approximately \$8.5 million contributed approximately 9.8% of total General Fund revenues. General Fund revenues from charges for services of approximately \$12 million are estimated to be received during Fiscal Year 2025-26 and approximately \$10.7 million are budgeted for Fiscal Year 2026-27. The City collects charges for services for various development fees, use of City facilities, park and recreation fees, public works services, and public safety services, among others.

Other Revenue Sources

Other Taxes and Charges. The City receives other General Fund revenues from other taxes and charges, including, but not limited to, franchise taxes, fines and forfeitures, and license and permits. Revenues for Fiscal Year 2024-25 were approximately \$3.3 million for franchise taxes, \$2.9 million for fines and forfeitures, and \$11.9 million for license and permits, respectively. For Fiscal Year 2025-26, the projected amounts are: \$3.8 million for franchise fees, \$3.4 million for fines and forfeitures, and \$12.3 million for licenses and permits. The Fiscal Year 2026-27 budget anticipates \$3.9 million in franchise fees, \$3.4 million in fines and forfeitures and \$12.4 million in licenses and permits.

Intergovernmental. The City receives other General Fund revenue from other government agencies, principally from the County, State and Federal governments. These revenues include monies called subventions, as well as grants for specific projects, and reimbursements related to State mandated activities or disaster/emergency declarations. These revenues can fluctuate from year-to-year for on-going programs and activities.

Investment Earnings. Revenues from investment earnings consist of interest earnings on City investment of idle cash (i.e., pooled cash interest). For Fiscal Year 2024-25, this source of revenue was \$620,000, with \$851,000 projected for Fiscal Year 2025-26 and \$851,000 budgeted for Fiscal Year 2026-27.

Other. Other sources of General Fund revenue for the City include reimbursements for special events, recovery from damage to City properties, donations, sale of City assets, administrative charges and other miscellaneous revenue sources. These revenues can be inconsistent from year-to-year or are generally one-time in nature.

Impact of Enterprise Operations on the City's General Fund

The City maintains several enterprise funds, through which it accounts for the operation of two hotels, the Montebello Golf Course, as defined below, and Montebello Bus Lines (i.e., Transit Fund). Annual lease revenue payments made by Topgolf in consideration of being granted a lease on a portion of the Golf Course property upon which it is built is recorded as Transfer In revenue to the Golf Course Enterprise Fund.

Hilton Garden Inn. The City owns the Hilton Garden Inn (the "Hilton Garden Inn") and utilizes a third-party management company to operate it on a daily basis. Hilton Garden Inn operations and occupancy have improved since the COVID-19 pandemic impacted Fiscal Year 2020-21. Typically, daily occupancy is in the mid- to low-eighty percent range, with annual operating revenue covering all expenses, including debt service.

The City financed the construction of the Hilton Garden Inn through the issuance by the Montebello Public Finance Authority of the Authority's Lease Revenue Bonds, 2019 Series A (Hilton Garden Inn Project) (the "HGI Bonds"). The City's General Fund is the primary source of security for the HGI Bonds. Should net revenues generated by the Hilton Garden Inn be insufficient to make debt service payments on the HGI Bonds, then the General Fund would make the payments. However, the City has not previously and does not anticipate needing to make transfers from its General Fund to pay debt service on the HGI Bonds. Even during the COVID-19 pandemic, when occupancy essentially dropped to zero at HGI, the hotel generated sufficient revenues to make annual debt service payments. The HGI Bonds are secured by a cash-funded debt service reserve fund. The maximum annual debt service on the HGI Bonds is \$1,013,000.

Home2 Suites. The Montebello Home2 Suites Hotel (the "Home2 Suites Hotel" and also referred to herein as the "Hotel") is also owned by the City and operated by a third party management company. The Home2 Suites Hotel typically operates with occupancy rates of at least 90%. Operating revenues have historically been more than sufficient to pay for all operating expenses of the Home2 Suites Hotel as well as annual debt service payments on the 2016 Bonds, and the City anticipates that net operating income generated by the Home2 Suites Hotel, after payment of Home2 Suites Hotel operating expenses, will be sufficient to pay annual debt service on the Series 2026A Bonds. However, the City will be obligated to pay Base Rental Payments from any available source of funds, including the City's General Fund, if net revenues generated by the Home2 Suites Hotel are insufficient to make debt service payments on the Series 2026A Bonds.

A feature of the bond indentures for both hotels allows for excess revenue – once all other operating, debt service and management fee expenses are made – to be transferred to the General Fund. Over the last several fiscal years, Home2 Suites has operated with sufficient excess revenue to allow for transfers to the General Fund. Per accounting treatment, these transfers of revenue are recognized as either Transfer Out or Administrative expenses (see Table 12 below). Therefore, in years when the excess revenue was transferred to the General Fund (i.e., Fiscal Year 2024-25), operating expenses appear elevated when compared to prior years. However, all operating, debt service and other required expenses have been paid prior to that transaction being made.

Montebello Golf Course and Quiet Cannon Event Center. The City also owns the Montebello Golf Course (the "Golf Course") and the adjacent Quiet Cannon Event Center (the "Event Center"). The City records revenues from the Golf Course and the Event Center in the Golf Course Enterprise Fund (the "Golf Course Enterprise Fund") Revenues in the Golf Course Enterprise Fund include Golf Course green fees, driving range fees, cart rental revenue, special event revenue, and rent and concession revenue from the Event Center. Expenses in the Golf Course Enterprise Fund include costs associated with the management of the course by a third party company, maintenance and related

landscape expenses, labor costs, debt service on the Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2014 Series A (the “Series 2014A Bonds”), which will be fully paid off in Fiscal Year 2028-29. The Golf Course Enterprise Fund is also responsible for paying debt service on the Montebello Public Financing Authority Lease Revenue Bonds, Series 2022A (the “Series 2022A Bonds”), which the Authority issued in 2022 to finance improvements to the Golf Course as described below.

In 2022, the City issued the Series 2022A Bonds to finance a renovation and reconfiguration of the Montebello Golf Course (the “Golf Course Project”). The Golf Course Project included the reduction of the overall size of the Golf Course to allow for the construction of the Topgolf facility (described below) on a portion of the former Montebello Golf Course, and a reconfiguration of the Montebello Golf Course from an 18 hole course to a 9 hole course, adding a 6 hole “short course” as well as lights to allow for extending play into the evening. The completion of the recent renovation of the Golf Course and the development and opening of the new Topgolf in the City is intended to have a positive impact on the operating results of the Golf Course Enterprise Fund. The Golf Course fully reopened in April 2024. In connection with reopening the Golf Course, the City Council updated the green fee schedule, allowing the company that manages the Golf Course to offer green fee pricing consistent with peak playing times.

Historically, the Golf Course Enterprise Fund operated at a deficit. From Fiscal Year 2016-17 to Fiscal Year 2021-22, the year before the Golf Course was closed for the Golf Course Project, the City made transfers from the General Fund of approximately \$840,000 in Fiscal Year 2016-17 and \$960,000 in Fiscal Year 2017-18, declining to approximately \$470,000 in Fiscal Years 2019-20 and 2021-22.

The proposed Fiscal Year 2026-27 Golf Course budget includes expenditures of \$4,017,700 specifically for golf operations – third party golf management and landscape, staff salaries and benefits, utilities, and debt service on the Series 2014A Bonds and Series 2022A Bonds issues. There is an additional \$94,900 budgeted for Event Center utilities and landscape expenses, bringing the total proposed expenditure budget in the Golf Course Enterprise Fund to \$4,112,600. Approximately \$3,024,500 in Golf Course revenue and \$550,000 in [Event Center] revenue is projected for Fiscal Year 2026-27, for a total of \$3,574,500 in Golf Course Enterprise Fund revenue. The City anticipates the Golf Course revenue will improve in Fiscal Year 2026-27, with increased revenues generated from driving range and night golf operations when compared to prior years. The total revenue will also include the amount by which annual Topgolf sublease payments exceed annual debt service on the Series 2022B Bonds (defined below).

Top Golf Project and the Series 2022B Bonds. The Montebello Public Financing Authority Lease Revenue Bonds Series 2022B (Topgolf Project) (Federally Taxable) (the “Series 2022B Bonds”) were issued in the original aggregate principal amount of \$55,965,000. The proceeds of the Series 2022B Bonds were used to finance a portion of the costs of a driving range entertainment venue and other improvements (the “Topgolf Project”), which was developed by and is currently operated by Topgolf USA MB, LLC (“Topgolf Montebello”) on property that was previously part of the Montebello Golf Course, as described above. The sublease agreement between the City and Topgolf requires Topgolf to make the annual debt service payment on the Series 2022B Bonds. Topgolf is required to deposit the debt service amounts 60 days prior to the due date of each Interest and Principal and Interest amount (i.e., May and November). These sublease payments are guaranteed by Topgolf International, Inc. Under the sublease agreement, Topgolf also makes an additional base rental payment (approximately \$1.05 million per year in the first five years and increasing every five years thereafter) which the City intends to apply to make payments on the Series 2022A Bonds.

For additional detail and discussion of the impacts of certain of the City’s enterprise operations on its General Fund, see “RISK FACTORS – Impact of Enterprise Operations on the City’s General Fund.”

TABLE 10

**CITY OF MONTEBELLO
GENERAL FUND TRANSFERS TO GOLF COURSE ENTERPRISE FUND**

<i>Fiscal Year Ending June 30,</i>	<i>Transfer Out From General Fund to Golf Course Enterprise Fund</i>	<i>Transfers Out from Other City Funds to Golf Course Enterprise Fund</i>
2016	--	\$214,627
2017	\$841,900	21,458
2018	963,320	250,539
2019	641,850	112,323
2020	751,000	90,976
2021	471,300	31,979 ⁽¹⁾
2022	471,300	6,627 ⁽¹⁾
2023 ⁽¹⁾	--	--
2024 ⁽¹⁾	--	--
2025 ⁽²⁾	581,814	2,157,070
2026 ⁽³⁾	--	--

⁽¹⁾ The Golf Course was under construction.

⁽²⁾ Transfer for Fiscal Year 2024-25 from the General Fund to the Golf Course Enterprise Fund was made to fund the debt service payment on the Series 2022A Bonds. [Transfer for Fiscal Year 2024-25 from the Home2 Suites Enterprise Fund was to reimburse amounts paid towards the golf course renovation project and clubhouse construction, which amounts were applied to repay an interfund loan from the General Fund to the Golf Course Enterprise Fund.]

⁽³⁾ Estimated.

Source: City of Montebello Fiscal Years 2015-16 through 2024-25 Annual Comprehensive Financial Reports. City of Montebello for Fiscal Year 2025-26 estimate.

Historical Results of the Home2 Suites Enterprise Fund

The City anticipates that it will use moneys generated by the Home2 Suites Hotel to pay the Lease Payments securing the Series 2026A Bonds. The following table shows the statement of revenues and expenditures for the Home2 Suites Fund. for Fiscal Years 2021 through 2025.

TABLE 11
CITY OF MONTEBELLO – HOME2 SUITES
STATEMENT OF REVENUES AND EXPENSES

	<i>Fiscal Year</i> <i>2020-21</i>	<i>Fiscal Year</i> <i>2021-22</i>	<i>Fiscal Year</i> <i>2022-23</i>	<i>Fiscal Year</i> <i>2023-24</i>	<i>Fiscal Year</i> <i>2024-25</i>
OPERATING REVENUES					
Charges for Services	\$ 8,289,474	\$ 11,968,958	\$ 12,981,636	\$ 12,673,429	\$ 13,363,310
Other revenues	<u>68,372</u>	<u>81,384</u>	<u>57,583</u>	<u>27,111</u>	<u>54,162</u>
Total Operating Revenues	\$ 8,357,846	\$ 12,050,342	\$ 13,039,219	\$ 12,700,540	\$ 13,417,472
OPERATING EXPENSES					
Salaries and benefits	\$ 1,397,784	\$ 1,769,105	\$ 2,198,350	\$ 2,572,808	\$ 2,505,583
Material and Supplies	218,364	--	-	307,718	316,362
Food and Beverages	165,715	548,968	1,030,478	986,652	969,383
Repairs and maintenance	--	15	1,967	325	478
Utilities	248,817	310,714	374,564	371,915	381,917
Insurance claims and premiums	93,136	94,568	96,000	96,000	319,585
Contractual services	706,577	951,532	1,190,609	1,285,454	1,406,614
Franchise fees	359,916	537,571	578,364	565,483	594,416
Depreciation	1,227,096	1,227,097	1,227,096	1,227,096	1,227,096
Administrative expense ⁽¹⁾	1,715,012	2,007,223	2,166,190	1,123,038	3,675,037
Other Expenses	<u>19,925</u>	<u>7,832</u>	<u>21,654</u>	<u>753,199</u>	<u>686,212</u>
Total operating expenses	\$ 5,612,342	\$ 7,454,625	\$ 8,885,272	\$ 9,289,688	\$ 12,082,683
Operating income (loss)	\$ 2,745,504	\$ 4,595,717	\$ 4,153,947	\$ 3,410,852	\$ 1,334,789
NONOPERATING REVENUES (EXPENSES)					
Interest income	\$ 2,957	\$ 12,142	\$ 391,925	\$ 648,594	\$ 541,490
Interest and fiscal charges ⁽²⁾	(2,380,698)	(2,327,489)	(2,271,760)	(2,213,260)	(2,151,760)
Total operating expenses	\$ (2,377,741)	\$ (2,315,347)	\$ (1,879,835)	\$ (1,564,666)	\$ (1,610,270)
Income (loss) before capital grants	\$ 367,763	\$ 2,280,370	\$ 2,274,112	\$ 1,846,186	\$ (275,481)

⁽¹⁾ Administrative Expenses accounts for the quarterly cost allocation plan amount charged to various enterprise and special revenue funds to offset overhead of General Fund support functions (i.e., accounting, accounts payable, etc.). In addition, as described in the paragraphs above, a feature of the bond indentures for both hotels allows for excess revenue after payment of operating expenses, debt service and management fee to be transferred to the General Fund. **In each year since Fiscal Year** , Home2 Suites has operated with sufficient excess revenue to allow excess revenues in the Home2 Suites Fund to be transferred to the General Fund. The year-over-year increase in Fiscal Year 2024-25 is from a one-time sweep of \$2.0 million.

⁽²⁾ Debt service on 2016 Bonds. **[Please provide year.]**

Source: City of Montebello Fiscal Years 2020-21 through 2024-25 Annual Comprehensive Financial Reports.

Debt Obligations

The City has the follow outstanding bonds payable in whole or in part from the General Fund:

<i>Issue</i>	<i>Outstanding Par Amount as of June 10, 2026</i>	<i>Final Maturity</i>
Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2014 Series A	\$665,000	11/1/2028
Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2014 Series B	\$995,000	11/1/2026
Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Montebello Home2 Suites by Hilton Hotel Project) ⁽¹⁾	\$46,660,000	6/1/2046
Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) ⁽²⁾	\$7,450,000	12/1/2034
City of Montebello Taxable Pension Obligation Bonds, Series 2020 ⁽³⁾⁽⁴⁾	\$121,095,000	6/1/2045
Montebello Public Financing Authority Lease Revenue Bonds, Series 2022A	\$14,970,000	11/1/2052
Montebello Public Financing Authority Lease Revenue Bonds, Series 2022B ⁽⁵⁾	\$53,530,000	11/1/2035
ABM Building Solutions Energy Contract	\$4,640,136	7/1/2035
Alliance Building Solutions Solar Lease	\$15,062,228	10/10/2043

(1) The payments made by the Hilton Garden Inn are the primary source of the debt service payments on the HGI Bonds. The City will make such payments from its General Fund if such payments are not made by the Hilton Garden Inn.

(2) The payments made by Home2 Suites are the primary source of the debt service payments on the 2016 Bonds. The City will make such payments from its General Fund if such payments are not made by Home2 Suites.

(3) The City's Pension Tax Override Revenues are the primary source of the debt service payments on the City of Montebello Taxable Pension Obligation Bonds, Series 2020 that are not related to Transit employees (i.e., bus operators, mechanics, etc. who work for Montebello Bus Linese). Approximately 25% of the 2020 POBs debt service is paid for from the Transit Fund, with the remaining paid for using the special revenue fund of the Property Tax Override revenue. The City will make such payments from its General Fund if such payments are not available from Pension Tax Override Revenues.

(4) At issuance, the General Fund's share (73.33%) of the 2020 Pension Obligation Bonds was \$112,506,553 and the Transit Fund's share (26.67%) is \$40,918,447. At June 30, 2025, the outstanding balance for the governmental activities' 2020 Pension Obligation Bonds was \$92,960,441.

(5) The City's Lease Payments for the Series 2022B Bonds are the primary source of the debt service payments from a portion of the payments made by Topgolf Montebello under the sublease by and between the City and Topgolf Montebello on the Montebello Public Financing Authority Lease Revenue Bonds, Series 2022B. The City will make such payments from its General Fund if such payments are not available from the Lease Payments.

See APPENDIX C—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025, Note 11, for other obligations of the City not payable from its General Fund.

Short-Term Debt. The City currently has no short-term debt outstanding.

Retirement System

This caption contains certain information relating to the California Public Employees Retirement System (“CalPERS”). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

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

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City’s Safety Plan (police and fire sworn employees) and Miscellaneous Plan (all others, non-sworn employees), agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (“CalPERS”), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

On September 12, 2012, the California Governor signed the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) into law. PEPRA took effect January 1, 2013. Among other things, PEPRA: (1) established PEPRA which applies to all public employers and public pension plans on and after January 1, 2013 (except specific exemptions); (2) established new retirement tiers/benefits for new public employees; (3) prohibited certain cash payment from being counted as compensation; and (4) increased retirement age for all new public employees.

The required employer contribution rates for the Fiscal Year ended June 30, 2025 for the Miscellaneous Plan are 11.260% and 21.200% for the Safety Plan.

Benefits provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to a fixed percentage of their highest annual salary formula as determined by the benefit program they participate in. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. Additional information can be found in the actuarial reports for the City’s plans, available on the CalPERS website.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

<i>Miscellaneous Plan</i>		
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Benefit per year of service, as a percentage of salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	7.500%
Required employer contribution rates ⁽¹⁾	11.260%	11.260%

<i>Safety Plan</i>		
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	50-57
Benefit per year of service, as a percentage of salary	2.0% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	14.250%
Required employer contribution rates ⁽¹⁾	21.200%	21.200%

⁽¹⁾ As described under "—Contributions" below, CalPERS no longer collects required contributions for the unfunded portion of pension liability based on a percentage of payroll.

Employees Covered. As of the June 30, 2023 actuarial valuation date, the following employees were covered by the benefit terms for each plan:

<i>Description</i>	<i>Miscellaneous</i>	<i>Safety</i>
Active members	335	111
Transferred and terminated employees	538	141
Retired employees and beneficiaries	<u>523</u>	<u>298</u>
Total	1,396	550

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the Fiscal Year ended June 30, 2025, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous and Safety Plan were \$2,790,220 and \$3,517,911, respectively. Approximately 73% of these payments were made from the City's Pension Tax Override Revenues.

The required employer contribution is comprised of a Normal Cost component and a component equal to an amortized amount of the unfunded liability or annual Unfunded Accrued Liability ("UAL") Payment. The Normal Cost is the annual cost of service earned by active employees for the upcoming Fiscal Year, which is expressed as a percentage of payroll. Employer Normal Cost contribution rates may change if plan contracts are amended. PEPRA employees contribute 50% of the base total normal cost established by the plan. The annual UAL Payment is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL Payment is a fixed dollar annual payment that is either billed monthly or at the option of each agency may be paid in a lump sum at the beginning of each Fiscal Year to achieve a cost savings. The City has historically paid the annual UAL in a lump sum at the beginning of each year.

Beginning in Fiscal Year 2016 for pooled plans, CalPERS began collecting employer contributions for the Plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded liability and side fund. According to CalPERS, this change was designed to improve long-term funding stability.

For the year ended June 30, 2025, the City’s total required UAL contributions were \$346,823 for the Miscellaneous Plan and \$524,214 for the Safety Plan. The City’s required UAL contributions in Fiscal Year 2025-26 were \$776,942 for the Miscellaneous Plan and \$1,390,432 for the Safety Plan, and the City has made such UAL payments. The City’s required UAL contributions in Fiscal Year 2026-27 are estimated by CalPERS to be \$942,536 for the Miscellaneous Plans and \$2,417,868 for the Safety Plans. Approximately 100% of these payments will be paid from the City’s Pension Tax Override Revenues.

The tables below are derived from the City’s Annual Valuation Reports with valuation dates as of June 30, 2024 and delivered in July 2025 (the “2025 Reports”) and show the required and projected employer contributions for the next six Fiscal Years. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over the time as new employees are hired into PEPRA or other lower cost benefit tiers.

The projections set forth below assume the investment return for Fiscal Year 2023-24 and beyond would be 6.80%. CalPERS announced a preliminary investment return of 11.6% for Fiscal Year 2024-25. As a result, the actual contribution requirements for the following Fiscal Years shown below may differ from such projections. No assurance can be provided that the City’s CalPERS plan expenses will not increase significantly in the future.

**Miscellaneous Risk Pool
Projected Employer Contribution**

	<i>Required Contribution</i>	<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)</i>				
		<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-2031</i>
Normal Cost %	10.63%	10.4%	10.1%	9.9%	9.7%	9.5%
UAL Payment	\$942,536	\$1,180,000	\$1,418,000	\$1,321,000	\$1,183,000	\$1,183,000
Total as a % of Payroll*	14.51%	15.1%	15.7%	14.9%	14.1%	13.7%
Projected Payroll	\$24,285,774	\$24,965,776	\$25,664,818	\$26,383,432	\$27,122,169	\$27,881,590

**Safety Risk Pool
Projected Employer Contribution**

	<i>Required Contribution</i>	<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)</i>				
		<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-2031</i>
Normal Cost %	19.53%	19.0%	18.5%	18.0%	17.6%	17.2%
UAL Payment	\$2,417,868	\$2,805,000	\$3,191,000	\$3,063,000	\$2,882,000	\$2,882,000
Total as a % of Payroll*	33.83%	35.2%	36.3%	34.6%	32.8%	32.1%
Projected Payroll	\$16,908,576	\$17,382,017	\$17,868,714	\$18,369,037	\$18,883,371	\$19,412,104

* Illustrative only and based on the projected payroll shown.

Source: CalPERS Safety Plan of the City of Montebello Annual Valuation Report as of June 30, 2024.

Net Pension Liability. The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial

valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to other projected contributions of all participating employers, actuarially determined.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<i>Plan's Net Pension Liability</i>		
	<i>Discount Rate -1% (5.90%)</i>	<i>Current Discount Rate (6.90%)</i>	<i>Discount Rate +1% (7.90%)</i>
Miscellaneous Plan	\$40,283,531	\$ 9,017,568	\$ (16,771,740)
Safety Plan	\$60,015,260	\$ 17,568,497	\$ 17,172,433

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the accounting standard changed financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the City for Fiscal Year 2024-25 attached hereto as Appendix C reflect the application of the GASB 68.

For the year measurement period ending June 30, 2024, the City recognized pension expense of \$5,479,712 and \$9,316,676 for the Miscellaneous and Safety plans, respectively.

As of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous and Safety Plans are as follows:

	<i>Miscellaneous Plan</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Contribution made after the measurement date	\$ 2,900,356	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	498,689	-
Net differences between projected and actual earning on pension plan investments	<u>4,172,158</u>	<u>-</u>
Total	\$ 7,571,203	\$ -

Safety Plan

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Contribution made after the measurement date	\$ 4,125,215	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	2,262,255	-
Net differences between projected and actual earning on pension plan investments	<u>5,347,205</u>	<u>-</u>
Total	\$ 11,734,675	\$ -

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense for the combined Plans as follows:

<i>Measurement Period Ending June 30</i>	<i>Deferred Outflows/ (Inflows) of Resources</i>	
	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>
2025	\$ 214,829	\$ 1,240,458
2026	6,385,689	8,906,172
2027	(796,573)	(1,056,570)
2028	(1,133,098)	(1,480,600)
2029	-	-
Thereafter	<u>-</u>	<u>-</u>
	\$4,670,847	\$7,609,460

Funded Status. The tables below are derived from the 2025 Reports and show the recent history of the actuarial accrued liability, share of the pools' market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll of the City's defined benefit pension plan as of the valuation dates shown.

**Miscellaneous Plan
Funding History**

<i>Valuation Date</i>	<i>Accrued Liability (AL)</i>	<i>Share of Pool's Market Value of Assets (MVA)</i>	<i>Unfunded Accrued Liability (UAL)</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2015	\$ 34,659,853	\$ 26,016,937	\$ 8,642,916	75.1%	\$ 4,309,681
06/30/2016	37,838,214	26,783,211	11,055,003	70.8	4,743,165
06/30/2017	40,882,861	29,952,523	10,930,338	73.3	4,881,640
06/30/2018	44,499,313	32,022,720	12,476,593	72.0	5,019,923
06/30/2019	47,297,829	34,274,286	13,023,543	72.5	5,274,286
06/30/2020	49,803,733	35,716,834	14,086,899	71.7	5,511,354
06/30/2021	51,891,898	42,148,921	9,742,977	81.2	5,320,939
06/30/2022	55,706,751	39,430,713	16,276,038	70.8	6,135,223
06/30/2023	58,483,643	41,188,976	17,294,667	70.4	6,295,289
06/30/2024	62,718,132	45,685,666	17,032,466	72.8	7,047,876

Source: CalPERS Miscellaneous Plan of the City of Montebello Annual Valuation Report as of June 30, 2024.

**Safety Plan
Funding History**

<i>Valuation Date</i>	<i>Accrued Liability (AL)</i>	<i>Share of Pool's Market Value of Assets (MVA)</i>	<i>Unfunded Accrued Liability (UAL)</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
6/30/2015	\$ 218,366,487	\$152,898,023	\$ 65,468,464	70.0%	\$ 11,425,633
6/30/2016	229,743,947	148,833,270	80,910,677	64.8	11,231,528
6/30/2017	240,979,264	159,428,488	81,550,776	66.2	10,978,986
6/30/2018	259,912,002	167,163,184	92,748,818	64.3	10,642,028
6/30/2019	267,600,897	172,529,486	95,071,411	64.5	11,179,063
6/30/2020	279,391,066	271,122,117	8,268,949	97.0	12,342,485
6/30/2021	297,533,090	320,670,419	(23,137,329)	107.8	12,095,231
6/30/2022	306,500,190	285,331,384	21,168,806	93.1	13,142,946
6/30/2023	318,077,768	290,029,299	28,048,469	91.2	13,366,279
6/30/2024	333,025,793	304,648,393	28,377,400	91.5	15,564,232

Source: CalPERS Safety Plan of the City of Montebello Annual Valuation Report as of June 30, 2024.

Other Post-Employment Benefits

General. The City provides postemployment healthcare benefits to eligible employees at retirement through a single-employer other postemployment benefits (“OPEB”) plan administered by the City. Benefits are established by Memorandum of Understanding (“MOU”) between the City and eligible employee associations representing the City’s employee.

The City provides the minimum required employer contributions under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from PERS. An employee is eligible for this employer contribution provided they are vested in their PERS pension benefit and commence payment for their pension benefit when retiring from the City. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

Additional Benefits for Miscellaneous Employees. The current retiree health benefit is a monthly allowance that is payable to the eligible retiree and will be reduced by any amounts paid by the City towards health insurance for the retiree. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City up to 25 years (\$625 maximum per month).

The monthly allowance is payable up to Medicare eligibility age (currently age 65).

Eligibility for the monthly allowance requires retirement from the City on or after age 50 with at least 15 years of active City service at retirement. Disability retirement requires 10 years of active City service and has no age requirement. Montebello Mid- Management Association (“MMMA”) and Montebello Supervisors Association (“MSA”) employees are not eligible for this allowance unless they made a one-time election for this benefit in lieu of a City contribution to a 401 (a) plan.

Additional Benefits Safety (Fire and Police) Employees. The current retiree health benefit is a monthly allowance that is payable to the eligible retiree and will be reduced by any amounts paid by the City towards health insurance for the retiree. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City

up to 25 years (\$625 maximum per month). The monthly allowance is payable during the retiree's lifetime for members of Montebello Police Officers Association ("MPOA"), Montebello Police Management Association ("MPMA") and Montebello Fire Fighters Association ("MFA") and to Medicare eligibility age for all unrepresented Safety employees. MPMA employees who retire with 25 years of service or greater earn an allowance of up to \$1,000 per month.

Eligibility for the monthly allowance requires retirement from the City on or after age 50 with at least 15 years of active City service at retirement. Disability retirement requires only 10 years of active City service and has no age requirement. Prior to August 2008, MFA employees received a contribution to a 401 (a) (h) plan in lieu of retiree health benefits.

The City also pays 1% of payroll into a Health Reimbursement Account for MPOA, MPMA and, commencing in 2008, for MFA employees.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2026A Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2026A Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Series 2026A Bonds

The Series 2026A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series 2026A Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general revenues. See "CITY FINANCIAL INFORMATION—Indebtedness."

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, the City's appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII B of the California Constitution."

Abatements

In the event of substantial interference with the City's right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Abatement." In the event that a portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Series 2026A Bonds, there could be insufficient funds to make payments to Owners in full. The Authority has not funded a reserve fund for the Series 2026A Bonds.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Series 2026A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2026A Bonds.

The City is required under the Lease Agreement to maintain property insurance and rental interruption insurance with respect to the Property, as well as a policy of title insurance (which is obtained at Closing). See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Insurance." If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Series 2026A Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Series 2026A Bond Owners for nonpayment under such circumstances.

Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, up to a maximum of ten years beyond the stated termination date of the Lease Agreement.

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Series 2026A Bonds.

Effect of Economy on Revenues

The City relies heavily on property tax and sales tax revenues. These revenues can be negatively affected by economic downturns in various ways. Property taxes are directly linked to the assessed value of property in the City and an economic recession affecting real estate markets can cause a significant decline in the City's property tax revenues. Similarly, a recession could cause a reduction in consumer spending and travel, which would have a material adverse impact on the City's sales tax and transient occupancy tax revenues. The City can provide no assurance that economic factors affecting the City, the State, or the nation will not cause a reduction in the City's General Fund tax revenues and a material adverse effect on the City's ability to pay Base Rental Payments.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes within certain zip codes affected by the Palisades Fire during calendar year 2025. The Governor’s Order will likely cause some property owners in affected areas to pay their property taxes late. If a similar natural disaster occurred in the City, then the City would similarly face a delay in receipt of property tax revenues from properties in the City.

Impact of Enterprise Operations on the City’s General Fund

Prior to Fiscal Year 2021-22 the City has made transfers from the General Fund to offset operating losses associated with the Golf Course Enterprise Fund. The General Fund has also provided subsidies to certain other funds. As described under the caption “CITY FINANCIAL INFORMATION – Impact of Enterprise Operations on the City General Fund,” the City renovated and reconfigured the Golf Course with the intention of making the Golf Course financially self-supporting. The reconstructed Golf Course re-opened in April 2024.

As described above, the Topgolf facility pays an annual “base rent” to the City for the privilege of leasing space on a portion of the City-owned Golf Course. Per accounting rules, that revenue is recognized in the General Fund initially upon receipt. Then a Transfer Out / Transfer In between the General Fund and the Golf Course Enterprise Fund is effected, showing a non-operating expense in the General Fund and a non-operating revenue in the Golf Course Enterprise Fund. For Fiscal Year 2024-25, there was a \$581,814 Transfer Out reflected in the General Fund, and a corresponding Transfer In reflected in the Golf Course Enterprise Fund. The City intends to apply the base rent paid by Topgolf to pay the annual debt service on the Series 2022A Bonds (the proceeds of which were applied to a portion of the Golf Course reconstruction costs).

The total cost of renovating the Golf Course and constructing a new clubhouse facility was approximately \$ million, of which approximately \$15 million was paid using Series 2022A Bond proceeds. The Golf Course renovation project expenses were recorded in a separate capital project fund. To relieve the negative cash in that capital project fund, periodic transfers of excess revenue from the Home2 Suites Hotel will be made. Hence, additional Transfers Out will be realized in the Home2 Suites Fund, showing as a Transfer In to the Golf Course capital project fund.

Although the Hotel and the Hilton Garden Inn both currently generate sufficient revenues to cover their respective operating expenses, including, in the case of the Hotel, prior debt service on the 2016 Bonds, future economic conditions or declines in hotel revenues could require financial support from the General Fund.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, agricultural pest infestation and disease, biological agents, human caused hazardous materials, drought, earthquake, landslide, mudslide, flood or the unexpected consequences of climate change, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of Base Rental Payments. The City has adopted all-hazards mitigation plan, which includes specific planning for emergencies such as earthquakes, floods, fires, extreme heat, drought, high wind/storms, power outage, cyberattacks/IT outage, dam failure, terrorism, and infectious diseases.

Earthquakes. The City has several fault lines that run within or surround the City limits. The Newport-Inglewood Fault System is a nearly linear alignment of faults extending 45 miles along the southwestern side of the Los Angeles basin. The San Andreas Fault Zone is located approximately 34 miles northeast of the City. The Whittier fault zone lies approximately 7 miles southeast of the City. The Puente Hills Fault is located approximately 8 miles south of the City. The Sierra Madre Fault Zone lies approximately 12 miles northeast of the City. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage, including to the Property. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could

easily exceed the resources of the City and could require a high level of self-help, coordination and cooperation. The City is not required to, and does not, maintain earthquake insurance with respect to the Property.

Since the City is located in a seismically active area, all infrastructure is susceptible to damage or failure in the event of a major earthquake, including, but not limited to roads, bridges and highway overpasses. Landslides would be intensified as a result of ground shaking and could affect portions of the roadway system located in landslide potential areas. Seismic damage could also occur to utility infrastructure, including treated water and sewage pipelines, gas pipelines, and telephone and power lines.

A major earthquake could require significant emergency response and repair costs, while also reducing property values and sale tax revenues, thereby straining the City's General Fund. Additionally, damage to the Property could render such property unusable, triggering abatement of Base Rental Payments until repairs are completed.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State, including within the County. Several of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In particular, certain electrical operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in the County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage.

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

The City is not within a designated very high fire hazard severity zone. However, the immediate areas due east of the City including the City of Whittier and the unincorporated community of Hacienda Heights are at severe risk to wildfires. These areas are at significant risk during the summer months, extended periods of heat, and long periods of no rain. Strong, easterly Santa Ana winds have the potential to direct wildfires from the west into the City of Montebello. While the Property itself is not in a FHSZ zone, the areas nearby the Property within the City are designated as Moderate, High, and Very High FHSZ.

The most recent and impactful fires are the 1989 Montebello Hills Fire, 2008 Montebello Brush Fire, the 2021 Montebello Hills Fire and the 2022 Montebello Industrial Fires. The 1989 Montebello Hills Fire burned approximately 300 acres in the Montebello Hills area. The fire threatened several homes and caused evacuations in nearby neighborhoods. Firefighters were able to contain the blaze within a day, but not before it caused significant damage to local vegetation and disrupted daily life for many residents. The 2008 Montebello Brush Fire broke out in the brushy areas of the Montebello Hills, burning around 150 acres. It required a substantial

firefighting effort, including ground crews and aerial support, to bring it under control. The fire threatened nearby homes, prompting temporary evacuations and road closures. No homes were lost. The 2021 Montebello Industrial Fire broke out in the Montebello Hills, burning approximately 50 acres of brush. The fire was driven by high winds and dry vegetation, making it challenging to contain. Firefighters from multiple agencies responded, utilizing both ground crews and aerial support. Evacuations were ordered for homes in the immediate vicinity, and several roads were closed. The 2022 Montebello Industrial Fire broke out in an industrial area affecting several warehouses and storage facilities. The blaze caused significant property damage and released large plumes of smoke, affecting air quality in the surrounding neighborhoods.

There is a risk of the Property and the other properties in the City being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Property. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property, therefore disrupting economic activity resulting in lower sale tax revenue for the City.

Drought. The City's water supply is managed by the California Water Service, Montebello Land & Water Company, San Gabriel Valley Water Company and South Montebello Irrigation District. The City, like the rest of California, has experienced many drought events throughout its history. California was in some form of drought for 376 consecutive weeks from December 20, 2011, until March 14, 2017. By summer of 2014, almost all of California was experiencing level D2 (severe drought) conditions. By 2015, emergency water saving mandates were enacted, which required all jurisdictions to reduce water use by no less than 25 percent. In late 2016 and early 2017, consecutive occurrences of heavy rain helped end the drought conditions in the state. The following winter, in late 2017 and early 2018, rains did not occur to the same level and slight drought conditions again affected the state. This moderate drought was again abated in the winter season of late 2018 and early 2019, when heavy rains ended any existing drought conditions. Drought conditions returned shortly thereafter, with water restrictions being eased after the intense

Flood Risk. The County experience flooding in 1969, 1978, 1980, 1988, 1992, 1993, 2017, and 2023. The City has participated in the National Flood Insurance Program since 1982.

When measuring the potential for floods in an area, FEMA prepares Flood Insurance Rate Maps (FIRMs) which divides sections into different Zones. Zone X consists of areas that have a .2% annual chance Flood Hazard, areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square miles, areas with future conditions 1% annual chance flood hazard, and areas with reduced flood risk due to levee. The information last updated June 2024 indicates that the Property are located in Zone X. Severe flooding could damage infrastructure, reduce taxable property value, and increase the City's operating and recovery costs. Flooding could also render the Property unusable, resulting in abatement of Base Rental Payments.

[The City does not carry flood insurance for the Property.]

Climate Change. Climate change caused by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. The City considers the potential effects of climate change in its planning.

Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The County prepared a Local Hazard Mitigation Plan (“LHMP”), updated in 2024, to help the City plan for natural disasters and hazard events. The LHMP indicates that the City is vulnerable to numerous hazards, including dam failures, floods, earthquakes, drought, and other severe weather events. Climate change can exacerbate these hazards. While the impacts of climate change may be mitigated by the City’s past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. Climate change may exacerbate droughts, floods, and wildfires, increasing City costs and reducing sale tax revenues over time.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Property which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Base Rental Payments or cause an abatement in Base Rental Payments. Reduced ability to pay Base Rental Payments could affect the payment of the principal of and interest on the Series 2026A Bonds. The City maintains liability insurance and property casualty insurance (for losses other than from seismic events) for the Premises. See the caption “THE CITY OF MONTEBELLO—Risk Management.” However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to make Base Rental Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. Furthermore, if hazardous substances are discovered at the Leased Assets, the facilities could be closed or restricted, causing abatement of Base Rental Payments. The City is not aware of any hazardous substances located at the Property.

Other Financial Matters

Due to weakness in the economy of the State and the United States, it is possible that the general revenues of the City will decline. Such financial matters may have a detrimental impact on the City’s General Fund, and, accordingly, may reduce the City’s ability to make Base Rental Payments. See “THE CITY OF MONTEBELLO” and “CITY FINANCIAL INFORMATION.”

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of or add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Substitution or Release of the Property.” Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Additional Bonds.”

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, it does not require that such Property have an annual fair rental value

equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Series 2026A Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of the Property; Substitution or Release.”

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Issuance of Bonds; Application of Proceeds.”

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Lease Agreement, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable, nor do the Authority or the Trustee have any right to re-enter or re-let the Property except as described in the Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the Series 2026A Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Series 2026A Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS” and APPENDIX B—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Defaults and Remedies.”

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain

remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

Under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the event of rejection of a lease by debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Indenture, the Trustee holds a security interest in the Base Rental Payments for the benefit of the Owners of the Series 2026A Bonds, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Authority would recover possession of the Property and the Trustee, as assignee of the Authority, would have a claim for damages against the City. The Trustee’s claim would constitute a secured claim only to the extent of Revenues in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners of the Series 2026A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Series 2026A Bonds. In a bankruptcy case, the amount recovered by Owners of the Series 2026A Bonds could be affected by whether the Lease Agreement is determined to be a “true lease” or a loan or other financing arrangement (a “financing lease”), and the Owners’ recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a “true lease” (rather than a financing lease), the City could choose not to perform under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Base Rental Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Series 2026A Bonds may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Base Rental Payments from the City might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Base Rental Payments held by the Trustee. In addition, there can be a substantial disparity in treatment based on the nature of the Property. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest due on the Series 2026A Bonds.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance of the Series 2026A Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal and interest on the Series 2026A Bonds when due. In addition, certain risks, such as earthquakes, are not required to be insured under the Lease Agreement, and therefore, are not carried by the City. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Insurance.”

Loss of Tax Exemption

As discussed under the heading “TAX MATTERS,” the interest on the Series 2026A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2026A Bonds, as a result of acts or omissions of the Authority or the City in violation of its covenants in the Indenture and the Lease Agreement. Should such an event of taxability occur, the Series 2026A Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2026A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Dependence on State for Certain Revenues

A number of the City’s revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State’s efforts to address any such related State financial difficulties.

The City cannot predict the extent of the budgetary problems the State may encounter in future fiscal years, and it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City’s finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by international, national and State economic conditions and other factors over which the City has no control.

For additional information regarding the 2026-27 State Budget, see the DOF and LAO websites: www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is a potential target for multiple cyber threats including, but not limited to, hacking, viruses, malware

and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets and information or causing operational disruption and damage. [The City employs a multi-level cyber protection approach that includes network firewalls, server- and workstation- level anti-virus software, anti-spam/malware software, email protection as well as intrusion protection. The City also conducts periodic cybersecurity training for City employees and carries cybersecurity insurance.]

[Risks Associated with Bond Insurance

In the event that the City defaults in the payment of principal of or interest on the Insured Bonds when due, the Owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments on the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the Series 2026A Bonds. In the event that the Insurer is unable to make payments of principal of or interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Base Rental Payments and amounts that are held in certain funds and accounts established under the Indenture, as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS."

The long-term credit rating on the Insured Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Series 2026A Bonds. See the caption "RATINGS."

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

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Series 2026A Bonds are payable from Base Rental Payments made from the City's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS." Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, 218, 1A and 22, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a

two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits that Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIII B.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will

not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Although a portion of the City's General Fund revenues are derived from taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City's General Fund.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after July 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995 in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the State's fiscal year 2004-05 budget, approved by the voters in November 2004 and generally effective in State fiscal year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in State fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the State-wide local sales tax. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights,

schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in more stable City revenues. The extent of such stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the California voters approved Proposition 22, known as “The Local Taxpayer, Public Safety, and Transportation Protection Act” (“Proposition 22”). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government’s purposes. Furthermore, Proposition 22 restricts the State’s ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government’s control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City’s financial condition.

Proposition 26

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

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP (the "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 Series 2026A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2026A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2026A Bonds is exempt from State 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 Series 2026A Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026A Bonds to assure that interest (and original issue discount) on the Series 2026A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2026A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026A Bonds. The Authority has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2026A Bond (the first price at which a substantial amount of the Series 2026A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2026A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2026A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2026A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State personal income tax.

The amount by which a Series 2026A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2026A 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 Series 2026A Bond Owner's basis in the applicable Series 2026A Bond (and the amount of tax-exempt interest received with respect to the Series 2026A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2026A Bond Owner realizing a taxable gain when a Series 2026A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026A Bond to the Owner. Purchasers of the Series 2026A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2026A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2026A Bonds might be affected as a result of such an audit of the Series 2026A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2026A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2026A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026A 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 SERIES 2026A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2026A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2026A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2026A 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 SERIES 2026A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2026A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2026A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2026A Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the Series 2026A Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2026A 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 Series 2026A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2026A Bonds. Should interest (and original issue discount) on the Series 2026A Bonds become includable in gross income for federal income tax purposes, the Series 2026A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

Should interest (and original issue discount) on the Series 2026A Bonds become includable in gross income for federal income tax purposes, the Series 2026A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

The validity of the Series 2026A Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel. Stradling Yocca Carlson & Rauth LLP is also acting as Disclosure Counsel for the City. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2026A Bonds. From time to time, Bond and Disclosure Counsel represents the Underwriter on matters unrelated to the Series 2026A Bonds. Certain legal matters will be passed upon for the Underwriter by Best, Best & Krieger LLP. Counsel to the Underwriter will receive compensation contingent upon the issuance of the Series 2026A Bonds.

ABSENCE OF LITIGATION

[To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2026A Bonds, the Lease Agreement, the Ground Lease or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing.] **[Confirm with City Attorney.]**

UNDERWRITING

The Series 2026A Bonds are being purchased by Cabrera Capital Markets LLC (the “Underwriter”). The Underwriter will purchase the Series 2026A Bonds from the Authority at an aggregate purchase price of \$ _____ (representing the principal amount of the Series 2026A Bonds, plus an original issue premium of \$ _____ and less an Underwriter’s discount of \$ _____)

The purchase agreement relating to the Series 2026A Bonds provides that the Underwriter will purchase all of the Series 2026A Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2026A Bonds to certain dealers (including dealers depositing Series 2026A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

RATINGS

S&P Global Ratings (“S&P”) is expected to assign the Insured Bonds the rating of “__” based upon the delivery of the Policy by the Insurer at the time of issuance of the Insured Bonds. S&P has assigned the Series 2026A Bonds the underlying rating of “__” without respect to the delivery of the Policy for the Insured Bonds. Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from a rating agency furnishing the same. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2026A Bonds. None of the Authority, the City, or the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series 2026A Bonds a proposed change in or withdrawal of any rating or to oppose any such proposed revision or withdrawal.

MUNICIPAL ADVISOR

Urban Futures, Inc. has acted as municipal advisor (the “Municipal Advisor”) to the Authority and City in conjunction with the issuance of the Series 2026A Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the Series 2026A Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Series 2026A Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Series 2026A Bonds to provide annually certain financial information and operating data relating to the Series 2026A Bonds and the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City’s undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The Annual Report is to be provided by the City not later than nine months following the end of the City’s fiscal year (which presently ends on June 30), commencing with the report for the fiscal year ending June 30, 2026, which will be due March 31, 2027. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

Within the last five years, there have been certain failures regarding filings relating to the City’s Successor Agency:

With respect to the Community Redevelopment Agency of the City of Montebello 2002 Housing Tax Allocation Parity Bonds, for fiscal years 2017 to 2021, all-in debt service coverage provided in the annual reports was sufficient, but the all-in debt service coverage calculations used in annual reports were incorrect.

All required corrective filings have been made.

Otherwise, within the last five years, the City has not failed to comply in any material respect with continuing disclosure obligations related to any of the Authority’s, the City’s or the Successor Agency’s outstanding obligations pursuant to SEC Rule 15c2-12(b)(5). **[To be updated.]**

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C are the audited financial statements of the City for the year ended June 30, 2025, together with the report thereon dated March 31 of the Pun Group, LLP, Santa Ana, California, certified public accountants (the “Auditor”). Such audited financial statements have been included herein in reliance upon the report of the Auditor. The City’s financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement. The Auditor has not undertaken to update the audited financial statements of the City or its report, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated March 31, 2026.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease Agreement, the Ground Lease and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Montebello, 1600 W. Beverly Blvd, Montebello, CA 90640.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Series 2026A Bonds.

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

MONTEBELLO PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

CITY OF MONTEBELLO

By: _____
City Manager

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION
REGARDING THE CITY OF MONTEBELLO**

Population

The following table summarizes population estimates as of January 1 for the City of Montebello, the County and the State for the years 2022 through 2026.

**POPULATION ESTIMATES
City of Montebello,
County of Los Angeles and State of California
2022-2026**

<i>Year (January 1)</i>	<i>City of Montebello</i>	<i>County of Los Angeles</i>	<i>State of California</i>
2022	61,691	9,861,671	39,159,480
2023	61,921	9,864,220	39,167,274
2024	62,208	9,882,296	39,446,835
2025	62,619	9,900,914	39,646,907
2026	62,994	9,837,286	39,592,978

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2026, with 2020 Census Benchmark.

Building Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years of data currently available for the City and County are shown in the following tables.

**BUILDING PERMITS AND VALUATIONS
2020 through 2024
City of Montebello
(Dollars in Thousands)**

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 13,664	\$ 15,169	\$ 21,119	\$ 26,211	\$ 17,440
Non-Residential	<u>6,393</u>	<u>3,971</u>	<u>9,173</u>	<u>12,550</u>	<u>6,968</u>
Total	\$ 20,057	\$ 19,140	\$ 30,292	\$ 38,761	\$ 24,408
Units					
Single Family	61	64	74	50	39
Multiple Family	<u>0</u>	<u>12</u>	<u>4</u>	<u>76</u>	<u>16</u>
Total	61	76	78	126	55

Note: Totals may not sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2020 through 2024
Los Angeles County
(Dollars in Thousands)

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 4,765,418	\$6,020,502	\$ 7,126,960	\$ 6,115,355	\$ 5,989,657
Non-Residential	<u>3,513,049</u>	<u>1,863,348</u>	<u>4,184,085</u>	<u>4,162,852</u>	<u>4,202,223</u>
Total	\$ 8,278,467	\$7,883,850	\$11,311,045	\$10,278,207	\$10,191,880
Units					
Single Family	6,198	7,327	8,301	3,098	2,361
Multi Family	<u>14,056</u>	<u>16,718</u>	<u>18,912</u>	<u>20,807</u>	<u>13,704</u>
Total	20,254	24,045	27,213	23,905	16,065

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

The following table summarizes per capita personal income for the County, the State of California and the United States for the years 2020 through 2024. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME⁽¹⁾
County of Los Angeles, State of California, and United States
2020-2024

<i>Year</i>	<i>County of Los Angeles</i>	<i>California</i>	<i>United States</i>
2020	\$67,889	\$70,100	\$59,151
2021	73,575	77,134	64,692
2022	74,714	77,196	66,298
2023	78,745	81,196	70,002
2024	83,888	86,232	73,204

⁽¹⁾ Per capita personal income is the total personal income divided by the total midyear population estimates. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years of data currently available for the City, the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2021 through 2025
City of Montebello, Los Angeles County, the State of California and the United States

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate (%)⁽¹⁾</i>
<u>2021</u>				
City of Montebello	30,500	27,800	2,800	9.1%
Los Angeles County	5,019,900	4,569,800	450,100	9.0
State of California	19,013,800	17,619,300	1,394,500	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
City of Montebello	30,400	29,000	1,400	4.7%
Los Angeles County	5,036,800	4,786,000	250,800	5.0
State of California	19,267,400	18,441,400	826,100	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
<u>2023</u>				
City of Montebello	30,600	29,100	1,400	4.7%
Los Angeles County	5,064,700	4,808,300	256,500	5.1
State of California	19,514,600	18,593,600	921,000	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
<u>2024</u>				
City of Montebello	N/A	N/A	N/A	N/A
Los Angeles County	5,106,400	4,812,400	294,000	5.8
State of California	19,692,800	18,650,700	1,042,200	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
<u>2025</u>				
City of Montebello	N/A	N/A	N/A	N/A
Los Angeles County	5,098,800	4,810,600	288,200	5.7
State of California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

Note: Data is not seasonally adjusted.

⁽¹⁾ The unemployment rate is computed from unrounded data.

Source: Employment Development Department and U.S. Bureau of Labor Statistics.

Industry

The County is included in the Los Angeles- Long Beach-Glendale Metropolitan Statistical Area (the “MSA”). The distribution of employment in the MSA is presented in the following table for the past five calendar years of data currently available.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
(Los Angeles-Long Beach-Glendale Metropolitan Division)
(Los Angeles County)
2021-2025

<u>Category</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Farm	4,600	4,800	4,700	4,700	4,200
Total Nonfarm	4,305,100	4,532,100	4,548,500	4,597,800	4,592,700
Total Private	3,744,800	3,962,100	3,965,400	3,996,100	3,989,500
Goods Producing	463,800	474,700	471,300	465,900	451,400
Mining and Logging	1,600	1,700	1,700	1,700	1,700
Construction	149,000	151,300	151,200	151,600	146,500
Manufacturing	313,100	321,700	318,400	312,600	303,300
Durable Goods	186,000	189,500	190,200	187,800	181,800
Nondurable Goods	127,100	132,200	128,300	124,900	121,500
Service Providing	3,841,300	4,057,400	4,077,200	4,131,900	4,141,200
Private Service Producing	3,281,000	3,487,400	3,494,100	3,530,300	3,538,100
Trade, Transportation and Utilities	814,000	833,500	822,800	812,000	799,300
Wholesale Trade	202,600	204,400	200,100	194,800	189,200
Retail Trade	396,100	405,500	404,800	398,800	393,600
Transportation, Warehousing and Utilities	215,200	223,600	217,900	218,500	216,500
Information	208,800	234,900	193,100	189,600	177,000
Financial Activities	213,200	215,700	210,500	207,700	203,400
Professional and Business Services	631,300	667,400	657,200	657,400	660,200
Educational and Health Services	843,900	870,600	919,000	967,000	1,007,100
Leisure and Hospitality	125,300	131,100	139,100	147,000	148,700
Other Services	434,200	512,400	534,100	537,500	533,100
Government	135,700	153,000	157,400	159,000	158,000
Total, All Industries	<u>4,309,700</u>	<u>4,536,900</u>	<u>4,553,200</u>	<u>4,602,500</u>	<u>4,596,900</u>

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.

Source: *State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2025 Benchmark.*

Principal Employers

The following table lists the principal employers located in the County in 2025.

PRINCIPAL EMPLOYERS 2025 Los Angeles County

<i>Rank:</i>	<i>Employer</i>	<i>Employees</i>
1.	Los Angeles County	117,000 ⁽¹⁾
2.	Los Angeles Unified School District	78,874
3.	University of California, Los Angeles	57,411
4.	City of Los Angeles ⁽²⁾	34,320
5.	Los Angeles Department of Water and Power	12,000
6.	Long Beach Unified School District	10,000
7.	Los Angeles Community College District	10,000
8.	City of Long Beach	5,581
9.	Los Angeles County Metropolitan Transportation Authority	5,000
10.	California State University, Northridge	4,807

⁽¹⁾ Los Angeles Business Journal estimate.

⁽²⁾ Excludes proprietary departments (LADWP, LAWA, Port of L.A.).

Source: Los Angeles Business Journal, Weekly Lists, originally published August 25, 2025.

Utilities

Water is supplied to the City by the four following providers: California Water Service, Montebello Land & Water Company, San Gabriel Valley Water Company & City of Montebello Water Department and South Montebello Irrigation District. Electricity is provided by Southern California Edison (SCE) while Southern California Gas Company (SoCalGas) provides natural gas.

Transportation

Transportation modes in the Montebello area provide for close proximity to major markets and raw material locations. Products can be moved by air and ground transportation.

The City of Montebello is strategically located near several major transportation corridors, including Interstate 5, Interstate 710, State Route 60, and Interstate 605, providing direct access to downtown Los Angeles, Orange County, the Inland Empire, and the Ports of Los Angeles and Long Beach.

The Los Angeles International Airport is located approximately 27 miles west of the City and provides extensive domestic and international commercial air service. Additional regional air transportation is available through Hollywood Burbank Airport and Long Beach Airport.

Public transportation within the City is provided by Montebello Bus Lines, which offers local and regional bus service connecting residents and businesses to neighboring communities and employment centers. The City is also served by Los Angeles County Metropolitan Transportation Authority bus routes and is located near several Metro rail stations, providing access to the broader Los Angeles County transit network. The nearby Metrolink commuter rail system further connects the area to destinations throughout Southern California.

Education

Primary and secondary education in the City is provided primarily by the Montebello Unified School District, which serves Montebello and the surrounding communities. The School District runs 19 elementary schools, six intermediate schools and five high schools.

Higher education opportunities are readily accessible throughout the region. East Los Angeles College, located adjacent to the City, serves more than 30,000 students annually and offers associate degree, certificate, transfer, and workforce development programs. The City is also located within commuting distance of several major colleges and universities, including California State University, Los Angeles, California State Polytechnic University, Pomona, and University of Southern California, providing residents access to a wide variety of undergraduate, graduate, professional, and continuing education opportunities.

APPENDIX B

SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Lease Agreement and the Indenture which are not described elsewhere in this Official Statement. This summary does not purport to be comprehensive and reference should be made to the respective document for a full and complete statement of the provisions thereof.

[TO COME]

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2025

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Montebello Public Financing Authority
Montebello, California

Re: *Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A
(Montebello Home2 Suites by Hilton Hotel Project)*

Ladies and Gentlemen:

We have acted as bond counsel to the Montebello Public Financing Authority (the “Authority”) in connection with the issuance by the Authority of \$ _____ Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites by Hilton Hotel Project) (the “Series 2026A Bonds”), pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of _____ 1, 2026 (the “Indenture”), by and among the Authority, the City of Montebello (the “City”) and The Bank of New York Mellon Trust Company, N.A., as Trustee. The Series 2026A Bonds will be principally secured by Base Rental Payments to be made by the City pursuant to a Lease Agreement, dated as of _____ 1, 2026 (the “Lease”), by and between the Authority and the City. We have examined the law and such certified proceedings and other documents, agreements, opinions and matters as we deem necessary to render this opinion. This opinion is based on current statutory and constitutional law and published court decisions as of the date hereof. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Lease and the Ground Lease. We call attention to the fact that the rights and obligations under the Series 2026A Bonds, the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Series 2026A Bonds, the Indenture, the Lease, the Ground Lease or the Assignment Agreement; nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture, the Lease or the Ground Lease, or the accuracy or sufficiency of the description contained therein, or the remedies available to enforce liens on, any such property contained therein.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Series 2026A Bonds.

2. The Indenture and the Lease have each been duly authorized and approved by the Authority and the Indenture and the Lease constitute the valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms. The Indenture creates a valid pledge of the Base Rental Payments and other moneys pledged under the Indenture, subject to the provisions of the Indenture.

3. The Indenture and the Lease have each been duly authorized and approved by the City and the Indenture and the Lease constitute the valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

4. The Series 2026A Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture. The Series 2026A Bonds are limited obligations of the Authority payable solely from the Base Rental Payments and other moneys pledged under the Indenture as provided in the Indenture, but are not a debt of the City, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, neither the faith and credit nor the taxing power of the City, the State of California, or any of its political subdivisions is pledged for the payment thereof. The Authority has no taxing power.

5. 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 Series 2026A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Series 2026A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest (and original issue discount) on the Series 2026A Bonds is exempt from personal income taxes imposed in the State of California.

7. The difference between the issue price of a Bond (the first price at which a substantial amount of the Series 2026A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph (5) above) and is exempt from State of California personal income tax.

8. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to

the owner. Purchasers of the Series 2026A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed in paragraphs (5) and (7) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2026A Bonds are based upon certain representations of fact and certifications made by the City and others and are subject to the condition that the Authority and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026A Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2026A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026A Bonds. The Authority and the City have covenanted to comply with all such requirements. Except as set forth in paragraphs (5), (6), (7) and (8) above, we express no opinion as to any tax consequences related to the Series 2026A Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Lease and the Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture, the Lease and the Tax Certificate, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest (and original issue discount) on the Series 2026A Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

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

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Series 2026A Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2026A Bonds. We expressly disclaim any duty to advise the owners of the Series 2026A Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Series 2026A Bonds.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of _____, 2026 (the “Disclosure Certificate”) is executed and delivered by the City of Montebello (the “City”) in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of its Lease Revenue Refunding Bonds, 2026 Series A (Montebello Home2 Suites By Hilton Hotel Project) (the “Bonds”) pursuant to an Indenture dated as of _____ 1, 2026, by and among the City, the Authority, and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”).

Capitalized terms not defined herein shall have the meaning set forth in the Indenture. The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as the foregoing capitalized terms are hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“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.

“Dissemination Agent” shall mean Urban Futures, Inc. or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement for the Bonds, as amended or supplemented.

“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.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, not later than March 31 after the end of the City’s fiscal year (which currently ends on June 30), commencing with the report due for the fiscal year ending June 30, 2026, provide to the MSRB 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 comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The City’s fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The City will promptly notify the MSRB of a change in the fiscal year dates.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if the Dissemination Agent is not the City). If by fifteen (15) Business Days prior to the date specified in (a) for the Annual Report, the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the report. If the Dissemination Agent is other than the City, the City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(c) If the City fails to provide an Annual Report by the date required in subsection (a), the City shall or shall cause the Dissemination Agent to, in a timely manner, send a notice of such failure to file to the MSRB, in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the City for the most recent fiscal year of the City then ended. If the City prepares audited financial statements and 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 of the City shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements, if prepared by the City, 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) Financial and Operating Data. Numerical and tabular information for the immediately preceding fiscal year in the following charts and tables:

1. Information of the type contained in Table 5 of the Official Statement (General Fund Statement of Revenues, Expenditures, and Change in Fund Balances);
2. Information of the type contained in Table 6 of the Official Statement (General Fund Balance Sheet);
3. Information of the type contained in Table 7 of the Official Statement (General Fund Tax Revenues by Source);
4. Information of the type contained in Table 9 of the Official Statement (Assessed Value And Estimated Actual Value of Taxable Property); and
5. Information of the type contained in Table 10 of the Official Statement (Largest Secured Property Owners By Total Assessed Valuation).

Any or all of the items listed above may be included in, or by specific reference to, other documents, including the City's Annual Comprehensive Financial Reports, or 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.

SECTION 5. Reporting of Significant Events.

- (a) 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 later than ten business days after the occurrence of the event:
 1. Principal and interest payment delinquencies;
 2. Unscheduled draws on debt service reserves reflecting financial difficulties;
 3. Unscheduled draws on credit enhancements reflecting financial difficulties;
 4. Substitution of credit or liquidity providers, or their failure to perform;
 5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
 6. Tender offers;
 7. Defeasances;
 8. Rating changes;
 9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
 10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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) 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, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), 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. 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;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity date of the Bonds, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. 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 Certificate, 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 Certificate. The initial Dissemination Agent shall be Urban Futures, Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture or an event of default under the Lease Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. A Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save such 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 attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF MONTEBELLO

By: _____
City Manager

ACKNOWLEDGED:

URBAN FUTURES, INC
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Montebello Public Financing Authority

Name of Issue: Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2026 Series A
(Montebello Home2 Suites by Hilton Hotel Project)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the City of Montebello (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of _____, 2026, executed by the City. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

URBAN FUTURES, INC., as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority 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 Series 2026A Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2026A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2026A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), Jersey City, New Jersey will act as securities depository for the Series 2026A Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying 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 Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying 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.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY