

CITY COUNCIL
MEETING AGENDA

CITY OF MONTEBELLO CITY COUNCIL/
SUCCESSOR AGENCY/PUBLIC FINANCING AUTHORITY
CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA^{1 1[2]}
WEDNESDAY, NOVEMBER 13, 2019
5:30 P.M.

MONTEBELLO CITY COUNCIL

JACK HADJINIAN
MAYOR

SALVADOR MELENDEZ
MAYOR PRO TEM

KIMBERLY A. COBOS-CAWTHORNE
COUNCILMEMBER

ANGIE M. JIMENEZ
COUNCILMEMBER

DAVID N. TORRES
COUNCILMEMBER

CITY CLERK
IRMA BARAJAS

CITY TREASURER
RAFAEL GUTIERREZ

CITY STAFF

CITY MANAGER
René Bobadilla

CITY ATTORNEY
Arnold M. Alvarez-Glasman

DEPARTMENT HEADS

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

Arlene Salazar
Fernando Pelaez
Brad Keller
Robert Mescher
Bob Franco
Manuel Mancha
Danilo Batson
David Sosnowski
Tom Barrio

OPENING CEREMONIES

- 1. CALL MEETING TO ORDER: Mayor Hadjinian**
- 2. ROLL CALL: City Clerk I. Barajas**

¹ In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Building Official at 323/887-1497. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II(203)). If you require translation services, please contact the City Clerk's Office 24 hours before this meeting. Si necesita servicios de traducción, comuníquese con la Oficina del Secretario Municipal 24 horas antes de esta reunión.

3. STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:

Members of the public interested in addressing the City Council on Closed Session items must fill out a form provided at the door, and turn it in to the City Clerk prior to the announcement of Closed Session items.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Please be aware that in accordance with State Law, the City Council may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor.

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

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

CLOSED SESSION - 5:30 P.M.

The City Attorney shall provide a briefing on the item listed for Closed Session as follows:

4. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Government Code Section 54956.9(d)(2)

One matter of exposure to litigation

5. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section 54956.9(d)(1)

Four Cases Related to Workers Compensation Claims:

M. Chance v. City of Montebello (Case Nos. ADJ10803971, ADJ10804057)

T. Wessel v. City of Montebello (Case No. ADJ11214593)

N. Panagakos v. City of Montebello (Case Nos. ADJ9649244, ADJ77119310, ADJ113202522)

D. Amador v. City of Montebello (Case No. ADJ11309122)

6. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Government Code section 54956.8

Property: 901 Via San Clemente, Montebello, CA

Agency's Negotiator: René Bobadilla, City Manager

Negotiating Party: Transports

Under Negotiation: Price and Terms

REGULAR SESSION – 6:30 P.M.

7. INVOCATION

PLEDGE OF ALLEGIANCE

8. PRESENTATIONS

a. YOUTH COMMISSIONERS TO SHADOW COUNCILMEMBERS

9. STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST

10. CORRECTIONS TO THE AGENDA – CITY MANAGER

- 11. STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** Members of the public interested in addressing the City Council on any agenda item or topic must fill out a form provided at the door, and turn it in to the City Clerk prior to the beginning Oral communications. A form does not need to be submitted for public hearing items.

Speakers wishing to address the City Council on an item that is not on the agenda will be called upon in the order that their speaker card was received. Those persons not accommodated during this thirty (30) minute period will have an opportunity to speak under “Oral Communications – Continued” after all scheduled matters have been considered.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Please be aware that in accordance with State Law, the City Council may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor.

12. PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)

- 13. APPROVAL OF AGENDA:** Any items a Councilmember wishes to discuss should be designated at this time. All other items may be approved in a single motion with the exception of any item which a member of the public or City Council has requested to speak upon. Such approval will also waive the reading of any ordinance.

CONSENT MATTERS (14- 34)

- 14. ADOPTION OF AN URGENCY ORDINANCE FOR A CITY SERVICES PROTECTION MEASURE, AND CONSIDERATION OF RESOLUTIONS: CALLING FOR A SPECIAL ELECTION ON MARCH 3, 2020; DECLARING AN EMERGENCY PURSUANT TO THE PROVISIONS OF THE CALIFORNIA CONSTITUTION; PLACING A MEASURE BEFORE THE VOTERS OF THE CITY OF MONTEBELLO WHICH WOULD PRESERVE VITAL CITY SERVICES**

RECOMMENDATION: It is recommended that the City Council:

- (1) By a unanimous vote: adopt a Resolution Declaring a emergency as required by the California Constitution, Article XIII C Section 2b and calling and giving notice of a special municipal election to be held Tuesday, March 3, 2020, to submit to voters of the City of Montebello a City Services Protection Ordinance to adopt a .75% General Transactions and Use Tax;
- (2) By at least 4/5 vote: waive reading in full and adopt the Urgency Ordinance for a City Services Protection Measure structured as a general transactions and use tax to be administered by the California Department of Tax and Fee Administration (CDTFA) or the State Board of Equalization (SBE), as applicable, pursuant to Revenue & Taxation Code section 7251 et seq., to be submitted for voter approval pursuant to Elections Code section 9200 et seq. and Revenue and Taxation Code section 7285.9
- (3) By at least a majority vote:
 - (a) Adopt a Resolution requestion the Board of Supervisors of the County of Los Angeles authorize and order the consolidation of a special municipal election of the City of Montebello with other elections occuring on March 3, 2020, and requesting the County Clerk / Registrar of Voters provide certain services in connection with such election;

- (b) Adopt a Resolution setting priorities for filing written arguments and rebuttals regarding the City measure and direct the City Attorney to prepare an impartial analysis

15. AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR OFFICIAL POLICE TOW AS DETAILED IN RFP#19-19

RECOMMENDATION: It is recommended that the City Council:

- 1) Award a Professional Services Agreement for official police tow services as detailed in RFP #19-19; and
- 2) Authorize the City Manager to execute the Professional Services Agreement on behalf of the City.

16. AWARD A CONTRACT TO THE GOODYEAR TIRE & RUBBER COMPANY FOR BID NO. 19-36 – BUS TIRE LEASE SERVICE

RECOMMENDATION: It is recommended that the City Council:

- 1) Award a contract to The Goodyear Tire & Rubber Company for the Bus Tire Lease Service in an amount(s) not to exceed: Year 1 - \$163,880.99; Year 2 - \$151,512.72; Year 3 - \$155,276.76; Year 4 - \$159,164.52; and Year 5 - \$163,128.00.
- 2) Authorize the City Manager to execute the Contract on behalf of the City.

17. AWARD OF CONTRACT FOR PROCUREMENT SERVICES AND PROJECT MANAGEMENT, RFP NO.19-20

RECOMMENDATION: It is recommended that the City Council:

- 1) Award a contract to The LeFlore Group for Procurement Services and Project Management in an amount not to exceed eighty thousand dollars and no cents (\$80,000); and
- 2) Authorize the City Manager to execute the Contract on behalf of the City.

18. APPROVE A RESOLUTION REJECTING ALL BIDS AS RECEIVED AND AUTHORIZING STAFF TO RE-ISSUE REQUEST FOR PROPOSAL (RFP) 19-50 FOR HOLIFIELD PARK PARKING LOT IMPROVEMENTS

RECOMMENDATION: It is recommended that the City Council:

- 1) Approve a resolution rejecting all bids as received and authorize staff to rebid the Holifield Park Parking Lot Improvement Project, RFP 19-50

19. BUDGET APPROPRIATION FOR PROP A PARK GRANTS

RECOMMENDATION: It is recommended that the City Council:

- 1) Authorize the Department of Recreation & Community Services to appropriate an additional \$225,592 for personnel, repairs, improvement projects and regular maintenance items to the Los Angeles County Regional Park Grants Account for a total amount of up to \$429,290 for Fiscal Year 2019/2020.

20. ADOPT REVISED RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION FOR AND RECEIPT OF SB 2 PLANNING GRANT PROGRAM FUNDS

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt the Resolution approving an application for three hundred ten thousand dollars and 00/100 cents (\$310,000) under the SB 2 Planning Grants Program from the Building Homes and Jobs Trust Fund;
- 2) Authorize the City Manager to execute the City's Planning Grants Program application, grant documents, and any amendments thereto, on behalf of the City; and
- 3) Authorize the City Manager to enter into, execute, and deliver a State of California Agreement and any and all other documents required or deemed necessary or appropriate to evidence and secure the Planning Grants Program grant.

21. APPROVAL OF THE REQUEST FOR PROPOSALS FOR CONSULTING SERVICES TO PREPARE THE CITY OF MONTEBELLO'S COMPREHENSIVE GENERAL PLAN UPDATE AND ENVIRONMENTAL IMPACT REPORT

RECOMMENDATION: It is recommended that the City Council:

- (1) Approve the Request for Proposals ("RFP") for consulting services to prepare the City's comprehensive General Plan Update/Environmental Impact Report and authorize solicitation of proposals.

22. THIRD AMENDMENT TO THE ORIGINAL AGREEMENT NO. 3565 WITH TIERRA WEST ADVISORS, INC. TO PROVIDE CONTRACT PROFESSIONAL SERVICES RELATING TO CANNABIS IMPLEMENTATION AND INTERIM STAFF SERVICES

RECOMMENDATION: It is recommended that the City Council:

- 1) Receive and approve the recommendation from staff to approve a third amendment to the original Agreement No. 3565 with Tierra West Advisors, Inc. (Third Amendment) to increase the current not-to-exceed award amount by an additional \$125,000 reflecting the new not-to-exceed amount to \$225,000 for continued contract professional services relating to cannabis and the inclusion of additional interim staff services for code enforcement, economic development, and planning; and
- 2) Per City of Montebello Section 3.21.025 (C) Conformance with bidding procedures by a four-fifths vote determine to dispense with bidding and other procedures required upon a finding by the council that it would be impractical, useless, or uneconomical in such instance to follow the procedures, and that the welfare of the public would be promoted by dispensing with the same; and
- 3) Authorize the Mayor to execute the Third Amendment.

23. FY19-20 TRANSPORTATION DEPARTMENT CAPITAL PROJECTS BUDGET

RECOMMENDATION: It is recommended that the City Council:

1. Adopt the Fiscal Year 2019-20 proposed Transportation Capital Projects Budget
2. Approve a Resolution for additional appropriation of \$220,718 from Transit operating reserves for Tire Lease and Transit Outlet & Amenities projects

24. APPROVAL OF A LAND LEASE AGREEMENT WITH THE CITY OF EL MONTE

RECOMMENDATION: It is recommended that the City Council:

- 1) Approve a Land Lease Agreement between the City and the City of El Monte for a certain designated space on the City's tower located at the Prime/Reservoir Radio Site at 1343 North Montebello Boulevard; and
- 2) Authorize the City Manager to execute the Land Lease Agreement.

25. APPROVAL OF THE LEASE REVENUE REFUNDING BONDS, 2019 SERIES A (HILTON GARDEN INN PROJECT) ISSUANCE

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt a Resolution approving and authorizing the issuance of the Lease Revenue Refunding Bonds 2019 Series A (Hilton Garden Inn Project) by the Montebello Public Financing Authority; authorizing and approving a Site and Facilities Lease, a Lease Agreement, a Preliminary Official Statement, a Final Official Statement, a Continuing Disclosure Agreement and a Bond Purchase Agreement; authorizing certain other actions in connection therewith.

It is recommended that the Authority Board:

- 2) Adopt a Resolution approving and authorizing the issuance of Lease Revenue Refunding Bonds 2019 Series A (Hilton Garden Inn Project), a Site and Facilities Lease, a Lease Agreement, Assignment Agreement, an Indenture, a Preliminary Official Statement, a Final Official Statement, a Bond Purchase Agreement and an Escrow Agreement; and authorizing certain other actions in connection therewith

26. APPROVAL OF THE MONTEBELLO PUBLIC FINANCING AUTHORITY, SALES TAX REVENUE BONDS, SERIES 2019A (MEASURE M), 2019B (MEASURE R), & 2019C (PROPOSITION C) PRELIMINARY OFFICIAL STATEMENT

RECOMMENDATION: It is recommended that the City Council:

- 1) Adopt a Resolution approving a Preliminary and Final Official Statement; a Continuing Disclosure Agreement, a Bond Purchase Agreement, and authorizing the taking of certain other actions in connection therewith.

It is recommended that the Authority Board:

- 1) Adopt a Resolution approving a Preliminary and Final Official Statement; a Bond Purchase Agreement; and authorizing the taking of certain other actions in connection therewith.

27. QUARTERLY FINANCIAL REPORT AS OF SEPTEMBER 30, 2019

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council review and accept the report.

28. ADOPTION OF RESOLUTION IN SUPPORT OF BALANCED ENERGY SOLUTIONS AND LOCAL CHOICE

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council adopt a Resolution supporting balanced energy solutions and local choice of energy resources and technologies.

29. REQUEST TO APPROVE CALPERS RESOLUTIONS FOR PAYING THE VALUE OF THE EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC)

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council approve the attached nine (9) CalPERS resolutions for paying the value of the employer paid member contributions (EPMC), effective as of January 5, 2020.

30. APPROVE THE RESOLUTION ESTABLISHING HOLIDAYS FOR EMPLOYEES IN THE CITY'S SERVICE FOR CALENDAR YEAR 2020

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council approve the Resolution establishing twelve holidays for employees in the City's service for the next calendar year commencing January 1, 2020 to December 31, 2020 in accordance with Section 2.60.340(A) of the City of Montebello's Municipal Code.

31. CITY HALL AND RELATED ADMINISTRATIVE FACILITIES HOLIDAY CLOSURE

RECOMMENDATION: It is recommended that the City Council:

- 1) It is recommended that the City Council approve the closure of City Hall and the Recreation and Community Services Administrative Office beginning on Monday, December 23, 2019 and re-open on Monday, January 6, 2020. All other City operations will remain open including Police, Fire and Transportation.

32. APPOINTMENT OF A REPRESENTATIVE THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

RECOMMENDATION: It is recommended that the City Council:

- 1) Re-appoint one representative to the Greater Los Angeles County Vector Control District for a 2 year term.

33. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED NOVEMBER 13, 2019

RECOMMENDED ACTION: It is recommended that the City Council:

- 1) Adopt the proposed resolution approving the Warrant Register dated November 13, 2019.

34. APPROVAL OF MINUTES: SEPTEMBER 11, 2019 AND OCTOBER 9, 2019

RECOMMENDED ACTION: It is recommended that the City Council:

- 1) Approve said minutes as written.

35. PUBLIC ORALS - IF NEEDED

COUNCIL ORALS

36. COUNCILMEMBER TORRES

None.

37. MAYOR PRO TEM MELENDEZ

- a. NALEO Conference
- b. Free Legal Fair event

38. COUNCILMEMBER COBOS-CAWTHORNE

- a. Public Works Department follow up: Street signs and replacement of faded signs, as well as Tree Planting program.
- b. Planning Department update: CHIP Program and RING Program

39. COUNCILMEMBER JIMENEZ

None.

40. MAYOR HADJINIAN

None.

ADJOURNMENT

NOTES

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: Rene Bobadilla, City Manager

BY: Arnold M. Alvarez-Glasman, City Attorney
Robert Mescher, Director of Finance

SUBJECT: **Adoption of an Urgency Ordinance for a City Services Protection Measure, and Consideration of Resolutions: Calling for a Special Election on March 3, 2020; Declaring an Emergency Pursuant to the Provisions of the California Constitution; Placing a Measure Before the Voters of the City of Montebello which would Preserve Vital City Services**

DATE: November 13, 2019

RECOMMENDATION

That the City Council take the following action(s):

- (1) By a unanimous vote: adopt a Resolution Declaring a emergency as required by the California Constitution, Article XIII C Section 2b and calling and giving notice of a special municipal eleciton to be held Tuesday, March 3, 2020, to submit to voters of the City of Montebello a City Services Protection Ordinance to adopt a .75% General Transactions and Use Tax;
- (2) By at least 4/5 vote: waive reading in full and adopt the Urgency Ordinance for a City Services Protection Measure structured as a general transactions and use tax to be administered by the California Department of Tax and Fee Administration (CDTFA) or the State Board of Equalization (SBE), as applicable, pursaunt to Revenue & Taxaction Code section 7251 et seq., to be submitted for voter approval pursuant to Elections Code section 9200 et seq. and Revenue and Taxation Code section 7285.9
- (3) By at least a majorty vote:
 - (a) Adopt a Resolution requestion the Board of Supervisors of the County of Los Angeles authorize and order the consolidation of a special municipal election of the City of Montebello with other elections occuring on March 3,

2020, and requesting the County Clerk / Registrar of Voters provide certain services in connection with such election;

- (b) Adopt a Resolution setting priorities for filing written arguments and rebuttals regarding the City measure and direct the City Attorney to prepare an impartial analysis

SUMMARY

The City Council will consider taking various actions necessary to submit a general transactions and use tax measure to voters of the City at a special election on March 3, 2020. It is estimated that, if voters approve the proposed transactions and use tax measure, it would generate approximately \$6 million dollars annually to the City's General Fund, and such revenues would be available to ensure the preservation and strengthening of City services, and ensure that these essential funds are locally controlled.

DISCUSSION

A. The City's Need for Additional Revenues

The financial circumstances facing the City are not unique to Montebello. Numerous cities within Los Angeles County are experience financial impacts created by the new spending trends by millennial consumers, by State legislative impacts upon revenue sources and additional service requirements, and general adjustments to the operations of local government.

In 2016, a City's "Fiscal Stimulus Committee" ("Committee") was created to review the immediate and long-term needs of individual City Departments, and the service needs of the community. The Committee also worked to identify mechanisms for generating additional revenues to address these identified needs. These mechanisms included placing before the voters certain tax revenue generating measures.

From that time and continuing to the present, City Staff has reviewed and analyzed the needs of the various City Departments and have identified significant needs for the City. While various significant steps have been taken to adjust to the needs of providing the highest level of City services, there is still a need to explore options to generate increased revenues.

B. Options for Addressing the City's Revenue Needs

Due to emergency circumstances facing the City, it is recommended that the City Council consider submitting a a sales (transactions and use) tax. If approved by City voters, a tax measure would generate millions in annual revenues to the City; enabling it

to satisfy both short and long-term financial obligations, and increase (or at least maintain) the level of services it provides the community.

Montebello currently does not impose a local utility or sales tax, though many of the neighboring jurisdictions do:

Cities with Utility User Taxes		
<u>City Name</u>	<u>Tax Rate</u>	<u>Estimated Annual Revenue</u>
Alhambra	5%	\$4 million
Downey	4.8 - 5%	\$7.6 million
Monterey Park	3 – 5.5%	\$3.3 million
Pico Rivera	4.5%	\$3.6 million
Santa Fe Springs	4.5 – 5%	\$6.4 million
Whittier	5%	\$7.1 million

Neighboring Cities with Sales Taxes		
<u>City Name</u>	<u>Tax Rate</u>	<u>Estimated Annual Revenue</u>
Commerce	0.5%	\$7.3 million
Downey	0.5%	\$9 million
La Mirada	1.0%	\$5.7 million
Long Beach	1.0%	\$36 million
Lynwood	1.0%	\$4.5 million
Pico Rivera	1.0%	\$9 million

Because Montebello is in the same geographical area as these communities, it competes with these cities in various areas including private business enterprise / investment, employee recruitment and retention, and housing and commercial development. The significant tax revenues enjoyed by these communities places Montebello at a disadvantage.

C. Proposed City Services Protection Measure (Transactions and Use Tax) and the Procedure Therefore

Within Los Angeles County 25 different cities including the neighboring cities of Pico Rivera, Downey, Santa Fe Springs and South Gate have already passed sales tax measures. At the November 5, 2019 election, four additional communities passed revenue generating or preservation tax measures by overwhelming numbers. Simply stated, the City of Montebello is competing with neighboring cities to attract and preserve tax revenues to pay for essential city services.

In light of the foregoing, presented for the City Council's consideration is a proposed City Services Protection Measure, structured as a .75% transactions and use tax.

ITEM #14

Proposition 218 requires any new tax to be submitted to and approved by City voters. Additionally, before a tax measure may be considered at a special election, the City Council must make a unanimous finding of an emergency.

Given the significant and immediate needs facing the City (outlined above), and because the next general election in the City is not until November 2020, the City Council may make the “emergency” finding needed to submit the proposed tax measure to voters at a special election to be held on March 3, 2020.

FISCAL IMPACT

There is no fiscal impact associated with approving the recommended action, other than the cost of conducting the special election. If the City Services Protection Measure is approved by City voters, staff estimates additional annual revenues in the amount of \$6 million.

ATTACHMENTS

- 1) Urgency Ordinance for the imposition of the General Transactions and Use Tax.
- 2) Resolution declaring an emergency and calling and giving notice of a special municipal election to be held on Tuesday, March 3, 2020.
- 3) Resolution requesting the Board of Supervisors of the County of Los Angeles to authorize and order the consolidation of a special municipal election.
- 4) Resolution setting priorities for filing written arguments and rebuttal arguments regarding City measures and directing the City Attorney to prepare an impartial analysis.

URGENCY ORDINANCE NO. _____

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, ADOPTING A GENERAL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION PURSUANT TO CALIFORNIA REVENUE & TAXATION CODE SECTIONS 7251 ET SEQ., SUBJECT TO VOTER APPROVAL

WHEREAS, despite the City of Montebello's efforts to maintain fiscal management and accountability, it is experiencing serious and detrimental financial and budgetary impacts because of increased service demands, difficulty recruiting and retaining of qualified employees, deferred maintenance and improvements to public utilities and infrastructure, and a reduction in state and federal funding support, and like many cities in California faces inadequate funding to address essential public safety and public service needs;

WHEREAS, the City has implemented a number of cost-saving measures, having reduced the number of employees, consolidated departments and staff positions, implemented operational efficiency and risk management / avoidance controls, deferred cost of living adjustments, and deferred utility and capital improvement needs;

WHEREAS, various changes in state and federal law and policy have significantly reduced or entirely eliminated local programs and revenues sources the City was previously reliant on, and recent changes in state law have increased local costs associated with public safety efforts and state program administration;

WHEREAS, despite its efforts, the City of Montebello is projecting a general fund budget deficit in Fiscal Year 2019-2020, and the City's general fund reserves may be entirely depleted in the near future;

WHEREAS, without an immediate source of new revenue, the City of Montebello will be forced to make further reductions to essential services to the community;

WHEREAS, a local revenue measure will make it possible for the City of Montebello to improve: its overall community services, for example, by hiring additional police officers and fire personnel to reduce emergency response times, and recruit and maintain the most qualified public safety personnel; fix and repair the condition of deteriorating neighborhood streets and major roads and highways which would improve traffic flow, reduce congestion, and improve emergency response times; fighting blight and crime by expanding neighborhood graffiti removal programs, youth anti-gang and drugs prevention programs, and after-school programs and activities; and

WHEREAS, pursuant to Section 2(b) of Article XIIC of the California Constitution, the City Council has unanimously declared the existence of an emergency in that there are immediate financial risks and dangers, as described in the Resolution declaring an emergency

adopted on the date even herewith, to the public welfare and the City's financial ability to provide essential municipal services without disruption, and the City Council has called a special municipal election for Tuesday, March 3, 2020, at which election this Ordinance shall be submit to the qualified voters of the City of Montebello.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES HEREBY ORDAIN AS FOLLOWS, AND IF APPROVED BY THE VOTERS OF THE CITY OF MONTEBELLO, THE PEOPLE OF THE CITY OF MONTEBELLO DO ORDAIN AS FOLLOWS:

SECTION 1. DECLARATION OF URGENCY. This Ordinance is adopted as an urgency measure pursuant to Government Code section 36937, to take effect upon the Operative Date as defined herein. Based upon the staff reports, presentations, public testimony, and other matters presented to the City Council during its consideration of this Ordinance, the City Council hereby finds and declares that the foregoing recitals are true and correct, and expressly incorporates the same herein as a substantive part of this Ordinance, and further that such recitals accurately reflect the dire economic condition of the City, the immediate and long-term needs of the City, and the inadequacy of existing revenues to fund such needs, all of which create a present and immediate emergency to the public health, safety and general welfare of the community.

SECTION 2. TITLE AND SCOPE. This Ordinance shall be known as the "City of Montebello Transactions and Use Tax Ordinance." The City of Montebello shall be called "City" herein, and this Ordinance shall be applicable in the incorporated territory of the City.

SECTION 2. OPERATIVE DATE. "Operative Date" as used herein means the first day of the first calendar quarter commencing more than one hundred and ten (110) days after the City Council declares the results of the special election held on March 3, 2020.

SECTION 3. PURPOSE. This Ordinance is adopted to achieve the following purposes, among others, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue & Taxation Code and Section 7285.9 of Part 1.7 of Division 2, which authorizes the City to adopt this tax Ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax Ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue & Taxation Code.

C. To adopt a retail transactions and use tax Ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of

Equalization in a manner that adopts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California Sales and Use Taxes.

D. To adopt a retail transactions and use tax Ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue & Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

SECTION 4. CONTRACT WITH THE STATE. Prior to the Operative Date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax Ordinance; provided that if the City shall not have contracted with the State Board of Equalization prior to the Operative Date, it shall nevertheless so contract and in such case the Operative Date shall be the first day of the first calendar quarter following the execution of the contract.

SECTION 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of three-quarter of one percent (.75%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

SECTION 6. PLACE OF SALE. For purposes of this Ordinance, all retail sales are consummated that the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

SECTION 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the Operative Date of this Ordinance for storage, use or other consumption in said territory at the rate of three-quarter of one percent (.75%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

SECTION 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance, and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue & Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

SECTION 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 3 of the Revenue & Taxations Code:

A. Wherever the State of California is named or referred to as the taxing entity, the name of the City shall be substituted therefor. However, the substitution shall not be made when:

1) The word “State” is used as part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2) The result of that substitution would require action to be taken by or against the City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance;

3) In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the results of the substitution would be to:

a) Provide an exception from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue & Taxation Code, or;

b) Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the State under said provision of that code;

4) In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797, or 6828 of the Revenue & Taxation Code; and

5) The word “City” shall be substituted for the word “State” in the phrase “retailer engaged in the business of this state” in Section 6203 and in the definition of that phrase in Section 6203.

SECTION 10. PERMIT NOT REQUIRED. If a seller’s permit has been issued to a retailer under Section 6067 of the Revenue & Taxation Code, an additional transactor’s permit shall not be required by this Ordinance.

SECTION 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1) Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2) Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purpose of this paragraph, delivery to a point outside the City shall be satisfied:

a) With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and;

b) With respect to commercial vehicles, by registration to a place of business out- of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3) The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4) A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5) For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this City of tangible personal property:

1) The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2) Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3) If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4) If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5) For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6) Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7) "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

SECTION 12. NEW REVENUE USE RESTRICTION. Any new revenues generated by the passage and collection of this transaction and use tax shall be available for any general fund purpose(s).

SECTION 13. AMENDMENTS TO STATE LAW. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of

Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

SECTION 14. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 15. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 16. EFFECTIVE DATE AND SUBMISSION TO VOTERS. This Ordinance relates to the levying and collecting of City transactions and use taxes and shall take effect immediately. However, no tax imposed by this Ordinance shall be effective unless that tax has been approved by the voters of the City, at an election held on March 3, 2020, as required by Section 2(b) of Article XIIC of the California Constitution and applicable law.

SECTION 17. AMENDMENT AND TERMINATION. The authority to levy the taxes imposed by this Ordinance shall continue indefinitely until this ordinance is repealed. The City Council may amend this Ordinance to reduce the rate of the taxes, either permanently or for a set period of time, without a further vote of the people. However, as required by Article XIIC of the California Constitution, no amendment to this Ordinance may increase the rates of the taxes above what is authorized by this Ordinance unless such amendment is submitted to and approved by the voters.

SECTION 18. DECLARATION. The proceeds of the taxes imposed by this Ordinance may be used for any lawful purpose of the City, as authorized by Ordinance, Resolution or action of the City Council or by Ordinance adopted by the electorate of the City. These taxes do not meet the criteria established by Section (d) of Article XIIC of the California Constitution for special taxes, and are general taxes imposed for general government purposes.

SECTION 19. ACCOUNTABILITY. The City's expenditure of the proceeds of the taxes imposed by this Ordinance shall be reviewed annually in conjunction with, and as part of the City's usual annual financial audit, and the results of such review shall be made available for inspection by the public.

SECTION 20. CODIFICATION. If a majority of the electors voting on this Ordinance vote to approve the imposition of the tax imposed hereby at an election called for that purpose, Sections 2 through 19, inclusive, of this Ordinance, shall be codified in the Montebello Municipal Code at Title 3, Chapter 3.46, Sections 3.46.010 through Sections 3.46.190.

SECTION 21. The City Clerk shall certify to the adoption of this Ordinance and shall cause the same to be published as required by law.

PASSED, APPROVED, AND ADOPTED this 13th day of November, 2019.

ATTEST:

CITY OF MONTEBELLO

Irma Barajas, Clerk

Jack Hadjinian, Mayor

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman,
City Attorney

CITY COUNCIL RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, DECLARING AN EMERGENCY AND CALLING AND GIVING NOTICE OF A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, MARCH 3, 2020, FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE CITY OF MONTEBELLO A CITY SERVICES ORDINANCE TO ADOPT A THREE-QUARTER PERCENT (.75%) GENERAL TRANSACTIONS AND USE TAX

WHEREAS, the City of Montebello, despite efforts to maintain fiscal management and accountability, is experiencing serious and detrimental financial and budgetary impacts because of increased service demands, difficulty recruiting and retaining of qualified employees, deferred maintenance and improvements to public utilities and infrastructure, and a reduction in state and federal funding support, and like many cities in California face inadequate funding to address essential public safety and public service needs;

WHEREAS, the City of Montebello has implemented a number of cost-saving measures, having reduced the number of employees, consolidated departments and staff positions, implemented operational efficiency and risk management / avoidance controls, deferred cost of living adjustments, and deferred utility and capital improvement needs;

WHEREAS, various changes in state and federal law and policy have significantly reduced or entirely eliminated local programs and revenues sources the City was previously reliant on, and recent changes in state law have increased local costs associated with public safety efforts and state program administration;

WHEREAS, despite its efforts, the City of Montebello is projecting a general fund budget deficit in Fiscal Year 2019-2020, and the City's general fund reserves may be entirely depleted in the near future;

WHEREAS, without an immediate source of new revenue, the City of Montebello will be forced to make further reductions to essential services to the community;

WHEREAS, protecting and maintaining public safety, anti-gang and drug programs, improving park and recreational facilities and programs, removing graffiti and fixing streets, and improving and maintaining public utilities and infrastructure are essentials for Montebello residents;

WHEREAS, the City of Montebello has made law enforcement, public safety, and public infrastructure efforts a priority which must be maintained at the highest levels to protect the City's residents and neighborhoods;

WHEREAS, a local revenue measure will make it possible for the City of Montebello to improve: its overall community services, for example, by hiring additional police officers to reduce emergency response times, and recruit and maintain the most qualified public safety personnel; fix and repair the condition of deteriorating neighborhood streets and major roads and highways which would improve traffic flow, reduce congestion, and improve emergency response times; fighting blight and crime by expanding neighborhood graffiti removal programs, youth anti-gang and drugs prevention programs, and after-school programs and activities; and

WHEREAS, pursuant to Section 2(B) of Article XIIC of California's Constitution, the City Council may submit a local tax measure to voters at a special municipal election called for that purpose upon declaring an emergency.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That based upon staff presentations, reports, public testimony, and other matters presented to the City Council during its consideration of this matter, the foregoing recitals are true and correct and incorporated as substantive findings of this resolution, and further makes the additional findings set forth below in this Resolution.

SECTION 2. That pursuant to Section 2(b) of Article XIIC of California's Constitution, the City Council hereby finds and declares an emergency, and that it is necessary and appropriate to submit a local tax measure to the voters at a special election that will occur before the next regularly scheduled election of the City of Montebello.

SECTION 3. That in accordance with the requirements of the Montebello Municipal Code and the laws of the State of California, a special municipal election is hereby called and ordered to be held in the City of Montebello, California, on Tuesday, March 3, 2020.

SECTION 4. That at said election there shall be submitted to the qualified voters of the City of Montebello a City Services Protection Ballot Measure in the form of an additional three-quarter percent (.75%) general transactions and use tax.

SECTION 5. That the text of the measure, to be labeled or designated by the County Clerk, is attached hereto as Exhibit A, and incorporated herein by this reference.

SECTION 6. That the procedures for voting for and against said question shall be those established by Los Angeles County, and the ballot measure and question submitted to the qualified voters of the City at such election shall be in the following form:

MEASURE “__”: CITY OF MONTEBELLO CITY AND PUBLIC SAFETY ESSENTIAL CITY SERVICES PROTECTION MEASURE

To maintain Montebello's long-term financial stability and public safety, including police/fire/911 emergency response; protect local drinking water sources; repair streets/potholes; keep public areas safe/clean; provide gang prevention, youth/afterschool, senior, other general services; shall an ordinance establishing a $\frac{3}{4}$ percent sales tax providing approximately \$6,000,000 annually until ended by voters be adopted; requiring independent audits, public disclosure of spending, all funds benefitting Montebello residents?

YES _____

NO _____

SECTION 7. That the City Clerk shall request a letter designation for the above-referenced measure from the Register-Recorder / County Clerk of the County of Los Angeles.

SECTION 8. That the ballots to be used at the election shall be in form and content required by law.

SECTION 9. Under separate resolution, the Board of Supervisors of Los Angeles County shall cause the precincts, polling places and elections officers for said election to be established and cause the returns of said election to be canvassed and to certify the same to the City Council of the City of Montebello. The vote requirement for passage of the measure is a majority of the votes cast (50% plus 1). The City agrees that it will reimburse the County of Los Angeles for all related election costs incurred for this special election.

SECTION 10. That the polls for the election shall be open at seven (7) o'clock a.m. on the day of the election, and shall remain open continuously from that time until eight (8) o'clock p.m. on the same day when the polls shall be closed pursuant to Elections Code Section 10242, except as provided in Section 14401 of the Elections Code of the State of California.

SECTION 11. That the City Council directs the City Clerk to transmit a copy of the measure to the City Attorney, and the City Attorney shall prepare an impartial analysis of the measure in accordance with Elections Code Section 9280. The impartial analysis of the measure shall not exceed 500 words showing the effect of the measure on the existing law and the operation of the measure. ***The analysis shall include a statement indicating whether the measure was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the city. In the event the entire text of the measure is not printed on the ballot, or in the voter information portion of the sample ballot, there shall be printed immediately below the impartial analysis, in no less than 10-point type, the following: “The above statement is an impartial analysis of Ordinance or Measure __. If you desire a copy of the ordinance or measure, please call the election official’s office at (insert phone number)***

and a copy will be mailed at no cost to you.” The impartial analysis shall be filed with the City Clerk in accordance with the deadline(s) established by law.

SECTION 12. Notice of the time and place of holding the election is hereby given and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election, in time, form, manner, and substance as required by law, with such authority including but not limited to fixing and determining the date prior to the election for the submission to the City Clerk of arguments in favor of or against the measure. The arguments shall comply with Elections Code Sections 9282 and 9283. If more than one argument in favor or more than one argument against the measure is submitted within the time prescribed, the City Clerk shall select one of the arguments in favor and one of the arguments against the measure for printing and distribution to the voters, in accordance with Elections Code Section 9287. Pursuant to Elections Code Section 9285, when the City Clerk has selected the arguments for and against the measure which will be distributed to the voters, the City Clerk shall send copies of the arguments in favor of the measure to the authors of the arguments against, and copies of the arguments against to the authors of the arguments in favor. Rebuttal arguments shall comply with Elections Code Section 9285 and shall be submitted to the City Clerk on or before date fixed therefore, and the City Clerk shall print and distribute such rebuttal arguments in the same manner as the direct arguments, with each rebuttal argument printed immediately following the direct argument which it seeks to rebut.

SECTION 13. That in all particulars not recited in this Resolution, the election hereby called shall be as provided by law for the holding of municipal elections in the City.

SECTION 14. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED this 13th day of November, 2020.

ATTEST:

CITY OF MONTEBELLO

Irma Barajas, Clerk

Jack Hadjinian, Mayor

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman,
City Attorney

EXHIBIT A

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, ADOPTING AND IMPOSING A GENERAL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION OR STATE BOARD OF EQUALIZATION PURSUANT TO REVENUE & TAXATION CODE SECTIONS 7251 ET SEQ., SUBJECT TO VOTER APPROVAL

[SEE URGENCY ORDINANCE ATTACHED TO STAFF REPORT ITEM
DATED NOVEMBER 13, 2019]

CITY COUNCIL RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES CONSOLIDATE A SPECIAL MUNICIPAL ELECTION OF THE CITY OF MONTEBELLO TO BE HELD ON TUESDAY, MARCH 3, 2020, WITH THE OTHER ELECTIONS TO BE HELD ON THAT DATE PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE, AND FURTHER REQUESTING THAT THE BOARD OF SUPERVISORS FOR THE COUNTY OF LOS ANGELES RENDER SPECIFIED SERVICES RELATING TO SAID ELECTION

WHEREAS, the City Council of the City of Montebello, California, has called a Special Municipal Election to be held on Tuesday, March 3, 2020, for the submission to the qualified voters of the City a question relating to a City Services Protection Ordinance to adopt an additional three-quarter percent (.75%) general transactions and use tax;

WHEREAS, it is desirable that the Special Municipal Election be consolidated with the other elections to be held in the County of Los Angeles on the same date, and that within the City the precincts, polling places, and election officers of the two (2) elections be the same, and that the County Elections Department of the County of Los Angeles canvass the returns of the Special Municipal Election, and that the election be held in all respects as if there were only one (1) election; and

WHEREAS, in the course of conduct of said election, it is necessary that the City request services of the County, with all necessary expenses incurred in performing those services to be reimbursed by the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Los Angeles is hereby requested to consent and agree to the consolidation of a Special Municipal Election with the elections to be held on Tuesday, March 3, 2020, for the purpose of submitting to the qualified voters of the City a question relating to a City Services Protection Ordinance to adopt an additional three-quarter percent (.75%) general transactions and use tax.

SECTION 2. That a measure(s) to appear on the ballot is as follows:

MEASURE “__”: CITY OF MONTEBELLO CITY AND PUBLIC SAFETY ESSENTIAL CITY SERVICES PROTECTION MEASURE

To maintain Montebello's long-term financial stability and public safety, including police/fire/911 emergency response; protect local drinking water sources; repair streets/potholes; keep public areas safe/clean; provide gang prevention, youth/afterschool, senior, other general services; shall an ordinance establishing a $\frac{3}{4}$ percent sales tax providing approximately \$6,000,000 annually until ended by voters be adopted; requiring independent audits, public disclosure of spending, all funds benefitting Montebello residents?

YES _____

NO _____

SECTION 3. That the County Elections Department is authorized to canvass the returns of the Special Municipal Election and to certify the same to the City Council of the City of Montebello at the time and in the manner provided by law. The election shall be held in all respects as if there were only one (1) election, and only one (1) form of ballot shall be used. The vote requirement for passage of the measure shall be a majority of the votes cast (50% plus 1).

SECTION 4. That the Board of Supervisors is requested to issue instructions to the County Elections Department and/or the County Clerk / Registrar of Voters to take any and all steps necessary for the holding of the consolidated election.

SECTION 5. That the City of Montebello recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any such costs.

SECTION 6. That the City Clerk is hereby authorized and directed to file a certified copy of this Resolution with the Board of Supervisors and the County Elections Department of the County of Los Angeles.

SECTION 7. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED this 13th day of November, 2019.

ATTEST:

CITY OF MONTEBELLO

Irma Barajas, Clerk

Jack Hadjinian, Mayor

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman,
City Attorney

CITY COUNCIL RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO, CALIFORNIA, SETTING PRIORITIES FOR FILING
WRITTEN ARGUMENTS REGARDING CITY MEASURES**

WHEREAS, the City Council of the City of Montebello, California, has called a Special Municipal Election to be held on Tuesday, November 7, 2017, for the submission to the qualified voters of the City a question relating to a City Services Protection Ordinance to adopt an additional three-quarter percent (.75%) general transactions and use tax;

WHEREAS, at such special municipal election the following question will be submitted to the qualified voters of the City of Montebello:

MEASURE “_”: CITY OF MONTEBELLO CITY AND PUBLIC SAFETY ESSENTIAL CITY SERVICES PROTECTION MEASURE	
To maintain Montebello's long-term financial stability and public safety, including police/fire/911 emergency response; protect local drinking water sources; repair streets/potholes; keep public areas safe/clean; provide gang prevention, youth/afterschool, senior, other general services; shall an ordinance establishing a ¾ percent sales tax providing approximately \$6,000,000 annually until ended by voters be adopted; requiring independent audits, public disclosure of spending, all funds benefitting Montebello residents?	YES _____
	NO _____

and;

WHEREAS, Sections 9220 and 9285 of the California Elections Code authorize the City Council, by majority vote, to adopt provisions to provide for the filing of rebuttal arguments for city measures at a special municipal election.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That the City Council authorizes _____, as members of the Montebello City Council, to file a written argument(s) not exceeding 300 words in support of the City measure specified above, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of the State of California.

SECTION 2. Pursuant to Elections Code Section 9286, the City Clerk is authorized and directed to fix and determine **December 12, 2019**, as the reasonable date prior to the election for the submission to the City Clerk of arguments in favor of or against the measure. The arguments shall comply with Elections Code Sections 9282 and 9283. If more than one argument in favor or more than one argument against the measure is submitted within the time prescribed, the City Clerk shall select one of the arguments in favor and one of the arguments against the measure for printing and distribution to the voters, in accordance with Elections Code Section 9287.

SECTION 3. Pursuant to Sections 9220 and 9285 of the Elections Code, when the elections official has selected the arguments for and against the measure which will be printed and distributed to the voters, the elections official shall send a copy of an argument in favor of the measure to the authors of any argument against the measure and a copy of an argument against the measure to the authors of any argument in favor of the measure immediately upon receiving the arguments

The author or a majority of the authors of an argument relating to the City measure may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument.

A rebuttal argument may not be signed by more than five (5) persons.

The rebuttal arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, not more than 10 days after the final date for filing direct arguments, or **December 19, 2019**. The rebuttal arguments shall be accompanied by the Former of Statement To Be Filed By Author(s) of Argument.

Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument it seeks to rebut.

SECTION 4. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED this 13th day of November, 2019.

ATTEST:

CITY OF MONTEBELLO

Irma Barajas, Clerk

Jack Hadjinian, Mayor

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman,
City Attorney

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: Brad Keller, Chief of Police

**SUBJECT: AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR OFFICIAL
POLICE TOW AS DETAILED IN RFP#19-19**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that City Council:

- 1) Award a Professional Services Agreement for official police tow services as detailed in RFP #19-19; and
- 2) Authorize the City Manager to execute the Professional Services Agreement on behalf of the City.

BACKGROUND

On June 19, 2019, the City issued Request for Proposal (RFP) # 19-19 for Official Police Tow Service Agreement. The solicitation was noticed on Planet Bids (via the City website). On July 12, 2019, the City received two (2) proposals in response to RFP #19-19. A copy of RFP #19-19 is available in the City Clerk's Office.

ANALYSIS

The following firms submitted responses to RFP #19-19:

Helms & Hill Towing and Storage Services
OnStar Towing and Recovery

A review panel evaluated the proposals based on the following scoring criteria:

- 1) Lowest overall price
- 2) Police inspection of facility (security and viability of business)
- 3) Age and condition of tow vehicles
- 4) Proximity of vehicle storage areas to the City
- 5) Service commitments

6) Proposal format

Below are the average panel scores and cost for each firm:

Company	Average Score
Helms & Hill Towing and Storage Services	89.3 points
OnStar Towing and Recovery	66 points

Helms & Hill submitted a comprehensive proposal that included all requested material and additional insurance paperwork for each vehicle. During the inspection of the facility, it was noted that the site had high security standards including; well-maintained gates, a secured evidence bay, a fully functioning office, and approximately twenty-five (25) operable surveillance cameras which include the main street access point.

While OnStar did submit a complete proposal, upon inspection of the facility a substantial amount of points were lost due to substandard security of the site. Several concerns were evident including; a shared driveway with local businesses giving access to non-secured personnel, no secured gate or covered evidence bay, a lack of a fully functioning office, and the lack of a security camera system.

Based on the proposals submitted by each firm, the review panel scores (including proposed fee/price), and security of facility; it was determined that the company with the best qualifications and experience that meets the needs of the Police Department is Helms & Hill-Towing and Storage Services.

FISCAL IMPACT

Helms & Hill Towing and Storage Services fee proposal is a competitive pricing structure.

	Helm's & Hill	OnStar
Passenger cars, wagons, compact and mid-size SUVs	\$172.00	\$165.00
P/U Trucks, SUVs and Vans	\$172.00	\$165.00
Commercial Trucks and Vans	\$285.00	\$250.00
Rigs, Buses and Motorhomes	\$370.00	\$350.00
Motorcycles	\$172.00	\$165.00
<u>Storage/Impound (Per day)</u>		
Passenger Vehicles (all)	\$54.00	\$55.00
Motorcycles	\$54.00	\$43.00
Commercial Trucks or Motorhomes	\$60.00	\$75.00
Long Term Storage (per week)	\$378.00	\$175.00
<u>Other Services</u>		

ITEM #15

After-hour release	\$86.00	\$85.50
On-site release	\$172.00	\$165.00
Rollover/Winching	\$172.00	\$165.00
Dolly/Go-jacks	\$172.00	\$45.00
Driveshaft/Linkage	\$285.00	\$45.00
Service Call – Minimum	\$86.00	\$85.00
Hazardous Materials Clean-up	\$86.00	\$45.00

Staff recommends awarding the contract for a term of five (5) years with the option to extend the contract for two (2) additional two-year terms to Helms & Hill Towing and Storage Services.

SUMMARY

Upon review and analysis of the two (2) responses to the City's RFP #19-19 for Police Department official police tow services, staff recommends awarding the annual contract to Helms & Hill Towing and Storage Services. The City Council will consider awarding this contract to Helms & Hill Towing and Storage Services and will consider authorizing the City Manager to execute the contract on behalf of the City.

ATTACHMENT

Professional Services Agreement

Attachment A- Definitions

Attachment B- Approval Specifications- Approved Rates

Attachment C- Approved Additional Storage Facility

Attachment D- Payment Schedule

AGREEMENT NO. _____

**AGREEMENT BETWEEN
THE CITY OF MONTEBELLO'S POLICE DEPARTMENT AND HELMS & HILLS
FOR VEHICLE TOW SERVICE**

This Agreement for Vehicle Tow Service ("Agreement") between the City of Montebello, a California municipal corporation ("CITY"), acting by and through its Police Department ("DEPARTMENT"), and Helms & Hills, a California corporation ("OPERATOR") is hereby entered on this _____ day of 2019 ("Effective Date"). DEPARTMENT and OPERATOR may be individually referred to herein as a "Party" or collectively referred herein as the "Parties."

RECITALS

A. DEPARTMENT requires tow services in the exercise of its police powers necessary or appropriate to the general welfare of its citizens.

B. On June 6, 2019, DEPARTMENT issued a Request for Proposals 19-19 ("RFP 19-19") inviting bidders to submit proposals for Official Police Tow Service Agreement (the "Project") and OPERATOR's bid was selected from among those received by the DEPARTMENT.

C. OPERATOR desires to provide tow and storage services to expeditiously clear stopped, standing, parked, and hazardous vehicles from public streets, roads, and private property as a result of activities such as illegal parking, traffic accidents, mechanical breakdowns, and impounding of vehicles for investigation, evidence, or a violation of the law.

D. OPERATOR has provided similar tow and storage service to DEPARTMENT in the past, and based on that represents that it has the background, knowledge, experience and expertise necessary to provide DEPARTMENT with the equipment, goods and services set forth in this Agreement.

E. DEPARTMENT and OPERATOR wish to enter into this Agreement for OPERATOR to provide an exclusive towing services and storage of vehicles as requested by the DEPARTMENT.

F. The Parties have negotiated the terms pursuant to which OPERATOR will provide such services and have herein reduced such terms to writing.

NOW, THEREFORE, in consideration of the covenants and on the conditions set forth herein, DEPARTMENT and OPERATOR hereby agree as follows:

TOW SERVICE AGREEMENT

SECTION 1. RECITALS

The above-referenced Recitals constitute a material part hereof, and shall hereby be incorporated by reference. Moreover, for purpose of this Agreement, the contract documents for the contemplated Project shall consist of this Agreement, RFP 19-19, the signed proposal submitted to CITY by OPERATOR, Attachments "A," "B," "C" and "D," together with all required bonds, insurance certificates, permits, notices, schedules, forms, certifications and affidavits; and also including any and all addenda or supplemental agreements clarifying, or extending the work contemplated as may be required to insure its completion in acceptable manner (collectively referred herein as the "Contract Documents"). All of the provisions of said Contract Documents constitute a material part hereof, and shall be hereby incorporated by reference as though fully set forth herein.

- **Attachment A:** Defines all words in capital letters found throughout this Agreement.
- **Attachment B:** Contains "Approval Specifications" which will be completed and added to this Agreement, and which may be subject to revision upon rate or fee changes approved by CITY.
- **Attachment C:** Contains approved additional storage facilities of OPERATOR.
- **Attachment D:** Contains payment schedule including Franchise Fee Schedule.

SECTION 2 SERVICES TO BE PERFORMED BY CONTRACTOR

For and in consideration of the payments and agreements to be made and performed by DEPARTMENT, CONTRACTOR agrees to perform the services and furnish all materials necessary to perform all work required for the above stated Project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents. CONTRACTOR covenants with DEPARTMENT to furnish its best skill, judgment and efforts and to cooperate with DEPARTMENT and any other consultants or contractors engaged by DEPARTMENT in providing the services necessary for the Project. CONTRACTOR covenants to use its best effort to perform its duties and obligation under this Agreement in an efficient, expeditious and economical manner, consistent with the best interests of DEPARTMENT. Workmanship throughout the performance of this Agreement shall conform to the highest standard of commercially accepted practice of work and shall result in a neat finished appearance to the satisfaction of DEPARTMENT.

SECTION 3 TERM

The initial term of this Agreement shall be for five (5) years. At conclusion of the initial five-year (5-year) term, the DEPARTMENT may extend the Agreement for up to a maximum of two (2) additional, two-year (2-year) periods; provided that the terms and conditions remain the same or as mutually agreed upon by the parties in writing and approved with the same level of formality required to execute this Agreement.

SECTION 4 TOW TRUCK CLASSIFICATIONS

A. OPERATOR shall equip and maintain Tow Trucks (as defined in Attachment “A”) covered under this Agreement in accordance with the provisions set forth in the California Vehicle Code and consistent with industry standards and practices.

B. OPERATOR shall provide four (4) classes of Tow Trucks under this Agreement or, in the alternative; OPERATOR may substitute a Tow Truck in a larger weight class category for the absence of a Tow Truck in a lower weight class category:

1. **Class A – Light Duty.** OPERATOR shall maintain a minimum of one (1) Tow Truck with a manufacturers' Gross Vehicle Weight Rating (GVWR) of 10,000 to 19,500 pounds with wheel lift capability. In addition, OPERATOR may have a car carrier. Class A equipment specifications are those established by the California Highway Patrol, as amended from time to time, and are available at DEPARTMENT.
2. **Class B – Medium Duty.** OPERATOR shall maintain at least one (1) Tow Truck with a manufacturer's Gross Vehicle Weight rating (GVWR) of 19,501 to 33,000 pounds. The truck shall be capable of providing air to the towed vehicle. Class B equipment specifications are those established by the California Highway Patrol, as amended from time to time; and are available at DEPARTMENT.
 - a. OPERATOR may also have a carrier. However, the carrier must be an additional unit.
3. **Class C – Heavy Duty.** OPERATOR shall maintain at least one (1) Tow Truck with a manufacturer's Gross Vehicle Rating (GVWR) of at least 33,000 pounds. The Tow Truck shall be equipped with air brakes and must be capable of providing air to the towed vehicle. Class C equipment specifications are established by the California Highway Patrol, as amended from time to time, and are available at DEPARTMENT.
4. **Class D – Super Heavy Duty.** OPERATOR shall maintain at least one (1), three-axle (3-axle) Tow Truck with a manufacturer's Gross Vehicle Rating (GVWR) of at least 50,000 pounds. The Tow Truck shall be equipped with air brakes and must be capable of providing air to the towed vehicle. Class D equipment is established by the California Highway Patrol, as amended from time to time, and is available at DEPARTMENT.

C. Notwithstanding the foregoing, OPERATOR shall provide sufficient Tow Trucks in each of the foregoing classes or sufficient higher weight class Tow Truck substitutions to ensure that OPERATOR responds to each call for service within the Maximum Response Time (as defined in Attachment “A”).

SECTION 5 TOW DRIVERS

A. OPERATOR shall ensure that only qualified and competent Tow Truck drivers respond to calls initiated by DEPARTMENT. Tow Truck drivers shall be at least eighteen (18) years old and possess the following minimum Class Driver's License and qualifications:

1. Class A Tow Truck - a valid Class C (3) license, or a valid Class A (1) license with valid medical certificate.
2. Class B Tow Truck - A valid Class A (1) license with valid medical certificate.
3. Class C Tow Truck - A valid Class A (1) license with valid medical certificate.
4. Class D Tow Truck - A valid Class A (1) license with valid medical certificate.

B. The Class A (1) licenses must be endorsed to allow operation of special vehicle configurations and/or special cargoes.

C. The OPERATOR shall maintain a current list of Tow Truck drivers.

D. DEPARTMENT's Chief of Police ("Chief of Police"), or his/her designee, will verify the Tow Truck driver's license status of all of OPERATOR'S Tow Truck drivers every six (6) months.

SECTION 6 COMPENSATION AND RATES

A. Compensation. OPERATOR agrees to perform the services herein and to receive, as full payment therefore, those fees described in Attachments "B" and "D."

B. Franchise Fee. OPERATOR shall pay the CITY the Franchise Fee as listed in Attachment "D." Such fees may be amended from time to time by separate resolution of the City Council.

C. Rates.

1. Fees charged for response calls originating from DEPARTMENT shall not exceed those rates established by DEPARTMENT. OPERATOR agrees to waive all fees for CITY vehicles.
2. OPERATOR shall submit a proposed hourly rate to the Chief of Police, or his/her designee. The Chief of Police, or his/her designee, shall then set the rate based upon the following:
 1. Rates charged for similar services.
 2. Rates adopted by other public agencies.
 3. Rates of other tow operators.

4. Recommendation of the Chief of Police's designee.
3. The total time for towing shall be computed from Time of Call to End of Service (as defined in Attachment "A"). All time shall be charged at an hourly rate. OPERATOR may charge a minimum of sixty (60) minutes per call. All time spent on a call in excess of sixty (60) minutes shall be charged in fifteen-minute (15-minute) increments. There shall be no additional charges (e.g., mileage, labor, etc.). Any secondary towing requested by a customer is subject to negotiation between OPERATOR and the customer. OPERATOR shall inform the customer of all differences in the hourly rate for the secondary towing service and provide an estimate of the final cost.
4. Charges for service calls (e.g., out of gas, lockouts, etc.) shall be computed from Time of Call to End of Service. Service calls are charged at the hourly rate with a minimum of thirty-minutes (30-minutes) per call. Charges in excess of thirty-minutes (30-minutes) shall be charged in fifteen-minute (15-minute) increments.
5. Fees for Special Operators (as defined in Attachment "A"). Hourly rates shall be established by the Chief of Police, or his/her designee, for the following:
 - a. Auxiliary equipment, e.g., airbags, converter gear/dolly, additional trailer, etc.
 - b. Contracted equipment, e.g., airbags, converter gear/dolly, additional trailer, forklifts, scoop loaders, etc.
 - c. Contract labor
6. Regardless of class of Tow Truck, charges shall not be more than the class of vehicle towed or serviced, except when Vehicle Recovery Operations (as defined in Attachment "A") require a larger class of Tow Truck.
7. The fees charged for after-hours release shall not exceed one-half (1/2) the hourly rate. "After hours" means weekdays between 5:00 p.m. and 8:00 a.m., all weekends and Holidays.
8. Storage Fees.
 - a. OPERATOR shall submit their proposed storage fees for inside and outside storage to the Chief of Police or his/her designee. The Chief of Police, or his/her designee, based upon industry practice and recommendations, shall determine fees for inside and outside storage.
 - b. OPERATOR shall display in plain view at all cashiers' stations a sign as described in the California Civil Code Section 30709(d)(2)(E) disclosing

all storage fees and charges in force, including the maximum storage rate.

- c. Owners of vehicles stored twenty-four (24) hours or less shall be charged no more than one (1) day of storage. Each day thereafter shall be calculated by calendar days.
- d. Towing and Storage Fees and Access Notice charged by OPERATOR shall be posted in OPERATOR's office area and the Tow Trucks and a copy shall be presented upon demand to person(s) for whom the tow services were provided, or their agent, or the police officer at the scene.
- e. Per Vehicle Code 22651.07, OPERATOR shall provide a distinct notice on an itemized invoice for any towing or storage, or both, charges stating: "Upon request, you are entitled to receive a copy of the Towing and Storage Fees and Access Notice." The notice shall be contained within a bordered text box, printed in no less than 10-point type.
- f. The approved rates and response times are found in Attachment "B" of this Agreement. Changes to CITY approved rates or fees will be integrated into this Agreement by a written amendment only if signed by both Parties.

SECTION 7. RESPONSE TO CALLS

- A. OPERATOR shall give priority to all of DEPARTMENT's requests for services.
- B. OPERATOR shall respond to calls twenty-four (24) hours a day, seven (7) days a week, within the Maximum Response Time. At the time of notification OPERATOR will advise dispatch when OPERATOR is unable either to respond or to meet the Maximum Response Time of fifteen (15) minutes.
- C. When an OPERATOR's vehicle that was not called to a scene comes upon a collision scene where a vehicle or vehicles are blocking a roadway, an officer may request the vehicle's assistance in clearing the roadway. In such a case, the OPERATOR may be requested to move the vehicle to a safe location, as directed by the officer, and leave it. There shall be no charge for this assistance.
- D. An immediate response will be required for all Emergency Calls (as defined in Attachment "A").
- E. All questions and disputes shall be referred to the Chief of Police, or his/her designee, during business hours, Monday through Friday, excluding Holidays.

SECTION 8. PAYMENT FOR TOWING SERVICES RENDERED

- A. Owners of vehicles towed by the order or request of DEPARTMENT are responsible for all services, whether regular or special, associated with the towing service. OPERATOR shall provide itemized bills, distinctly showing charges for all classifications of services, including the charges for late payment. The OPERATOR shall not designate that portion of a vehicle owner's bill attributable to the fees payable under this Agreement as a separate item on the vehicle owner's bills.
- B. Neither CITY nor the DEPARTMENT will be responsible or liable for towing services in the event that the vehicle owner refuses or is unable to pay for the services.

SECTION 9 PUBLIC ACCESS TO OPERATOR

A. Office Hours

OPERATOR's office hours shall be, at a minimum, from 8:00 a.m. to 5:00 p.m. daily, Monday through Friday. A representative of OPERATOR shall be available during office hours for communication with the public at OPERATOR's principal office. OPERATOR shall also maintain an after-hours telephone number for use during other than normal business hours. OPERATOR shall have a representative or answering service available at said after-hours telephone number during all hours other than normal office hours.

B. Service Complaints

1. All complaints by vehicle owners shall be directed to OPERATOR. OPERATOR shall record all complaints received by mail, by telephone or in person (including date, name, address of complainant and nature of complaint). OPERATOR agrees to use its best efforts to resolve all complaints by close of business of the second (2nd) business day following the date on which such complaint is received. Service complaints may be investigated by the Chief of Police or his/her designee.
2. OPERATOR will maintain records listing the date of complaints, the vehicle owner, describing the nature of the complaint or request, and when and what action was taken by OPERATOR to resolve the complaint. All such records shall be maintained for a period of three (3) years, and shall be available for inspection by DEPARTMENT. OPERATOR shall prepare monthly summaries of vehicle owner consumer complaints. The summaries shall be available to the Chief of Police or his/her designee.

C. Government Liaison Person

OPERATOR shall designate a "government liaison person" who shall be responsible for working with the Chief of Police, or his/her designee, to resolve consumer complaints.

SECTION 10 RESOLUTION OF VEHICLE OWNER COMPLAINTS

- A. A vehicle owner dissatisfied with OPERATOR's decision regarding a complaint may ask DEPARTMENT to review the complaint. To obtain this review, the vehicle owner must request DEPARTMENT review within thirty (30) days of receipt of OPERATOR's response to the complaint, or within forty-five (45) days of submitting the complaint to the OPERATOR. If the OPERATOR has failed to respond to the complaint, DEPARTMENT may extend the time to request its review for good cause.
- B. Before reviewing the complaint, the Chief of Police, or his/her designee, shall refer it to the OPERATOR. If the OPERATOR fails to cure the complaint within ten (10) days, the Chief of Police, or his/her designee, shall review the vehicle owner's complaint and determine if further action is warranted. The Chief of Police, or his/her designee, may request written statements from the OPERATOR and vehicle owner, and/or oral presentations.
- C. The Chief of Police, or his/her designee, shall determine if the vehicle owner's complaint is justified, and if so, what remedy, if any, shall be imposed. The remedy under this Section shall be limited to a rebate of vehicle owner charges related to the period of breach of any of the terms of this Agreement or a penalty of up to one-hundred dollars and no cents (\$100) for any single event or series of related events, or any actual damages.
- D. The Chief of Police may delegate his duties to a designee. Decisions will be final only upon review and authorization of the Chief of Police.

SECTION 11 STORAGE FACILITY

- A. OPERATOR shall provide security for vehicles and property at the place of storage. At a minimum, either a fenced or enclosed area for storage shall be used. OPERATOR is responsible for the care, custody and control of any property contained in tow or stored vehicles. Vehicles requiring special handling for investigation, i.e., fingerprinting, photographing, searching, etc., shall be stored in a safe building and be safeguarded so as to prevent unnecessary handling. These vehicles shall not be removed from such protection until removal is approved by the investigating officers.
- B. OPERATOR shall release personal property from the vehicle to the vehicles owner or their agent upon demand pursuant to California Vehicle Code Section 22851(b).
 - 1. Personal property is considered to be items, which are not fixed to the vehicle.

- C. The primary storage facility shall be within CITY limits and shall be at the same location as the business address. If the primary storage facility is not at the same location, there shall be no charge for any additional distance traveled to and from the same location.
- D. Additional storage facility locations approved for use under this Agreement shall be identified in Attachment "C". Prior to the use of any new storage facility must first be approved by the Chief of Police, or his/her designee, and added as a storage facility to this Agreement.
- E. An impounded vehicle shall be released only upon written authorization from DEPARTMENT. Personal property in an impounded vehicle shall be released only upon written authorization from DEPARTMENT.
 - 1. The only fees that may be charged to a person authorized by DEPARTMENT to obtain personal property from an impounded vehicle is after-hours charges, if applicable, and as defined herein.
- F. A vehicle that is not impounded shall be released upon request of a registered owner or a person in control of the vehicle, pursuant to California Vehicle Code Section 22850.3. It is the duty of OPERATOR having possession of the vehicle to advise the person making this request of any and all related additional fees for services.
 - 1. Personal property in a vehicle that is not impounded shall be released pursuant to California Vehicle Code Section 22851(b).
 - 2. The only fees that may be charged to a person authorized to obtain personal property from a vehicle is after-hours charges, if applicable, and as defined herein.

SECTION 12 EQUIPMENT AND FACILITIES

A. OPERATOR shall provide all towing equipment as described in Section 4 and Storage Facilities as described in Section 11, and all communications equipment to necessary to perform the work contemplated in this Agreement.

B. OPERATOR shall maintain a physical location within the CITY with a yard for vehicle storage, along with an office for payment of fees and vehicle releases. Storage facility shall have enough space to hold up to fifty (50) vehicles, including six (6) spaces for inside locked storage for impounded vehicles as evidence or investigation.

C. OPERATOR shall accept and be able to process full payment for services in cash, insurer's check, or a major credit/debit card.

SECTION 13 INSURANCE

A. OPERATOR shall maintain the following minimum levels of insurance:

1. Business automobile Liability (as required by California Vehicle Code Section 16500.5) - Bodily injury and property damage with a combined single limit of not less than \$1,000,000 for Classes A, B, C, and D. These minimum standards are to include owned, non-owned, and hired auto coverage.
2. Uninsured Motorist -Legal minimum combined single limit.
3. On-Hook Coverage - Insuring the vehicle in tow with limits based on the size of the tow truck.
 - a. Class A Tow Truck fifty thousand dollars and no cents (\$50,000)
 - b. Class B Tow Truck one-hundred thousand dollars and no cents (\$100,000)
 - c. Class C Tow Truck two-hundred thousand dollars and no cents (\$200,000)
 - d. Class D Tow Truck two-hundred thousand dollars and no cents (\$200,000)
4. Garage liability includes premises and operations. Coverage for bodily injury and property damage with a combined single limit of not less than one million dollars and no cents (\$1,000,000).
5. Garage keeper's liability shall be the same minimum as on-hook coverage for vehicles in the care, custody, and control of the OPERATOR in the storage yard.
6. Workman's Compensation Insurance as required by the State of California and Employer's Liability Insurance.
7. OPERATOR shall furnish CITY with three (3) copies of certificate of insurance as evidence that the insurance required is in effect. The certificate shall name CITY, its officers, agents, and employees as additional insured by endorsement under the policy and shall provide that the coverage shall be primary coverage as to such additional insured.
 - a. The Certificate of Insurance cancellation clause shall state that the insurance may not be terminated by the insurer without first giving thirty (30) days prior written notice of such termination to CITY and DEPARTMENT.

NOTE: This cancellation language deviates from the standard Certificate of Insurance Accord forms and should be brought to the attention of the contractor's insurance agent. FAILURE TO COMPLY WITH THIS LANGUAGE WILL CAUSE A DELAY IN THE EXECUTION OF THE CONTRACT.

SECTION 14 INDEMNIFICATION

A. OPERATOR shall assume the defense of and indemnify and save harmless DEPARTMENT, CITY, its officers, agents, and employees, from any and all claims, loss, damage, injury, and liability of every kind, nature, and description, directly or indirectly arising from the performance of this Agreement or work, regardless of responsibility for negligence (including costs and expenses, which include attorney's fees, incurred in connection therewith) and from any and all claims, loss, damage, injury, and liability, howsoever the same may be caused, resulting directly or indirectly from the nature of the work covered by the Agreement, regardless of responsibility for negligence (including costs and expenses, which include attorney's fees, incurred in connection therewith), but excluding liabilities due to the sole negligence or willful misconduct of CITY.

B. OPERATOR shall assume the defense of and indemnify and save harmless DEPARTMENT, CITY, its officers, agents, and employees, from any and all claims, loss, and liability of every kind, nature, and description, directly or indirectly, arising from a claim that this Agreement, in whole or in part, is invalid, illegal, or void on any grounds whatsoever. In the event that any such claim is made, OPERATOR shall not be excused from its obligation to make payments under this Agreement until if such time as this Agreement is terminated in accordance with its terms or by order of a court of competent jurisdiction, or an injunction is issued by a court of competent jurisdiction preventing performance of this Agreement in accordance with its terms. In that event, payments due under this Agreement shall be prorated. In no event shall DEPARTMENT or CITY be required to repay to OPERATOR any sums already paid.

SECTION 15 INSPECTIONS

Before the work contemplated herein begins, OPERATOR shall:

1. Permit inspection at a reasonable time and place of each tow vehicle proposed to be employed in the performance of the services provided under the Contract Documents.
2. Permit inspection of the facilities proposed for the storage of vehicles proposed to be employed in the performance of the services provided under the Contract Documents.
3. Either permit inspection of, or provide evidence of the communications equipment proposed to be employed in the performance of the services provided under the Contract Documents.

Thereafter, DEPARTMENT shall inspect all tow trucks annually. At the request of DEPARTMENT, OPERATOR shall allow DEPARTMENT to inspect a tow truck within seven (7) calendar days of the request. The Chief of Police, or his/her designee, may conduct additional inspections without notice to OPERATOR during business hours. OPERATOR shall use only Tow Trucks that have been inspected and approved by DEPARTMENT, the Chief of Police or his/her designee.

SECTION 16 BUSINESS RECORDS

A. OPERATOR shall maintain all tow records of services, including a description of vehicles towed, time, location of calls, and total itemized costs of towing and storage. In addition, operator shall maintain records related to release of vehicles, which shall include at a minimum date of release, party released to total charges and cash received. DEPARTMENT may inspect, without notice, OPERATOR's records during business hours.

B. Lien sale records of vehicles towed or stored under this Agreement shall be available to DEPARTMENT for review.

C. Records shall be maintained and available for inspection for a period of four (4) years from the date of the service provided.

SECTION 17 FINANCIAL INTEREST

The sale and/or transfer of any interest in OPERATOR shall be grounds for termination of this Agreement. The individual or entity that acquires the interest shall be required to reapply as a new entity.

SECTION 18 COMPLIANCE WITH LAW

A. OPERATOR shall at all times comply with Federal, State, and local laws and ordinances.

B. Any felony conviction of an owner or OPERATOR involving stolen or embezzled vehicles, fraud related to the towing business, stolen property, crimes of violence, or moral turpitude shall be cause for termination of this Agreement.

C. Any misdemeanor conviction of an owner or OPERATOR involving stolen or embezzled vehicles, fraud related to the towing business, stolen property, crimes of violence, or moral turpitude may be cause for termination of this Agreement.

D. In accordance with California Vehicle Code Section 2432.3, DEPARTMENT shall have the right to conduct criminal history checks of OPERATOR and OPERATOR's tow drivers. Section 2432.3 provides, in part, the following:

" (b)(1) For the purposes of verifying the criminal history of individuals involved in the operation of tow truck services, law enforcement agencies of any city . . . may conduct criminal history checks for all f the following:

- (A) Applicants for employment to drive tow trucks.**
- (B) Those who drive tow trucks.**
- (C) Tow truck owners-operators.**

(2) The law enforcement agency may obtain the fingerprints of the individual on a form approved by the Department of justice and provided by the agency. The fingerprint samples shall be submitted to the Department of Justice for the purpose of determining whether the individual has been convicted of any violation, including, but not limited to, Section 220, subdivision (1), (2), (3), or (4) of section 261, or Section 264.1, 267, 288. or 289 of the penal Code, or any felony or three misdemeanors as set forth in subparagraph (B) of paragraph (2) of subdivision (a) of Section 5164 of the Public Resources Code....”

SECTION 19 COMPLIANCE WITH AGREEMENT

OPERATOR shall comply with the terms and conditions of this Agreement. Failure by OPERATOR or their agent to comply with the terms and conditions of this Agreement shall be cause for termination of the Agreement. Alleged violations of the Agreement will be investigated by the Chief of Police or his/her designee.

SECTION 20 TERMINATION

A. Termination by Default. A non-defaulting party in its discretion may elect to declare a default under this Agreement in accordance with the procedures hereinafter set forth for any failure or breach of the other Party (“Defaulting Party”) to perform any material duty or obligation of said Defaulting Party under the terms of this Agreement. However, the Non-Defaulting Party must provide written notice to the Defaulting Party setting forth the nature of the breach or failure and the actions, if any, required by the Defaulting Party to cure such breach or failure (“Default Notice”). The Defaulting Party shall be deemed in “Default” under this Agreement, if said breach or failure can be cured, but the Defaulting Party has failed to take such actions and cure such breach or failure within thirty (30) calendar days after the date of such notice (“Cure Period”). However, if such non-monetary breach or failure cannot be cured within such Cure Period, the Defaulting Party shall not be deemed in breach of this Agreement as long as the Defaulting Party does each of the following:

1. Notifies the Non-Defaulting Party in writing with a reasonable explanation as to the reasons the asserted Default is not curable within the thirty (30) calendar day period;
2. Notifies the Non-Defaulting Party of the Defaulting Party's proposed cause of action to cure the Default;
3. Promptly commences to cure the Default within the thirty (30) calendar day period;
4. Makes periodic reports to the Non-Defaulting Party as to the progress of the program of cure; and

5. Diligently prosecutes such cure to completion.

B. Termination for Convenience. CITY shall have the option, at its sole discretion and without cause, to terminate this Agreement in whole, or in part, by giving ten (10) business days' written notice to OPERATOR. In the event OPERATOR fails to adequately perform all services required under this Agreement, CITY by and through the DEPARTMENT, reserves the right—in lieu of termination, to contract for such services, or any portion thereof with other tow and storage services.

C. Termination pursuant to this Section shall be performed without liability on behalf of CITY or DEPARTMENT.

D. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

E. Except as otherwise provided in this Agreement, waiver by either Party of the performance of any covenant, condition, or promise shall not invalidate this Agreement, nor shall it be considered a waiver of any other covenant, condition, or promise. Waiver by either Party of the time for performing any act shall not constitute a waiver of time for performing any other act or an identical act required to be performed at a later time. The delay or forbearance by either Party in exercising any remedy or right as to any Default shall not operate as a waiver of any Default or of any rights or remedies or to deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

SECTION 21 AGREEMENT ADMINISTRATION AND NOTICE

The Chief of Police, or his/her designee, shall be the CITY's authorized representative in all matters pertaining to the administration of this Agreement. All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second (2nd) business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

TO DEPARTMENT:

Chief of Police
Montebello Police Department
1600 West Beverly Blvd.
Montebello, CA 90640

With Copy to:

Arnold M. Alvarez-Glasman
City Attorney – City of Montebello
Alvarez-Glasman & Colvin
13181 Crossroads Pkwy North
Suite 400 – West Tower
City of Industry, CA 91746

TO OPERATOR:

Ranieh Hassan
Chief Executive Officer
F & G Towing Inc.,
DBA-Helms & Hill Towing and Storage
Services
649 South Maple Ave.
Montebello, CA 90640

SECTION 22 GENERAL PROVISIONS

A. Non-Discrimination and Equal Opportunity Employer

1. In the performance of this Agreement, OPERATOR shall not discriminate against any member of the public, employee, subcontractor, or applicant for employment because of race, color, religion, ancestry, sex, national origin, handicap or age. OPERATOR will take affirmative action to ensure the members of the public are served, subcontractors and applicants are employed, and that employees are treated during employment without regard to their race, color, religion, ancestry, sex, national origin, handicap or age.
2. The provisions of paragraph 1 above shall be included in all solicitations or advertisements placed by or on behalf of OPERATOR for personnel to perform any services under this Agreement. CITY shall have access to all documents, data and records of OPERATOR and its subcontractors for purposes of determining compliance with the fair employment and non-discrimination provisions of this Section.

- B. Permits and License.** OPERATOR shall obtain and maintain during the term of this Agreement all necessary licenses, permits and certificates required by law for the conduct of OPERATOR'S activities and for the provision of services hereunder, including a business license issued by the City.

C. Conflict of Interest. The Parties agree that, to their knowledge, no member of CITY's Council ("City Council"), officer or employee of CITY has any interest, whether contractual, non-contractual, financial or otherwise in this transaction, or in other business of OPERATOR, and that if any such interest comes to the knowledge of either party at any time, a full and complete disclosure of all such information will be made in writing to the other party, even if such interest would not be considered a conflict of interest under applicable laws. OPERATOR covenants that it has, at the time of execution of this Agreement, no interest and that it shall not acquire any interest in the future, direct or indirect, which would conflict in any manner with the performance of services required hereunder. OPERATOR further covenants that, in the performance of the services hereunder, no person having any such interest shall be engaged or employed.

D. Equipment Specifications

Tow Truck equipment specifications shall be those established by the California Highway Patrol, as amended, and are hereby incorporated by reference as if set forth herein.

E. Independent Contractor

The Parties intend that OPERATOR, in performing services herein specified, shall act as an independent contractor and shall have control of its work and the manner in which it is performed. It shall be free to contract for similar services to be performed for other employers while it is under contract with CITY. OPERATOR is not considered to be an agent or employee of CITY or DEPARTMENT and is not entitled to participate in any pension plan, medical, or dental plans, or any other benefit provided by CITY or DEPARTMENT for its employees.

F. Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision nevertheless will continue in full force and effect without being impaired or invalidated in any way.

G. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

H. Dispute Resolution and Legal Remedies

1. Disputes regarding the interpretation or application of any provisions of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.
 2. Disputes regarding the precipitating cause for any removal; seizure or impound of a vehicle directed by , to the extent feasible, be resolved by the Chief of Police pursuant to Division 11, Chapter 10 of the Vehicle Code commencing with Section 22650 thereof; provided, however, that this procedure shall not apply to removal of vehicles pursuant to Sections 22660 through 22668, inclusive, and Sections 22655, 22658, or 22710 of the Vehicle Code. The dispute shall be referred to the attention of the Chief of Police by the aggrieved party within ten (10) days after the disputed removal, seizure or impound. A hearing shall be conducted by an authorized member of the DEPARTMENT within forty-eight (48) hours. OPERATOR shall abide by the decision rendered.
- I. Attorney Fees. If any action at law or inequity is brought to enforce or interpret any provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.
- J. Subcontract, Assignment, or Delegation

OPERATOR shall not delegate, or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY. Failure to receive prior approval shall be grounds for immediate cancellation of the herein Agreement at the option of the City Council.

OPERATOR may use subcontractors only after receiving written approval from the city.

Any authorized assignment, delegation or subcontract shall be made in the name of the OPERATOR and shall not bind or purport to bind CITY and shall not release the OPERATOR from any obligations under this Agreement.

K. Amendments and Modifications

This Agreement supersedes all prior proposals, agreements and understandings between the parties and may not be modified or terminated orally, and no modification, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing approved by Chief of Police and signed by both Parties.

L. Entire Agreement

This Agreement and the aforementioned Contract Documents shall constitute the entire agreement by the Parties and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. The waiver by CITY/DEPARTMENT or OPERATOR of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No attempt waiver of any of the provisions herein, nor any change, amendment or modification to this Agreement shall be effective unless in writing and signed by the party against whom the same is sought to be enforced.

M. Effective Date

Unless otherwise specified herein, this Agreement shall become effective as of the date in which the last of the Parties, whether CITY or OPERATOR, executes this Agreement. This Agreement may be signed in counterparts, each of which shall constitute an original, and which collectively shall constitute one (1) instrument.

N. Time of Performance

OPERATOR shall begin work on this project upon receipt of a written notice to proceed from DEPARTMENT and shall thereupon work diligently and continuously to provide all the required services and activities described herein.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF the Parties enter into this Agreement as of the Effective Date set forth above.

CITY OF MONTEBELLO
("AGENCY")

HELMS & HILL
("CONTRACTOR")

Jack Hadjinian, Mayor

Ranieh Hassan, Chief Executive Officer

Date: _____

Date: _____

ATTEST:

Irma Barajas, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

ATTACHMENT A

DEFINITIONS

- A. **Chief of Police** – Chief of Police of the Montebello City Police Department or his/her designee.
- B. **CITY** – City of Montebello, California.
- C. **DEPARTMENT** – Montebello Police Department.
- D. **Emergency Calls** - Requests for assistance in situations that present an immediate threat to the safety of the public and Department personnel.
- E. **Holidays** – The Chief of Police, or his/her designee, will designate a list of observed holidays at time this Agreement is signed by the Operator.
- F. **Insurer** – Means either a first-party insurer or third-party insurer.
- G. **Maximum Response Time** – Response for service by Operator within fifteen (15) minutes from the time such request is made by Department.
- H. **OPERATOR** – Helms & Hills.
- I. **Possession** - Pursuant to section 3068 of the Civil Code, possession begins when the vehicle is removed and is in transit.
- J. **Response Time** – The period of time from an Operator's notification by the Department's Communication Center for a call to the arrival of the tow truck at the location requested, not to exceed fifteen (15) minutes.
- K. **Special Operator** – Person or company other than Operator who perform service in support of vehicle towing and recovery operations other than actual towing of vehicles. Such services include, but are not limited to, returning vehicles to the roadway; up righting overturned vehicles; or recovery of spilled loads or hazardous materials.
- L. **Time of Call to End of Service** – Service shall start at the time of call (notification) and ends at the estimated time of return to the place of business or the completion of the call, if another call is pending, whichever is shorter.
- M. **Tow Truck** - A tow truck as defined in California Vehicle Code 615. Also includes slide back carriers and wheel lift vehicles.
- N. **Vehicle Recovery Operation** - An operation involving the process of up righting an overturned vehicle, which would require the use of auxiliary equipment due to the size or location of the vehicle. This will normally be limited to operations requiring a Class B, C or D tow truck(s).

ATTACHMENT B

APPROVAL SPECIFICATIONS

APPROVED RATES

Towing

Passenger cars, wagons, compact and mid-size SUVs	\$172.00
P/U Trucks, SUVs and Vans	\$172.00
Commercial Trucks and Vans	\$285.00
Rigs, Buses and Motorhomes	\$370.00
Motorcycles	\$172.00

Storage/Impound (Per day)

Passenger Vehicles (all)	\$54.00
Motorcycles	\$54.00
Commercial Trucks or Motorhomes	\$60.00
Long Term Storage (per week)	\$378.00

Other Services

After-hour release	\$86.00
On-site release	\$172.00
Rollover/Winching	\$172.00
Dolly/Go-jacks	\$172.00
Driveshaft/Linkage	\$285.00
Service Call – Minimum	\$86.00
Hazardous Materials Clean-up	\$86.00

ATTACHMENT C

APPROVED ADDITIONAL STORAGE FACILITY

Primary Location: Helms & Hill- Towing and Storage Services

Address: 649 South Maple Avenue

Montebello, CA 90640

Phone: (323)889-4900

Additional Storage facilities locations approved for use under TOW AGREEMENT:

Petra Towing

Address: 881 Maple Avenue

Montebello, CA 90640

ATTACHMENT D

PAYMENT SCHEDULE

The OPERATOR shall, during the life of this Agreement:

- A. Pay to the City of Montebello the franchise fees due from release of vehicles, according to the Franchise Fee Schedule below.
- B. Payment shall be made to the City Treasurer monthly for the duration of this Agreement and shall be accompanied by a report showing the calculation of the fee for each month.
- C. Payment becomes “past due” for the month if not received by the tenth (10th) day of the month due.
- D. Monthly payments not received when due will be assessed a penalty of one hundred dollars and no cents (\$100) per day.
- E. The OPERATOR shall forward a copy of payment check or payment report to the Chief of Police at time of payment.
- F. Returned checks will be processed per City policy, which may result in collection activity or prosecution through the courts and the voiding of this Agreement.

FRANCHISE FEE SCHEDULE

	Per Vehicle
1 to 65 vehicles per calendar month	\$130
66 to 100 vehicles per calendar month	\$150
101 to 150 vehicles per calendar month	\$170
More than 151 vehicles per calendar month	\$200

NOTE: Franchise payments will not be required by the DEPARTMENT for vehicles it elects to release at no charge.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: René Bobadilla, City Manager

BY: Tom Barrio, Director of Transportation

SUBJECT: **Award a contract to The Goodyear Tire & Rubber Company for Bid No. 19-36 – Bus Tire Lease Service**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

1. Award a contract to The Goodyear Tire & Rubber Company for the Bus Tire Lease Service in an amount(s) not to exceed: Year 1 - \$163,880.99; Year 2 - \$151,512.72; Year 3 - \$155,276.76; Year 4 - \$159,164.52; and Year 5 - \$163,128.00.
2. Authorize the City Manager to execute the Contract on behalf of the City.

BACKGROUND

The City of Montebello Transportation Department, commonly known as Montebello Bus lines, operates a total bus fleet of 66 transit vehicles. The vehicles travel an approximate 2.5 million miles annually. Montebello Bus Lines is responsible for the maintenance of the bus fleet's condition, which includes bus tires, in compliance with the requirements set forth for commercial vehicles in Title 13 of the California Code of Regulations for motor vehicles. Bus tires are maintained through a mileage-lease tire program that includes material and labor. The tire lease program is an approved eligible project for Federal Transit Administration (FTA) grant funding.

ANALYSIS

On May 22, 2019, Request for Proposal (RFP) No. 19-36 for Montebello Bus Lines Bus Tire Lease Services was issued (Project). The notice inviting RFPs was published in Mass Transit, Transit Talent and The Wave as well as on the City's website on May 22, 2019. A pre-proposal meeting was held on June 11, 2019, with two (2) contractors in attendance. On July 18, 2019, two (2) proposals were received offering services.

ITEM #16

The initial term of this Agreement shall be for three (3) years with an option for two (2) annual renewals of one (1) year each—for a total maximum of five years (5).

	Year 1	Year 2	Year 3	Year 4	Year 5
The Goodyear Tire & Rubber Company	\$163,881	\$151,513	\$155,277	\$159,165	\$163,128
Michellin Tire, Inc.	\$190,704	\$185,009	\$195,192	\$205,952	\$217,427

Goodyear Tire submitted the proposal with the lowest cost. The award of the contract to Goodyear Tire would be for the term of three (3) consecutive years plus two (2) additional one-year (1-year) options—for a total maximum of five (5) years. Under FTA funding requirements, the term of the contract cannot exceed five (5) years.

Staff has evaluated The Goodyear Tire & Rubber Company's proposal based on the criteria, which covered the proposer's qualifications and experience, quality and effectiveness of approach to perform the work and cost contemplated under RFP 19-36. The Goodyear Tire & Rubber Company's proposed cost has been determined to be fair and reasonable. The cost for the first year of the contract is slightly higher due to the age of the buses and as a result therein requiring larger tires as appose to the newer model buses requiring smaller tires. The buses requiring larger tires will retire from service by the second year of the contract, hence for the reminder of the term will be at a lower cost. Therefore, staff recommends awarding the contract to The Goodyear Tire & Rubber Company's as the most responsible and responsive proposer for this Project.

FISCAL IMPACT

The annual cost for the first year is approximately one hundred sixty-four thousand dollars and no cents (\$164,000). Funding for this Project has been approved in the FY 2019/20 Transportation Department's Capital Budget using Federal Transit Administration (FTA) 5307 grant funds.

SUMMARY

Award a contract to The Goodyear Tire & Rubber Company for the Bus Tire Lease Service for a term of three (3) consecutive years plus two (2) additional one-year (1-year) options—for a maximum not to exceed five (5) years and authorize the City Manager to execute the Contract on behalf of the City.

ATTACHMENTS

RFP 19-36
Project Proposal and Updated Price Sheet
Contract Agreement

**CITY OF MONTEBELLO, CALIFORNIA
DEPARTMENT OF TRANSPORTATION
Montebello Bus Lines**

REQUEST FOR PROPOSAL

FOR

BUS TIRE LEASE SERVICES

RFP 19-36

**JACK HADJINIAN - MAYOR
SALVADOR MELENDEZ - MAYOR PRO TEM
KIMBERLY ANN COBOS CAWTHORNE - COUNCILMEMBER
ANGIE M. JIMENEZ - COUNCILMEMBER
DAVID TORRES - COUNCILMEMBER**

**Issued: May 22, 2019
Pre-Proposal Meeting: June 11, 2019 10:30 a.m.
Written Questions Due: June 21, 2019
Response to Written Questions: July 03, 2019
Proposals Due: July 18, 2019 12:00 p.m.**

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SECTION 1 NOTICE OF REQUEST FOR PROPOSAL

1.1 Description of the Work to be done

Bus Tire Lease Services: The City of Montebello, Transportation Department, commonly known as Montebello Bus Lines (MBL), as AGENCY, requests proposals from qualified firms to provide Bus Tire Lease Services in accordance with the terms and conditions set forth in RFP NO. [19-36](#).

The Contract shall be a **firm-fixed price** Contract.

1.2 Proposal Due Date

Proposals must be received by 12:00 p.m. Thursday [July 18, 2019](#) and submitted in accordance with the instructions contained in this RFP.

Proposals should be marked Bus Tire Lease Project RFP NO. [19-36](#), and submitted via PlanetBids Portal (accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>).

1.3 Obtaining Proposal Documents

Copies of the specifications and contract documents are available on PlanetBids Portal, accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>.

1.4 Pre- Proposal Meeting Information

A Pre-Proposal Meeting will be held on Tuesday, [June 11, 2019](#). The meeting will convene at 10:30 a.m. in the Transportation Administration Building located at 400 South Taylor Avenue Montebello, CA 90640. It is highly recommended that all potential proposers attend this important meeting.

1.5 Identification of Source of Funding

Financial support of this project is provided through financial assistance grants from the Federal Transit Administration (FTA) and requires compliance with all federal requirements.

Affirmative action to ensure against discrimination in employment practices on the basis of race, color, national origin, ancestry, sex, or religion will also be required.

The AGENCY hereby affirmatively ensures that minority business enterprises will be afforded full opportunity to submit proposals in response to this notice and will not be discriminated against on the basis of race, color, national origin, ancestry, sex, or religion in any consideration leading to the award of contract.

The AGENCY reserves the right to accept or reject any or all proposals, to waive any irregularity in a proposal, and to make an award as may best serve the interest of the AGENCY.

BY ORDER OF THE CITY CLERK of the City of Montebello, California.

, City Clerk

Date

Publishing Dates: **The WAVE**

Any contract entered into pursuant to this notice will incorporate the provisions of the State labor Code. Compliance with the prevailing rates of wages and apprenticeship employment standards established by the State Director of Industrial Relations will be required.

SECTION 2 INSTRUCTIONS TO PROPOSERS

2.1 Description of the Work to be Done

The City of Montebello, Transportation Department, commonly known as Montebello Bus Lines (MBL), as AGENCY, requests proposals from qualified firms to provide Bus Tire Lease Services, in accordance with the terms and conditions set forth in RFP NO. **19-36**.

The Contract shall be a **firm-fixed price** Contract.

2.2 Proposed Schedule for the Procurement

The following is the solicitation schedule for proposers:

Event	Date/Deadline
Issue Request for Proposal:	5-22-2019
Pre-Proposal Meeting:	6-11-2019 10:30 a.m.
Written Questions Due:	6-21-2019
AGENCY'S Response to Written Questions:	7-03-2019
Proposal Due:	7-18-2019 12:00 p.m.
Approval of Contract Award by City Council:	8-21-2019

The AGENCY reserves the right to alter the dates shown above by written notice.

2.3 Obtaining Proposal Documents

Proposal documents and contract documents are available on PlanetBids Portal, accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>.

2.4 Proposal Due Date

Proposals must be received by **12:00 p.m. Thursday July 18, 2019**. Proposals must be prepared and submitted in accordance with the instructions included herein.

Proposals should be marked Bus Tire Lease Project RFP NO. **19-36**, and submitted via PlanetBids Portal (accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>).

A proposal is late if the AGENCY receives it after the deadline stated above. **The AGENCY will reject a late proposal without evaluation.** No exceptions will be granted regardless of reason or circumstances.

Proposals shall be signed by proposer's authorized representative on the forms provided by the AGENCY. The AGENCY will not be responsible for any liability claims or costs incurred by the proposer in the preparation, transportation, and submission of proposals.

The AGENCY reserves the right to accept or reject any or all proposals, to waive any irregularity in a proposal, and to make an award as may best serve the interest of the AGENCY. All

proposals become the property of the AGENCY once they are submitted. The making of an award is contingent upon the availability of funding.

The AGENCY reserves the right to make award within ninety (90) calendar days from the date proposals are opened. Should award in whole or part be delayed beyond the period of ninety (90) days, such award shall be conditioned upon proposer's acceptance.

2.5 Pre- Proposal Meeting Information

A Pre-Proposal Meeting will be held on Tuesday, **June 11, 2019**. The meeting will convene at 10:30 a.m. in the Transportation Administration Building located at 400 South Taylor Avenue, Montebello, CA 90640. This is a question/answer session; attendance is not mandatory but highly recommended.

2.6 Questions, Clarifications and Interpretation

All correspondence, communications and contact in regard to any aspect of this solicitation or offers shall be only with the following person [or his or her designated representative if applicable].

Name:	Eric Yan
Title:	Transit Grants and Projects Administrator
Address:	400 South Taylor Avenue Montebello, CA 90640
Telephone:	(323) 558-1628
E-mail:	eyan@cityofmontebello.com

Unless otherwise instructed by the above person, proposers and their representatives shall not make any contact with or communicate with any member of the AGENCY, or its employees and consultants, other than the designated person above, in regard to any aspect of this solicitation or offers.

No interpretation of the meaning of the plans, specifications or other pre-proposal documents will be made to any proposer orally. Every request for such interpretations shall be in writing addressed to the above person by U.S. mail or electronic mail.

2.7 Addenda

The AGENCY reserves the right to amend the RFP. Any amendments to the RFP shall be described in written addenda. Notification of the addenda will be distributed to all prospective proposers officially known to have received the RFP.

Failure of any prospective proposer to receive the notification or addenda shall not relieve the proposer from any obligation under the RFP therein. All addenda issued shall become part of the RFP.

Prospective proposers shall acknowledge the receipt of each individual addendum in their proposals by submitting the **Receipt of Addenda Form**. Failure to acknowledge in the PROPOSAL receipt of addenda may, at the AGENCY'S sole option, result in disqualification of the proposal.

SECTION 3 GENERAL PROVISIONS

3.1 Contract Security - Proposal, Performance, and Payment Bonds

As security for the acceptance of a Contract, each proposal shall be accompanied by a proposal bond in the amount of ten percent (**10%**) of the proposal, rounded to the nearest hundred dollars, drawn payable to the AGENCY. Proposal bonds will be held until all proposals submitted shall have been canvassed, and the proposals have either been rejected in whole, or in part, or the award of the Contract or Contracts has been made.

Proposal bonds will be returned to unsuccessful proposers within ten (10) days of written notice of award of a Contract. The proposal bonds of the CONTRACTOR will be held until a Contract is duly executed. If the CONTRACTOR to whom a Contract shall have been awarded refuses to execute the Contract and to furnish the specified performance bond within fifteen (15) days after the award of the Contract, the amount of the proposal deposit shall be forfeited to and retained by the AGENCY as liquidated damages of such neglect or refusal.

As required, CONTRACTOR shall furnish at the time of execution of the Contract, at its own expense, a Faithful **Performance Bond** payable to the AGENCY in the amount of one hundred percent (**100%**) of the full amount of the Contract as a guarantee of good faith on behalf of the CONTRACTOR that the terms of the Contract shall be complied with in every particular. Such performance bond shall be in effect during the full term of the Contract, until Final Acceptance.

CONTRACTOR, at its sole expense, at the time of execution of the Contract, shall deposit with the AGENCY a **Labor and Materials Payment Bond** issued by a surety acceptable to the AGENCY and naming the AGENCY as the sole beneficiary of an amount equal to fifty percent (**50%**) of this Contract's total price in the event CONTRACTOR fails to pay its employees, Sub-contractors, material men, or others supplying CONTRACTOR with labor or materials under this Contract. Said bond shall also require such surety to defend the AGENCY against any claims or causes of action arising out of CONTRACTOR's said failure to pay, whether such claims or actions are instituted before administrative, quasi-judicial, or judicial bodies.

Bonds must be posted with the AGENCY as follows:

Proposal Guarantee/Proposal Bond - 10% of the proposal, submitted with the proposal.

Faithful Performance Bond - 100% of contract amount, submitted at execution of contract.

Labor and Materials Payment Bond - 50% of contract amount, submitted at execution of contract.

Only bonds issued by companies that are rated "**A-**" or better in the "Best Rating Guide," "The Best Key Rating Guide to Property Casualty Companies," and/or rated in the "Federal Register Circular 570," 1984 Revision (or most recent addition) will be accepted. Failure to submit acceptable bonds will be cause of rejection of proposal.

Attorneys-in-fact who sign bonds or payment bonds and performance bonds must file with each bond a certified and effective dated copy of their power of attorney.

Withhold of Prevailing Wage Forfeited Amounts: In accordance with SB 222, the AGENCY is required to withhold any amounts from progress payments to CONTRACTOR that have been forfeited as penalties, or as wages owed to employees who have not been paid the prevailing

wage for work performed, and transfer all withheld wages and penalties to the Labor Commissioner for disbursement in those cases where the CONTRACTOR fails to bring a lawsuit for amounts withheld within ninety (90) days after the completion of the public works contract and formal acceptance of the job by the AGENCY.

3.2 Execution of General Contract

The Contract shall be signed by the successful proposer and returned, together with the specified payment and performance contract bonds, within ten (10) working days after the Contract has been mailed or otherwise delivered to proposer. No Contract shall be considered effective until it has been fully executed by all of the parties thereto. Failure to execute the Contract and file a bond that is acceptable to the AGENCY within ten (10) working days after the Contract has been mailed or otherwise delivered to the successful proposer shall be just cause for the cancellation of the award and the forfeiture of the proposal guaranty which shall become the property of AGENCY not as a penalty, but as liquidation of damages sustained. Award may then be made to the next responsive, responsible and qualified proposer, or the work may be re-advertised as AGENCY may decide.

3.3 Notice to Proceed

The Notice to Proceed shall be issued within fifteen (15) working days of Contract execution. Should there be reasons why the Notice to Proceed cannot be issued within such period, the time may be extended by mutual agreement between AGENCY and CONTRACTOR. If the Notice to Proceed has not been issued within the 15-day period or within the period mutually agreed upon, the CONTRACTOR may terminate the Contract without further liability on the part of either party.

3.4 Business License

The CONTRACTOR and all Sub-contractors will each secure a City of Montebello Business License prior to commencing work or services.

3.5 Permits

CONTRACTOR shall be responsible for obtaining any and all permits required to perform any installation. The installation shall be in complete compliance with the City of Montebello Building, Fire Codes, and CAL OSHA and any other governmental regulations that relate to this contract.

3.6 Single Proposal

In the event a single proposal is received, AGENCY may conduct a price or cost analysis of the proposal; to be limited to non-proprietary cost data only. A cost analysis is the process of examining the proposal and evaluating the separate cost elements. It should be recognized that a cost analysis through comparison to other similar procurements must be based on an established or competitive price of the elements used in the comparison. The comparison must be made to a purchase of similar quantity and involving similar provisions. Where a difference exists, a detailed analysis must be made of this difference and costs attached thereto.

Where it is not possible to obtain a valid price analysis, it may be necessary for AGENCY to conduct a cost analysis of the proposed price.

3.7 Award of Contract

In determining the supplier/lessor, consideration will be given to the overall price of the projected three years and three one year options; financial responsibility of the proposer; responsiveness to these provisions; qualifications; suitability of the labor and material offered; and Disadvantaged Business Enterprise participation (if a DBE goal has been specified in Section 5.9).

Within ninety (90) calendar days after the opening of proposals, if a Contract is to be awarded, the award will be made to the responsible, responsive, and qualified PROPOSER who's PROPOSAL complies with all the requirements prescribed. The successful PROPOSER will be notified, by email or letter mailed to the address shown on its proposal, that its proposal has been accepted and that it has been awarded the Contract.

3.8 Approved Equals

All proposals shall be in strict compliance with the requirements and Technical Specifications of this proposal, including the provisions herein regarding "approved equals" and "deviation". Where a feature, component, or item is specified by brand name in these provisions; the words "or approved equal" will apply. Where the approval of AGENCY is specifically required by these provisions in connection with a particular feature, or if the proposer proposes to submit a proposal containing "approved equals" or "deviations" from specific requirements of these provisions, the proposer shall submit written requests at least ten (10) working days prior to the date and hour of the proposal opening and be accompanied by an itemized comparison of the proposed substitution with the products specified or named by Addenda, and by the enclosed **Product Evaluation Questionnaire**. The questionnaire is available upon request.

Proposals shall be submitted containing any such approvals, approved equals or deviations as are specifically approved and confirmed in writing by AGENCY. Each proposal must be accompanied by documentation regarding any such approvals granted by AGENCY for that proposal. Any unapproved deviations, exceptions, substitutions, alternates, or conditional qualifications contained in a proposal may be cause for its rejection.

It should be understood that specifying a brand name, components and/or equipment in this provision shall not relieve the CONTRACTOR from its responsibility to produce the product in accordance with the performance warranty and contractual requirements. The CONTRACTOR is responsible for notifying AGENCY of any inappropriate brand name, component and/or equipment that may be called for in the provisions.

3.9 Manufacturer's Experience

Wherever it may be written that an equipment manufacturer must have a specified period of experience with its product, equipment which does not meet the specified experience period can be considered if the equipment supplier or manufacturer is willing to provide a bond deposit for the duration of the specified time period which will guarantee replacement of that equipment in the event of failure.

3.10 Contractor Responsibility for Materials and Accessories

The CONTRACTOR shall assume responsibility for materials and accessories used in providing Tire Lease Services, whether the same are made by the CONTRACTOR or purchased under sub-contract from an outside source.

3.11 Payment

A separate invoice, referencing the respective purchase order number, shall be issued in duplicate for each invoice shown in the payment schedule, and addressed to: City of Montebello, Attn: Accounts Payable, 1600 West Beverly Boulevard, Montebello, CA, 90640.

Payment will be made within thirty (30) days after acceptance and approval of invoice.

3.12 Contractor Eligibility

Affidavits are required to be completed by the CONTRACTOR and by all Sub-contractors declaring that the proposal is in all respects fair and without collusion or fraud. **(Non-Collusion Affidavit of Prime Proposer; Non-Collusion Affidavit of Sub-Contractor)**

A Contract cannot be awarded to any vendor that is on the United States Comptroller General's list of ineligible contractors. The potential Prime CONTRACTOR and all potential Sub-contractors must complete the **Ineligible Contractors Form** regarding debarment for violations of public contracts incorporating Labor Standard Provisions.

3.13 Oral Changes

Oral change orders are NOT permitted. All proposed changes must be submitted in writing to, and approved by, AGENCY prior to becoming a Contract modification.

3.14 Insurance

CONTRACTOR shall procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the CONTRACTOR, its agents, representatives, or employees.

MINIMUM SCOPE OF LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- A. Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products completed operations, personal injury and advertising injury, with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- B. Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if CONTRACTOR has no owned autos, Code 8 (hired) and 9

(non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.

- C. Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.

(Not required if CONTRACTOR provides written verification that it has no employees)

- D. Professional Liability** (Errors and Omissions) Insurance appropriate to the CONTRACTOR'S profession, with limit no less than **\$1,000,000** per occurrence or claim, \$2,000,000 aggregate.

If the CONTRACTOR maintains higher limits than the minimums shown above, the AGENCY requires and shall be entitled to coverage for the higher limits maintained by the CONTRACTOR.

AGENCY shall have no responsibility of liability for such insurance coverage.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The AGENCY, its officers, officials, employees, and volunteers are to be covered as insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the CONTRACTOR; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the CONTRACTOR including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONTRACTOR'S insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the CONTRACTOR'S insurance coverage shall be primary insurance as respects the AGENCY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the AGENCY, its officers, officials, employees, or volunteers shall be excess of the CONTRACTOR'S insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except after thirty (30) days' prior written notice (10 days for non-payment) has been given to the AGENCY.

Waiver of Subrogation

CONTRACTOR hereby grants to AGENCY a waiver of any right to subrogation which any insurer of said CONTRACTOR may acquire against the AGENCY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the AGENCY has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the AGENCY. The AGENCY may require the CONTRACTOR to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the AGENCY.

Claims Made Policies

If any of the required policies provided coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONTRACTOR must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

Verification of Coverage

CONTRACTOR shall furnish the AGENCY with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the AGENCY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONTRACTOR'S obligation to provide them. The AGENCY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Sub-Contractors

CONTRACTOR shall require and verify that all Sub-Contractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances

AGENCY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

3.15 Qualifications of Proposers

Proposer shall be either manufacturers of the items proposed upon, or shall satisfy AGENCY of their ability to furnish the specified items. Only proposer of established reputation, having proper facilities to provide the items called for in these provisions, shall be considered in making the award. The attached **References** must be completed and submitted with the sealed proposal if the proposal is to be considered responsive.

A proposer must present evidence of experience, ability, service facilities and financial standing necessary to meet satisfactorily the requirements set forth or implied in the proposal. **The attached Proposer's Information, Qualifications Certification must be completed, notarized and submitted with the sealed proposal if the proposal is to be considered responsive.**

3.16 Performance of Work

It is the intent of these specifications to provide only items of the highest quality. The workmanship shall be the best obtainable in the various trades. The design of the item, which the CONTRACTOR proposes to furnish, must be of such as to produce items of substantial and durable construction in all respects. The price to be quoted and submitted shall include all items of labor, materials, tools and any other costs necessary to fully complete the manufacture, and installation of the product pursuant to the provisions. It is the aim of these specifications that the CONTRACTOR provides a complete product of the type prescribed. Any items omitted from such specifications, which are clearly necessary for the completion of such items, and its appurtenances shall be considered a portion of such equipment, although not directly specified or called for in these specifications. The quality of standard components not covered by the language of these specifications will be a factor determining a proposal award. No advantage shall be taken by the CONTRACTOR in the omission of any part or detail which goes to make the item or equipment complete and ready for service, even though such a part is not mentioned in these specifications.

3.17 Materials and Workmanship

All equipment and materials shall be new and of the highest quality.

3.18 Proposal Protest Procedures (Policy Before Proposal Opening)

A protest filed before a proposal opening must be filed in writing no later than ten (10) working days before a proposal opening. The most common types of protest that might be filed before a proposal opening would include one based upon restrictive specifications, or alleged improprieties in any type of solicitation that is apparent prior to the scheduled proposal opening. The AGENCY will grant the protesting firm a fair review, and allow up to ten (10) working days to review or appeal a decision provided no state or federal law or regulation has been violated. It is the intent of AGENCY to resolve all protests at the local level.

When a protest is filed before a scheduled proposal opening certain steps must be followed:

- A.** The protest must be submitted in writing within the specified time frame (no later than ten (10) working days prior to a proposal opening). All protests must be filed with the Procurement Analyst for a determination. A protest that is mailed to the Procurement Analyst must be received by the AGENCY within the specified time frame.

The City of Montebello
Attn: Purchasing Manager
1600 West Beverly Boulevard
Montebello, CA 90640

- B.** The protest must contain the reason(s) for the protest and should recommend a remedy.
- C.** Where appropriate, AGENCY will hold an informal conference on the merits of a protest with all interested parties allowed to attend. Interested parties may include all proposers and Sub-contractors or suppliers provided they have a substantial economic interest in a portion of the PROPOSAL.

- D. All potential proposers will be advised of a pending protest.
- E. AGENCY shall not open proposals prior to the resolution of the protest, unless it is determined that:
 - The items to be procured are urgently required, or;
 - Delivery or performance will be unduly delayed by failure to make the award promptly, or;
 - Failure to make prompt award will otherwise cause undue harm to AGENCY or the Federal Government.
- F. AGENCY will respond in writing within ten (10) working days after receipt of a properly filed protest. The response will be provided by the Procurement Analyst and will include a response to each substantive issue raised in the protest.
- G. After the exhaustion of administrative remedies the protesting party will be given a final decision. The Procurement Analyst has the authority to make the final determination regarding all protests.

Note: The Federal Transit Administration will only review a protest that the grantee failed to have or to follow its protest procedures, or that it failed to review a complaint or protest. A protest to the Federal Transit Administration must be filed in accordance with Federal Transit Administration Circular C4220.1F.

3.19 Proposal Protest Procedures (Policy After Proposal Opening/Post Award)

A protest filed after a proposal opening or post award must be filed within five (5) working days after the proposal opening or notice of award. The types of protests most commonly filed after proposal openings are varied, e.g., one in which the award is made to other than the low proposer, changes to the criteria during proposal evaluation, proposal compliance, etc. The AGENCY will grant the protesting firm a fair review, and allow up to ten (10) working days to review or appeal a decision provided no state or federal law has been violated. It is the intent of AGENCY to resolve all protests at the local level.

All protests, including protests within Federal Transit Administration funded projects, must follow certain guidelines.

- A. The protest must be submitted in writing within the specified time frame (no later than five (5) working days after the proposal opening or notice of award). All protests must be filed with the Procurement Analyst for determination. A protest that is mailed to the Procurement Analyst must be received by the AGENCY within the specified time frame.
- B. The protest must contain the reason(s) for the protest and recommend a remedy.
- C. Where appropriate, AGENCY will hold an informal conference on the merits of a protest with all interested parties allowed to attend. Interested parties may include all proposers and Sub-contractors or suppliers provided they have a substantial economic interest in a portion of the PROPOSAL.

- D. AGENCY will respond in writing within ten (10) working days after receipt of the protest. The response will be provided by the Procurement Analyst and will include a response to each substantive issue raised in the protest.
- E. After exhaustion of administrative remedies, the protesting party will be given a final decision. The Procurement Analyst has the authority to make the final determination regarding all protests.

Note: The Federal Transit Administration will only review a protest that the grantee failed to have or to follow its protest procedures, or that it failed to review a complaint or protest. A protest to the Federal Transit Administration must be filed in accordance with Federal Transit Administration Circular C4220.1F.

All protests must be filed within five (5) working days of the date the protester knew or should have known of the violation.

3.20 Drug-Free Workplace, Drug and Alcohol Testing

The CONTRACTOR, and all Sub-contractors, must certify that they have a drug-free workplace for all employees and comply with the Drug-Free Workplace Act of 1988 and all applicable Federal drug and alcohol regulations governing workplace anti-drug use and alcohol misuse programs. **(Certification of Drug-Free Workplace).**

3.21 Remedies/Sanctions for Breach of Contract

Pursuant to the Contract, the AGENCY may terminate the Contract if the successful proposer breaches the terms or violates the conditions of the Contract, and does not cure such breach or violation within the specified time period. The successful proposer shall be liable for any and all costs incurred by AGENCY as a result of such default, including but not limited to re-procurement costs of the same or similar services defaulted by the successful proposer under this Agreement [49CFR 18.36(i)(2)].

3.22 Sub-Contractors

The CONTRACTOR shall submit with its proposal the name and address of each Sub-contractor it intends to employ, a description of the work which the Sub-contractor is to do, the dollar amount of each Sub-contractor contract, and such other information as may be required in order that AGENCY'S approval may be obtained as to reliability and ability to perform the work **(Proposers List of DBE Participating Firms).**

Required Submittals for Sub-Contractors: Listings of all Sub-contractors performing work for the prime Contract shall be submitted and received with the proposer's proposal. Lists of Sub-contractors are a part of the proposal package, and failure to submit said listings might constitute the submittal of an incomplete proposal. Pre-printed forms are attached **(Proposers List of DBE Participating Firms).**

Terms and Conditions Binding Upon Sub-Contractors: All terms and conditions contained in this proposal shall be binding upon the CONTRACTOR'S Sub-contractors. The CONTRACTOR shall enter into Contracts with its Sub-contractors and these Contracts shall contain these terms and conditions.

3.23 Privacy Act

The CONTRACTOR agrees to comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, 5 U.S.C., 552a.

The CONTRACTOR also agrees to include these requirements in each Sub-contract.

3.24 Prohibited Interest

No Council member, officer, or employee of the AGENCY or of a local Public Body during his/her tenure or for one year thereafter shall have any interest, direct or indirect, in this Contract or the proceeds thereof. If any such interest comes to the knowledge of any party at any time, a full and complete disclosure of all such information will be made in writing to the other parties, even if such interest would not be considered a conflict of interest under Article 4 of Chapter 1 of Division 4 of Title 1 (Sections 1090-1097) of the Government code of the State of California.

SECTION 4 SPECIAL PROVISIONS

4.1 Liquidated Damages (Delivery)

MBL and the CONTRACTOR/LESSOR recognize that time is of the essence and MBL will suffer financial loss if the equipment or item is not fabricated and/or delivered within the time specified in the Proposal. Instead of requiring any such proof of damages, MBL and CONTRACTOR/LESSOR agree that in case the item or equipment embraced in this Proposal shall not have been completed due to the failure of the CONTRACTOR/LESSOR, MBL should recover said sum or sums of money, equal to the cost of engineering, inspection of work, and any additional and other expenses incurred from the CONTRACTOR/LESSOR, from the surety or from both. The amount of these deductions shall be assessed as liquidated damages, and are not to be considered penalties. For administrative purposes, \$100 per-hour "not to exceed \$1,200 per-day," for every day beyond the specified date, as extended, shall be withheld as a special reserve to be applied as liquidated damages, if any, the amount of said damages to be determined as per the above mentioned method.

4.2 Time of Completion

In case the tires under the terms of these provisions and related purchase contract shall be necessarily delayed because of strike, injunctions, government controls, or by reasons of any cause or circumstances beyond the control of the CONTRACTOR/LESSOR, the time of completion shall be extended by a number of days to be determined in each instance by mutual agreement between CONTRACTOR/LESSOR and MBL.

4.3 Evaluation of Proposal Criteria (Reference Section 3.7)

PERCENTAGE RATING	DESCRIPTIONS
Price: 45%	Combined cost of the tire mileage rate and tire service attendant labor rate
Responsiveness to Provisions and Financial Responsibility: 15%	Compliance with all term/conditions; and submission of required documents, forms and bonds
Qualifications: 15%	References; evidence of experience, ability to deliver service and financial standing
Suitability of Labor/Materials: 25%	Defined Action Plan; goods and services provided of the highest quality

SECTION 5 FEDERAL REQUIREMENTS

5.1 Federal Funding, Incorporation of FTA Terms

The preceding provisions include, in part, certain standard terms and conditions required by the U.S. Department of Transportation ("DOT"), whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in Federal Transit Administration ("FTA") Circular 4220.1F or its successors are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA-mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this agreement. The CONTRACTOR shall not perform any act, fail to perform any act or refuse to comply with any AGENCY requests that would cause AGENCY to be in violation of the FTA terms and conditions.

5.2 Federal Changes

The CONTRACTOR shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Master Agreement between AGENCY and FTA, as they may be amended or promulgated from time to time during the term of this Contract. CONTRACTOR'S failure to so comply shall constitute a material breach of this Contract.

5.3 No Government Obligation to Third Parties

The AGENCY and CONTRACTOR acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Contract, absent the express written consent by the Federal Government, the Federal Government is not a part to this Contract and shall not be subject to any obligations or liabilities to the AGENCY, CONTRACTOR, or any other party (whether or not a party to that Contract) pertaining to any matter resulting from the underlying Contract.

The CONTRACTOR agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the Subcontractor who will be subject to its provisions.

5.4 Program Fraud and False or Fraudulent Statements or Related Acts

The CONTRACTOR acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. §§ 3801, *et seq.* and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this project. Upon execution of the underlying Contract, the CONTRACTOR certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying Contract of the FTA-assisted project for which this Contract work is being performed.

In addition to other penalties that may be applicable, the CONTRACTOR further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the CONTRACTOR to the extent the Federal Government deems appropriate.

The CONTRACTOR also acknowledges that if it makes, or caused to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the CONTRACTOR, to the extent the Federal Government deems appropriate.

The CONTRACTOR agrees to include the above two clauses in each sub-contract financed in whole or in part with Federal assistance provided by the FTA. It is further agreed that the clauses shall not be modified, except to identify the Sub-contractor who will be subject to the provisions.

5.5 Inspection and Retention of Records

The CONTRACTOR shall permit authorized representatives of the AGENCY, the FTA Administrator, and the Comptroller General of the United States to inspect and audit all data and records of the CONTRACTOR relating to its performance and its sub-contracts under this Contract from the date of the Contract through and until the expiration of three years after the date of termination or expiration of this Contract, except in the event of litigation or settlement of claims arising from the performance of this Contract, in which case CONTRACTOR agrees to maintain same until the AGENCY, the FTA Administrator, and the Comptroller General of the United States, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. The AGENCY retains ownership of all project documents and records maintained by the CONTRACTOR on behalf of the AGENCY.

5.6 Suspension and Debarment

This Contract is a covered transaction for purposes of 49 CFR Part 29. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR, its principals, as such defined at 49 CFR 29.995, or affiliates, as defined at 49 CFR 29.905, are excluded or disqualified as defined at 49 CFR 29.940 and 29.945.

The CONTRACTOR is required to comply with 49 CFR 29, Subpart C and must include this requirement to comply with 49 CFR 29, Subpart C in any lower tier covered transaction it enters into.

By signing and submitting its proposal or proposal, the Proposer or Proposer certifies as follows:

The certification in this clause is a material representation of fact relied upon by the AGENCY. If it is later determined that the Proposer or Proposer knowingly rendered an erroneous certification, in addition to remedies available to the AGENCY, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The Proposer or Proposer agrees to comply with the requirements of 49 CFR 29, Subpart C while this offer is valid and throughout the period of any contract that may arise from this proposal. The Proposer or Proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

5.7 Termination

Pursuant to the Contract, in the event that either Party hereto fails or refuses to perform any of the provisions of this Contract at the time and in the manner required, the non-defaulting party

shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Contract by giving written notice thereof to the defaulting party, setting forth the effective date thereof.

The AGENCY shall have the option, at its sole discretion and without cause, of terminating this Contract in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR. Upon the termination of this Contract as provided herein, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Contract, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs, and is unable to seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Contract. CONTRACTOR agrees to cease all work under this Contract on or before the effective date of any notice of termination. Pursuant to the Contract, all AGENCY data, documents, objects, materials or other tangible things shall be returned to the AGENCY upon the termination or expiration of this Contract.

5.8 Civil Rights Requirements

During the performance of this Contract, the CONTRACTOR agrees as follows:

- A. Nondiscrimination** - In accordance with Title VI of the Civil Rights Act, the CONTRACTOR agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability.
- B. Equal Employment Opportunity** - The following equal employment opportunity requirements apply to the underlying Contract:
 - 1. Race, Color, Creed, National Origin, Sex - The CONTRACTOR agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

2. Age - The CONTRACTOR agrees to refrain from discrimination against present and prospective employees for reason of age.
 3. Disabilities - The CONTRACTOR agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities.
- C. The CONTRACTOR also agrees to include these requirements in each sub-contract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

5.9 Disadvantaged Business Enterprise (DBE)

AGENCY Assurance: AGENCY shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract, or in the administration of its DBE Program. AGENCY shall take all necessary and reasonable steps under Part 26, Title 49 of the Code of Federal Regulations (CFR), to ensure nondiscrimination in the award and administration of DOT-assisted contracts. AGENCY'S DBE Program, as required by 49 CFR Part 26, and as approved by DOT, is incorporated by reference in this Contract. Implementation of this DBE Program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Contract. Upon notification to AGENCY of its failure to carry out its approved program, the DOT and/or the Federal Transit Administration (FTA) may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. § 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. §§ 3801 *et seq.*).

Annual Overall Goal: In accordance with 49 CFR Part 26, "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs," the AGENCY is required to establish an annual overall goal for the participation of DBEs in all contracts utilizing federal financial assistance. For the current fiscal year, the AGENCY has established a DBE participation goal of Three percent (3%).

AGENCY'S annual overall goal represents the amount of ready, willing, and able DBEs that are identified as available to participate in contracting opportunities, and is reflective of the amount of DBE participation AGENCY would expect absent the effects of discrimination.

Contract Goals: AGENCY intends to meet its goal to the maximum extent feasible through race-neutral measures, including the encouragement of DBE participation on contracts which have no specific DBE goal. Where race-neutral measures are inadequate to meet the annual overall goal, AGENCY will establish specific contract goals for particular projects with subcontracting opportunities.

At this time, AGENCY will meet DBE goal on federally assisted projects through race neutral measures. AGENCY supports the use of race neutral measures to facilitate participation by DBEs and other small businesses, and encourages prime contractors to subcontract portions of their work that might otherwise perform with their own forces.

Good Faith Efforts: If a specific DBE participation goal is identified in the above **Section 5.9, paragraph 3**, a proposer must demonstrate that it can meet this specified goal in the performance of this Contract in order for the proposal to be determined a responsive proposal. If

a proposer cannot meet the specified goal, the proposer must demonstrate that it performed sufficient good faith efforts to meet the goal. A proposer who is not responsive shall be ineligible for award of contract.

Determination of Good Faith Efforts: If the amount of DBE participation does not meet the Contract-specific goal, the DBE Officer shall review the good faith effort report submitted by the proposer. The DBE Officer shall determine whether the proposer has performed the quality, quantity, and intensity of efforts that demonstrates a reasonably active and aggressive attempt to meet the Contract-specific goal.

The kinds of effort that will be considered demonstrative of “Good Faith Efforts” include, but are not limited to, the following: Whether the CONTRACTOR solicited through all reasonable and available means (e.g., attendance at pre-proposal meetings, advertising and/or written notices) the interest of all certified DBEs who have the capability to perform the work; whether the CONTRACTOR solicited interest within sufficient time to allow the DBEs to respond and, if appropriate steps were taken, to follow-up with interested DBEs; whether the CONTRACTOR selected portions of work to be performed by DBEs and, where appropriate, broke-out contract work items into economically feasible units to facilitate DBE participation even when the CONTRACTOR might otherwise prefer to perform these work items with its own forces; whether the CONTRACTOR negotiated in good faith with interested DBEs (evidence includes names, addresses, and phone numbers; description of information provided regarding plans and specifications; and evidence as to why additional agreements could not be reached); whether the CONTRACTOR made efforts to assist interested DBEs in obtaining necessary equipment, supplies, materials, or related assistance or services; whether the CONTRACTOR made efforts to assist interested DBEs in obtaining bonding, lines of credit, or insurance; whether the CONTRACTOR effectively used the services of available minority/women community organizations, contractors’ groups, or other organizations to provide assistance; and whether other proposers on the procurement met the DBE goal.

Proposer’s Right to Administrative Reconsideration: In the event that the DBE Officer determines that the responsible proposer has not met the Contract-specific goal, and has not demonstrated good faith efforts, the DBE Officer will notify the proposer in writing. The notification shall explain the basis and include the reasons for the determination, and shall inform the proposer of its right to submit further written documentation or appear before the Reconsideration Official prior to the time that a recommendation for award of contract is presented to the City Council. (The Reconsideration Official is a CITY representative who did not take part in the original determination.) After reconsideration, AGENCY shall provide the proposer with a written decision. The result of the reconsideration process is not appealable by the proposer.

In the event that the Reconsideration Official finds that the proposer has not met the Contract goal or demonstrated good faith efforts, AGENCY will deem said proposer not responsible and evaluate the proposer submitting the next proposal.

CONTRACTOR Compliance with AGENCY DBE Policy: It is the policy of AGENCY to ensure nondiscrimination in the award and administration of DOT-assisted contracts and to create a level playing field on which DBEs can compete fairly for contracts and subcontracts relating to AGENCY’S construction, procurement, and professional services activities. To this end, AGENCY has developed procedures to remove barriers to DBE participation in the proposal and award process and to assist DBEs to develop and compete successfully outside of the DBE program.

In connection with the performance of this Contract, the CONTRACTOR will cooperate with AGENCY in meeting these commitments and objectives.

Required Proposal/Proposal Submittals: The CONTRACTOR shall submit with its Proposal the name and address of each Sub-contractor it intends to employ, a description of the work which the Sub-contractor is to do, the dollar amount of each Sub-contractor contract, and such other information as may be required in order that AGENCY'S approval may be obtained as to reliability and ability to perform the work (**Proposers List of DBE Participating Firms**).

In addition, proposer shall submit within five (5) days of proposal opening the names and addresses of all DBE firms that will participate in the Contract; a description of the work that each DBE will perform; the dollar amount of the participation of each DBE firm; written documentation of commitment to use DBE Subcontractors whose participation the CONTRACTOR submits to meet the Contract goal; and written confirmation from the DBE that it is participating in the Contract as provided in the CONTRACTOR's commitment. (**Statement of Disadvantaged Business Enterprise Participation**)

AGENCY shall require that any DBEs listed by proposers for participation in the Contract be certified as eligible DBEs. AGENCY will accept current certifications by the DOT and its agencies, the Small Business Administration, or other DOT federal financial assistance recipients, as appropriate. **Within five (5) days of proposal opening, DBEs with current certification must attach a copy of their current Letter of Certification and a copy of their current Statement of Personal Net Worth.**

AGENCY will require any firm listed, but not currently certified as a DBE, to submit the proper certification information within five (5) days of proposal opening in order to be included in the proposer's DBE achievement.

CONTRACTOR Assurance: Pursuant to 49 CFR Part 26, the CONTRACTOR is required to make the following assurance in its agreement with AGENCY and to include this assurance in any agreements it makes with subcontractors in the performance of this Contract:

"The CONTRACTOR or Sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The CONTRACTOR shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the CONTRACTOR or Subcontractor to carry out these requirements is a material breach of this Contract, which may result in the termination of this Contract or such other remedy, as AGENCY deems appropriate."

Prompt Payment to Sub-contractors: The CONTRACTOR must pay Sub-contractors for satisfactory performance of their contracts no later than 15 days from the receipt of payment made to the CONTRACTOR by AGENCY. Prompt return of retainage payments from the CONTRACTOR to the Sub-contractor will be made within 15 days after the Sub-contractor's work is satisfactorily completed.

Any delay or postponement of payment among the parties may take place only for good cause and with AGENCY'S prior written approval. If the CONTRACTOR determines the work of the Sub-contractor to be unsatisfactory, it must notify AGENCY'S DBE Officer immediately in writing and state the reasons. Failure by the CONTRACTOR to comply with this requirement will be construed to be a breach of contract and subject to contract termination.

Reports of Payment to DBE Sub-contractors: The DBE Officer will monitor the amount actually paid by the CONTRACTOR to Sub-contractors, and will require the CONTRACTOR to provide monthly reports of payments to DBEs. A letter will be sent to the DBE Sub-contractors to verify the dollar amount.

The amount awarded to the DBE, the amount paid to the DBE as stated by the CONTRACTOR, and the amount paid to the DBE as verified by the DBE, will be reported to the Federal Transit Administration (FTA).

Contract Change or Amendment: When a contract change or amendment is made, the CONTRACTOR will submit a statement to the DBE Officer regarding how the change may affect DBE sub-contracting.

Reporting DBE Participation: The CONTRACTOR is required to report all DBE participation on their contract whether or not the contract contains a specified DBE goal. The CONTRACTOR is not to count participation of a DBE Subcontractor until the amount being counted has been paid to the DBE.

Counting DBE Participation toward the Contract Goal: Only the work actually performed by a DBE will be counted towards the DBE goal. The cost of supplies and materials obtained by the DBE or equipment leased (except from the CONTRACTOR or its affiliate) may also be counted.

Commercially Useful Function: Work that a DBE sub-contracts to a non-DBE firm does not count toward DBE goals. Expenditures may only be counted if the DBE is performing a commercially useful function. A DBE should perform at least 30 percent of the total cost of its contract with its own work force. Decisions on commercially useful function are subject to review by the FTA, but are not administratively appealable to DOT.

If materials or supplies are obtained from a DBE manufacturer, 100 percent of the cost will be counted. If the materials and supplies are purchased from a DBE regular dealer, 60 percent of the cost will be counted.

DBE Replacement: The CONTRACTOR must make a good faith effort to replace a defaulting DBE Sub-contractor with another certified DBE. The CONTRACTOR must immediately notify the DBE Officer of the DBE's inability to perform, and provide reasonable documentation. The CONTRACTOR must receive prior written approval on the substitute DBE from AGENCY. The CONTRACTOR will provide copies of new or amended subcontracts and copies of the substitute DBE's current Letter of Certification and current Statement of Personal Net Worth.

If the CONTRACTOR proposes to replace a DBE Sub-contractor with a non-DBE, sufficient good faith efforts documentation must be provided. If the CONTRACTOR fails or refuses to comply in the time specified, AGENCY will issue an order stopping all, or part of, payment/work until satisfactory action has been taken. If the CONTRACTOR still fails to comply, AGENCY may issue a termination for default proceeding.

Evaluation of Proposals with DBE Goals: After the proposal opening, or submission of proposals, the DBE Officer shall evaluate all proposals with regard to the DBE requirements to determine a recommendation for award of contract. The responsible proposer, who also meets the Contract-specific goal or demonstrates good faith efforts, shall be recommended for contract award. In the event that the proposer does not meet the Contract-specific goal or demonstrate good faith efforts, the DBE Officer shall evaluate the next proposal.

5.10 Buy America

The Buy America requirement provides that Federal funds may not be obligated for mass transportation projects unless steel, cement, and manufactured products used in such projects are produced in the United States. The requirement will not apply in the following four cases:

- A. When its application is against the public interest (as decided by the FTA Administration on a case-by-case basis).
- B. When the required materials and products are not produced in the U.S. in sufficient quantities and of satisfactory quality.
- C. When, in the procurement of buses and other rolling stock, the cost of the components which are produced in the U.S. is more than **65 percent** of the cost of all components of the vehicle or equipment, and if the final assembly takes place in the U.S.
- D. When the inclusion of domestic material will increase the over-all cost of the project Contract by more than 10 percent in the case of projects for the acquisition of buses and rolling stocks; and 25 percent in the case of all other projects.

The CONTRACTOR, who seeks to establish grounds for an exception, must seek the exception, in writing, to the Procurement Analyst at least fifteen (15) days prior to proposal opening.

When a petition for investigation has been filed with FTA before award, the AGENCY reserves the right to not make an award prior to the resolution of the investigation by FTA and when a request for investigation has been filed with FTA before the opening of proposals, the AGENCY reserves the right to not open proposals prior to the resolution of the investigation by FTA.

The CONTRACTOR and all Sub-contractor with contracts of \$100,000 or more are required to certify compliance or non-compliance with this provision by submitting the attached **“Buy America” Provision**, with the proposal.

5.11 Remedies/Sanctions for Breach of Contract

Pursuant to Article XII of the Contract, the AGENCY may terminate the Contract if the successful Proposer breaches the terms or violates the conditions of the Contract, and does not cure such breach or violation within the specified time period. The successful Proposer shall be liable for any and all costs incurred by AGENCY as a result of such default, including but not limited to re-procurement costs of the same or similar services defaulted by the successful Proposer under this Contract [49CFR 18.36(i)(2)].

5.12 Federal Prohibited Interest

No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Contract or to any benefit arising there from {FTA Grant Agreement, Part II, Sec. 114 (m)}.

5.13 Lobbying

CONTRACTORS who apply or proposal for an award of \$100,000 or more shall file the certification required by 49 C.F.R. Part 20, **"Restrictions on Lobbying."** Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose the name of any registrant under the Lobbying Disclosure Act of 1995 who has made lobbying contacts on its behalf with non-Federal funds with respect to that Federal contract, grant or award covered by 31 U.S.C. 1352. Such disclosures are forwarded from tier to tier up to the recipient.

If the successful offeror, and/or primary Sub-contractor, did engage in lobbying activities, then OMB Standard Form LLL "Disclosure of Lobbying Activities" must also be completed and submitted to AGENCY. Form is available upon request.

5.14 Clean Air Requirements

The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 *et seq.* The CONTRACTOR agrees to report each violation to the AGENCY and understands and agrees that the AGENCY will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.

The CONTRACTOR also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

5.15 Clean Water Requirements

The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251 *et seq.* The CONTRACTOR agrees to report each violation to the AGENCY and understands and agrees that the AGENCY will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.

The CONTRACTOR also agrees to include these requirements in each sub-contract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

5.16 Cargo Preference

The CONTRACTOR agrees to the following clauses for the purchase of equipment, materials or commodities that may be transported by ocean vessel in carrying out the project:

- A. To use privately owned United States-Flag commercial vessels to ship at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) involved, whenever shipping any equipment, material or commodities pursuant to the underlying contract to the extent such vessels are available at fair and reasonable rates for United States-Flag commercial vessels.

- B. To furnish within 20 working days following the date of loading for shipments originating within the United States, or within 30 working days following the date of loading for shipments originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in the preceding paragraph to the Division of National Cargo, Office of Market Development, Maritime Administration, Washington, DC 20590, and to AGENCY (through the CONTRACTOR in the case of a Sub-contractor's bill-of-lading).
- C. To include these requirements in all sub-contracts issued pursuant to this Contract.

5.17 Fly America Requirements

The CONTRACTOR agrees to comply with 49 U.S.C. § 40118 (the "Fly America" Act) in accordance with the General Services Administration's regulations at 41 CFR Part 301-10, which provide that recipients and sub recipients of Federal funds and their contractors are required to use U.S. Flag air carriers for U.S Government-financed international air travel and transportation of their personal effects or property, to the extent such service is available, unless travel by foreign air carrier is a matter of necessity, as defined by the Fly America Act. The CONTRACTOR shall submit, if a foreign air carrier was used, an appropriate certification or memorandum adequately explaining why service by a U.S. flag air carrier was not available or why it was necessary to use a foreign air carrier and shall, in any event, provide a certificate of compliance with the Fly America requirements. The CONTRACTOR agrees to include the requirements of this section in all subcontracts that may involve international air transportation.

5.18 State Labor Provisions/Labor Compliance/ Contract Work Hours and Safety Standards Act

Prevailing Wage Rates: Attention is directed to the requirement that no less than the Prevailing Wage Rates shall be paid on this project. Certified Payrolls on AGENCY-approved State forms are required for all workmen. Rates of pay will be current State of California, as shown in the "General Prevailing Wage Rate" Manual as determined by the State Director of Industrial Relations.

CONTRACTOR agrees to abide by the provisions of the State Labor Code, and to comply with the prevailing rates of wages and apprenticeship employment standards established by the State Director of Industrial Relations. FTA Grant Agreements, part II, section 119 (a).

Pursuant to the provisions of Section 1770 of the California Labor Code of the State of California, not less than the general prevailing rate of wages (which rate includes employer payments for health and welfare, vacation, pension and similar purposes) applicable to the work to be done, shall be maintained at all times during the course of the Contract. These rates are made a part of this Contract by reference. The CONTRACTOR shall comply with Section 177.5 of the Labor Code of State of California for all apprentice-able occupations.

Labor Compliance: It is the policy of AGENCY that all CONTRACTORS and Sub-contractors engaged in public works construction shall adhere to applicable laws and regulations. In accordance with this policy, for the duration of this Contract, AGENCY shall institute a labor compliance program to monitor compliance. The CONTRACTOR shall cooperate fully with Labor Compliance monitoring efforts and the representatives engaged in this effort.

Because this project is subject to the provisions of State and Federal law governing public works contracts, all pertinent statutes and regulations are hereby incorporated by reference into this document as if set forth in their entirety, including Copeland Anti-Kickback Act requirements of 29 CFR part 3, Davis-Bacon and Related Act requirements of 29 CFR parts 1, 3, and 5, and Contract Work Hours and Safety Standards Act requirements of Section 107, 40 U.S.C. § 333 and 29 CFR part 1926. CONTRACTORS and Sub-contractors by entering into, or performing work under this project agree to comply with all provisions of the law that apply to public works. It is the responsibility of the CONTRACTOR to obtain and adhere to the latest edition of the statutes and regulations **including, but not limited to, the following:**

- A. Apprentices** - All apprentices employed on this project shall be bona fide apprentices registered with the State of California, Division of Apprenticeship Standards.
- B. Certified Payroll** - All CONTRACTORS shall submit weekly certified payroll records for all laborers and mechanics furnishing labor to the project not later than ten calendar days after the closed payroll period.
- C. Payment Of The Prevailing Wage** - The CONTRACTOR and all Sub-contractors under him shall pay not less than the specified prevailing wage rate to all workmen employed in the execution of the contract.
- D. Working Hours** - The CONTRACTOR shall pay workers employed on the Contract not less than the appropriately specified straight time and overtime prevailing wages for all hours worked.
- E. Employee Interviews** - AGENCY, through its representatives, will conduct weekly on-site interviews of workers employed on the Contract. The interviews shall be conducted without the interference or obstruction of the CONTRACTOR. No worker who is interviewed is to be threatened, coerced, or intimidated.

Violations: AGENCY will take cognizance of violations of the prevailing wage and public works laws committed during the course of this Contract. Such evidence of violation may result in the assessment of penalties and forfeitures to the fullest extent allowed by law until compliance has been strictly effectuated. AGENCY may suspend or terminate a contract, or debar a CONTRACTOR from future contracts, for breach of the Labor Compliance Requirements.

Contract Work Hours and Safety Standards Act

- A. Overtime requirements** - No CONTRACTOR or sub-contractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- B. Violation; liability for unpaid wages; liquidated damages** - In the event of any violation of the clause set forth in subparagraph (b) (1) of 29 CFR Section 5.5, the CONTRACTOR and any sub-contractor responsible therefore shall be liable for the unpaid wages. In addition, such CONTRACTOR and subcontractor shall be liable to

the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (b) (1) of 29 CFR Section 5.5 in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (b) (1) of 29 CFR Section 5.5.

- C. Withholding for unpaid wages and liquidated damages** – AGENCY shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the CONTRACTOR or subcontractor under any such contract or any other Federal contract with the same prime CONTRACTOR, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime CONTRACTOR, such sums as may be determined to be necessary to satisfy any liabilities of such CONTRACTOR or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) (2) of 29 CFR Section 5.5.
- D. Sub-Contracts** - The CONTRACTOR or sub-contractor shall insert in any sub-contracts the clauses set forth in this section and also a clause requiring the sub-contractors to include these clauses in any lower tier sub-contracts. The prime CONTRACTOR shall be responsible for compliance by any sub-contractor or lower tier sub-contractor with the clauses set forth in this section.
- E. Payrolls and basic records** - Payrolls and basic records relating thereto shall be maintained by the CONTRACTOR during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the CONTRACTOR shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. CONTRACTORS employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

5.19 Seismic Safety

The CONTRACTOR agrees that any new building or addition to an existing building will be designed and constructed in accordance with the standards for Seismic Safety required in Department of Transportation Seismic Safety Regulations 49 CFR Part 41 and will certify to compliance to the extent required by the regulation. The CONTRACTOR also agrees to ensure that all work performed under this Contract including work performed by a subcontractor is in compliance with the standards required by the Seismic Safety Regulations and the certification of compliance issued on the project.

5.20 Safety and Health Regulation

The CONTRACTOR agrees to comply with Section 107 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. § 333, and applicable U.S. Department of Labor regulations, "Safety and Health Regulations for Construction" 29 C.F.R. Part 1926. Among other things, the CONTRACTOR agrees that it will not require any laborer or mechanic to work in unsanitary, hazardous, or dangerous surroundings or working conditions. The CONTRACTOR also agrees to include the requirements of this section in each sub-contract.

5.21 Federal Energy Conservation Requirements

The CONTRACTOR agrees to comply with mandatory standards and policies relating to energy efficiency that are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act.

5.22 Recycled Products

The CONTRACTOR agrees to comply with all the requirements of Section 6002 of the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. § 6962), including but not limited to the regulatory provisions of 40 CFR Part 247, and Executive Order 12873, as they apply to the procurement of the items designated in Subpart B of 40 CFR Part 247. The CONTRACTOR also agrees to include these requirements in each sub-contract.

5.23 Access Requirements for Individuals with Disabilities

The Prime CONTRACTOR and all Sub-contractors on this project are required to comply with all applicable requirements of the Americans with Disabilities Act of 1990 (ADA), 42 U.S.C. §§ 12101 *et seq.*; section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794; section 16 of the Federal Transit Act, as amended, 49 U.S.C.A. § 1612; and the following regulations and any amendments thereto:

- A. U.S. DOT regulations, "Transportation Services for Individuals with Disabilities (ADA)," 49 C.F.R. Part 37;
- B. U.S. DOT regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance," 49 C.F.R. Part 27;
- C. U.S. DOT regulations, "Americans with Disabilities (ADA) Accessibility Specifications for Transportation Vehicles," 49 C.F.R. Part 38;

- D. Department of Justice (DOJ) regulations, "Nondiscrimination on the Basis of Disability in State and Local Government Services," 28 C.F.R. Part 35;
- E. DOJ regulations, "Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities," 28 C.F.R. Part 36;
- F. General Services Administration regulations, "Accommodations for the Physically Handicapped," 41 C.F.R. Subpart 101-19.
- G. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630;
- H. Federal Communications Commission regulations, "Telecommunications Relay Services and Related Customer Premises Equipment for the Hearing and Speech Disabled," 47 C.F.R. Part 64, Subpart F; and
- I. FTA regulations, "Transportation for Elderly and Handicapped Persons," 49 C.F.R. Part 609.

5.24 Privacy Act

The CONTRACTOR agrees to comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, 5 U.S.C. § 552a.

The CONTRACTOR also agrees to include these requirements in each sub-contract

5.25 Federal Drug and Alcohol Regulations

Please refer to Section 6.18

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SECTION 6 TECHNICAL PROVISIONS AND SPECIFICATIONS

6.1 Introduction

The City of Montebello, Department of Transportation, commonly known as Montebello Bus Lines (MBL), operates of a transit fleet comprised of Gillig Low Floor buses model years 2001 and New Flyer Low Floor buses model years 2005 through 2016. MBL is seeking a qualified contractor to supply tires designed for urban heavy duty transit bus use and a tire attendant to maintain its transit fleet.

All tires furnished for use by MBL shall be delivered to the City of Montebello, Transportation Department, 400 South Taylor Avenue, Montebello, CA 90640 and freight or delivery charges shall be paid for by the LESSOR. LESSOR will be responsible for loading and removing tires from the Transportation Department.

A MBL designee will sign for acceptance of all tire deliveries. When possible, MBL may assist with loading and unloading tire deliveries; however, contractor shall be responsible for the accuracy of the tires delivered and ordered.

The LESSOR shall furnish an adequate number of spare tires for the proper upkeep and maintenance of the tire program.

6.2 Tires Furnished

Only new radial tires, **No retreads**, will be furnished and will be capable of being re-grooved. Use of re-grooved tires is limited to the rear axle of transit vehicles and such re-grooved tires shall comply with all Federal and State laws and regulations. The cost for re-grooving tires shall be borne by the LESSOR. The recommended tire is a 55 MPH G152 Metro Miler radial or approved transit tire equal, size 12R22.5 and B305 70R/22.5. Approved equals may include Firestone CTR or Michelin XZU2; subject to final acceptance by MBL after receipt of the RFP and subsequent verification of specifications and review of references. See **Attachment R** for Fleet Composition Breakdown and application of tire sizes.

Contractor will be responsible for controlling tire order/delivery through the end of the contract/extension to insure minimum levels are maintained.

All tires will be branded with their own group or unique identification number prior to delivery and accurately listed in the monthly report.

6.3 General Conditions

All materials used in the manufacture of tires furnished under this proposal shall conform to all U.S. Government and State of California laws and regulations, and likewise, the manufacturing of the tires furnished shall conform to all Federal, State and local laws and regulations. Contractor shall follow D.O.T. regulations for all tires including pull points (removal depths).

No advantages shall be taken by the LESSOR or his sub-lessor in the omission of any part or detail, which goes to make the tires complete and ready for service.

The LESSOR shall assume responsibility for all material and accessories and warranty used in the furnishing of tires, whether the same is manufactured by the LESSOR or purchased, ready-made, from a source outside the LESSOR's company.

Supplier shall submit a **Statement of Proposer's Qualifications** and experience; to perform the required tire and labor work. Proposers are to have a minimum of five (5) years of Heavy Duty Bus tire work experience of the type herein specified in the RFP. In addition, proposer shall submit a list of customers for which the work has been provided.

6.4 Storage of Spare Tires

MBL will furnish adequate storage space and workspace for maintenance of tires used on its vehicle at no charge to the Contractor. MBL will provide a storage area for scrap tires. Contractor is responsible for the removal of scrap tires. No more than 20 scrap tires will be stored at any given time, without approval from the Vehicle Maintenance Manager.

6.5 Price for Lease of Tires

The price quoted shall be stated on a per-tire-mile-used basis for the furnishing of six (6) tires per vehicle. The same rate per mile shall also apply to mileage accumulated by re-grooved tires, if any (Reference **Attachment S** Proposal Price Schedule).

6.6 Taxes

MBL is exempt from payment of Federal Excise Taxes. MBL is subject to California State Sales Tax. A Federal Tax Exemption Certificate will be provided to the Contractor.

6.7 Title of Tires

Ownership and title to any leased tires shall remain with the LESSOR until a tire is purchased by MBL as provided for at the expiration of the agreement, expiration of the run-out period, or in a Scrap Tire Agreement.

6.8 Safety Certification

The supplier shall furnish written certification that the tires furnished under the contract will comply with all Federal, State and local laws and regulations.

6.9 Projected Annual Mileage

The projected annual mileage for the MBL fixed route fleet is approximately 2,310,000 which may increase or decrease over the life of the contract.

6.10 Fixed Rate

Associated costs are based on actual bus (tire) mileage plus a fixed monthly service rate and a per tire sales/use tax. Supplier shall propose a fixed per mile, tire mileage lease rate for each year of the contract and an annual monthly fixed service charge for each year of the contract (Reference **Attachment S**).

The tire mileage lease rate will be based upon the actual mileage used. There will be no charge for unused tread. MBL will only pay for mileage used.

A. Damaged Tire Charge and Tire Valuation Formula

Cost for normal damaged tires shall be included in the rate per tire mile. Normal damage to a tire means for abuse by partial or total destruction of a tire by means other than normal wear, including irregular wear, damage for brake heat, curbing, road hazards, and misalignment. MBL agrees to maintain buses' suspension and steering in accordance with bus manufacturer's alignment specifications and keep brakes properly adjusted. Tires which are damaged beyond repair: an accident or fire, vandalism, or have been lost, sold, or purchased shall be paid for by the operator; paying for any mileage remaining, less the mileage already paid for on the damaged tire. Value shall be fixed for the term of the contract.

Value of a New Leased Tire		Estimated Mileage Life of a New Leased Tire
12R22.5	\$ _____	_____ Miles
B305 70R/22.5	\$ _____	_____ Miles

When a tire is not available for inspection to apply the above formula whether lost, stolen or otherwise missing, destroyed by a fire, involved in a collision or accident; MBL shall not reimburse the contractor in excess of fifty percent (50%) of the current value of a similar tire unless the Contractor can provide an auditable accounting of the tires accurate mileage prior to the loss.

B. Scrap Tires

All costs related to scrap tires or core cost shall be the responsibility of the Contractor/Lessor only for the Contractor's tires.

Contractor shall provide and mount uncut scrap tires on out-of-service buses or buses to be sold. Scrap tires provided to MBL shall be provided at no cost to MBL.

6.11 Service

A. Maintenance

- i. Tire inspections, maintenance and repairs are the responsibility of the Contractor. Tire pressure is the responsibility of the Contractor and will be performed weekly on the entire active bus fleet.
- ii. LESSOR will make wheel changes to and from buses in the MBL garage during established hours. LESSOR will mount and dismount tires from rims; conduct daily bump test and weekly fleet tire inspections; and repair all tires and supply all the equipment, materials and labor necessary to perform such service. MBL will provide a tire mounting and dismounting machine for CONTRACTOR/LESSOR's use.

- iii. The LESSOR will be responsible for mounting and dismounting tires and ensuring all wheel nuts are properly torqued. If for any reason the tire machine provided by MBL fails to perform, **all wheel nuts must be hand torqued to manufacturer's specifications. All nuts must be safety striped after torqued.** MBL will supply all wheels and wheel nuts.
- iv. LESSOR shall clean and polish the equivalent of ten (10) vehicle wheels per week. This is equivalent to 40 outer aluminum wheels, and cleaning 20 inner aluminum wheels per week. Wheels will be polished on site. Polish and polishing equipment will be provided by MBL.
- v. If the LESSOR does not perform to this standard, MBL will give the LESSOR three (3) written notices allowing the LESSOR the opportunity to rectify the situation. In the event that after written notices have been given to the LESSOR and the issues are not resolved, MBL will contract with a vendor to bring its vehicles to an acceptable condition. **MBL will then charge the LESSOR \$100 per hour for the job.**

B. Equipment

- i. LESSOR will keep on hand a sufficient number of mounted spare tires for buses, so that lessee at all times must have a satisfactory stock of tires to ensure continuous operation of its buses and **will not rotate rims from front to back.** MBL will provide the wheels.
- ii. Contractor is responsible to maintain the equipment in a safe operating condition and report any defects immediately. MBL will bear the cost of parts and repair service required due to normal wear and routine maintenance.
- iii. Training for the proper use of the equipment is the responsibility of the Contractor. Misuse of MBL equipment, that requires repairs be performed due to the Contractor's misuse of the equipment, will be the accountability of the Contractor.
- iv. Equipment provided by MBL:
 - a. Boxer king tire changer that MBL will service
 - b. Tire groover
 - c. Buffing equipment
 - d. Air compressor
 - e. Vehicle lift (on as needed basis)
- v. Torque wrench shall be provided by the CONTRACTOR/LESSOR and maintained to manufacturer's specifications, calibrated in accordance with manufacturer's requirements. A tag shall be placed on the torque wrench indicating certification. All other equipment is to be provided by CONTRACTOR/LESSOR.

C. Personnel

- i. Working hours - 5:00pm to 1:30am, Sunday through Thursday, will be established by mutual agreement of the City of Montebello's Vehicle Maintenance Manager or supervisor and CONTRACTOR/LESSOR. Working hours will not exceed 40 hours per week. A time clock is supplied by the Contractor.
 - ii. Certified Heavy Duty Tire Mounter/Installer - LESSOR will provide one (1) person certified as a heavy duty tire mounter/installer who has a minimum of five (5) years experience. The designated individual will also have a valid class C California driver license fully trained to operate a transit coach and be capable of being trained by MBL designated staff to maneuver vehicles on the property. The person will not be authorized to remove the bus from the premises. When assisting with tire changes off site, that person will not be operating a City vehicle. An MBL mechanic or designated staff will provide transportation.
 - iii. Project Manager - LESSOR will designate one (1) individual that will oversee this contract. Said person will have no less than five (5) years experience overseeing similar bus tire leasing and maintenance services activities.
- D.** Monthly Service Charges will be billed for the preceding month. Cost will be for one (1) person (tire service attendant), MBL reserves the right to establish hours worked. Billing should be based on a per month rate at 40 hours per week. MBL further reserves the right to review time cards and will be credited for any hours not worked. The per month rate should be based on the tire maintenance of a seventy-two (72) bus fleet and should include all fringe benefits and holidays for one (1) person and shall comply with all federal drug and alcohol policies 49CFR Part 654 and 49CFR Part 653, including random drug and alcohol testing procedures.
- E.** A weekly tire pressure check will be performed on all active fleet buses, documented and submitted for permanent record; along with a weekly wheel polishing report.
- F.** MBL reserves the right to increase the amount of service if the current fleet of 72 buses increases in size. The proposer's hourly rate will be used to calculate additional hourly costs incurred due to an increase in fleet size.
- G.** Coverage - At no time should MBL be without the services of the person provided by the LESSOR. Necessary arrangements shall be made by LESSOR to provide continuous coverage when the person is unavailable due to sickness or scheduled vacation. LESSOR shall notify MBL immediately of such events. If and in the event the LESSOR is unable to provide a person with a class C driver's license or one capable of performing up to the criteria described in this specification, MBL shall contract or perform the services described and bill the LESSOR at the rate of \$100 per hour for services rendered.

6.12 Plan of Action

Proposer will include a Plan of Action with the RFP submittal; detailing how they intend to fulfill the scope of work. The plan should encompass but not be limited to industry standards for bus tires; description of how the scope of work will be implemented; demonstrated compliance with

terms and conditions; timeline; plan for old product transition and phase in of new product; a proposed labor force and oversight plan.

6.13 New Buses

All buses purchased by MBL during the term of this tire mileage contract may be purchased with or without tires. In the event that MBL acquires a bus without tires, CONTRACTOR/LESSOR is responsible for providing new radial tires. CONTRACTOR/LESSOR will be notified of such so that the tires can be supplied at the North American plant of the vehicle manufacturer.

Buses purchased with tires will become the property of MBL; such tires shall come under the existing tire service contract at the then current monthly service charge. When buses of a different make/model than those covered at contract inception, or one(s) requiring a different size/construction type of tire, are introduced into service on leased tires, a separate tire rate shall be negotiated between MBL and CONTRACTOR/LESSOR.

6.14 Removal of Buses from Service

If MBL is required to permanently dispose of or remove from service, part or all of its fleet or equipment, it will give written notice to LESSOR.

If MBL does remove or sell certain buses equipped with LESSOR's tires, such tires will be removed and used on other MBL buses, or the LESSOR may assist MBL in selling the tires to any person or company at the price satisfactory to the LESSOR.

6.15 Keeping Records and Payment

The LESSOR shall keep all records of tire transfers and such other records necessary or required {49 CFR, 18.36 (8&9)}.

MBL will keep the mileage record of each bus and shall furnish the LESSOR with a list of each vehicle together with the monthly mileage for each vehicle at the end of each and every month during the term of the contract. Such report or record will be used by the LESSOR in computing the monthly statement.

MBL will pay the LESSOR the lease payment due under the contract within thirty (30) days from date invoice is received.

The LESSOR shall provide accurate and detailed monthly reports to the MBL Vehicle Maintenance Manager. Monthly Reports shall be generated in an electronic format and shall include, but not be limited to the following:

- A. Average Miles Per Tire** – The average tire mileage for each specific type of tire in the MBL fleet.
- B. Scrap Tires Removed** – A summary of all tires removed from service by the LESSOR during the previous month by size, identifying number of tires removed, and total miles operated and total miles operated for each tire removed.
- C. Weekly Tire Pressure** – Shall be performed, documented by bus number, and submitted monthly.

- D. Weekly Wheel Polishing Report a monthly report shall be submitted by bus number, listing which wheels were polished each month.
- E. Daily Bump Test – A list, by bus number, of daily bus tests.
- F. Damaged Tires – A detailed report of all damaged or destroyed tires, which shall include the specific bus number and date on which the damage occurred and the tire brand number shall be sent to the MBL Vehicle Maintenance Manager.
- G. All reporting shall be done electronically.

6.16 Tire Contract

MBL intends to award one tire lease contract to one contractor that provides tires and the related services. Tires of the supplier shall be used on MBL's vehicles during the terms of the contract; however, MBL reserves the right to test special mileage commercial tires other than the LESSOR's on not more than 5% of its fleet. Contractor will not be responsible for test tires from a different contractor.

The term of the contract to be awarded will be for a period of 3 years, from July 2019 through June 2022.

Option #1: Contract for a 4th year, from July 2022 through June 2023 upon mutual consent of the Parties.

Option #2: Contract for a 5th year, from July 2023 through June 2024 upon mutual consent of the Parties.

Option #3: Contract for a 6th year, from July 2024 through June 2025 upon mutual consent of the Parties.

6.17 End of Contract Terms

- A. **Transition in Assuming Contract** - The awarded CONTRACTOR/LESSOR to this RFP will allow MBL the option to exercise the 36-month run-out option of the existing contract transitioning out the current Contractors' tires and phasing in the new Contractors' tires. The run out will be effective upon execution of the new contract.

Contractor shall maintain the old Contractors' tires per the terms and conditions set in the RFP, until the run-out transition is complete; while simultaneously phasing in the new Contractors' tires. During this transition, MBL will assume liability for the old contract product.

The new Contractor remains responsible for all other terms and conditions referenced in this RFP. The tire mileage lease rate will be paid only to the Contractor whose tires are being operated.

- B. **Reserve Option to Purchase/Lease/Remove** - MBL reserves the right to purchase, continue to lease or remove LESSOR'S remaining stock at the end of this contract based upon the tire mileage lease rate for that respective year. Upon termination of

said agreement, MBL will notify CONTRACTOR/LESSOR in writing within 30 days of contract termination. The same conditions referenced in sub section 6.14, A, (Option to Run-Out) will apply to the termination of the new contract awarded from this RFP.

6.18 Federal Drug and Alcohol Regulations

- A.** Contractor hereby certifies that it will provide a drug and alcohol free workplace and shall at all times during the term of the contract, observe and comply with the U.S. Department of Transportation and Federal Transit Administration's Drug and Alcohol testing regulations.
- B.** Contractor should establish and maintain a drug and alcohol policy to assure employee fitness for duty and to protect employees, passengers, and the public from the safety and health risks posed by the misuse of alcohol and the use of prohibited drugs. The policy shall comply with all applicable State and Federal regulations governing workplace anti-drug use and alcohol misuse programs in the transportation industry. They shall include the regulations promulgated by the U.S. Department of Transportation (DOT) and the Federal Transit Administration (FTA) , and include the following: DOT 49 CFR Part 40, as amended ("Procedures for Transportation Workplace Drug and Alcohol Testing Programs"); FTA 49 CFR Part 655 ("Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations"); DOT 49 CFR Part 29 ("Drug-Free Workplace Act of 1988"); and California Government Code Sections 8350 et seq. ("Drug-Free Workplace Act of 1990"). The Policy shall incorporate the requirements of the above regulations for safety-sensitive employees.
- C.** Contractor must submit its drug and alcohol testing policy to the City.
- D.** City must certify annual compliance to FTA and shall provide assistance to Contractor in completing annual Management Information Systems reports during the term of the contract.
 - i. Contractor shall submit to City drug and alcohol testing data using the appropriate FTA prescribed forms on an annual basis, no later than February 15th of each year following the close of the previous calendar year.
 - ii. Contractor shall also provide DOT certifications from collection site for urine specimen collectors, B.A.T. (Breath Alcohol Technician), S.T.T. (Screening Test Technician), M.R.O. (Medical Review Officer), and S.A.P. (Substance Abuse Professionals) annually. Please mail reports to:

City of Montebello
Transportation Department
400 South Taylor Avenue
Montebello, CA 90640
Attn: Drug and Alcohol Program Manager

- E.** Contractor shall provide City or designee with quarterly drug and alcohol testing reports using the applicable forms required by the FTA. The quarterly report must be submitted no later than the 15th of the month following the close of each quarter, as described below. Continued payment of Contractor invoices by City is contingent

upon Contractor submission of the required reports on a timely basis and compliance with DOT and FTA mandated rules.

Quarterly Drug and Alcohol Reporting

1 st Quarter	Jan Feb Mar
2 nd Quarter	Apr May Jun
3 rd Quarter	Jul Aug Sept
4 th Quarter	Oct Nov Dec

Submit By:

April 15 th
July 15 th
October 15 th
January 15 th

- F.** The Project Manager for Contractor shall be responsible for the ongoing monitoring of Contractor compliance with DOT and FTA regulations, including ensuring that the quarterly and annual reports, as described above, are submitted on time.
- G.** City reserves the right to audit Contractor compliance on an annual basis by designated City staff or designee which may include site visits and mock collections, and report findings to the Director of Transportation and Project Manager responsible for the contract.

SECTION 7 CONTRACT (*DRAFT*)

CITY OF MONTEBELLO

CONTRACT AGREEMENT NO.

FOR

BUS TIRE LEASE PROJECT

RFP NO. **19-36**

This Contract Agreement ("Agreement") is made and entered into for the above-stated project this **[day]** day of **[Month]**, 20**[Year]** ("Effective Date") by and between the City of Montebello, a California municipal corporation, as the "AGENCY," and **[Contractor]** a **[Insert Contractor description]**, as the "CONTRACTOR." AGENCY and CONTRACTOR may be individually referred to herein as a "Party" or collectively referred to herein as the "Parties."

RECITALS

- A. AGENCY is a municipal corporation duly-organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.
- B. CONTRACTOR is a corporation duly-organized and doing business in the State of California. CONTRACTOR represents it has the background, knowledge, experience and expertise necessary to provide the AGENCY with the equipment, goods and services set forth in this Agreement.
- C. AGENCY seeks to procure from CONTRACTOR, and CONTRACTOR seeks to provide to the AGENCY, equipment, goods and services necessary for the Bus Tire Lease Project ("Project") as further described in Invitation for Proposal ("RFP") NO. 19-36.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, AGENCY and CONTRACTOR agree as follows:

ARTICLE I: Incorporation of Recitals and other Contract Documents

The above-referenced Recitals constitute a material part hereof, and shall hereby be incorporated by reference. Moreover, this Agreement consists of the following documents, in order of precedence, all of which are incorporated herein and made part of this Agreement, as though fully set forth herein:

- A. This Agreement, including any and all addenda or supplemental agreements.
- B. RFP NO. 19-36.
- C. Proposal referenced as Best and Final Offer received by successful proposer.
- D. All other documents, including but not limited to all required bonds, insurance certificates, permits, notices, schedules, forms, certifications, and affidavits.

These documents shall be collectively referred to herein as the "Contract Documents." In the event of a conflict among the Contract Documents, the order of precedence shall be as set forth above.

ARTICLE II: Services to be performed by CONTRACTOR

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to perform the services and furnish all materials necessary to perform all work required for the above-stated Project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents. CONTRACTOR covenants with the AGENCY to furnish its best skill, judgment and efforts and to cooperate with the AGENCY and any other contractors engaged by the AGENCY in providing the services necessary for the Project. CONTRACTOR covenants to use its best effort to perform its duties and obligation under this Agreement in an efficient, expeditious and economical manner, consistent with the best interests of the AGENCY. [Workmanship throughout the performance of this Agreement shall conform to the highest standard of commercially accepted practice of work and shall result in a neat finished appearance to the satisfaction of the AGENCY.]

ARTICLE III: Compensation

As full compensation for furnishing all materials, performing all services, and fulfilling all obligations set forth in this Agreement, the AGENCY agrees to pay and the CONTRACTOR agrees to receive and accept the prices set forth in the Price Sheet submitted by CONTRACTOR dated ("Compensation"), attached hereto as Exhibit "[]" and incorporated by this reference. The Compensation shall not exceed the sum of, and such sum shall include all amounts payable to CONTRACTOR for its subcontracts, leases, materials and costs arising from, or due to termination of this Agreement. AGENCY shall pay CONTRACTOR upon thirty (30) days of receipt of invoice and full acceptance of product and services by the AGENCY.

Said Compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid Contract Documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV: Completion of Work; Liquidated Damages

The work and services set forth in this Agreement will be completed in a timely manner, and in accordance with an agreed-upon work schedule to be determined by the Parties. An extension

of the period for completion may be granted by mutual agreement by the Parties herein for reasons outside the control of the CONTRACTOR including acts of God. CONTRACTOR shall request an extension by notifying AGENCY in writing at least fifteen (15) days prior to the expected Completion Date.

No extension of time requested or granted hereunder shall entitle CONTRACTOR to additional compensation unless, as a consequence of such extension, additional work must be performed and such additional work is approved in writing. In such event, AGENCY shall in good faith consider any request for additional compensation submitted by CONTRACTOR.

It is mutually understood and agreed by and between the Parties to the Agreement that time is of the essence with respect to the performance of the Project and that in case of any failure on the part of the CONTRACTOR to complete all tasks and items within the time specified in the RFP, AGENCY will be damaged thereby. Given that the amount of said damages, being difficult if not impossible of definite ascertainment and proof, it is hereby agreed that, in the event of CONTRACTOR's failure to complete the work in a timely manner, the amount of such damages due CITY shall be fixed at (\$100.00) per hour beyond the time specified as referenced in the RFP (Section 6.16.1 and 6.17).

ARTICLE V: Ownership of Written Products

All reports, documents, data, objects, written materials or other tangible things ("Written Products") developed by CONTRACTOR in its performance of this Agreement shall be and remain the property of AGENCY without restriction or limitation upon its use or dissemination by the AGENCY. CONTRACTOR may take and retain copies of such Written Products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

ARTICLE VI: Independent Contractor

CONTRACTOR is, and shall at all times remain to the AGENCY, a wholly independent contractor. CONTRACTOR shall have no power to incur any debt, obligation, or liability on behalf of the AGENCY or otherwise to act on behalf of the AGENCY as an agent. Neither the AGENCY nor any of its officers, employees or agents shall have control over the conduct of CONTRACTOR or any of CONTRACTOR'S employees or agents, except as set forth in this Agreement. CONTRACTOR shall not represent that it is, or that any of its agents or employees are, in any manner employees of the AGENCY.

ARTICLE VII: Confidentiality

All data, documents, discussion, or other information developed or received by CONTRACTOR or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONTRACTOR without prior written consent by the AGENCY. The AGENCY shall grant such consent if disclosure is legally required. All AGENCY Written Products shall be returned to the AGENCY upon the termination or expiration of this Agreement. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE VIII: Compliance with State and Local Laws

CONTRACTOR shall comply with all applicable federal, state, and local laws throughout its performance of this Agreement. CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions. All services required under this Agreement will be performed by CONTRACTOR, or under its supervision, and all personnel shall possess the qualification, permits, and licenses required by the State and local law to perform such services.

CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing service required by this Agreement, and compliance with all reasonable performance standards established by AGENCY. CONTRACTOR shall be responsible for payment of all employees' and sub-contractors' wages and benefits, and shall comply with all requirements pertaining to employer's liability, workers' compensation, unemployment insurance, and Social Security. CONTRACTOR shall indemnify and hold harmless the AGENCY from any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

ARTICLE IX: Indemnification

The CONTRACTOR agrees to protect, defend, indemnify, save and hold harmless AGENCY, and all of its elected and appointed officials, boards and commissions, officers, directors, employees, and agents from and against any or all injuries, deaths, losses, damages, claims, suits, liabilities, demands, lawsuits, costs, expenses or causes of action, including reasonable attorneys' fees and related costs and expenses, which may accrue against the AGENCY based on, occurring, arising out of, or incident to (1) any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of the negligence, recklessness, willful misconduct, or errors or omissions by CONTRACTOR, its subcontractors, or any of their servants, employees or agents; or, if applicable, (2) any infringement of the patent rights of any person or persons in consequence of the use by AGENCY or by any of its employees or agents, of articles supplied under contract, arising from proposals submitted and which the CONTRACTOR is not lawfully entitled to sell. AGENCY will give the CONTRACTOR prompt notice in writing of the institution of any suit or proceeding and permit the CONTRACTOR through its counsel to defend AGENCY and will give all needed information, assistance and authority to enable the CONTRACTOR to do so. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

The CONTRACTOR shall give AGENCY immediate notice of any suit or action filed or prompt notice of any claim made against AGENCY arising out of the performance of this contract. The CONTRACTOR shall furnish immediately to the AGENCY copies of all pertinent papers received by the CONTRACTOR. If the amount of the liability claimed exceeds the amount of insurance coverage, the CONTRACTOR shall authorize representatives of AGENCY or the Federal Government to collaborate with counsel for the insurance carrier, if any, in setting or defending such claim.

ARTICLE X: PERS Eligibility Indemnity

In the event that CONTRACTOR, or its employee, agent, or subcontractor providing services under this Agreement, claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS

as an employee of the AGENCY, CONTRACTOR shall indemnify, defend, and hold the AGENCY harmless for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONTRACTOR or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the AGENCY.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, CONTRACTOR and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by the AGENCY, including, but not limited to, eligibility to enroll in PERS as an employee of the AGENCY and entitlement to any contribution to be paid by the AGENCY for employer contribution, employee contribution, or both, for PERS benefits.

ARTICLE XI: Insurance

In accordance with the terms of the Contract Documents, CONTRACTOR shall furnish the AGENCY a policy or certificate of insurance evidencing coverage for Worker's Compensation insurance and comprehensive liability insurance, including automobile, in which, upon the request of the AGENCY, its officers and employees shall be named as additional insured with respect to all claims arising out of or in connection with the work to be performed, including any act or omission of employees, agents, sub-contractors, or their employees, whether or not caused by the sole (or contributing) negligence of the AGENCY, its officers or employees, and which shall remain in full force and effect until the work or services is accepted herein by the AGENCY. The policies shall provide the coverage limits set forth in the Contract Documents. Such comprehensive liability insurance shall be primary and non-contributing with any insurance coverage available to the AGENCY, shall contain a severability of interest clause (cross liability) and shall provide that it shall not be canceled or materially reduced, except for non-payment of premium, without thirty (30) days' prior written notice to the AGENCY. In the event the policy is cancelled for non-payment of premium, CONTRACTOR shall give ten (10) days' prior written notice to the AGENCY.

ARTICLE XII: Authorization by CONTRACTOR

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Contract Agreement represent all duly authorized individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest herein.

ARTICLE XIII: Termination

In the event that either Party hereto fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than

ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Agreement by giving written notice thereof to the defaulting party, setting forth the effective date thereof.

The AGENCY shall have the option, at its sole discretion and without cause, of terminating this Agreement in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR. Upon the termination of this Agreement as provided herein, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Agreement, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs, and is unable to be seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Agreement. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination.

With the exception of the covenants contained in Articles VII (Confidentiality), IX (Indemnification), and XIV (Dispute Resolution and Legal Remedies), this Agreement shall expire upon full payment of the Compensation by the AGENCY to CONTRACTOR.

ARTICLE XIV: Dispute Resolution and Legal Remedies

Disputes regarding the interpretation or application of any provision(s) of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Parties. If any action at law or in equity is brought to enforce this Agreement or because of alleged dispute, breach, default or misrepresentation in connection with the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements incurred in that action or proceeding, in addition to such other relief as may be sought and awarded. The venue for any litigation shall be Los Angeles County, California. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE XV: Sub-Contract, Assignment or Delegation

CONTRACTOR shall not subcontract, delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of AGENCY. Any proposed subcontract, delegation, or assignment shall provide a description of the services to be covered, identification of the proposed sub-contractor, delegee, or assignee, and an explanation of why and how the same was selected, including the degree of competition involved.

Any subcontract, delegation or assignment shall be made in the name of CONTRACTOR and shall not bind or purport to bind AGENCY and shall not release CONTRACTOR from any obligations under this Agreement including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees or sub-contractors. No such

subcontract, delegation or assignment shall result in any increase in the amount of total compensation payable to CONTRACTOR under the Agreement.

ARTICLE XVI: Non-Discrimination and Equal Opportunity Employer

In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, sub-contractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, mental condition or sexual orientation. CONTRACTOR will take affirmative action to ensure that sub-contractor and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

ARTICLE XVII: Notices

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY: Montebello Bus Lines
 [TBD] [Title]
 400 South Taylor Avenue
 Montebello, CA 90640
 (323) 558-1625
 (323) 887-4643 (fax)

To CONTRACTOR: **[TO BE FILLED IN]**

ARTICLE XVIII: Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision(s) nevertheless will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XIX: Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

ARTICLE XX: Entire Agreement; No Waiver

This Agreement and the aforementioned Contract Documents shall constitute the Entire Agreement by the Parties, and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. The waiver by the AGENCY of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No attempted waiver of any of the

provisions herein, nor any change, amendment or modification to this Agreement shall be effective unless in writing and signed by the party against whom the same is sought to be enforced.

ARTICLE XXI: Effective Date

Unless otherwise specified herein, this Agreement shall become effective as of the date in which the last of the Parties, whether AGENCY or CONTRACTOR, executes this Agreement. This Agreement may be signed in counterparts, each of which shall constitute an original, and which collectively shall constitute one instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF the Parties enter into this Agreement as of the Effective Date set forth above.

CITY OF MONTEBELLO
("AGENCY")

("CONTRACTOR")

, Mayor

Date: _____

Date: _____

ATTEST:

, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

SECTION 8 FORMS AND CERTIFICATIONS SUBMITTAL REQUIREMENTS

The following forms indicated by asterisk (*) must be completed by the prime proposer and accompany all proposals in order to be considered for award; the following forms not marked by asterisk are to be submitted at the time set in the proposal documents:

<u>Attachment</u>	<u>Name of Form</u>	<u>Referenced in Section</u>
*Attachment Q	Proposal Guarantee/Proposal Bond	3.1
*Attachment S	Proposal Price Schedule (3 pgs.)	6.4
*Attachment A	References	3.15
*Attachment B	Receipt of Addenda Form	2.7
*Attachment C	Proposers Information, Qualifications Cert. (2 pgs.)	3.15
	Statement of Disadvantaged Business Enterprise	
*Attachment D	Participation	5.9
*Attachment E	Proposers List of DBE Participating Firms	3.22
*Attachment F	"Buy America" Provision	5.10
*Attachment G	Certification Regarding Debarment, Suspension and Other Responsibility Matters	5.6
*Attachment H	Ineligible Contractors/Consultants (Prime) Debarment	3.12
*Attachment I	Ineligible Contractors/Consultants (Sub) Debarment	3.12
*Attachment J	Certification of Restrictions on Lobbying for Contracts, Grants, Loans and Cooperative Agreements	5.13
*Attachment K	Non-Collusion Affidavit of Prime Proposer	3.12
*Attachment L	Non-Collusion Affidavit of Sub-Contractor	3.12
*Attachment M	Certification of Drug-Free Workplace	3.20
*	Copy Contractors Drug-Free Workplace Policy	3.20
	Product Evaluation Questionnaire	3.8
*	Plan of Action	6.18

The following forms/requirements are to be provided only by the successful proposer:

	Insurance	3.14
Attachment O	Faithful Performance Bond	3.1
Attachment P	Labor and Materials Payment Bond	3.1

Reproduce forms as needed.

REFERENCES

Provide at least three (3) agencies for which PROPOSER has performed similar work within the past five years.

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____ / ____ / ____

Type of Work: _____

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____ / ____ / ____

Type of Work: _____

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____ / ____ / ____

Type of Work: _____

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____ / ____ / ____

Type of Work: _____

RECEIPT OF ADDENDA FORM

The PROPOSER acknowledges the receipt and incorporation of the following addenda into the Request for Proposal.

PROPOSER NAME: _____

BUSINESS ADDRESS: _____

<u>Addenda #</u>	<u>Issue Date</u>	<u>Receipt Date</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Signature of Authorized Representative: _____

Printed Name: _____

Title: _____

PROPOSERS INFORMATION, QUALIFICATIONS CERTIFICATION

PROPOSER Name _____

Business Address _____

Phone (____) _____ FAX (____) _____

Name of Project Manager _____

Business License No. _____

Original Date Issued _____ Expiration Date _____

The following are the names, addresses, and phone numbers of all individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest in this proposal:

Indicate Date and Location of incorporation: _____

How many years have you been engaged in the contracting business under your present firm or trade name?

The date of any voluntary or involuntary bankruptcy judgments against any principal having an interest in this proposal are as follows:

Date	Principal Name
_____	_____
_____	_____
_____	_____

All current and prior DBA's, alias, and /or fictitious business names for any principal having an interest in this proposal are as follows:

Has your present organization ever failed to complete any work awarded to it?
If yes, state when, where, and why.

Yes No

Has your present organization ever defaulted on a contract?
If yes, state when, where, and why.

Yes No

Indicate the name and address and phone number of one or more banks which have information that would enable them to advise regarding the financial ability of your company.

Credit available: \$

Will you fill out a detailed financial statement and furnish any other information that may be required by the state of California? _____ Yes No

Employer Identification Number (Treasurer's Number):

CERTIFICATION

In WITNESS WHEREOF, PROPOSER certifies that the foregoing is true and correct; and executes and submits this proposal this _____ day of _____, 2019.

PROPOSER: _____

Signature of Authorized Representative: _____

Printed Name: _____

Title: _____

Subscribed and sworn to before me

this _____ day of _____, 20____

Signed _____

Title _____

My Commission expires

**STATEMENT OF
DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION**

This proposal provides for the following Disadvantaged Business Enterprise participation:

Disadvantaged Business Enterprise

Firm Name

Address

City/State/Zip

Phone No.

Type of Business

Current DBE Certification? ☐ Yes* ☐ No**

*(If "Yes," attach copy of current Letter of Certification and copy of current Statement of Personal Net Worth.)

Total \$ _____

_____ % of Total contract

Firm Name

Address

City/State/Zip

Phone No.

Type of Business

Current DBE Certification? ☐ Yes* ☐ No**

*(If "Yes," attach copy of current Letter of Certification and copy of current Statement of Personal Net Worth.)

Total \$ _____

_____ % of Total contract

Signature:

(Reproduce this form as required)

PROPOSERS LIST OF DBE PARTICIPATING FIRMS

Proposer/Proposer shall submit with proposal/proposal the following information for all participating firms:

Prime Contractor Information

Company Name _____ Age of Firm _____
Address _____ Annual Gross Receipts \$ _____
DBE Certified? _____, If yes
Phone _____ Date Certified _____
Dollar Amount of Contract \$ _____ By (Agency) _____
Describe Work

Sub-Contractor Information

Company Name _____ Age of Firm _____
Address _____ Annual Gross Receipts \$ _____
DBE Certified? _____, If yes
Phone _____ Date Certified _____
Dollar Amount of Sub-contract \$ _____ By (Agency) _____
Describe Work

Company Name _____ Age of Firm _____
Address _____ Annual Gross Receipts \$ _____
DBE Certified? _____, If yes
Phone _____ Date Certified _____
Dollar Amount of Sub-contract \$ _____ By (Agency) _____
Describe Work

Company Name _____ Age of Firm _____
Address _____ Annual Gross Receipts \$ _____
DBE Certified? _____, If yes
Phone _____ Date Certified _____
Dollar Amount of Sub-contract \$ _____ By (Agency) _____
Describe Work

(Copy for additional Sub-contractors as needed)
PROPOSERS INFORMATION, QUALIFICATIONS CERTIFICATION

"BUY AMERICA" PROVISION

This procurement is subject to the Federal Transit Administration "Buy America" Requirements in 49 CFR Part 661.

A "Buy America" Certificate, as per the format presented below, must be completed and submitted with the proposal/proposal. A proposal/proposal which does not include the certificate will be considered non-responsive.

A waiver from the "Buy America" Provision may be sought by _____ if grounds for the waiver exist.

Section 165a of the Surface Transportation Assistance (STA) Act of 1982 permits FTA participation on this contract only if steel, cement, and manufactured products used in the contract are produced in the United States.

BUY AMERICA CERTIFICATE

This certification shall be fully executed by all bidders/proposers submitting bids/proposals.

The _____ hereby certifies that:
(Name of bidder/proposer)

_____ All of the manufacturing processes for steel and manufactured products take place in the United States and all items or material used in the product must be of United States origin.

_____ The cost of rolling stock and bus components produced in the United States is more than 50 percent of the cost of all of the components and final assembly takes place in the United States.

BY: _____
Signature of Company Official

Official's Title

Date

or

The bidder/proposer hereby certifies that it cannot comply with the requirements of Section 165a of the Surface Transportation Assistance Act of 1982, but may qualify for an exemption to the requirement pursuant to Section 165b of the STA Act and regulations in 49 CFR 661.7.

Signature _____

Title _____

Date _____

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND
OTHER RESPONSIBILITY MATTERS****PRIMARY COVERED TRANSACTIONS**

The _____ certifies to
(Firm Name/Principal)
the best of its knowledge and belief, that it and its principals:

- (1) Are not presently debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;
- (2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;
- (3) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and
- (4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause of default.

If unable to certify to any of the statements in this certification, the participant shall attach an explanation to this certification.

THE PRIMARY PARTICIPANT _____ CERTIFIES
(Firm Name/Principal)

OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET SEQ. ARE APPLICABLE THERETO.

Signature and Title of Authorized Official

Date

INELIGIBLE CONTRACTORS/CONSULTANTS (Prime)

Contractors/Consultants or firms who are included on the U.S. Comptroller General's list of persons for firms currently DEBARRED for violations of various public contracts incorporating Labor Standard Provisions cannot be awarded this contract.

The undersigned hereby certified that:

_____ does not appear on the U.S. Comptroller General's list of debarred firms.

_____ does appear on the U.S. Comptroller General's list of debarred firms.

PROPOSER'S NAME

SIGNATURE OF
CONTRACTOR'S/CONSULTANT'S
AUTHORIZED REPRESENTATIVE

DATE OF SIGNATURE

**INELIGIBLE CONTRACTORS/CONSULTANTS
(Sub)**

Contractors/Consultants or firms who are included on the U.S. Comptroller General's list of persons for firms currently DEBARRED for violations of various public contracts incorporating Labor Standard Provisions cannot be awarded this contract.

The undersigned hereby certified that:

_____ does not appear on the U.S. Comptroller General's list of debarred firms.

_____ does appear on the U.S. Comptroller General's list of debarred firms.

PROPOSER'S NAME

SIGNATURE OF
CONTRACTOR'S/CONSULTANT'S
AUTHORIZED REPRESENTATIVE

DATE OF SIGNATURE

**CERTIFICATION OF RESTRICTIONS ON LOBBYING FOR
CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS**

I, _____, hereby certify on behalf of:
(Name of Authorized Official)

(Name of Company) that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in all subcontracts, and that all subcontractors shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signature of Authorized Official

Date

Title of Authorized Official

NON-COLLUSION AFFIDAVIT OF PRIME PROPOSER

State of _____)

County of _____)

_____, being first duly sworn, deposes and says that:

1. He is _____ of _____, the
(owner, partner, officer, representative, or agent)
Proposer that has submitted the attached Proposal;
2. He is fully informed respecting the preparation and contents of the attached Proposal and all pertinent circumstances respecting such Proposal;
3. Such Proposal is genuine and is not a collusive or sham Proposal;
4. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Proposer, firm or person to submit a collusive or sham Proposal in connection with the Contract for which the attached Proposal has been submitted or to refrain from bidding in connection with such Contract or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Proposer, firm or person to fix the price or prices in the attached Proposal or of any other Proposer, or to fix any overhead, profit or cost element of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion conspiracy, connivance or unlawful agreement any advantage against the City of Montebello (OWNER) or any person interested in the proposed Contract; and
5. The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Signature

Title:

Subscribed and sworn to before me

This _____ day of _____, 20 _____

Signed _____

Title _____

My Commission expires _____

NON-COLLUSION AFFIDAVIT OF SUB-CONTRACTOR

State of _____)

County of _____)

_____, being first duly sworn, deposes and says that:

1. He is _____ of _____, the
(owner, partner, officer, representative, or agent)
Proposer that has submitted the attached Proposal;
2. He is fully informed respecting the preparation and contents of the attached Proposal and all pertinent circumstances respecting such Proposal;
3. Such Proposal is genuine and is not a collusive or sham Proposal;
4. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Proposer, firm or person to submit a collusive or sham Proposal in connection with the Contract for which the attached Proposal has been submitted or to refrain from bidding in connection with such Contract or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Proposer, firm or person to fix the price or prices in the attached Proposal or of any other Proposer, or to fix any overhead, profit or cost element of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion conspiracy, connivance or unlawful agreement any advantage against the City of Montebello (OWNER) or any person interested in the proposed Contract; and
5. The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Signature

Title:

Subscribed and sworn to before me

This _____ day of _____, 20 _____

Signed _____

Title _____

My Commission expires _____

CERTIFICATION OF DRUG-FREE WORKPLACE

I, _____, hereby certify on behalf of
(Name of authorized official)

_____ that:
(Name of company)

The CONTRACTOR named above, and all Sub-Contractors working on this contract, will comply with Government Code Section 8355 in matters relating to providing a drug-free workplace. The CONTRACTOR and all Sub-Contractors will, therefore:

Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance are prohibited, and that specified actions will be taken against employees for violation of these prohibitions, as required by Government Code Section 8355(a).

Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(b), to inform employees about all of the following:

1. The dangers of drug abuse in the workplace.
2. The firm's policy of maintaining a drug-free workplace.
3. Any available counseling, rehabilitation and employee assistance programs, and
4. **Penalties that may be imposed upon employees for drug abuse violations, including that no employee who tests positive for use of a controlled substance shall be permitted to work on this contract.**

Provide, as required by Government Code Section 8355(c), that every employee who works on the proposed contract:

1. Will receive a copy of the firm's drug-free policy statement, and:
2. Will agree to abide by the terms of the firm's statement as a condition of employment on the contract.

CERTIFICATION:

I, _____, hereby certify that the above named company, which I am duly authorized to represent, will comply with the Drug-Free Workplace requirements of this contract. I understand that this certification is made under penalty of perjury, under the laws of the State of California.

Executed this _____ day of _____, 20_____

By _____
(Signature of Authorize Official)

(Title of Authorized Official)

BIDDER: _____

**CERTIFICATE OF COMPLIANCE WITH 49 CFR PART 655,
PREVENTION OF ALCOHOL MISUSE AND PROHIBITED DRUG USE IN TRANSIT
OPERATIONS**

Bidder hereby certifies that:

A. Anti-drug Use and Alcohol Misuse Program

(Choose one Alternative with an X in the box)

- ☐ 1. Bidder/Proposer has established and implemented an anti-drug use and alcohol misuse program meeting the requirements on 49 CFR 655.

OR

- ☐ 2. Bidder/Proposer will establish and implement an anti-drug use and alcohol misuse program meeting the requirements on 49 CFR 655 prior to contract award.

B. Drug and Alcohol Testing Program

(Choose one alternative with an X in the box)

- ☐ 1. To the best of my knowledge and belief the Work required under the Contract will not require the performance of Safety Sensitive Functions as defined in 49 CFR Part 655.

OR

- ☐ 2. To the best of my knowledge and belief the Work required under the Contract will require the performance of Safety Sensitive Functions as defined in 49 CFR Part 655.

(If Alternative 2 was chosen, select one of the following alternatives with an X in the box)

- ☐ a. Bidder/Proposer has established and implemented a drug and alcohol testing program that complies with 49 CFR Part 655.

- ☐ b. Bidder Proposer will establish and implement a drug and alcohol testing program that will comply with 49 CFR Part 655 prior to contract award.

C. Certification

Bidder will submit its Anti-drug Use and Alcohol Misuse Program, and, if B.2 was marked above, its Drug and Alcohol Testing Program, to City of Montebello - Department of Transportation for review and approval prior to contract award.

Bidder/Proposer: _____

Authorized
Representative: _____Signature of Authorized
Representative: _____

Title: _____ Date: _____

**FAITHFUL PERFORMANCE BOND
CITY OF MONTEBELLO**

Bus Tire Lease

RFP NO. 19-36

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____ as CONTRACTOR and _____, as SURETY, are held and firmly bound unto the City of Montebello, as CITY, in the penal sum of _____ Dollars (\$ _____), which is one hundred percent (100%) of the total contract amount for the above stated project, for the payment of which sum CONTRACTOR and SURETY agree to be bound, jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT, whereas CONTRACTOR has been awarded and is about to enter into the annexed Contract Agreement with the CITY for the above stated project, if CONTRACTOR faithfully performs and fulfills all obligations under the Contract Documents in the manner and time specified therein, then this obligation shall be null and void, otherwise it shall remain in full force and effect in favor of the CITY; provided that any alterations in the obligations or time for completion made pursuant to the terms of the Contract Documents shall not in any way release either CONTRACTOR or SURETY, and notice of such alterations is hereby waived by SURETY.

IN WITNESS WHEREOF the parties hereto have set their names, titles, hands, and seals this _____ day of _____, 20____.

CONTRACTOR *

SURETY *

Subscribed and sworn on this _____ day of _____, 20____.

NOTARY PUBLIC

*Provide CONTRACTOR/SURETY name, address and telephone number and the name, title, address and telephone number of authorized representative.

**LABOR AND MATERIALS PAYMENT BOND
CITY OF MONTEBELLO**

Bus Tire Lease

RFP NO. 19-36

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____ as CONTRACTOR, and _____ as SURETY, are held and firmly bound unto the City of Montebello, as CITY, in the penal sum of _____ Dollars (\$ _____), which is Fifty percent (50%) of the total contract amount for the above stated project, for the payment of which sum, CONTRACTOR and SURETY agree to be bound, jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas CONTRACTOR has been awarded and is about to enter into the annexed Contract Agreement with the CITY for the above stated project, if CONTRACTOR or any subcontractor fails to pay for any labor or material of any kind used in the performance of the work to be done under said contract, or fails to submit amounts due under the State Unemployment Insurance Act with respect to said labor, SURETY will pay for the same in an amount not exceeding the sum set forth above, which amount shall insure to the benefit of all persons entitled to file claims under the State Code of Civil Procedures; provided that any alterations in the work to be done, materials to be furnished, or time for completion made pursuant to the terms of the Contract Documents shall not in any way release either CONTRACTOR or SURETY, and notice of said alterations is hereby waived by SURETY.

IN WITNESS WHEREOF the parties hereto have set their names, titles, hands, and seals this _____ day of _____, 20____.

CONTRACTOR *

SURETY *

Subscribed and sworn on this _____ day of _____, 20____.

NOTARY PUBLIC _____

*Provide CONTRACTOR/SURETY name, address and telephone number and the name, title, address and telephone number of authorized representative.

Note: The standard printed proposal bond form of any bonding company acceptable to the City of Montebello may be used in lieu of the following approved sample bond form, provided the security stipulations protecting the City of Montebello are not in any way reduced by use of the surety company's printed standard form.

**PROPOSAL GUARANTEE/PROPOSAL BOND
CITY OF MONTEBELLO**

Bus Tire Lease

RFP NO. 19-36

IN THE CITY OF MONTEBELLO

KNOW ALL MEN BY THESE PRESENTS that _____, as PROPOSER, and _____, as SURETY, are held and firmly bound unto the City of Montebello, as AGENCY, in the penal sum of dollars (\$ _____), which is ten (10%) percent of the total amount proposal by PROPOSER to AGENCY for the above stated project, for the payment of which sum, PROPOSER and SURETY agree to be bound, jointly and severally, firmly be these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, whereas PROPOSER is about to submit a proposal to AGENCY for the above stated project, if said proposal is rejected, or if said proposal is accepted and a contract is awarded and entered into by PROPOSER in the manner and time specified, then this obligation shall be null and void, otherwise it shall remain in full force and effect in favor of AGENCY.

IN WITNESS WHEREOF the parties hereto have set their names, titles, hands, and seals, this _____ day of _____, 20____.

PROPOSER* _____

SURETY* _____

Subscribed and sworn to this _____ day of _____, 20____.

NOTARY PUBLIC

*Provide PROPOSER/SURETY name, address and telephone number and the name, title, address and telephone number of authorized representative.

Note: The following is to be used in case cash, a cashier's check or a certified check accompanies the proposal.

**PROPOSAL GUARANTEE/PROPOSAL BOND
CASH, CASHIER'S CHECK, OR CERTIFIED CHECK
CITY OF MONTEBELLO**

Bus Tire Lease

RFP NO. 19-36

IN THE CITY OF MONTEBELLO

Accompanying this proposal is a certified check or a cashier's check payable to the order of the City of Montebello, or cash in the amount of Dollars (\$). The proceeds of the same shall become the property of said City if, in case this proposal shall be accepted by said City through the City Council, the undersigned shall fail to execute a contract, with and furnish the insurance and bonds required by the City of Montebello within the specified time; otherwise, the same is to be returned to the undersigned as set forth in the Instructions to Proposers.

Proposer

FLEET COMPOSITION BREAKDOWN

	No. Of Buses	Make	Year	Length	No. Of Wheels	Retarder	W.C.L.	Vehicle Weight	Fuel
1	6	Gilligs	2001	40'	6	Yes	Yes	27,500	Diesel
2	5	New Flyer	2005	40'	6	Electric	Yes	28,400	Gasoline
3	15	New Flyer	2008	40'	6	Electric	Yes	28,400	Gasoline
4	8	New Flyer	2009	35'	6	Electric	Yes	28,400	Gasoline
5	16	New Flyer	2010	40'	6	Electric	Yes	27,400	Gasoline
6	3	New Flyer	2011	40'	6	Yes	Yes	31,700	CNG
7	4	New Flyer	2012	40'	6	Yes	Yes	31,700	CNG
8	8	New Flyer	2013	40'	6	Yes	Yes	31,700	CNG
9	7	New Flyer	2016	40'	6	Yes	Yes	31,700	CNG

PROPOSAL PRICE SCHEDULE**PROPOSER NAME:**

By execution below, proposer hereby offers to furnish services and materials at the price and terms stated herein subject to the specifications, instructions, and conditions which are part of RFP NO. 19-36.

COST: Year 1

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,178,200	6	\$	\$
and 12R22.5	526,000	6	\$	\$

Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$	Monthly Charge 1 @ \$	\$
TOTAL				\$

DBE Participation Goal Proposer's Submittal Amount
 Total Contract Amount in Words: _____ % \$ _____

Year 2

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$	\$

Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$	Monthly Charge 1 @ \$	\$
TOTAL				\$

DBE Participation Goal Proposer's Submittal Amount
 Total Contract Amount in Words: _____ % \$ _____

Year 3

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$	\$

Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$	Monthly Charge 1 @ \$	\$
TOTAL				\$

DBE Participation Goal Proposer's Submittal Amount
 Total Contract Amount in Words: _____ % \$ _____

**MBL TIRE LEASE
RFP NO. 19-36
COST - OPTIONAL YEARS
Year 4**

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$	\$

Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$	Monthly Charge 1 @ \$	\$
			TOTAL	\$

Goal Proposer's Submittal Amount

DBE Participation _____ % \$ _____
Total Contract Amount in Words: _____

Year 5

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$	\$

Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$	Monthly Charge 1 @ \$	\$
			TOTAL	\$

Goal Proposer's Submittal Amount

DBE Participation _____ % \$ _____
Total Contract Amount in Words: _____

Year 6

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$	\$

Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$	Monthly Charge 1 @ \$	\$
			TOTAL	\$

Goal Proposer's Submittal Amount

DBE Participation _____ % \$ _____
Total Contract Amount in Words: _____

**EXPECTED MILEAGE ATTAINABLE PER TIRE FOR PURPOSES OF CALCULATING ITEM 15.2 OF
THE SECTION 6 TECHNICAL PROVISIONS AND SPECIFICATIONS****VALUE OF A NEW LEASED TIRE****ESTIMATED MILEAGE LIFE OF A NEW LEASED TIRE**

12R22.5 \$ _____ MILES

B305 70R/22.5 \$ _____ MILES

Submitted By:

Name of Authorized Official

Title

Signature

Date

Firm Name

Address

City/State/Zip

Telephone

Fax

Email

PROPOSAL PRICE SCHEDULE**PROPOSER NAME:**

By execution below, proposer hereby offers to furnish services and materials at the price and terms stated herein subject to the specifications, instructions, and conditions which are part of RFP NO. 19-36.

COST: Year 1

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5 and 12R22.5	2,178,200 526,000	6 6	\$ 0.005652 \$ 0.006012	\$ 73,867.12 \$ 18,973.87
Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$ 34.15	\$5,920.00 Monthly Charge 1 @ \$	\$ 71,040.00
			TOTAL	\$ 163,880.99

	<u>Goal</u>	<u>Proposer's Submittal</u>	<u>Amount</u>
DBE Participation	<u>0</u>	<u>0%</u>	<u>\$0</u>

Total Contract Amount in Words: One hundred sixty-three thousand eight hundred eighty dollars and ninety-nine cents

Year 2

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$ 0.005652	\$ 78,336.72
Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$ 35.18	\$6,098.00 Monthly Charge 1 @ \$	\$ 73,176.00
			TOTAL	\$ 151,512.72

	<u>Goal</u>	<u>Proposer's Submittal</u>	<u>Amount</u>
DBE Participation	<u>0</u>	<u>0%</u>	<u>\$0</u>

Total Contract Amount in Words: One hundred fifty-one thousand five hundred twelve dollars and seventy-two cents

Year 3

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$ 0.005766	\$ 79,916.76
Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$ 36.23	\$6,280.00 Monthly Charge 1 @ \$	\$ 75,360.00
			TOTAL	\$ 155,276.76

	<u>Goal</u>	<u>Proposer's Submittal</u>	<u>Amount</u>
DBE Participation	<u>0</u>	<u>0%</u>	<u>\$0</u>

Total Contract Amount in Words: One hundred fifty-five thousand two hundred seventy-six dollars and seventy-six cents

**MBL TIRE LEASE
RFP NO. 19-36
COST - OPTIONAL YEARS
Year 4**

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$ 0.005882	\$ 81,524.52
Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$ 37.33	\$6,470.00 Monthly Charge 1 @ \$	\$ 77,640.00
			TOTAL	\$159,164.52

Goal Proposer's Submittal Amount

DBE Participation 0 0% \$0

Total Contract Amount in Words: One hundred fifty-nine thousand one hundred sixty-four dollars and fifty-two cents

Year 5

Tire Size	Est. Annual Vehicle Miles	No. of Wheels	Annual Tire Rate Per Mile	Est. Annual Rental/Charge
B305 70R/22.5	2,310,000	6	\$ 0.006000	\$ 83,160.00
Monthly Service Rate	12 Months - 1 person	Cost per Person per hr. \$ 38.45	\$6,664.00 Monthly Charge 1 @ \$	\$ 79,968.00
			TOTAL	\$ 163,128.00

CITY OF MONTEBELLO

CONTRACT AGREEMENT NO. _____

FOR

BUS TIRE LEASE PROJECT

RFP NO. 19-36

This Contract Agreement ("Agreement") is made and entered into for the above-stated project this 13rd day of November, 2019 ("Effective Date") by and between the City of Montebello, a California municipal corporation, as the "AGENCY," and The Goodyear Tire and Rubber Company, a California corporation, as the "CONTRACTOR." AGENCY and CONTRACTOR may be individually referred to herein as a "Party" or collectively referred to herein as the "Parties."

RECITALS

- A. AGENCY is a municipal corporation duly-organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.
- B. CONTRACTOR is a corporation duly-organized and doing business in the State of California. CONTRACTOR represents it has the background, knowledge, experience and expertise necessary to provide AGENCY with the equipment, goods and services set forth in this Agreement.
- C. AGENCY seeks to procure from CONTRACTOR, and CONTRACTOR seeks to provide to AGENCY, equipment, goods and services necessary for the Bus Tire Lease Project ("Project") as further described in Invitation for Proposal ("RFP") NO. 19-36 ("RFP No. 19-36").

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, AGENCY and CONTRACTOR agree as follows:

ARTICLE I. Incorporation of Recitals and other Contract Documents

The above-referenced Recitals constitute a material part hereof, and shall hereby be incorporated by reference. Moreover, this Agreement consists of the following documents, in order of precedence, all of which are incorporated herein and made part of this Agreement, as though fully set forth herein:

- a. This Agreement, including any and all addenda or supplemental agreements.
- b. RFP No. 19-36.

- c. CONTRACTOR's Proposal dated April 5, 2019 and updated Proposal Price Proposal dated July 17, 2019.
- d. All other documents, including but not limited to all required bonds, insurance certificates, permits, notices, schedules, forms, certifications, and affidavits.

These documents shall be collectively referred to herein as the "Contract Documents." In the event of a conflict among the Contract Documents, the order of precedence shall be as set forth above.

ARTICLE II. Services to be performed by CONTRACTOR

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to perform the services and furnish all materials necessary to perform all work required for the above-stated Project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents. CONTRACTOR covenants with AGENCY to furnish its best skill, judgment and efforts and to cooperate with AGENCY and any other contractors engaged by AGENCY in providing the services necessary for the Project. CONTRACTOR covenants to use its best effort to perform its duties and obligation under this Agreement in an efficient, expeditious and economical manner, consistent with the best interests of AGENCY. Workmanship throughout the performance of this Agreement shall conform to the highest standard of commercially accepted practice of work and shall result in a neat finished appearance to the satisfaction of AGENCY.

ARTICLE III. Compensation

As full compensation for furnishing all materials, performing all services, and fulfilling all obligations set forth in this Agreement, AGENCY agrees to pay and the CONTRACTOR agrees to receive and accept the prices set forth in the Price Sheet submitted by CONTRACTOR dated July 17, 2019 ("Compensation"), attached hereto as Exhibit "A" and incorporated by this reference. The Compensation shall not exceed the sum of **eight hundred seventeen thousand six hundred eighty-five dollars and twenty-seven cents** (\$817,685.27) and such sum shall include all amounts payable to CONTRACTOR for its subcontracts, leases, materials and costs arising from, or due to termination of this Agreement. AGENCY shall pay CONTRACTOR upon thirty (30) days of receipt of invoice and full acceptance of product and services by AGENCY.

Said Compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid Contract Documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV. Completion of Work; Liquidated Damages

The work and services set forth in this Agreement will be completed in a timely manner, and in accordance with an agreed-upon work schedule to be determined by the Parties. An extension of the period for completion may be granted in writing by mutual agreement by the Parties, herein for reasons outside the control of the CONTRACTOR including acts of God. CONTRACTOR shall request an extension by notifying AGENCY in writing at least fifteen (15) days prior to the expected Completion Date.

No extension of time requested or granted hereunder shall entitle CONTRACTOR to additional compensation unless, as a consequence of such extension, additional work must be performed, and such additional work is approved in writing. In such event, AGENCY shall in good faith consider any request for additional compensation submitted by CONTRACTOR.

It is mutually understood and agreed by and between the Parties to the Agreement that time is of the essence with respect to the performance of the Project and that in case of any failure on the part of CONTRACTOR to complete all tasks and items within the time specified in RFP No. 19-36, AGENCY will be damaged thereby. Given that the amount of said damages, being difficult if not impossible of definite ascertainment and proof, it is hereby agreed that, in the event of CONTRACTOR's failure to complete the work in a timely manner, the amount of such damages due CITY shall be fixed at (\$100.00) per hour beyond the time specified and referenced in RFP 19-36 (Section 4).

ARTICLE V. Ownership of Written Products

All reports, documents, data, objects, written materials or other tangible things ("Written Products") developed by CONTRACTOR in its performance of this Agreement shall be and remain the property of AGENCY without restriction or limitation upon its use or dissemination by the AGENCY. CONTRACTOR may take and retain copies of such Written Products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

ARTICLE VI. Independent Contractor

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

ARTICLE VII. Confidentiality

All data, documents, discussion, or other information developed or received by CONTRACTOR or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONTRACTOR without prior written consent by AGENCY. AGENCY shall grant such consent if disclosure is legally required. All AGENCY Written Products shall be returned to AGENCY upon the termination or expiration of this Agreement. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE VIII. Compliance with State and Local Laws

CONTRACTOR shall comply with all applicable federal, state, and local laws throughout its performance of this Agreement. CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions. All services required under this Agreement will be performed

by CONTRACTOR, or under its supervision, and all personnel shall possess the qualification, permits, and licenses required by the State and local law to perform such services.

CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing service required by this Agreement, and compliance with all reasonable performance standards established by AGENCY. CONTRACTOR shall be responsible for payment of all employees' and sub-contractors' wages and benefits, and shall comply with all requirements pertaining to employer's liability, workers' compensation, unemployment insurance, and Social Security. CONTRACTOR shall indemnify and hold harmless the AGENCY from any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE IX. Indemnification

The CONTRACTOR agrees to protect, defend, indemnify, save and hold harmless AGENCY, and all of its elected and appointed officials, boards and commissions, officers, directors, employees, and agents from and against any or all injuries, deaths, losses, damages, claims, suits, liabilities, demands, lawsuits, costs, expenses or causes of action, including reasonable attorneys' fees and related costs and expenses, which may accrue against the AGENCY based on, occurring, arising out of, or incident to (1) any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of the negligence, recklessness, willful misconduct, or errors or omissions by CONTRACTOR, its sub-contractors, or any of their servants, employees or agents; or, if applicable, (2) any infringement of the patent rights of any person or persons in consequence of the use by AGENCY or by any of its employees or agents, of articles supplied under contract, arising from proposals submitted and which CONTRACTOR is not lawfully entitled to sell. AGENCY will give CONTRACTOR prompt notice in writing of the institution of any suit or proceeding and permit CONTRACTOR through its counsel to defend AGENCY and will give all needed information, assistance and authority to enable the CONTRACTOR to do so.

CONTRACTOR shall give AGENCY immediate notice of any suit or action filed or prompt notice of any claim made against AGENCY arising out of the performance of this contract. CONTRACTOR shall furnish immediately to AGENCY copies of all pertinent papers received by the CONTRACTOR. If the amount of the liability claimed exceeds the amount of insurance coverage, CONTRACTOR shall authorize representatives of AGENCY or the Federal Government to collaborate with counsel for the insurance carrier, if any, in setting or defending such claim. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE X. PERS Eligibility Indemnity

In the event that CONTRACTOR, or its employee, agent, or subcontractor providing services under this Agreement, claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of AGENCY, CONTRACTOR shall indemnify, defend, and hold AGENCY harmless for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONTRACTOR or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of AGENCY.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, CONTRACTOR and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by AGENCY, including, but not limited to, eligibility to enroll in PERS as an employee of the AGENCY and entitlement to any contribution to be paid by the AGENCY for employer contribution, employee contribution, or both, for PERS benefits. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE XI. Insurance

In accordance with the terms of the Contract Documents, CONTRACTOR shall furnish the AGENCY a policy or certificate of insurance evidencing coverage for Worker's Compensation insurance and comprehensive liability insurance, including automobile, in which, upon the request of AGENCY, its officers and employees shall be named as additional insured with respect to all claims arising out of or in connection with the work to be performed, including any act or omission of employees, agents, sub-contractors, or their employees, whether or not caused by the sole (or contributing) negligence of the AGENCY, its officers or employees, and which shall remain in full force and effect until the work or services is accepted herein by the AGENCY. The policies shall provide the coverage limits set forth in the Contract Documents. Such comprehensive liability insurance shall be primary and non-contributing with any insurance coverage available to AGENCY, shall contain a severability of interest clause (cross liability) and shall provide that it shall not be canceled or materially reduced, except for non-payment of premium, without thirty (30) days' prior written notice to the AGENCY. In the event the policy is cancelled for non-payment of premium, CONTRACTOR shall give ten (10) days' prior written notice to AGENCY.

ARTICLE XII. Authorization by CONTRACTOR

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Agreement represent all duly authorized individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest herein.

ARTICLE XIII. Termination

In the event that either Party hereto fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

13.1. Material Breach. For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice.

13.2. Non-Material Breach. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

13.3. Failure to Cure. In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Agreement by giving written notice thereof to the

defaulting party, setting forth the effective date thereof.

13.4. Termination for Convenience. AGENCY shall have the option, at its sole discretion and without cause, of terminating this Agreement in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR.

13.5. Upon the termination of this Agreement as provided in this Article, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Agreement, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs after receiving AGENCY's Notice to Proceed (as defined in paragraph 13.5.1 below), and is unable to seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Agreement. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination.

13.5.1. Notice to Proceed shall be issued shall be issued within fifteen (15) working days of Contract execution. Should there be reasons why the Notice to Proceed cannot be issued within such period; the time may be extended by mutual agreement between AGENCY and CONTRACTOR. If the Notice to Proceed has not been issued within the 15-day period or within the period mutually agreed upon, the CONTRACTOR may terminate the Contract without further liability on the part of either party.

With the exception of the covenants contained in Articles VII (Confidentiality), IX (Indemnification), and XIV (Dispute Resolution and Legal Remedies), this Agreement shall expire upon full payment of the Compensation by the AGENCY to CONTRACTOR.

ARTICLE XIV. Dispute Resolution and Legal Remedies

Disputes regarding the interpretation or application of any provision(s) of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Parties. If any action at law or in equity is brought to enforce this Agreement or because of alleged dispute, breach, default or misrepresentation in connection with the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements incurred in that action or proceeding, in addition to such other relief as may be sought and awarded. The venue for any litigation shall be Los Angeles County, California. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE XV. Subcontract, Assignment or Delegation

CONTRACTOR shall not subcontract, delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of AGENCY. Any proposed subcontract, delegation, or assignment shall provide a description of the services to be covered, identification of the proposed sub-contractor, delegee, or assignee, and an explanation of why and how the same was selected, including the degree of competition involved.

Any subcontract, delegation or assignment shall be made in the name of CONTRACTOR and shall not bind or purport to bind AGENCY and shall not release CONTRACTOR from any obligations under this Agreement including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees or sub-contractors. No such subcontract, delegation or assignment shall result in any increase in the amount of total compensation payable to CONTRACTOR under the Agreement.

ARTICLE XVI. Non-discrimination and Equal Opportunity Employer

In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, sub-contractor, or applicant for employment because of race, color, creed, religion,

sex, marital status, national origin, ancestry, age, physical or mental handicap, mental condition or sexual orientation. CONTRACTOR will take affirmative action to ensure that sub-contractor and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

ARTICLE XVII. Notices

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second (2nd) business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY: Montebello Bus Lines
Tom Barrio, Director of Transportation
400 South Taylor Avenue
Montebello, CA 90640
(323) 558-1625
(323) 887-4643 (Fax)
tbarrio@cityofmontebello.com

To CONTRACTOR: The Goodyear Tire and Rubber Company
Walter L. Welker, Manager Business Operations
200 Innovation Way D/710
Akron, OH 44316-0001
(330) 796-2862
(330) 796-5641 (Fax)
Walt_welker@goodyear.com

ARTICLE XVIII. Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision(s) nevertheless will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XIX. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

ARTICLE XX. Entire Agreement; No Waiver

This Agreement and the aforementioned Contract Documents shall constitute the Entire Agreement by the Parties, and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. The waiver by AGENCY of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No attempted waiver of any of the provisions herein, nor any change, amendment or modification to this Agreement shall be effective unless

in writing and signed by the party against whom the same is sought to be enforced.

ARTICLE XXI. Effective Date

Unless otherwise specified herein, this Agreement shall become effective as of the date in which the last of the Parties, whether AGENCY or CONTRACTOR, executes this Agreement. This Agreement may be signed in counterparts, each of which shall constitute an original, and which collectively shall constitute one instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF the Parties enter into this Agreement as of the Effective Date set forth above.

CITY OF MONTEBELLO
("AGENCY")

The Goodyear Tire and Rubber Company
("CONTRACTOR")

Jack Hadjinian, Mayor

Date:

Date:

ATTEST:

Irma Barajas, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: René Bobadilla, City Manager

BY: Tom Barrio, Director of Transportation

SUBJECT: Award of contract for Procurement Services and Project Management, RFP No.19-20

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

1. Award a contract to The LeFlore Group for Procurement Services and Project Management in an amount not to exceed eighty thousand dollars and no cents (\$80,000).
2. Authorize the City Manager to execute the Contract on behalf of the City.

BACKGROUND

The City of Montebello, Montebello Bus Lines solicited Proposals from qualified firms to provide Procurement Services and Project Management. The qualified firm will assist in the procurement process for a select number of grant-funded projects over the next twelve (12) months. The consultant will assist Montebello Bus Lines with all aspects of the procurement process, including; development of the statement of work for all projects; securing independent estimates; evaluation of proposals/bids; contract administration; project management; contract closeout; and follow Federal Transit Administration (FTA) compliance and fully complied with the City of Montebello ordinances.

On February 27, 2019, the City issued its Request for Proposals (RFP) No.19-20 seeking proposals from qualified contractors to provide Procurement Services and Project Management for the City (Project).

ANALYSIS

The intent of the Project is to request a consultant providing Procurement Services and Project Management oversight.

1. On February 27, 2019, RFP No. 19-20 for Procurement Services and Project Management was issued. The notice inviting RFPs was published on February 27, 2019 in Mass Transit, Transit Talent and The Wave as well as on the City's website. A pre-proposal meeting was held on March 14, 2019, with four (4) contractors in attendance.
2. On April 09, 2019, five (5) proposals were received from the following:

	<u>Proposer</u>	<u>Overall Pricing</u>
1.	Berkshire Group	\$42,500
2.	The LeFore Group	\$80,000
3.	Precision Material Management	\$149,850
4.	Calyptus Consulting Group	\$153,100
5.	PrimeSource	\$310,870

3. The Evaluation Committee reviewed and evaluated the proposals in accordance with the scoring criteria established in RFP No. 19-20. The scoring criteria are:
 - a) General quality and responsiveness of proposal 60%
 - b) Statement of qualifications, experience and organizations relationship 20%
 - c) Work plan and technical approach 10%
 - d) References from past clients 10%
4. The LeFlore Group received the highest overall evaluation score of 78.67 percent.

FISCAL IMPACT

The estimated annual cost for this service will be eighty thousand dollars and no cents (\$80,000) and is included in the approved FY 2019/20 Transportation Department's capital budget using various grants.

SUMMARY

The City Council will consider for approval and award of a contract in an amount not to exceed eighty thousand dollars and no cents (\$80,000) to The LeFlore Group for the Procurement Services and Project Management and authorize the City Manager to execute the Contract on behalf of the City.

ATTACHMENTS

RFP 19-20

LeFlore Group Proposal
Contract Agreement

**CITY OF MONTEBELLO, CALIFORNIA
DEPARTMENT OF TRANSPORTATION**

REQUEST FOR PROPOSALS

FOR

PROCUREMENT SERVICES AND PROJECT MANAGEMENT

RFP NO. 19-20

	- MAYOR
JACK HADJINIAN	- MAYOR PRO TEM
SALVADOR MELENDEZ	- COUNCILMEMBER
KIMBERLY ANN COBOS-CAWTHORNE	- COUNCILMEMBER
ANGIE M. JIMENEZ	- COUNCILMEMBER

Issued: February 27, 2019

Pre-Proposal Conference: March 14, 2019 at 10:30 AM

Written Questions Due: March 21, 2019

Response to Written Questions: March 28, 2019

Proposals Due: April 09, 2019 at 11:00 AM

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Section 1 Notice of Request For Proposals

Description of the Work to be Done

The City of Montebello's Transportation Department, commonly known as Montebello Bus Lines, as AGENCY, requests proposals from qualified firms to assist in the procurement process for a select number of projects over the next twelve months. The consultants shall assist MBL with all aspects of the procurement process, including:

- 1) Development of the statement of work for all projects
- 2) Securing Independent estimates
- 3) Evaluation of proposals/bids
- 4) Contract Administration
- 5) Project Management
- 6) Contract Closeout
- 7) FTA Compliance

Proposal Due Date

Proposals must be marked "RFP NO. 19-20 "PROCUREMENT SERVICES AND PROJECT MANAGEMENT" and submitted in accordance with instructions contained in this RFP. Proposals will be received electronically via City of Montebello website, on-line electronic submission at [PlanetBids](#), until **11:00 A.M., April 09, 2019**.

Identification of Source of Funding

Financial support of this project is provided through financial assistance grants from the Federal Transit Administration (FTA) and requires compliance with all federal requirements.

Affirmative action to ensure against discrimination in employment practices on the basis of race, color, national origin, ancestry, sex, or religion will also be required.

The AGENCY hereby affirmatively ensures that minority nosiness enterprises will be afforded full opportunity to submit bids in response to this notice and will not be discriminated against on the basis of race, color, national origin, ancestry, sex, or religion in any consideration leading to the award of contract.

The AGENCY reserves the right to accept or reject any or all proposals, to waive any irregularity in a bid, and to make an award as may best serve the interest of the AGENCY.

BY ORDER OF THE CITY CLERK of the City of Montebello, California.

, City Clerk

Date

Publishing Dates: **February 27 , 2019**

The WAVE

Any contract entered into pursuant to this notice will incorporate the provisions of the State labor Code. Compliance with the prevailing rates of wages and apprenticeship employment standards established by the State Director of Industrial Relations will be required.

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Section 2 Instructions To Proposers

2.1 Description of the Work to be Done

The City of Montebello's Transportation Department, commonly known as Montebello Bus Lines, as AGENCY, requests proposals from qualified firms to assist in the procurement process for a select number of projects over the next twelve months. The consultants shall assist MBL with all aspects of the procurement process, including:

- 1) Development of the statement of work for all projects
- 2) Securing Independent estimates
- 3) Evaluation of proposals/bids
- 4) Contract Administration
- 5) Project Management
- 6) Contract Closeout
- 7) FTA Compliance

MBL is seeking assistance with the following projects:

- 1) Administrative building carpet replacement
- 2) Bus Yard concrete replacement
- 3) Maintenance Shop painting
- 4) Bus Yard concrete sealant
- 5) Administrative Building HVAC System repair/replace
- 6) Add three buffer tanks CNG Station and 1000 Sherex nozzle/hose
- 7) Level buildings corner of Olympic and Taylor Ave. Montebello, CA
- 8) Level Transit Property in Pico Rivera commonly referred to as Pico Terminal, rebuild and add new self-cleaning restrooms
- 9) Add Self-cleaning restroom at Grant Rea Park (Public and Bus Operator facilities)
- 10) Add Restroom for public use Metro-link Station
- 11) Other projects as necessary

2.2 Proposed Schedule for the Procurement

The following is the solicitation schedule for proposers:

Event	Date/Deadline
Issue Request for Proposal:	February 27, 2019
Pre-Proposal Meeting:	March 14, 2019 at 10:30 AM
Written Questions Due:	March 21, 2019 at COB
AGENCY'S Response to Written Questions:	March 28, 2019
Proposal Due:	April 09, 2019 at 11:00 AM
Approval of Contract Award by City Council	May 22, 2019 (TENTATIVE)

2.3 Proposal Due Date

A proposal is late if the AGENCY receives it after the deadline stated above. The AGENCY will reject a late proposal without evaluation. No exceptions will be granted regardless of reason or circumstances. Proposals must be prepared and submitted in accordance with the instructions included herein.

Proposals can be submitted via PlanetBids Portal (accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>) up to the hour of **11:00 a.m. on Tuesday, April 09, 2019**.

Copies of the specifications and contract documents are available on PlanetBids Portal, accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>.

The AGENCY reserves the right to accept or reject any or all proposals, to waive any irregularity in a proposal, and to make an award as may best serve the interest of the AGENCY. All proposals become the property of the AGENCY once they are submitted. The making of an award is contingent upon the availability of funding.

The AGENCY reserves the right to make award within ninety (90) calendar days from the date proposals are opened. Should award in whole or part be delayed beyond the period of ninety (90) days, such award shall be conditioned upon proposer's acceptance.

2.4 Questions, Clarifications and Interpretation

All correspondence, communications and contact in regard to any aspect of this solicitation or offers shall be only with the following person [or his or her designated representative if applicable].

Tom Barrio, Director of Transportation

Telephone: (323) 216-9532

Email: tbarrio@cityofmontebello.com

Unless otherwise instructed by the above person, proposers and their representatives shall not make any contact with or communicate with any member of the AGENCY, or its employees and consultants, other than the designated person above, in regard to any aspect of this solicitation or offers.

No interpretation of the meaning of the plans, specifications or other pre-proposal documents will be made to any proposer orally. Every request for such interpretations shall be in writing addressed to the above person by U.S. mail or electronic mail.

2.5 Addenda

The AGENCY reserves the right to amend the RFP. Any amendments to the RFP shall be described in written addenda. Notification of the addenda will be distributed to all prospective proposers officially known to have received the RFP.

Failure of any prospective proposer to receive the notification or addenda shall not relieve the proposer from any obligation under the RFP therein. All addenda issued shall become part of the RFP.

Prospective proposers shall acknowledge the receipt of each individual addendum in their proposals by submitting the Receipt of Addenda Form. Failure to acknowledge in the proposal receipt of addenda may, at the AGENCY'S sole option, result in disqualification of the proposal.

Section 3 General Provisions

3.1 Execution of General Contract

The Contract shall be signed by the successful proposer and returned, within ten (10) working days after the Contract has been mailed or otherwise delivered to proposer. No Contract shall be considered effective until it has been fully executed by all of the parties thereto. Failure to execute the Contract that is acceptable to the AGENCY within ten (10) working days after the Contract has been mailed or otherwise delivered to the successful proposer shall be just cause for the cancellation of the award and the forfeiture of the proposal guaranty which shall become the property of AGENCY not as a penalty, but as liquidation of damages sustained. Award may then be made to the next responsive, responsible and qualified proposer, or the work may be re-advertised as AGENCY may decide.

3.2 Notice to Proceed

The Notice to Proceed shall be issued within fifteen (15) working days of Contract execution. Should there be reasons why the Notice to Proceed cannot be issued within such period, the time may be extended by mutual agreement between AGENCY and CONTRACTOR. If the Notice to Proceed has not been issued within the 15-day period or within the period mutually agreed upon, the CONTRACTOR may terminate the Contract without further liability on the part of either party.

3.3 Single Proposer

In the event a single proposal is received, AGENCY may conduct a price or cost analysis of the proposal (to be limited to non-proprietary cost data only). A cost analysis is the process of examining the proposal and evaluating the separate cost elements. It should be recognized that a cost analysis through comparison to other similar procurements must be based on an established or competitive price of the elements used in the comparison. The comparison must be made to a purchase of similar quantity and involving similar provisions. Where a difference exists, a detailed analysis must be made of this difference and costs attached thereto.

Where it is not possible to obtain a valid price analysis, it may be necessary for AGENCY to conduct a cost analysis of the proposal price.

3.4 Award of Contract

Within ninety (90) calendar days after the opening of proposals, if a Contract is to be awarded, the award will be made to the responsible, responsive, and qualified proposer whose proposal complies with all the requirements prescribed. The successful proposer will be notified, by letter mailed to the address shown on its proposal, that its proposal has been accepted and that it has been awarded the Contract.

3.5 Payment

A separate invoice, referencing the respective purchase order number, shall be issued in duplicate for each invoice shown in the payment schedule, and addressed to: City of Montebello, Attn: Accounts Payable, 1600 West Beverly Boulevard, Montebello, California, 90640.

Payment will be made within thirty (30) days after acceptance and approval of invoice.

3.6 Contractor Eligibility

Affidavits are required to be completed by the CONTRACTOR and by all Sub-contractors declaring that the proposal is in all respects fair and without collusion or fraud. (Non-Collusion Affidavit of Prime Bidder; Non-Collusion Affidavit of Sub-Contractor)

A Contract cannot be awarded to any vendor that is on the United States Comptroller General's list of ineligible contractors. The potential Prime CONTRACTOR and all potential Sub-contractors must complete the Ineligible Contractors Form regarding debarment for violations of public contracts incorporating Labor Standard Provisions.

3.7 Oral Changes

Oral change orders are not permitted. All proposed changes must be submitted in writing to, and approved by, AGENCY prior to becoming a Contract modification.

3.8 Insurance

CONTRACTOR shall procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONTRACTOR, its agents, representatives, or employees.

MINIMUM SCOPE OF LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if CONTRACTOR has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit if no less than \$1,000,000 per accident for bodily injury or disease.
(Not required if CONTRACTOR provides written verification that it has no employees)

4. Professional Liability (Errors and Omissions) Insurance appropriate to the CONTRACTOR'S profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the CONTRACTOR maintains higher limits than the minimums shown above, the AGENCY requires and shall be entitled to coverage for the higher limits maintained by the CONTRACTOR.

AGENCY shall have no responsibility of liability for such insurance coverage.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The AGENCY, its officers, officials, employees, and volunteers are to be covered as insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the CONTRACTOR; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the CONTRACTOR including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONTRACTOR'S insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the CONTRACTOR'S insurance coverage shall be primary insurance as respects the AGENCY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the AGENCY, its officers, officials, employees, or volunteers shall be excess of the CONTRACTOR'S insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except after thirty (30) days' prior written notice (10 days for non-payment) has been given to the AGENCY.

Waiver of Subrogation

CONTRACTOR hereby grants to AGENCY a waiver of any right to subrogation which any insurer of said CONTRACTOR may acquire against the AGENCY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the AGENCY has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the AGENCY. The AGENCY may require the CONTRACTOR to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the AGENCY.

Claims Made Policies

If any of the required policies provided coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONTRACTOR must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

Verification of Coverage

CONTRACTOR shall furnish the AGENCY with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the AGENCY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONTRACTOR'S obligation to provide them. The AGENCY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Subcontractors

CONTRACTOR shall require and verify that all Sub-Contractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances

AGENCY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

3.9 Qualifications of Proposers

Proposer shall be either manufacturers of the items proposed upon, or shall satisfy AGENCY of their ability to furnish the specified items. Only proposer of established reputation, having proper facilities to provide the items called for in these provisions, shall be considered in making the award. The attached References must be completed and submitted with the sealed proposal if the proposal is to be considered responsive.

A proposer must present evidence of experience, ability, service facilities and financial standing necessary to meet satisfactorily the requirements set forth or implied in the proposal. The attached Proposer's Information, Qualifications Certification must be completed, notarized and submitted with the sealed proposal if the proposal is to be considered responsive.

3.10 Proposal Protest Procedures

A protest filed before a proposal opening must be filed in writing no later than ten (10) working days before a proposal opening. The most common types of protest that might be filed before a proposal opening would include one based upon restrictive specifications, or alleged improprieties in any type of solicitation that is apparent prior to the scheduled proposal opening. The AGENCY will grant the protesting firm a fair review, and allow up to ten (10) working days to review or appeal a decision provided no state or federal law or regulation has been violated. It is the intent of AGENCY to resolve all protests at the local level.

When a protest is filed before a scheduled proposal opening certain steps must be followed:

- A. The protest must be submitted in writing within the specified time frame (no later than ten (10) working days prior to a proposal opening). All protests must be filed with the Purchasing Manager for determination. A protest that is mailed to the Purchasing Manager must be received by the AGENCY within the specified time frame.

The City of Montebello
Attn: Purchasing Manager
1600 W. Beverly Blvd.
Montebello, CA 90640

- B. The protest must contain the reason(s) for the protest and should recommend a remedy.
- C. Where appropriate, AGENCY will hold an informal conference on the merits of a protest with all interested parties allowed to attend. Interested parties may include all proposers and Sub-contractors or suppliers provided they have a substantial economic interest in a portion of the RFP.
- D. All potential proposers will be advised of a pending protest.

- E. AGENCY shall not open proposals prior to the resolution of the protest, unless it is determined that:
- The items to be procured are urgently required, or;
 - Delivery or performance will be unduly delayed by failure to make the award promptly, or;
 - Failure to make prompt award will otherwise cause undue harm to AGENCY or the Federal Government.
- F. AGENCY will respond in writing within ten (10) working days after receipt of a properly filed protest. The response will be provided by the Purchasing Manager and will include a response to each substantive issue raised in the protest.
- G. After the exhaustion of administrative remedies the protesting party will be given our final decision. The Purchasing Manager has the authority to make the final determination regarding all protests.

Note: The Federal Transit Administration will only review a protest that the grantee failed to have or to follow its protest procedures, or that it failed to review a complaint or protest. A protest to the Federal Transit Administration must be filed in accordance with Federal Transit Administration Circular C4220.1 F.

3.11 Proposal Protest Procedures (Policy After Proposal Opening/Post Award)

A protest filed after a proposal opening or post award must be filed within five (5) working days after the proposal opening or notice of award. The types of protests most commonly filed after proposal openings are varied, e.g., one in which the award is made to other than the low proposer, changes to the criteria during proposal evaluation, proposal compliance, etc. The AGENCY will grant the protesting firm a fair review, and allow up to ten (10) working days to review or appeal a decision provided no state or federal law has been violated. It is the intent of AGENCY to resolve all protests at the local level.

All protests, including protests within Federal Transit Administration funded projects, must follow certain guidelines.

- A. The protest must be submitted in writing within the specified time frame (no later than five (5) working days after the proposal opening or notice of award). All protests must be filed with the Purchasing Manager for determination. A protest that is mailed to the Purchasing Manager must be received by the AGENCY within the specified time frame.
- B. The protest must contain the reason(s) for the protest and recommend a remedy.
- C. Where appropriate, AGENCY will hold an informal conference on the merits of a protest with all interested parties allowed to attend. Interested parties may include all proposers and Sub-contractors or suppliers provided they have a substantial economic interest in a portion of the RFP.

- D. AGENCY will respond in writing within ten (10) working days after receipt of the protest. The response will be provided by the Purchasing Manager and will include a response to each substantive issue raised in the protest.
- E. After exhaustion of administrative remedies, the protesting party will be given our final decision. The Purchasing Manager has the authority to make the final determination regarding all protests.

Note: The Federal Transit Administration will only review a protest that the grantee failed to have or to follow its protest procedures, or that it failed to review a complaint or protest. A protest to the Federal Transit Administration must be filed in accordance with Federal Transit Administration Circular C4220.1F.

All protests must be filed within five (5) working days of the date the protester knew or should have known of the violation.

3.12 Remedies/Sanctions for Breach of Contract

Pursuant to the Contract, the AGENCY may terminate the contract if the successful proposer breaches the terms or violates the conditions of the Contract, and does not cure such breach or violation within the specified time period. The successful proposer shall be liable for any and all costs incurred by AGENCY as a result of such default, including but not limited to re-procurement costs of the same or similar services defaulted by the successful proposer under this Agreement [49CFR 18.36(i)(2)].

3.13 Sub-Contractors

The CONTRACTOR shall submit with its proposal the name and address of each Sub-contractor it intends to employ, a description of the work which the Sub-contractor is to do, the dollar amount of each Sub-contractor contract, and such other information as may be required in order that AGENCY'S approval may be obtained as to reliability and ability to perform the work (Bidder's List of Sub-contractors, Part I).

Required Submittals for Sub-Contractors: Listings of all Sub-contractors performing work for the prime Contract shall be submitted and received with the proposer's proposal. Lists of Sub-contractors are a part of the proposal package, and failure to submit said listings might constitute the submittal of an incomplete proposal. Pre-printed forms are attached (Bidder's List of Sub-contractors, Part I).

Terms and Conditions Binding Upon Sub-Contractors: All terms and conditions contained in this proposal shall be binding upon the CONTRACTOR'S Sub-contractors. The CONTRACTOR shall enter into Contracts with its Sub-contractors and these Contracts shall contain these terms and conditions.

3.14 Privacy Act

The CONTRACTOR agrees to comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, 5 U.S.C., 552a.

The CONTRACTOR also agrees to include these requirements in each sub-contract.

3.15 Prohibited Interest

No Council member, officer, or employee of the AGENCY or of a local Public Body during his/her tenure or for one year thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof. If any such interest comes to the knowledge of any party at any time, a full and complete disclosure of all such information will be made in writing to the other parties, even if such interest would not be considered a conflict of interest under Article 4 of Chapter 1 of Division 4 of Title 1 (Sections 1090-1097) of the Government code of the State.

Section 4 Special Procedures

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Section 5 Federal Requirements

5.1 Federal Funding, Incorporation of FTA Terms

The preceding provisions include, in part, certain standard terms and conditions required by the U.S. Department of Transportation ("DOT"), whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in Federal Transit Administration ("FTA") Circular 4220.1 F or its successors are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA-mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this agreement. The CONTRACTOR shall not perform any act, fail to perform any act or refuse to comply with any AGENCY requests that would cause AGENCY to be in violation of the FTA terms and conditions.

5.2 Federal Changes

The CONTRACTOR shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Master Agreement between AGENCY and FTA, as they may be amended or promulgated from time to time during the term of this Contract. CONTRACTOR'S failure to so comply shall constitute a material breach of this Contract.

5.3 No Government Obligation to Third Parties

The AGENCY and CONTRACTOR acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Contract, absent the express written consent by the Federal Government, the Federal Government is not a part to this Contract and shall not be subject to any obligations or liabilities to the AGENCY, CONTRACTOR, or any other party (whether or not a party to that Contract) pertaining to any matter resulting from the underlying Contract.

The CONTRACTOR agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FT A. It is further agreed that the clause shall not be modified, except to identify the Subcontractor who will be subject to its provisions.

5.4 Program Fraud and False or Fraudulent Statements or Related Acts

The CONTRACTOR acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. §§ 3801, et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this project. Upon execution of the underlying Contract, the CONTRACTOR certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying Contract of the FT A-assisted project for which this Contract work is being performed.

In addition to other penalties that may be applicable, the CONTRACTOR further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the

right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the CONTRACTOR to the extent the Federal Government deems appropriate.

The CONTRACTOR also acknowledges that if it makes, or caused to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the CONTRACTOR, to the extent the Federal Government deems appropriate.

The CONTRACTOR agrees to include the above two clauses in each sub-contract financed in whole or in part with Federal assistance provided by the FT A It is further agreed that the clauses shall not be modified, except to identify the Sub-contractor who will be subject to the provisions.

5.5 Inspection and Retention of Records

The CONTRACTOR shall permit authorized representatives of the AGENCY, the FTA Administrator, and the Comptroller General of the United States to inspect and audit all data and records of the CONTRACTOR relating to its performance and its sub-contracts under this Contract from the date of the Contract through and until the expiration of three years after the date of termination or expiration of this Contract, except in the event of litigation or settlement of claims arising from the performance of this Contract, in which case CONTRACTOR agrees to maintain same until the AGENCY, the FTA Administrator, and the Comptroller General of the United States, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. The AGENCY retains ownership of all project documents and records maintained by the CONTRACTOR on behalf of the AGENCY.

5.6 Suspension and Debarment

This Contract is a covered transaction for purposes of 49 CFR Part 29. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR, its principals, as such defined at 49 CFR 29.995, or affiliates, as defined at 49 CFR 29.905, are excluded or disqualified as defined at 49 CFR 29.940 and 29.945.

The CONTRACTOR is required to comply with 49 CFR 29, Subpart C and must include this requirement to comply with 49 CFR 29, Subpart C in any lower tier covered transaction it enters into.

By signing and submitting its bid or proposal, the Bidder or Proposer certifies as follows:

The certification in this clause is a material representation of fact relied upon by the AGENCY. If it is later determined that the Bidder or Proposer knowingly rendered an erroneous certification, in addition to remedies available to the AGENCY, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The Bidder or Proposer agrees to comply with the requirements of 49 CFR 29, Subpart C while this offer is valid and throughout the period of any contract

that may arise from this proposal. The Bidder or Proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

5.7 Termination

Pursuant to the Contract, in the event that either Party hereto fails or refuses to perform any of the provisions of this Contract at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Contract by giving written notice thereof to the defaulting party, setting forth the effective date thereof.

The AGENCY shall have the option, at its sole discretion and without cause, of terminating this Contract in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR. Upon the termination of this Contract as provided herein, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Contract, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs, and is unable to seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Contract. CONTRACTOR agrees to cease all work under this Contract on or before the effective date of any notice of termination. Pursuant to the Contract, all AGENCY data, documents, objects, materials or other tangible things shall be returned to the AGENCY upon the termination or expiration of this Contract.

5.8 Civil Rights Requirements

During the performance of this Contract, the CONTRACTOR agrees as follows:

1. Nondiscrimination - In accordance with Title VI of the Civil Rights Act, the CONTRACTOR agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability.
2. Equal Employment Opportunity -The following equal employment opportunity requirements apply to the underlying Contract:
 - (a) Race, Color, Creed, National Origin, Sex - The CONTRACTOR agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
 - (b) Age -The CONTRACTOR agrees to refrain from discrimination against present and prospective employees for reason of age.
 - (c) Disabilities -The CONTRACTOR agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities.
3. The CONTRACTOR also agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

5.9 Disadvantaged Business Enterprise (DBE)

1. AGENCY Assurance: AGENCY shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract, or in the administration of its DBE Program.

AGENCY shall take all necessary and reasonable steps under Part 26, Title 49 of the Code of Federal Regulations (CFR), to ensure nondiscrimination in the award and administration of DOT-assisted contracts. AGENCY'S DBE Program, as required by 49 CFR Part 26, and as approved by DOT, is incorporated by reference in this Contract. Implementation of this DBE Program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Contract. Upon notification to AGENCY of its failure to carry out its approved program, the DOT and/or the Federal Transit Administration (FTA) may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. § 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. §§ 3801 et seq.).

2. Annual Overall Goal: In accordance with 49 CFR Part 26, "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs," the AGENCY is required to establish an annual overall goal for the participation of DBEs in all contracts utilizing federal financial assistance. For the

current fiscal year, the AGENCY has established a DBE participation goal of three percent (3%).

AGENCY'S annual overall goal represents the amount of ready, willing, and able DBEs that are identified as available to participate in contracting opportunities, and is reflective of the amount of DBE participation AGENCY would expect absent the effects of discrimination.

3. Contract Goals: AGENCY intends to meet its goal to the maximum extent feasible through race-neutral measures, including the encouragement of DBE participation on contracts which have no specific DBE goal. Where race-neutral measures are inadequate to meet the annual overall goal, AGENCY will establish specific contract goals for particular projects with subcontracting opportunities.

There is no DBE project goal established for this project. At this time AGENCY will meet DBE goal on federally assisted projects through race neutral measures. AGENCY supports the use of race neutral measures to facilitate participation by DBEs and other small businesses, and encourages prime contractors to subcontract portions of their work that might otherwise perform with their own forces.

4. CONTRACTOR Compliance with AGENCY DBE Policy: It is the policy of AGENCY to ensure nondiscrimination in the award and administration of DOT-assisted contracts and to create a level playing field on which DBEs can compete fairly for contracts and subcontracts relating to AGENCY'S construction, procurement, and professional services activities. To this end, AGENCY has developed procedures to remove barriers to DBE participation in the proposal and award process and to assist DBEs to develop and compete successfully outside of the DBE program.

In connection with the performance of this Contract, the CONTRACTOR will cooperate with AGENCY in meeting these commitments and objectives.

5. Required Proposal/Proposal Submittals: The CONTRACTOR shall submit with its Proposal the name and address of each Sub-contractor it intends to employ, a description of the work which the Sub-contractor is to do, the dollar amount of each Sub-contractor contract, and such other information as may be required in order that AGENCY'S approval may be obtained as to reliability and ability to perform the work (Bidder's List of Subcontractors, Part I).

In addition, proposer shall submit within five (5) days of proposal opening the names and addresses of all DBE firms that will participate in the Contract; a description of the work that each DBE will perform; the dollar amount of the participation of each DBE firm; written documentation of commitment to use DBE Subcontractors whose participation the CONTRACTOR submits to meet the Contract goal; and written confirmation from the DBE that it is participating in the Contract as provided in the CONTRACTOR'S commitment. (Statement of Disadvantaged Business Enterprise Participation)

AGENCY shall require that any DBEs listed by proposers for participation in the Contract be certified as eligible DBEs. AGENCY will accept current certifications by the DOT and its agencies, the Small Business Administration, or other DOT federal financial assistance recipients, as appropriate. Within five (5) days of proposal opening, DBEs with current certification must attach a copy of their current Letter of Certification and a copy of their current Statement of Personal Net Worth.

AGENCY will require any firm listed, but not currently certified as a DBE, to submit the proper certification information within five (5) days of proposal opening in order to be included in the proposer's DBE achievement.

The CONTRACTOR shall list all subcontractors who provided a quote or bid but were not selected to participate as a subcontractor on the project. This is required for compliance with Title 49, Section 26 of the Code of Federal Regulations (Bidder's List of Subcontractors, Part II).

6. CONTRACTOR Assurance: Pursuant to 49 CFR Part 26, the CONTRACTOR is required to make the following assurance in its agreement with AGENCY and to include this assurance in any agreements it makes with subcontractors in the performance of this Contract:

"The CONTRACTOR or Sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The CONTRACTOR shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the CONTRACTOR or Subcontractor to carry out these requirements is a material breach of this Contract, which may result in the termination of this Contract or such other remedy, as AGENCY deems appropriate."

7. Prompt Payment to Subcontractors: The CONTRACTOR must pay Subcontractors for satisfactory performance of their contracts no later than 15 days from the receipt of payment made to the CONTRACTOR by AGENCY. Prompt return of retainage payments from the CONTRACTOR to the Subcontractor will be made within 15 days after the Subcontractor's work is satisfactorily completed.

Any delay or postponement of payment among the parties may take place only for good cause and with AGENCY'S prior written approval. If the CONTRACTOR determines the work of the Subcontractor to be unsatisfactory, it must notify AGENCY'S DBE Officer immediately in writing and state the reasons. Failure by the CONTRACTOR to comply with this requirement will be construed to be a breach of contract and subject to contract termination.

8. Reports of Payment to DBE Sub-contractor: The DBE Officer will monitor the amount actually paid by the CONTRACTOR to Subcontractors, and will require the CONTRACTOR to provide monthly progress reports on DBE utilization to the AGENCY on Form 103 (Monthly DBE Subcontractors Paid Report Summary and Payment Verification). The AGENCY will keep a running tally of actual payments to DBE firms for

work committed to them at the time of contract award. The AGENCY's Summary of Subcontractors Paid Report (Form 103) is used to keep a running tally. Failure to submit these reports in a timely manner shall result in a penalty of \$10 per day, per report. Additionally, the DBE Officer will verify the dollar amount paid to DBE Subcontractors.

The amount awarded to the DBE, the amount paid to the DBE as stated by the CONTRACTOR, and the amount paid to the DBE as verified by the DBE, will be reported to the Federal Transit Administration (FTA).

9. Contract Change or Amendment: When a contract change or amendment is made, the CONTRACTOR will submit a statement to the DBE Officer regarding how the change may affect DBE subcontracting.

10. Reporting DBE Participation: The CONTRACTOR is required to report all DBE participation on their contract whether or not the contract contains a specified DBE goal. The CONTRACTOR is not to count participation of a DBE Subcontractor until the amount being counted has been paid to the DBE.

11. Counting DBE Participation toward the Contract Goal: Only the work actually performed by a DBE will be counted towards the DBE goal. The cost of supplies and materials obtained by the DBE or equipment leased (except from the CONTRACTOR or its affiliate) may also be counted.

12. Commercially Useful Function: Work that a DBE subcontracts to a non-DBE firm does not count toward DBE goals. Expenditures may only be counted if the DBE is performing a commercially useful function. A DBE should perform at least 30 percent of the total cost of its contract with its own work force. Decisions on commercially useful function are subject to review by the FTA, but are not administratively appealable to DOT.

If materials or supplies are obtained from a DBE manufacturer, 100 percent of the cost will be counted. If the materials and supplies are purchased from a DBE regular dealer, 60 percent of the cost will be counted.

13. DBE Replacement: The CONTRACTOR must make a good faith effort to replace a defaulting DBE Subcontractor with another certified DBE. The CONTRACTOR must immediately notify the DBE Officer of the DBE's inability to perform, and provide reasonable documentation. The CONTRACTOR must receive prior written approval on the substitute DBE from AGENCY. The CONTRACTOR will provide copies of new or amended subcontracts and copies of the substitute DBE's current Letter of Certification and current Statement of Personal Net Worth.

If the CONTRACTOR proposes to replace a DBE Subcontractor with a non-DBE, sufficient good faith efforts documentation must be provided. If the CONTRACTOR fails or refuses to comply in the time specified, AGENCY will issue an order stopping all, or part of, payment/work until satisfactory action has been taken. If the CONTRACTOR still fails to comply, AGENCY may issue a termination for default proceeding.

Section 6 Technical Specifications

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Section 7 Contract (DRAFT)

CITY OF MONTEBELLO

CONTRACT AGREEMENT NO. _____

FOR

PROCUREMENT SERVICES AND PROJECT MANAGEMENT

RFP NO. 19-20

This Contract Agreement ("Agreement") is made and entered into for the above-stated project this [day] day of [Month], 20[Year] ("Effective Date") by and between the City of Montebello, a California municipal corporation, as the "AGENCY," and [Contractor] a [Insert Contractor description], as the "CONTRACTOR." AGENCY and CONTRACTOR may be individually referred to herein as a "Party" or collectively referred to herein as the "Parties."

RECITALS

A. AGENCY is a municipal corporation duly-organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.

B. CONTRACTOR is a corporation duly-organized and doing business in the State of California. CONTRACTOR represents it has the background, knowledge, experience and expertise necessary to provide the AGENCY with the equipment, goods and services set forth in this Agreement.

C. AGENCY seeks to procure from CONTRACTOR, and CONTRACTOR seeks to provide to the AGENCY, equipment, goods and services necessary for the "PROCUREMENT SERVICES AND PROJECT MANAGEMENT" ("Project") as further described in Request for Proposal ("RFP") No. 19-20.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, AGENCY and CONTRACTOR agree as follows:

ARTICLE I. Incorporation of Recitals and other Contract Documents

The above-referenced Recitals constitute a material part hereof, and shall hereby be incorporated by reference. Moreover, this Agreement consists of the following documents, in order of precedence, all of which are incorporated herein and made part of this Agreement, as though fully set forth herein:

- a. This Agreement, including any and all addenda or supplemental agreements.
- b. RFP No. 19-20.
- c. Proposal referenced as Best and Final Offer received by successful proposer.

- d. All other documents, including but not limited to all required bonds, insurance certificates, permits, notices, schedules, forms, certifications, and affidavits.
- e.

These documents shall be collectively referred to herein as the "Contract Documents." In the event of a conflict among the Contract Documents, the order of precedence shall be as set forth above.

ARTICLE II. Services to be performed by CONTRACTOR

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to perform the services and furnish all materials necessary to perform all work required for the above-stated Project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents. CONTRACTOR covenants with the AGENCY to furnish its best skill, judgment and efforts and to cooperate with the AGENCY and any other contractors engaged by the AGENCY in providing the services necessary for the Project. CONTRACTOR covenants to use its best effort to perform its duties and obligation under this Agreement in an efficient, expeditious and economical manner, consistent with the best interests of the AGENCY. [Workmanship throughout the performance of this Agreement shall conform to the highest standard of commercially accepted practice of work and shall result in a neat finished appearance to the satisfaction of the AGENCY.]

ARTICLE III. Compensation

As full compensation for furnishing all materials, performing all services, and fulfilling all obligations set forth in this Agreement, the AGENCY agrees to pay and the CONTRACTOR agrees to receive and accept the prices set forth in the Price Sheet submitted by CONTRACTOR dated _____ ("Compensation"), attached hereto as Exhibit "[]" and incorporated by this reference. The Compensation shall not exceed the sum of _____, and such sum shall include all amounts payable to CONTRACTOR for its subcontracts, leases, materials and costs arising from, or due to termination of this Agreement. AGENCY shall pay CONTRACTOR upon thirty (30) days of receipt of invoice and full acceptance of product and services by the AGENCY.

Said Compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid Contract Documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV. Completion of Work; Liquidated Damages

The work and services set forth in this Agreement will be completed in a timely manner, and in accordance with an agreed-upon work schedule to be determined by the Parties. An extension of the period for completion may be granted by mutual agreement by the Parties herein for reasons outside the control of the CONTRACTOR including acts of God. CONTRACTOR shall

request an extension by notifying AGENCY in writing at least fifteen (15) days prior to the expected Completion Date.

No extension of time requested or granted hereunder shall entitle CONTRACTOR to additional compensation unless, as a consequence of such extension, additional work must be performed and such additional work is approved in writing. In such event, AGENCY shall in good faith consider any request for additional compensation submitted by CONTRACTOR.

It is mutually understood and agreed by and between the Parties to the Agreement that time is of the essence with respect to the completion of the Project and that in case of any failure on the part of the CONTRACTOR to complete all tasks and items within the time specified in the _____, AGENCY will be damaged thereby. Given that the amount of said damages, being difficult if not impossible of definite ascertainment and proof, it is hereby agreed that, in the event of CONTRACTOR's failure to complete the work in a timely manner, the amount of such damages due CITY shall be fixed at _____ (\$_____.00) per calendar day beyond the time specified in Notice to Proceed.

ARTICLE V. Ownership of Written Products

All reports, documents, data, objects, written materials or other tangible things ("Written Products") developed by CONTRACTOR in its performance of this Agreement shall be and remain the property of AGENCY without restriction or limitation upon its use or dissemination by the AGENCY. CONTRACTOR may take and retain copies of such Written Products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

ARTICLE VI. Independent Contractor

CONTRACTOR is, and shall at all times remain to the AGENCY, a wholly independent contractor. CONTRACTOR shall have no power to incur any debt, obligation, or liability on behalf of the AGENCY or otherwise to act on behalf of the AGENCY as an agent. Neither the AGENCY nor any of its officers, employees or agents shall have control over the conduct of CONTRACTOR or any of CONTRACTOR'S employees or agents, except as set forth in this Agreement. CONTRACTOR shall not represent that it is, or that any of its agents or employees are, in any manner employees of the AGENCY.

ARTICLE VII. Confidentiality

All data, documents, discussion, or other information developed or received by CONTRACTOR or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONTRACTOR without prior written consent by the AGENCY. The AGENCY shall grant such consent if disclosure is legally required. All AGENCY Written Products shall be returned to the AGENCY upon the termination or expiration of this Agreement. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE VIII. Compliance with State and Local Laws

CONTRACTOR shall comply with all applicable federal, state, and local laws throughout its performance of this Agreement. CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation,

or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions. All services required under this Agreement will be performed by CONTRACTOR, or under its supervision, and all personnel shall possess the qualification, permits, and licenses required by the State and local law to perform such services.

CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing service required by this Agreement, and compliance with all reasonable performance standards established by AGENCY. CONTRACTOR shall be responsible for payment of all employees' and sub-contractors' wages and benefits, and shall comply with all requirements pertaining to employer's liability, workers' compensation, unemployment insurance, and Social Security. CONTRACTOR shall indemnify and hold harmless the AGENCY from any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

ARTICLE IX. Indemnification

The CONTRACTOR agrees to protect, defend, indemnify, save and hold harmless AGENCY, and all of its elected and appointed officials, boards and commissions, officers, directors, employees, and agents from and against any or all injuries, deaths, losses, damages, claims, suits, liabilities, demands, lawsuits, costs, expenses or causes of action, including reasonable attorneys' fees and related costs and expenses, which may accrue against the AGENCY based on, occurring, arising out of, or incident to (1) any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of the negligence, recklessness, willful misconduct, or errors or omissions by CONTRACTOR, its sub-contractors, or any of their servants, employees or agents; or, if applicable, (2) any infringement of the patent rights of any person or persons in consequence of the use by AGENCY or by any of its employees or agents, of articles supplied under contract, arising from proposals submitted and which the CONTRACTOR is not lawfully entitled to sell. AGENCY will give the CONTRACTOR prompt notice in writing of the institution of any suit or proceeding and permit the CONTRACTOR through its counsel to defend AGENCY and will give all needed information, assistance and authority to enable the CONTRACTOR to do so. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

The CONTRACTOR shall give AGENCY immediate notice of any suit or action filed or prompt notice of any claim made against AGENCY arising out of the performance of this contract. The CONTRACTOR shall furnish immediately to the AGENCY copies of all pertinent papers received by the CONTRACTOR. If the amount of the liability claimed exceeds the amount of insurance coverage, the CONTRACTOR shall authorize representatives of AGENCY or the Federal Government to collaborate with counsel for the insurance carrier, if any, in setting or defending such claim.

ARTICLE X. PERS Eligibility Indemnity.

In the event that CONTRACTOR, or its employee, agent, or subcontractor providing services under this Agreement, claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the AGENCY, CONTRACTOR shall indemnify, defend, and hold the AGENCY harmless for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONTRACTOR or its employees, agents, or subcontractors, as well as for

the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the AGENCY.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, CONTRACTOR and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by the AGENCY, including, but not limited to, eligibility to enroll in PERS as an employee of the AGENCY and entitlement to any contribution to be paid by the AGENCY for employer contribution, employee contribution, or both, for PERS benefits.

ARTICLE XI. Insurance

In accordance with the terms of the Contract Documents, CONTRACTOR shall furnish the AGENCY a policy or certificate of insurance evidencing coverage for Worker's Compensation insurance and comprehensive liability insurance, including automobile, in which, upon the request of the AGENCY, its officers and employees shall be named as additional insured with respect to all claims arising out of or in connection with the work to be performed, including any act or omission of employees, agents, sub-contractors, or their employees, whether or not caused by the sole (or contributing) negligence of the AGENCY, its officers or employees, and which shall remain in full force and effect until the work or services is accepted herein by the AGENCY. The policies shall provide the coverage limits set forth in the Contract Documents. Such comprehensive liability insurance shall be primary and non-contributing with any insurance coverage available to the AGENCY, shall contain a severability of interest clause (cross liability) and shall provide that it shall not be canceled or materially reduced, except for non-payment of premium, without thirty (30) days' prior written notice to the AGENCY. In the event the policy is cancelled for non-payment of premium, CONTRACTOR shall give ten (10) days' prior written notice to the AGENCY.

ARTICLE XII. Authorization by CONTRACTOR

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Contract Agreement represent all duly authorized individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest herein.

ARTICLE XIII. Termination

In the event that either Party hereto fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than

ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Agreement by giving written notice thereof to the defaulting party, setting forth the effective date thereof.

The AGENCY shall have the option, at its sole discretion and without cause, of terminating this Agreement in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR. Upon the termination of this Agreement as provided herein, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Agreement, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs, and is unable to be seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Agreement. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination.

With the exception of the covenants contained in Articles VII (Confidentiality), IX (Indemnification), and XIV (Dispute Resolution and Legal Remedies), this Agreement shall expire upon full payment of the Compensation by the AGENCY to CONTRACTOR.

ARTICLE XIV. Dispute Resolution and Legal Remedies

Disputes regarding the interpretation or application of any provision(s) of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Parties. If any action at law or in equity is brought to enforce this Agreement or because of alleged dispute, breach, default or misrepresentation in connection with the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements incurred in that action or proceeding, in addition to such other relief as may be sought and awarded. The venue for any litigation shall be Los Angeles County, California. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE XV. Subcontract, Assignment or Delegation

CONTRACTOR shall not subcontract, delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of AGENCY. Any proposed subcontract, delegation, or assignment shall provide a description of the services to be covered, identification of the proposed sub-contractor, delegee, or assignee, and an explanation of why and how the same was selected, including the degree of competition involved.

Any subcontract, delegation or assignment shall be made in the name of CONTRACTOR and shall not bind or purport to bind AGENCY and shall not release CONTRACTOR from any

obligations under this Agreement including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees or sub-contractors. No such subcontract, delegation or assignment shall result in any increase in the amount of total compensation payable to CONTRACTOR under the Agreement.

ARTICLE XVI. Non-discrimination and Equal Opportunity Employer

In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, sub-contractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, mental condition or sexual orientation. CONTRACTOR will take affirmative action to ensure that sub-contractor and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

ARTICLE XVII. Notices

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY:

Montebello Bus Lines
[TBD]
[Title]
400 S. Taylor Ave.
Montebello, CA 90640
(323) 887-4600; fax (323) 887-4643

To CONTRACTOR:

[TO BE FILLED IN]

ARTICLE XVIII. Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision(s) nevertheless will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XIX. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

ARTICLE XX. Entire Agreement; No Waiver

This Agreement and the aforementioned Contract Documents shall constitute the Entire Agreement by the Parties, and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. The waiver by the AGENCY of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No attempted waiver of any of the provisions herein, nor any change, amendment or modification to this Agreement shall be effective unless in writing and signed by the party against whom the same is sought to be enforced.

ARTICLE XXI. Effective Date

Unless otherwise specified herein, this Agreement shall become effective as of the date in which the last of the Parties, whether AGENCY or CONTRACTOR, executes this Agreement. This Agreement may be signed in counterparts, each of which shall constitute an original, and which collectively shall constitute one instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF the Parties enter into this Agreement as of the Effective Date set forth above.

CITY OF MONTEBELLO

("AGENCY")

("CONTRACTOR")

, Mayor Pro Tem

Date: _____

Date: _____

ATTEST:

, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

Section 8 Forms and Certifications Submittal Requirements

The following forms indicated by asterisk (*) must be completed by the prime bidder and accompany all bids in order to be considered for award; the following forms not marked by asterisk are to be submitted at the time set in the bid documents:

<u>Attachment</u>	<u>Name of Form</u>
*	References
*	Receipt of Addenda Form
*	Proposers Information, Qualification Certification
*A	Statement of DBE Participation
*A-3	Bidders List of Participating Firms
*D-1	Ineligible Contractors (Prime)
D-1	Ineligible Contractors (Sub)
*E	Certification of Restrictions on Lobbying
*D	Certification Re Debarment & Suspension
*F	Non-Collusion Affidavit of Prime Bidder
G	Non-Collusion Affidavit of Sub-Contractor
H	Price Sheet

The following forms/requirements are to be provided only by the successful bidder:

Insurance	G.P. 13
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Reproduce forms as needed.

REFERENCES

Provide at least three (3) public agencies/firms for which BIDDER has performed similar work within the past five years.

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____/____/____

Type of Work:

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____/____/____

Type of Work:

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____/____/____

Type of Work:

Agency Name _____ Department _____

Address _____ City _____ Zip _____

Contact Name _____ Phone Number (____) _____

Project Name _____

Contract Amount \$ _____ Completion Date ____/____/____

Type of Work:

RECEIPT OF ADDENDA FORM
RFP No. 19-20

The PROPOSER acknowledges the receipt and incorporation of the following addenda into the Request for Proposal.

PROPOSER NAME: _____

BUSINESS ADDRESS: _____

<u>Addenda #</u>	<u>Issue Date</u>	<u>Receipt Date</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Signature of Authorized
Representative: _____

Printed Name: _____

Title: _____

PROPOSERS INFORMATION, QUALIFICATIONS CERTIFICATION

PROPOSER Name _____

Business Address _____

Phone (____) _____ FAX (____) _____

Name of Project Manager _____

Business License No. _____

Original Date Issued _____ Expiration Date _____

The following are the names, addresses, and phone numbers of all individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest in this proposal:

Indicate Date and Location of incorporation: _____

How many years have you been engaged in the contracting business under your present firm or trade name? _____

The date of any voluntary or involuntary bankruptcy judgments against any principal having an interest in this proposal are as follows:

Date	Principal Name
_____	_____
_____	_____
_____	_____

All current and prior DBA's, alias, and /or fictitious business names for any principal having an interest in this proposal are as follows:

Has your present organization ever failed to complete any work awarded to it?

☐

No

☐

If yes, state when, where, and why.

Has your present organization ever defaulted on a contract?

☐

Yes

☐

No

If yes, state when, where, and why.

Indicate the name and address and phone number of one or more banks which have information that would enable them to advise regarding the financial ability of your company.

Credit available: \$ _____

Will you fill out a detailed financial statement and furnish any other information that may be required by the state of California? ☐ Yes ☐ No

Employer Identification Number (Treasurer's Number): _____

CERTIFICATION

In WITNESS WHEREOF, BIDDER certifies that the foregoing is true and correct; and executes and submits this bid this _____ day of _____, 20__.

PROPOSER: _____

Signature of Authorized Representative: _____

Printed Name: _____

Title: _____

Subscribed and sworn to before me

this _____ day of _____, 20__

Signed _____

Title _____

My Commission expires _____

Attachment A

**STATEMENT OF
DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION**

This proposal provides for the following Disadvantaged Business Enterprise participation:

Disadvantaged Business Enterprise

Firm Name

Address

Phone No.

Type of Business

Current DBE Certification? ☐ Yes* ☐ No**

*(If "Yes," attach copy of current Letter of Certification and copy of current Statement of Personal Net Worth.)

Total \$_____

% of Total contract _____

Firm Name

Address

Phone No.

Type of Business

Current DBE Certification? ☐ Yes* ☐ No**

*(If "Yes," attach copy of current Letter of Certification and copy of current Statement of Personal Net Worth.)

Total \$ _____

% of Total contract _____

Signature: _____

(Reproduce this form as required)

Attachment A-3

BIDDERS LIST OF PARTICIPATING FIRMS

Bidder/Proposer shall submit with bid/proposal the following information for all participating firms:

Prime Contractor Information

Company Name _____ Age of Firm _____

Address _____ Annual Gross Receipts \$ _____

_____ DBE Certified? _____, If yes

Phone _____ Date Certified _____

Dollar Amount of Contract \$ _____ By (Agency) _____

Describe Work _____

Subcontractor Information

Company Name _____ Age of Firm _____

Address _____ Annual Gross Receipts \$ _____

_____ DBE Certified? _____, If yes

Phone _____ Date Certified _____

Dollar Amount of Subcontract \$ _____ By (Agency) _____

Describe Work _____

Company Name _____ Age of Firm _____

Address _____ Annual Gross Receipts \$ _____

_____ DBE Certified? _____, If yes

Phone _____ Date Certified _____

Dollar Amount of Subcontract \$ _____ By (Agency) _____

Describe Work _____

Company Name _____ Age of Firm _____

Address _____ Annual Gross Receipts \$ _____

_____ DBE Certified? _____, If yes

Phone _____ Date Certified _____

Dollar Amount of Subcontract \$ _____ By (Agency) _____

Describe Work _____

(Copy for additional Subcontractors as needed)

Attachment D-1

INELIGIBLE CONTRACTORS/CONSULTANTS

(Prime)

Contractors/Consultants or firms who are included on the U.S. Comptroller General's list of persons for firms currently DEBARRED for violations of various public contracts incorporating Labor Standard Provisions cannot be awarded this contract.

The undersigned hereby certified that:

_____ does not appear on the U.S. Comptroller General's list of debarred firms.

_____ does appear on the U.S. Comptroller General's list of debarred firms.

BIDDER'S NAME

SIGNATURE OF
CONTRACTOR'S/CONSULTANT'S
AUTHORIZED REPRESENTATIVE

DATE OF SIGNATURE

Attachment D-1

INELIGIBLE CONTRACTORS/CONSULTANTS

(Sub)

Contractors/Consultants or firms who are included on the U.S. Comptroller General's list of persons for firms currently DEBARRED for violations of various public contracts incorporating Labor Standard Provisions cannot be awarded this contract.

The undersigned hereby certified that:

_____ does not appear on the U.S. Comptroller General's list of debarred firms.

_____ does appear on the U.S. Comptroller General's list of debarred firms.

BIDDER'S NAME

SIGNATURE OF
CONTRACTOR'S/CONSULTANT'S
AUTHORIZED REPRESENTATIVE

DATE OF SIGNATURE

Attachment E

CERTIFICATION OF RESTRICTIONS ON LOBBYING
FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

I, _____, hereby certify on behalf of:
(Name of Authorized Official)

_____ that:
(Name of Company)

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall

complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in all subcontracts, and that all subcontractors shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signature of Authorized Official

Date

Title of Authorized Official

Attachment D

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY
MATTERS - PRIMARY COVERED TRANSACTIONS**

The

certifies to

(Firm Name/Principal)

the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency:

(2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

(4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause of default.

If unable to certify to any of the statements in this certification, the participant shall attach an explanation to this certification.

THE
PARTICIPANT _____ PRIMARY
CERTIFIES

(Firm Name/Principal)

OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET SEQ. ARE APPLICABLE THERETO.

Signature and Title of Authorized Official

The undersigned chief legal counsel for the _____ hereby certifies that the _____ has authority under State and Local law to comply with the subject assurances that the certification above has been legally made.

Signature of Attorney

Date _____

Attachment F

NON-COLLUSION AFFIDAVIT OF PRIME BIDDER

State of _____)

County of _____)

_____, being first duly sworn, deposes and says that:

- 1) He is _____
(owner, partner, officer, representative, or agent)
of _____, the Bidder that has submitted the attached Bid;
- 2) He is fully informed respecting the preparation and contents of the attached Bid and all pertinent circumstances respecting such Bid;
- 3) Such Bid is genuine and is not a collusive or sham Bid;
- 4) Neither the said Bidder nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Bidder, firm or person to submit a collusive or sham Bid in connection with the Contract for which the attached Bid has been submitted or to refrain from bidding in connection with such Contract or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder, firm or person to fix the price or prices in the attached Bid or of any other Bidder, or to fix any overhead, profit or cost element of the Bid price or the Bid price of any other Bidder, or to secure through any collusion conspiracy, connivance or unlawful agreement any advantage against the City of Montebello (OWNER) or any person interested in the proposed Contract; and
- 5) The price or prices quoted in the attached Bid are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Signature _____

Title: _____

Subscribed and sworn to before me

this _____ day of _____, 20__

Signed _____

Title _____

My Commission expires _____

Attachment G

NON-COLLUSION AFFIDAVIT OF SUB-CONTRACTOR

State of _____)

County of _____)

_____, being first duly sworn, deposes and says that:

- 1) He is _____
(owner, partner, officer, representative, or agent)
of _____, the Bidder that has submitted the attached Bid;
- 2) He is fully informed respecting the preparation and contents of the attached Bid and all pertinent circumstances respecting such Bid;
- 3) Such Bid is genuine and is not a collusive or sham Bid;
- 4) Neither the said Bidder nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Bidder, firm or person to submit a collusive or sham Bid in connection with the Contract for which the attached Bid has been submitted or to refrain from bidding in connection with such Contract or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder, firm or person to fix the price or prices in the attached Bid or of any other Bidder, or to fix any overhead, profit or cost element of the Bid price or the Bid price of any other Bidder, or to secure through any collusion conspiracy, connivance or unlawful agreement any advantage against the City of Montebello (OWNER) or any person interested in the proposed Contract; and
- 5) The price or prices quoted in the attached Bid are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Signature _____

Title: _____

Subscribed and sworn to before me

this _____ day of _____, 20__

Signed _____

Title _____

My Commission expires _____

Procurement Management Services Price Sheet

Company Name: _____ Date: _____

Contact person: _____ Title: _____

Address: _____

Email: _____ Phone: _____

Task Description:

- 1) Development of the statement of work for all projects
- 2) Securing Independent estimates
- 3) Evaluation of proposals/bids
- 4) Contract Administration
- 5) Project Management
- 6) Contract Closeout
- 7) FTA Compliance

Term: 12 months

Projects:

- 1) Administrative building carpet replacement
- 2) Bus Yard concrete replacement
- 3) Maintenance Shop painting
- 4) Bus Yard concrete sealant
- 5) Administrative Building HVAC System repair/replace
- 6) Other projects as necessary

Price: _____

SECTION 9 APPENDIXES

APPENDIX A Proposal Evaluation And Selection Process

1.1 Evaluation of Proposals

The evaluation of proposals will be based on the criteria specified in the scoring criteria section of this RFP. It will be recommended that a contract be negotiated with the proposer judged to be most outstanding in meeting the overall objectives of the RFP while providing the best value to AGENCY.

1.2 Scoring Criteria

Evaluation of the proposals will be based on scoring of the criteria below:

- Price 60%
- Experience 20%
Qualifications of project staff, particularly key personnel and especially the project manager; key personnel's level of involvement in performing related work cited in "Qualification of the Firm" section; logic of project organization; adequacy of labor commitment
- Work Plan 10%
Depth of offeror's understanding of AGENCY's requirements and overall quality of work plan
- References 10%

1.3 Evaluation Committee

AGENCY reserves the sole right to evaluate and select the successful proposer. The Evaluation Committee will evaluate all proposals in accordance with the scoring criteria. Additional sub-criteria beyond those listed may be considered by the Evaluation Committee in applying the major criteria to the proposals.

1.4 Evaluation Process

Proposals will be evaluated to determine which proposals are within a competitive range. All proposals will be thoroughly evaluated for compliance with the RFP, information presented, and over-all ability of the proposer to demonstrate its ability to meet the technical requirements of the RFP. Discussions and negotiations may then be carried out with any and all proposers within the competitive range, after which Best and Final Offers (BAFOs) may be requested. However, AGENCY may select a proposal for award without any discussions or negotiations or request for any BAFO(s).

1.4.1 Proposal Opening

Proposals will not be publicly opened. All proposals and evaluations will be kept strictly confidential throughout the evaluation, negotiation and selection process. Only the members of the Evaluation Committee and other AGENCY officials, representatives and agents having a legitimate interest will be provided access to the proposals and evaluation results. All proposals become the property of the AGENCY once they are submitted.

1.4.2 Competitive Range

The proposers whose proposal are found by AGENCY to be within the competitive range, or may be reasonably made to be within the competitive range, will be notified and any questions and/or requests for clarifications provided to them in writing. Each such proposer may be invited for a private interview(s) and discussions with AGENCY to discuss answers to written or oral questions, clarifications, and any ace of its proposal.

Proposers of any proposal that have been determined by Agency as not in the competitive range, and cannot be reasonably made to be within the competitive range, will be notified in writing, including the shortcoming of their proposals.

1.4.3 Exceptions

In the event that a proposal, which has been included in the completeive range, contains conditions, exceptions, reservations or understandings to any Contract requirements said conditions, exceptions, reservations or understandings maybe discussed. However, the AGENCY shall have the right to reject any and all conditions and/or exceptions, and instruct the proposer to amend its proposal and remove said conditions and/or exceptions; and any proposer failing to do so may result in a finding that such proposal is outside the competitive range.

1.4.4 Confidentiality

No information, financial or otherwise, will be provided to any proposer about any of the proposals from other proposers. Proposers will not be given a specific price or specific financial requirements they must met to gain further consideration, except that proposed prices may be considered to be too high with respect to the marketplace or unacceptable. Proposers will not be told of their rankings among the other proposers.

1.4.5 Best and Final Offer

After all interviews have been completed, each of the proposers in the competitive range may be requested to amend its proposal and make its Best and Final Offer (BAFO). The request for BAFOs shall include:

- Notice that discussions are concluded.
- Notice that the request is the opportunity for submission of a BAFO.

- A common date and time for submission of written BAFOs, allowing a reasonable opportunity for preparation of the written BAFO's.
- Notice that if any modification to a BAFO is submitted, it must be received by the date and time specified for the receipt of BAFOs and is subject to the late submissions, modifications, and withdrawal of proposals provisions of the Request for Proposals.
- Notice that if proposers do not submit a BAFO or a notice of withdrawal and another BAFO, their immediate previous Offer will be construed as their BAFO.
- A notice that modifications to the initial proposals made by a proposer in its BAFO shall be identified in its BAFO. BAFOs will be evaluated by the AGENCY according to the same requirements and criteria as the initial proposals. The AGENCY will make appropriate adjustments to the initial scores which have been affected by any proposal modifications made by the BAFOs. These final scores and rankings within each criteria will again be arrayed by the AGENCY and considered according to the relative degrees of importance to the criteria.
- The AGENCY will then choose that proposal which it finds to be most advantageous to the AGENCY based upon the evaluation criteria. The results of the evaluations and the selection of a proposal for any award will be documented.

1.5 Contract Award

After the completion of oral presentations (if applicable), the Evaluation Committee will make a recommendation for Contract award to the AGECCY's Director of Transportation. The recommendation for selection will be make based on the response demonstrated both in written and oral (if applicable) response to the RFP. Both the written and oral (if applicable) presentations will be rated in accordance with the scoring criteria.

The AGENCY reserves the right to request additional information before making an ward. The AGEMCY also reserves the right to seek clarification from any bidder or offer about any statement in its bid or proposal that the AGENCY finds ambiguous.

APPENDIX B Proposal Format

1.0 Proposal Format:

The proposal submitted by your firm shall be organized in conformance with the following format:

1.1 Cover Letter:

The cover letter shall be signed by an agent of the firm authorized to submit the proposal. It shall include a point of contact information for your firm.

1.2 Qualifications, Related Experience and References of Firm:

This section of the proposal should establish the ability of the offeror to satisfactorily perform the required work by reasons of: demonstrated competence in the services to be provided; the nature and relevance of work currently being performed; staffing capability, work load and record of meeting schedules on similar projects; and supportive client references.

In addition, for each project cited as related experience, furnish the name, title, address and telephone number of the person(s) at the client organization who is most knowledgeable about the work performed. The offeror may also supply references from other work not cited in this section as related experience.

Provide a brief profile of the firm, including the types of services offered, the year founded, form of organization (corporation, partnership, sole proprietorship), number, size, and location of offices, and number and job classification employees. Identify any conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede the offeror's ability to complete the project. Describe the firm's experience in performing work of a similar nature to that solicited in the RFP, and highlight the participation in such work by the key personnel proposed for assignment to this project. Identify subcontractors, by company name, address, contact person, telephone number and project function. Provide the same information for each subcontractor as requested above, and describe any experience working with each subcontractor.

1.3 Work Plan:

By presentation of a well-conceived work plan, this section of the proposal should establish the offeror's understanding of the AGENCY's objectives and work requirements and substantiate the offeror's ability to satisfy those objectives and requirements. Briefly describe the proposed approach to completing the required work, outlining sequentially the activities that would be undertaken in completing the various tasks.

1.4 Exceptions/Deviations:

State any exceptions to or deviations from the requirements of this RFP, segregating "technical" exceptions from "contractual" exceptions. Where the offeror wishes to propose alternative approaches to meeting the AGENCY's technical or contractual requirements, these should be thoroughly explained.

1.5 Price Proposal:

The Offeror shall complete the "Price Sheet" and furnish any narrative required to explain or qualify the prices quoted.

1.6 Forms and Certifications Submittal Requirements:

This section shall contain all applicable documents found in Section 8, Forms and Certifications Submittal Requirements.

1.7 Proposal Submission:

Proposals can be submitted via PlanetBids Portal (accessed through the City of Montebello's official website at <http://www.cityofmontebello.com/rfp-bids/bid-opportunities.html>) up to the hour of **11:00 a.m. on Tuesday, April 09, 2019.**

APPENDIX C: Minimum Requirements

All firms submitting proposals for the above-mentioned work must meet the following minimum requirements:

1. At least ten years of procurement experience
2. At least 5 years of experience managing FTA funded procurements
3. Expertise in procurements requiring compliance with Buy America Regulations
4. At least ten years of experience managing construction projects funded by the FTA

CITY OF MONTEBELLO

CONTRACT AGREEMENT NO. _____

FOR

**PROCUREMENT SERVICES AND PROJECT MANAGEMENT BETWEEN THE CITY OF
MONTEBELLO AND LEFLORE GROUP LLC**

(RFP NO. 19-20)

This Contract Agreement ("Agreement") is made and entered into for the above-stated project this **13th** day of **November, 2019** ("Effective Date") by and between the City of Montebello, a California municipal corporation, as the "AGENCY," and **LeFlore Group, LLC** a **certified Disadvantaged Business Enterprise**, as the "CONTRACTOR." AGENCY and CONTRACTOR may be individually referred to herein as a "Party" or collectively referred to herein as the "Parties."

RECITALS

A. AGENCY is a municipal corporation duly-organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.

B. CONTRACTOR is a corporation duly-organized and doing business in the State of California. CONTRACTOR represents it has the background, knowledge, experience and expertise necessary to provide AGENCY with the equipment, goods and services set forth in this Agreement.

C. AGENCY seeks to procure from CONTRACTOR, and CONTRACTOR seeks to provide to AGENCY, equipment, goods and services necessary for the "PROCUREMENT SERVICES AND PROJECT MANAGEMENT" ("Project") as further described in Request for Proposal ("RFP") No. **19-20** ("**RFP No. 19-20**").

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, AGENCY and CONTRACTOR agree as follows:

ARTICLE I. Incorporation of Recitals and other Contract Documents

The above-referenced Recitals constitute a material part hereof, and shall hereby be incorporated by reference. Moreover, this Agreement consists of the following documents, in order of precedence, all of which are incorporated herein and made part of this Agreement, as though fully set forth herein:

- a. This Agreement, including any and all addenda or supplemental agreements.
- b. RFP No. **19-20**.
- c. CONTRACTOR's Proposal dated October 11, 2019.
- d. All other documents, including but not limited to all required bonds, insurance certificates, permits, notices, schedules, forms, certifications, and affidavits.

These documents shall be collectively referred to herein as the "Contract Documents." In the event of a conflict among the Contract Documents, the order of precedence shall be as set forth above.

ARTICLE II. Services to be performed by CONTRACTOR

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to perform the services and furnish all materials necessary to perform all work required for the above-stated Project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents. CONTRACTOR covenants with AGENCY to furnish its best skill, judgment and efforts and to cooperate with AGENCY and any other contractors engaged by AGENCY in providing the services necessary for the Project. CONTRACTOR covenants to use its best effort to perform its duties and obligation under this Agreement in an efficient, expeditious and economical manner, consistent with the best interests of AGENCY. Workmanship throughout the performance of this Agreement shall conform to the highest standard of commercially accepted practice of work and shall result in a neat finished appearance to the satisfaction of AGENCY.

ARTICLE III. Compensation

As full compensation for furnishing all materials, performing all services, and fulfilling all obligations set forth in this Agreement, AGENCY agrees to pay and CONTRACTOR agrees to receive and accept the prices set forth in the Price Sheet submitted by CONTRACTOR dated **October 11, 2019** ("Compensation"), attached hereto as Exhibit "A" and incorporated by this reference. The Compensation shall not exceed the sum of **eighty thousand dollars and no cents (\$80,000.00)**, and such sum shall include all amounts payable to CONTRACTOR for its subcontracts, leases, materials and costs arising from, or due to termination of this Agreement. AGENCY shall pay CONTRACTOR upon thirty (30) days of receipt of invoice and full acceptance of product and services by the AGENCY.

Said Compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid Contract Documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV. Completion of Work; Liquidated Damages

The work and services set forth in this Agreement will be completed in a timely manner, and in accordance with an agreed-upon work schedule to be determined by the Parties. An extension of the period for completion may be granted, in writing, by mutual agreement by the Parties herein for reasons outside the control of CONTRACTOR including acts of God. CONTRACTOR shall request an extension by notifying AGENCY in writing at least fifteen (15) days prior to the expected Completion Date.

No extension of time requested or granted hereunder shall entitle CONTRACTOR to additional compensation unless, as a consequence of such extension, additional work must be performed, and such additional work is approved in writing. In such event, AGENCY shall in good faith consider any request for additional compensation submitted by CONTRACTOR.

It is mutually understood and agreed by and between the Parties to the Agreement that time is of the essence with respect to the completion of the Project and that in case of any failure on the part of CONTRACTOR to complete all tasks and items within the time specified in RFP No. 19-20, AGENCY will be damaged thereby. Given that the amount of said damages, being difficult if not impossible of definite ascertainment and proof, it is hereby agreed that, in the event of CONTRACTOR's failure to complete the work in a timely manner, the amount of such damages due CITY shall be fixed at (\$100.00) per calendar day beyond the time specified in Notice to Proceed.

ARTICLE V. Ownership of Written Products

All reports, documents, data, objects, written materials or other tangible things ("Written Products") developed by CONTRACTOR in its performance of this Agreement shall be and remain the property of AGENCY without restriction or limitation upon its use or dissemination by the AGENCY. CONTRACTOR may take and retain copies of such Written Products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

ARTICLE VI. Independent Contractor

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

The Parties further agree that:

- A. CONTRACTOR is free from the control and direction of AGENCY in connection with the performance of the work, both under this Agreement for the performance of the work and in fact;
- B. CONTRACTOR performs work that is outside the usual course of AGENCY's business; and
- C. CONTRACTOR is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed

ARTICLE VII. Confidentiality

All data, documents, discussion, or other information developed or received by CONTRACTOR or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONTRACTOR without prior written consent by AGENCY. AGENCY shall grant such consent if disclosure is legally required. All AGENCY Written Products shall be returned to AGENCY upon the termination or expiration of this Agreement. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE VIII. Compliance with State and Local Laws

CONTRACTOR shall comply with all applicable federal, state, and local laws throughout its performance of this Agreement. CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions. All services required under this Agreement will be performed by CONTRACTOR, or under its supervision, and all personnel shall possess the qualification, permits, and licenses required by the State and local law to perform such services.

CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing service required by this Agreement, and compliance with all reasonable performance standards established by AGENCY. CONTRACTOR shall be responsible for payment of all employees' and sub-contractors' wages and benefits, and shall comply with all requirements pertaining to employer's liability, workers' compensation, unemployment insurance, and Social Security. CONTRACTOR shall indemnify and hold harmless the AGENCY from any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE IX. Indemnification

The CONTRACTOR agrees to protect, defend, indemnify, save and hold harmless AGENCY, and all of its elected and appointed officials, boards and commissions, officers, directors, employees, and agents from and against any or all injuries, deaths, losses, damages, claims, suits, liabilities, demands, lawsuits, costs, expenses or causes of action, including reasonable attorneys' fees and related costs and expenses, which may accrue against the AGENCY based on, occurring, arising out of, or incident to (1) any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of the negligence, recklessness, willful misconduct, or errors or omissions by CONTRACTOR, its sub-contractors, or any of their servants, employees or agents; or, if applicable, (2) any infringement of the patent rights of any person or persons in consequence of the use by AGENCY or by any of its employees or agents, of articles supplied under contract, arising from proposals submitted and which the CONTRACTOR is not lawfully entitled to sell. AGENCY will give CONTRACTOR prompt notice in writing of the institution of any suit or proceeding and permit CONTRACTOR through its counsel to defend AGENCY and will give all needed information, assistance and authority to enable CONTRACTOR to do so. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

CONTRACTOR shall give AGENCY immediate notice of any suit or action filed or prompt notice of any claim made against AGENCY arising out of the performance of this contract. CONTRACTOR shall furnish immediately to the AGENCY copies of all pertinent papers received by CONTRACTOR. If the amount of the liability claimed exceeds the amount of insurance coverage, the CONTRACTOR shall authorize representatives of AGENCY or the Federal Government to collaborate with counsel for the insurance carrier, if any, in setting or defending such claim. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE X. PERS Eligibility Indemnity.

In the event that CONTRACTOR, or its employee, agent, or subcontractor providing services under this Agreement, claims or is determined by a court of competent jurisdiction or the

California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the AGENCY, CONTRACTOR shall indemnify, defend, and hold the AGENCY harmless for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONTRACTOR or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the AGENCY.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, CONTRACTOR and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by the AGENCY, including, but not limited to, eligibility to enroll in PERS as an employee of the AGENCY and entitlement to any contribution to be paid by the AGENCY for employer contribution, employee contribution, or both, for PERS benefits.

ARTICLE XI. Insurance

In accordance with the terms of the Contract Documents, CONTRACTOR shall furnish AGENCY a policy or certificate of insurance evidencing coverage for Worker's Compensation insurance and comprehensive liability insurance, including automobile, in which, upon the request of AGENCY, its officers and employees shall be named as additional insured with respect to all claims arising out of or in connection with the work to be performed, including any act or omission of employees, agents, sub-contractors, or their employees, whether or not caused by the sole (or contributing) negligence of the AGENCY, its officers or employees, and which shall remain in full force and effect until the work or services is accepted herein by AGENCY. The policies shall provide the coverage limits set forth in the Contract Documents. Such comprehensive liability insurance shall be primary and non-contributing with any insurance coverage available to AGENCY, shall contain a severability of interest clause (cross liability) and shall provide that it shall not be canceled or materially reduced, except for non-payment of premium, without thirty (30) days' prior written notice to the AGENCY. In the event the policy is cancelled for non-payment of premium, CONTRACTOR shall give ten (10) days' prior written notice to AGENCY.

ARTICLE XII. Authorization by CONTRACTOR

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Agreement represent all duly authorized individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest herein.

ARTICLE XIII. Termination

In the event that either Party hereto fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

13.1. Material Breach. For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice.

13.2. Non-Material Breach. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

13.3. Failure to Cure. In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Agreement by giving written notice thereof to the defaulting party, setting forth the effective date thereof.

13.4. Termination for Convenience. The AGENCY shall have the option, at its sole discretion and without cause, of terminating this Agreement in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR.

13.5. Upon the termination of this Agreement as provided in this Article, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Agreement, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs, and is unable to seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Agreement. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination.

With the exception of the covenants contained in Articles VII (Confidentiality), VIII (Compliance with State and Local Laws), IX (Indemnification), and XIV (Dispute Resolution and Legal Remedies), this Agreement shall expire upon full payment of the Compensation by the AGENCY to CONTRACTOR.

ARTICLE XIV. Dispute Resolution and Legal Remedies

Disputes regarding the interpretation or application of any provision(s) of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Parties. If any action at law or in equity is brought to enforce this Agreement or because of alleged dispute, breach, default or misrepresentation in connection with the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements incurred in that action or proceeding, in addition to such other relief as may be sought and awarded. The venue for any litigation shall be Los Angeles

County, California. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE XV. Subcontract, Assignment or Delegation

CONTRACTOR shall not subcontract, delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of AGENCY. Any proposed subcontract, delegation, or assignment shall provide a description of the services to be covered, identification of the proposed sub-contractor, delegee, or assignee, and an explanation of why and how the same was selected, including the degree of competition involved.

Any subcontract, delegation or assignment shall be made in the name of CONTRACTOR and shall not bind or purport to bind AGENCY and shall not release CONTRACTOR from any obligations under this Agreement including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees or sub-contractors. No such subcontract, delegation or assignment shall result in any increase in the amount of total compensation payable to CONTRACTOR under the Agreement.

ARTICLE XVI. Non-discrimination and Equal Opportunity Employer

In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, sub-contractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, mental condition or sexual orientation. CONTRACTOR will take affirmative action to ensure that sub-contractor and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

ARTICLE XVII. Notices

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second (2nd) business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY:

Montebello Bus Lines
Tom C. Barrio
Director of Transportation
400 S. Taylor Ave.
Montebello, CA 90640
(323) 887-4600; fax (323) 887-4643

To CONTRACTOR:

The LeFlore Group
Rudy LeFlore, Managing Partner
8015 Ocean View Ave.
Whittier, CA 90602
562-696-6996

ARTICLE XVIII. Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision(s) nevertheless will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XIX. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

ARTICLE XX. Entire Agreement; No Waiver

This Agreement and the aforementioned Contract Documents shall constitute the Entire Agreement by the Parties, and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. The waiver by AGENCY of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No attempted waiver of any of the provisions herein, nor any change, amendment or modification to this Agreement shall be effective unless in writing and signed by the party against whom the same is sought to be enforced.

ARTICLE XXI. Effective Date

Unless otherwise specified herein, this Agreement shall become effective as of the date in which the last of the Parties, whether AGENCY or CONTRACTOR, executes this Agreement. This Agreement may be signed in counterparts, each of which shall constitute an original, and which collectively shall constitute one instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF the Parties enter into this Agreement as of the Effective Date set forth above.

CITY OF MONTEBELLO

("AGENCY")

("CONTRACTOR")

Jack Hadjinian, Mayor

Date: _____

Date: _____

ATTEST:

Irma Barajas, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: David Sosnowski, Director of Recreation & Community Services

SUBJECT: **Approve a Resolution Rejecting all Bids as Received and Authorizing Staff to Re-issue Request for Proposal (RFP) 19-50 for Holifield Park Parking Lot Improvements**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Approves a resolution rejecting all bids as received and authorize staff to rebid the Holifield Park Parking Lot Improvement Project, RFP 19-50

BACKGROUND

On July 8, 2019, the City Council authorized the expenditure of \$265,000 of unassigned general fund revenues received from Cannabis Business application fees towards park improvements. Staff identified the rehabilitation of the parking lot at Holifield Park as a needed deferred maintenance project that could be undertaken with these funds. On September 12, 2019 the City released RFP 19-50 for the Holifield Park Parking Lot Improvement Project (the RFP). On November 5, the City received eight (8) bids.

ANALYSIS

On November 5, 2019 the City received eight (8) bids in response to the RFP. While reviewing the qualifications, merits and bid amounts of each bid received, staff felt that it would be necessary to clarify the scope of work and project schedule to ensure that all bidders have a clear understanding of the City's expectation and timeline for the project. In an abundance of caution, staff is requesting to modify the RFP to include a clear scope of work and project schedule and reissue the RFP on Monday, November 18, 2019 with bids being due on Tuesday, December 3, 2019.

SUMMARY

The City Council will consider approval of a Resolution rejecting all bids as received and authorize staff to rebid the Holifield Park Parking Lot Improvement Project, RFP 19-50.

ATTACHMENTS

Resolution

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO,
CALIFORNIA, AUTHORIZING THE REJECTION OF ALL BIDS RECEIVED FOR
REQUEST FOF PROPOSALS FOR HOLIFIELD PARK PARKING LOT
IMPROVEMENT PROJECT (RFP # 19-50) AND AUTHORIZE STAFF TO
REISSUE A REQUEST FOR PROPOSALS**

WHEREAS, the City of Montebello has advertised and received four proposals/bids for the Holifield Park Parking Lot Improvement Project, RFP # 19-50;

WHEREAS, during the RFP process, it was determined that the scope of work and project schedule needed to be clarified;

WHEREAS, the Public Contract Code authorizes the City to reject any or all bids received for public projects, and RFP #19-50 incorporated and referenced this authority; and

WHEREAS, the City Council has duly considered all information presented in connection with this matter, and finds and determines that rejecting all bids received in response to RFP #19-50 and re-issuing the RFP with requisite information would be in the City's best interest.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEBELLO AS FOLLOWS:

SECTION 1. The City Council hereby finds and declares that the foregoing recitals are true and correct and incorporates them herein as a substantive part of this Resolution.

SECTION 2. That the City Council rejects all bids received for RFP #19-50, and authorizes and directs staff to re-issue the RFP with such additional and requisite information in accordance with the California Labor Code.

SECTION 3. That the City Clerk shall certify to the adoption of this Resolution by the City Council, and it shall thereupon be in full force and effect upon its execution.

APPROVED AND PASSED THIS 13th DAY OF November , 2019.

Jack Hadjinian, Mayor

ATTEST:

Irma Barajas, City Clerk

APPROVED AS TO FORM:

Arnold Alvarez-Glasman, City Attorney

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: René Bobadilla, City Manager

BY: David Sosnowski, Director of Recreation & Community Services

SUBJECT: **Budget Appropriation for Prop A Park Grants**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Authorize the Department of Recreation & Community Services to appropriate an additional \$225,592 for personnel, repairs, improvement projects and regular maintenance items to the Los Angeles County Regional Park Grants Account for a total amount of up to \$429,290 for Fiscal Year 2019/2020.
- 2) Take such additional, related action that may be desirable.

BACKGROUND

In the 1990's the Recreation & Community Services Department utilized Prop A Park Funds for two projects: 1) to build, construct and/or remodel three facilities at Montebello City Park: The Cathy Hensel Youth Center, George Hensel Aquatics Center and the Senior Citizen Center South Wing and 2) to construct the Reggie Rodriguez Park Community Center in 2001. Each of the two projects were awarded separately from the Los Angeles County Regional Park and Open Space District (the District).

Annually, the City received an allocation from the District known as Maintenance and Servicing funds (M&S Funds) to be spent on the two projects previously mentioned. These funds were allocated annually to Cities as a part of Prop A funding to help ensure the sustainability and condition of facilities that were designed and constructed with Prop A funds. M&S Funds can be used to help offset costs for utilities, staffing and repairs to these facilities. In the City of Montebello, eligible expenses are charged to the Prop A Grant Account and the City is reimbursed for all eligible costs on a quarterly basis.

The current Prop A Park Grant Account budget was approved by the City Council on June 26, 2019 as part of the City's operating budget for Fiscal Year 2019/20. The Prop A Park Grant budget was created with projections for the eligible amount of staffing, utilities and maintenance and repair costs that could be charged to the grant account and

ITEM #19

reimbursed by the District. These expenses were budgeted to the grant accounts as a cost savings to the General Fund. At the time of the adoption of the FY 19/20 Budget, \$203,968 for annual M&S expenses were budgeted.

In November of 2016, Los Angeles County voters passed Measure A, the “Safe, Clean Neighborhood Parks and Beaches Protection Measure”. This measure replaced Prop A Park funding in Los Angeles County and introduced a new funding source for Los Angeles County Cities, including Montebello. This funding included annual allocations as part of the Measure’s per capita program. The City can utilize annual allocation funds to improve, repair and/or expand current parks. These funds are not specifically tied to one park or facility.

ANALYSIS

The City of Montebello has \$429,290, which includes \$203,698 currently budgeted, of Prop A M&S Funds available for use as of the beginning of Fiscal Year 19/20 (July 1, 2019). These funds can be used to offset and reimburse expenses for eligible facilities that would regularly be charged to the City’s General Fund.

Based on the approved City Budget of \$203,698 for the Los Angeles County Regional Park Grants Account, the Department of Recreation & Community Services will have an additional \$225,592 available in the M&S account.

The City of Montebello will receive approximately \$206,000 per fiscal year for new park projects under the Measure A per-capita funding program. For the City to be eligible to utilize the annual allocations from the Measure A per-capita program, all Prop A M&S funds will have to be spent first.

Staff have identified several maintenance and repair projects that can be utilized to responsibly and effectively expend the balance of the Prop A M&S funds account during the current fiscal year. Some of these projects include facility painting, lighting and security upgrades and plastering of the George Hensel Aquatics Center’s pool. These projects can make an impact in the function and aesthetics of the eligible Prop A facilities and allow for the future development of new projects throughout the park system by making Measure A annual allocation funds accessible.

FISCAL IMPACT

Since the grant is operated on a reimbursement basis and revenues will match expenditures, there is no impact on the General Fund that would result from the appropriation of funds to the LA County Regional Park Grants Account. Additionally, some expenses and charges that may have been normally charged to the General Fund may be charged to the Park Grants Account.

LA COUNTY REGIONAL PARK GRANT

FY 2019/2020 approved budget.....	\$203,698
FY 2019/2020 amended budget.....	\$429,290

SUMMARY

The City Council will consider authorization for the Department of Recreation & Community Services to appropriate an additional \$225,592 for the current fiscal year to the LA County Regional Park Grants Account.

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Manuel Mancha, Director of Planning/Community Development

SUBJECT: **Adopt Revised Resolution Authorizing Submission of an Application for and Receipt of SB 2 Planning Grant Program Funds**

DATE: November 13, 2019

RECOMMENDATION

It Is Recommended that the City Council:

1. Adopt the attached Resolution approving an application for three hundred ten thousand dollars and 00/100 cents (\$310,000) under the SB 2 Planning Grants Program from the Building Homes and Jobs Trust Fund;
2. Authorize the City Manager to execute the City's Planning Grants Program application, grant documents, and any amendments thereto, on behalf of the City; and
3. Authorize the City Manager to enter into, execute, and deliver a State of California Agreement and any and all other documents required or deemed necessary or appropriate to evidence and secure the Planning Grants Program grant.

BACKGROUND

On March 28, 2019, the California Department of Housing and Community Development announced the release of approximately \$123 million under the Senate Bill 2 (SB 2) Planning Grants Program (PGP). SB2 established a permanent source of funding intended to increase the affordable housing stock in California. The legislation directs the Department to use 50 percent of the first year's revenue to establish a program that provides financial and technical assistance to local governments to update planning documents and land-use ordinances. The PGP is intended for the preparation, adoption, and implementation of plans that streamline housing approvals and accelerate housing production. This grant program is meant to facilitate planning activities that will foster an adequate supply of homes affordable to Californians at all income levels.

The Department determined maximum award amounts for large, medium, and small localities, based on population estimates from the Department of Finance. The City of Montebello is considered a medium locality and is eligible to apply for up to \$310,000.

ANALYSIS

The City's grant writing consultant, Avant-Garde, in coordination with City staff is currently drafting an application. As part of the application requirements, a resolution must be approved by the local jurisdiction's governing body authorizing submission of a grant application.

This resolution was previously adopted by City Council on October 23, 2019 approving an application for \$250,000. After this adoption, City staff and Avant-Garde learned that Montebello is actually eligible to receive up to \$310,000. Therefore, a revised resolution with the correct grant amount is being brought to Council for adoption and to be included in the City's grant application package.

Avant-Garde will prepare and submit the application and required attachments. The City is interested in submitting an application to fund a portion of the general plan update activity costs. Several portions of the City's General Plan have not been updated since their adoption in 1973. City staff is working closely with the Department to ensure the City meets all application threshold requirements.

FISCAL IMPACT

The General Plan update is estimated to cost approximately \$1.2 million. City staff is seeking additional funding opportunities to off-set project costs. The PGP does not require any matching funds.

SUMMARY

The City of Montebello is pursuing grant funds through the SB 2 Planning Grant Program to update the City's General Plan. As part of the application requirements, a resolution must be approved by the local jurisdiction's governing body authorizing submission of a grant application. It is recommended that the City Council consider and approve the attached resolution to submit an application and authorize the City Manager to execute grant documents and agreements on behalf of the City.

ATTACHMENT

Resolution

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO, CALIFORNIA, AUTHORIZING APPLICATION FOR,
AND RECEIPT OF, SB 2 PLANNING GRANTS PROGRAM FUNDS**

WHEREAS, the State of California, Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA) dated **March 28, 2019**, for its Planning Grants Program (PGP); and

WHEREAS, the City Council of the City of Montebello (the “City Council”) desires to submit a project application for the PGP program to accelerate the production of housing and will submit a 2019 PGP grant application as described in the Planning Grants Program NOFA and SB 2 Planning Grants Program Guidelines released by the Department for the PGP Program; and

WHEREAS, the Department is authorized to provide up to **\$123 million** under the SB 2 Planning Grants Program from the Building Homes and Jobs Trust Fund for assistance to Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)) related to the PGP Program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEBELLO, AS FOLLOWS:

SECTION 1. The City Council is hereby authorized and directed to apply for and submit to the Department the 2019 Planning Grants Program application in the amount of three hundred ten thousand dollars and 00/100 cents (\$310,000).

SECTION 2. In connection with the PGP grant, if the application is approved by the Department, the City Manager of the City of Montebello (the “City Manager”) is authorized to enter into, execute, and deliver a State of California Agreement (Standard Agreement) for the amount of three hundred ten thousand dollars and 00/100 cents (\$310,000), and any and all other documents required or deemed necessary or appropriate to evidence and secure the PGP grant, the City’s obligations related thereto, and all amendments thereto (collectively, the “PGP Grant Documents”).

SECTION 3. The City shall be subject to the terms and conditions as specified in the Standard Agreement, the SB 2 Planning Grants Program Guidelines, and any applicable PGP guidelines published by the Department. Funds are to be used for

allowable expenditures as specifically identified in the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application will be enforceable through the executed Standard Agreement. The City Council hereby agrees to use the funds for eligible uses in the manner presented in the application as approved by the Department and in accordance with the Planning Grants NOFA, the Planning Grants Program Guidelines, and 2019 Planning Grants Program Application.

SECTION 4. The City Manager is authorized to execute the City's Planning Grants Program application, the PGP Grant Documents, and any amendments thereto, on behalf of the City as required by the Department for receipt of the PGP Grant.

SECTION 5. The City's Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

PASSED, APPROVED AND ADOPTED THIS 13th DAY OF NOVEMBER, 2019.

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold Alvarez-Glasman, City Attorney

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

I, Irma Barajas, City Clerk of the City of Montebello, do hereby certify that the foregoing City Council Resolution No. _____ was duly and regularly approved and adopted by the City Council of the City of Montebello at their meeting held on the 13th day of November, 2019, as approved by law by the following vote:

AYES:

NOES:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the 13th day of November, 2019.

IRMA BARAJAS, City Clerk

CITY OF MONTEBELLO
CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Renē Bobadilla, City Manager

BY: Manuel Mancha, Director of Planning/Community Development

SUBJECT: **Approval of the Request for Proposals for Consulting Services to Prepare the City of Montebello's Comprehensive General Plan Update and Environmental Impact Report**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Approve the Request for Proposals ("RFP") for consulting services to prepare the City's comprehensive General Plan Update/Environmental Impact Report and authorize solicitation of proposals.

BACKGROUND

The Planning and Community Development Department is preparing to conduct a comprehensive update to the City's General Plan ("Project"). The General Plan is intended to guide and influence future development related decisions through goals and policies that provide a framework for how to achieve those goals. With the exception of the Housing Element, the City's current General Plan has not been updated in over four decades. Although State guidelines do not provide a mandatory minimum timeframe for revisions of General Plan Elements (with the exception of the Housing Element), it is vital to maintain current State mandated elements as well as other elements needed to frame the City's vision for future growth and sustainability. Pursuant to California Government Code Section 65302 et. seq., the following is a list of mandated General Plan Elements: 1) Land Use; 2) Circulation; 3) Housing; 4) Conservation; 5) Open Space; 6) Noise; 7) Safety; and 8) Environmental Justice.

Currently, the City's General Plan contains the following elements:

ELEMENT	LAST UPDATED
Circulation Element	1973
Land Use Element	1973
Open Space Element	1973
Population Element	1973
Redevelopment Element	1973
Conservation Element	1975

ELEMENT	LAST UPDATED
Noise Element	1975
Safety Element	1975
Scenic Highways Element	1975
Seismic Safety Element	1975
Housing Element	1993
Parks and Recreation Element	1993

The efforts associated with the General Plan Update would include, among other requirements, reviewing and updating the existing General Plan and exploring areas to introduce new elements that would serve as a platform to guide the City's vision for future growth. These efforts would include formulating a vision, conducting community engagement, collecting and analyzing data based on current conditions and emerging trends, refining the City's goals, developing and evaluating alternative plans, selecting and ultimately adopting a preferred plan, and establishing an implementation strategy for the plan along with monitoring and maintenance. In addition, pursuant to the California Environmental Quality Act ("CEQA"), an Environmental Impact Report is anticipated to analyze the cumulative effects of the plan's land use designations, policies/programs on the environment to allow streamlined zoning regulations and implementation strategies.

The City anticipates multiple meetings, workshops, interviews, and public hearings regarding the General Plan Update. This RFP is asking for consultants to propose a comprehensive update to the General Plan with a focus on, among other things, compliance with the technical issues required by State Law as well as economic development, transportation improvements/enhancements, consistency with zoning regulations, and new housing opportunities coupled with the potential for mixed-use development and transit-oriented development.

The RFP dictates the anticipated scope of services for the General Plan Update and requests that potential consultants include their expectations for the Project. These expectations include topics such as coordination, analysis, public outreach, and preparation. Furthermore, the RFP discusses the anticipated work products and project components with an emphasis on deliverables.

ANALYSIS

The City is seeking a consultant team that has extensive experience in preparing and updating General Plans that would allow them to effectively assist staff in the preparation of a comprehensive update to the City's current General Plan. This update is expected to result in changes to the City's Land Use Map, Zoning Map, and Municipal Code. It is anticipated that the major changes will come in the form of technical issues such as new housing strategies, transportation improvements/enhancements, and sustainable community strategies, which will require research and analysis from very skilled members of the consultant team. In addition, the selected consultant team must be prepared to conduct the necessary CEQA compliance documents.

The General Plan Update will involve data collection and analysis; formulation and organization of goals, policies, and objectives; and the coordination of interdepartmental meetings, City Council interviews, and public participation to arrive at a renewed strategy to guide and maintain the City of Montebello for the next 10-20 years.

SUMMARY

The purpose of this Request for Proposal (“RFP”) is to solicit and select a consulting firm to administer and draft the General Plan Update and any requisite CEQA documentation. It is anticipated that the RFP will be in circulation from November 14, 2019, to December 16, 2019. A recommendation to award a contract will be brought before the City Council once a potential consultant team has been identified. Therefore, it is recommended that the City Council approve the RFP document, authorize the solicitation of proposals, and authorize the Planning and Community Development Department to review proposals, interview respondents, and make a recommendation for the preferred consultant based on a scoring criteria.

Anticipated Timeline:

ACTION	DATE/TIMEFRAME
Release of the RFP	November 14, 2019
Circulation of the RFP	November 14, 2019 thru December 16, 2019
Deadline for Submission	December 19, 2019 - No later than 5:00 p.m.
Proposal Review Period	December 19, 2019 thru January 3, 2020
Consultant Interviews Begin	January 6, 2020
Contract Presented to City Council	January 22, 2020

FISCAL IMPACT STATEMENT

There are no significant expenses associated with approving and circulating a RFP. The City Council is not obligated to approve a contract by soliciting proposals. Actual project contribution is to be determined through the consultant selection process.

ATTACHMENTS:

Request for Proposals

AGREEMENT NO. _____

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF MONTEBELLO AND _____ FOR CONSULTING SERVICES
RELATED TO THE COMPREHENSIVE GENERAL PLAN AMENDMENT
(RFP NO. 19-XX)**

This Contract Agreement ("Agreement") is made and entered into for the above-stated project this ____ day of ____, **2020** ("Effective Date") by and between the City of Montebello, a California municipal corporation, as the "AGENCY," and _____ as the "CONTRACTOR." AGENCY and CONTRACTOR may be individually referred to herein as a "Party" or collectively referred to herein as the "Parties."

RECITALS

A. AGENCY is a municipal corporation duly-organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.

B. CONTRACTOR is a corporation duly-organized and doing business in the State of California. CONTRACTOR represents it has the background, knowledge, experience and expertise necessary to provide AGENCY with the equipment, goods and services set forth in this Agreement.

C. AGENCY seeks to procure from CONTRACTOR, and CONTRACTOR seeks to provide to AGENCY, goods and services necessary for the "COMPREHENSIVE GENERAL PLAN UPDATE" ("Project") as further described in Request for Proposal ("RFP") No. **19-XX ("RFP No. 19-XX")**.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, AGENCY and CONTRACTOR agree as follows:

ARTICLE I. Incorporation of Recitals and other Contract Documents

The above-referenced Recitals constitute a material part hereof, and shall hereby be incorporated by reference. Moreover, this Agreement consists of the following documents, in order of precedence, all of which are incorporated herein and made part of this Agreement, as though fully set forth herein:

- a. This Agreement, including any and all addenda or supplemental agreements.
- b. RFP No. **19-XX**.
- c. CONTRACTOR's Proposal dated _____
- d. All other documents, including but not limited to all required bonds, insurance certificates, permits, notices, schedules, forms, certifications, and affidavits.

These documents shall be collectively referred to herein as the "Contract Documents." In the event of a conflict among the Contract Documents, the order of precedence shall be as set forth above.

ARTICLE II. Services to be performed by CONTRACTOR

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to perform the services and furnish all materials necessary to perform all work required for the above-stated Project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents. CONTRACTOR covenants with AGENCY to furnish its best skill, judgment and efforts and to cooperate with AGENCY and any other contractors engaged by AGENCY in providing the services necessary for the Project. CONTRACTOR covenants to use its best effort to perform its duties and obligation under this Agreement in an efficient, expeditious and economical manner, consistent with the best interests of AGENCY. Workmanship throughout the performance of this Agreement shall conform to the highest standard of commercially accepted practice of work and shall result in a neat finished appearance to the satisfaction of AGENCY.

ARTICLE III. Compensation

As full compensation for furnishing all materials, performing all services, and fulfilling all obligations set forth in this Agreement, AGENCY agrees to pay and CONTRACTOR agrees to receive and accept the prices set forth in the Price Sheet submitted by CONTRACTOR dated _____ ("Compensation"), attached hereto as Exhibit "A" and incorporated by this reference. The Compensation shall not exceed the sum of _____ and such sum shall include all amounts payable to CONTRACTOR for its subcontracts, leases, materials and costs arising from, or due to termination of this Agreement. AGENCY shall pay CONTRACTOR upon thirty (30) days of receipt of invoice and full acceptance of product and services by the AGENCY.

Said Compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid Contract Documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

ARTICLE IV. Completion of Work; Liquidated Damages

The work and services set forth in this Agreement will be completed in a timely manner, and in accordance with an agreed-upon work schedule to be determined by the Parties. An extension of the period for completion may be granted, in writing, by mutual agreement by the Parties herein for reasons outside the control of CONTRACTOR including acts of God. CONTRACTOR shall request an extension by notifying AGENCY in writing at least fifteen (15) days prior to the expected Completion Date.

No extension of time requested or granted hereunder shall entitle CONTRACTOR to additional compensation unless, as a consequence of such extension, additional work must be performed and such additional work is approved in writing. In such event, AGENCY shall in good faith consider any request for additional compensation submitted by CONTRACTOR.

It is mutually understood and agreed by and between the Parties to the Agreement that time is of the essence with respect to the completion of the Project and that in case of any failure on the part of CONTRACTOR to complete all tasks and items within the time specified in RFP No.

19-20, AGENCY will be damaged thereby. Given that the amount of said damages, being difficult if not impossible of definite ascertainment and proof, it is hereby agreed that, in the event of CONTRACTOR's failure to complete the work in a timely manner, the amount of such damages due CITY shall be fixed at _____ (\$_____.00) per calendar day beyond the time specified in Notice to Proceed.

ARTICLE V. Ownership of Written Products

All reports, documents, data, objects, written materials or other tangible things ("Written Products") developed by CONTRACTOR in its performance of this Agreement shall be and remain the property of AGENCY without restriction or limitation upon its use or dissemination by the AGENCY. CONTRACTOR may take and retain copies of such Written Products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

ARTICLE VI. Independent Contractor

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

The Parties further agree that:

- A. CONTRACTOR is free from the control and direction of AGENCY in connection with the performance of the work, both under this Agreement for the performance of the work and in fact;
- B. CONTRACTOR performs work that is outside the usual course of AGENCY's business; and
- C. CONTRACTOR is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed

ARTICLE VII. Confidentiality

All data, documents, discussion, or other information developed or received by CONTRACTOR or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONTRACTOR without prior written consent by AGENCY. AGENCY shall grant such consent if disclosure is legally required. All AGENCY Written Products shall be returned to AGENCY upon the termination or expiration of this Agreement. CONTRACTOR agrees that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE VIII. Compliance with State and Local Laws

CONTRACTOR shall comply with all applicable federal, state, and local laws throughout its performance of this Agreement. CONTRACTOR acknowledges the provisions of the State Labor Code requiring every employer to be insured against liability for worker's compensation, or to undertake self-insurance in accordance with the provisions of that code, and certifies compliance with such provisions. All services required under this Agreement will be performed

by CONTRACTOR, or under its supervision, and all personnel shall possess the qualification, permits, and licenses required by the State and local law to perform such services.

CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing service required by this Agreement, and compliance with all reasonable performance standards established by AGENCY. CONTRACTOR shall be responsible for payment of all employees' and sub-contractors' wages and benefits, and shall comply with all requirements pertaining to employer's liability, workers' compensation, unemployment insurance, and Social Security. CONTRACTOR shall indemnify and hold harmless the AGENCY from any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE IX. Indemnification

The CONTRACTOR agrees to protect, defend, indemnify, save and hold harmless AGENCY, and all of its elected and appointed officials, boards and commissions, officers, directors, employees, and agents from and against any or all injuries, deaths, losses, damages, claims, suits, liabilities, demands, lawsuits, costs, expenses or causes of action, including reasonable attorneys' fees and related costs and expenses, which may accrue against the AGENCY based on, occurring, arising out of, or incident to (1) any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of the negligence, recklessness, willful misconduct, or errors or omissions by CONTRACTOR, its sub-contractors, or any of their servants, employees or agents; or, if applicable, (2) any infringement of the patent rights of any person or persons in consequence of the use by AGENCY or by any of its employees or agents, of articles supplied under contract, arising from proposals submitted and which the CONTRACTOR is not lawfully entitled to sell. AGENCY will give CONTRACTOR prompt notice in writing of the institution of any suit or proceeding and permit CONTRACTOR through its counsel to defend AGENCY and will give all needed information, assistance and authority to enable CONTRACTOR to do so. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

CONTRACTOR shall give AGENCY immediate notice of any suit or action filed or prompt notice of any claim made against AGENCY arising out of the performance of this contract. CONTRACTOR shall furnish immediately to the AGENCY copies of all pertinent papers received by CONTRACTOR. If the amount of the liability claimed exceeds the amount of insurance coverage, the CONTRACTOR shall authorize representatives of AGENCY or the Federal Government to collaborate with counsel for the insurance carrier, if any, in setting or defending such claim. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE X. PERS Eligibility Indemnity.

In the event that CONTRACTOR, or its employee, agent, or subcontractor providing services under this Agreement, claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the AGENCY, CONTRACTOR shall indemnify, defend, and hold the AGENCY harmless for the payment of any employee and/or employer contributions for PERS benefits on behalf of CONTRACTOR or its employees, agents, or subcontractors, as well as for

the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the AGENCY.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, CONTRACTOR and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by the AGENCY, including, but not limited to, eligibility to enroll in PERS as an employee of the AGENCY and entitlement to any contribution to be paid by the AGENCY for employer contribution, employee contribution, or both, for PERS benefits.

ARTICLE XI. Insurance

In accordance with the terms of the Contract Documents, CONTRACTOR shall furnish AGENCY a policy or certificate of insurance evidencing coverage for Worker's Compensation insurance and comprehensive liability insurance, including automobile, in which, upon the request of AGENCY, its officers and employees shall be named as additional insured with respect to all claims arising out of or in connection with the work to be performed, including any act or omission of employees, agents, sub-contractors, or their employees, whether or not caused by the sole (or contributing) negligence of the AGENCY, its officers or employees, and which shall remain in full force and effect until the work or services is accepted herein by AGENCY. The policies shall provide the coverage limits set forth in the Contract Documents. Such comprehensive liability insurance shall be primary and non-contributing with any insurance coverage available to AGENCY, shall contain a severability of interest clause (cross liability) and shall provide that it shall not be canceled or materially reduced, except for non-payment of premium, without thirty (30) days' prior written notice to the AGENCY. In the event the policy is cancelled for non-payment of premium, CONTRACTOR shall give ten (10) days' prior written notice to AGENCY.

ARTICLE XII. Authorization by CONTRACTOR

CONTRACTOR affirms that the signatures, titles, and seals set forth hereinafter in execution of this Agreement represent all duly authorized individuals, firm members, partners, joint ventures, and/or corporate officers having principal interest herein.

ARTICLE XIII. Termination

In the event that either Party hereto fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, the non-defaulting party shall give the defaulting party written notice of the default, the nature of the default, and of the steps necessary to cure the default.

13.1. Material Breach. For any breach deemed by the non-defaulting party to constitute a material breach, the defaulting party is required to cure the breach within five (5) calendar days upon receipt of written notice.

13.2. Non-Material Breach. For any breach deemed by the non-defaulting party to constitute a non-material breach, the defaulting party is obligated to cure such breach

within ten (10) calendar days upon receipt of written notice. However, if the nature of the non-material breach requires more than ten (10) days to cure, the defaulting party shall have thirty (30) days to diligently pursue and complete a cure.

13.3. Failure to Cure. In addition to any other available legal or equitable rights or remedies, if the default is not cured within the time periods described above, the non-defaulting party may terminate this Agreement by giving written notice thereof to the defaulting party, setting forth the effective date thereof.

13.4. Termination for Convenience. The AGENCY shall have the option, at its sole discretion and without cause, of terminating this Agreement in whole, or in part, by giving ten (10) business days' written notice to CONTRACTOR.

13.5. Upon the termination of this Agreement as provided in this Article, the AGENCY shall provide to CONTRACTOR the part of Compensation which would otherwise be payable to CONTRACTOR for services CONTRACTOR had completed as of the date of termination, less the amount of all previous payment with respect to the Compensation. Further, upon such a termination for convenience by AGENCY, the Parties agree that CONTRACTOR shall be reimbursed for any "non-refundable" costs that CONTRACTOR has incurred for its services under this Agreement, provided that: (1) such "non-refundable" costs were incurred by the CONTRACTOR prior to the date of termination, and (2) that CONTRACTOR provides the AGENCY with adequate proof that CONTRACTOR incurred the costs, and is unable to be seek a refund for such costs. Such "non-refundable" costs may include, but are not limited to, travel reservations incurred by CONTRACTOR for its performance of services under this Agreement. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination.

With the exception of the covenants contained in Articles VII (Confidentiality), IX (Indemnification), and XIV (Dispute Resolution and Legal Remedies), this Agreement shall expire upon full payment of the Compensation by the AGENCY to CONTRACTOR.

ARTICLE XIV. Dispute Resolution and Legal Remedies

Disputes regarding the interpretation or application of any provision(s) of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Parties. If any action at law or in equity is brought to enforce this Agreement or because of alleged dispute, breach, default or misrepresentation in connection with the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements incurred in that action or proceeding, in addition to such other relief as may be sought and awarded. The venue for any litigation shall be Los Angeles County, California. The Parties agree that the covenants contained in this Article shall survive the expiration or termination of this Agreement.

ARTICLE XV. Subcontract, Assignment or Delegation

CONTRACTOR shall not subcontract, delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of AGENCY. Any proposed subcontract, delegation, or assignment shall provide a description of the services to be covered, identification

of the proposed sub-contractor, delegee, or assignee, and an explanation of why and how the same was selected, including the degree of competition involved.

Any subcontract, delegation or assignment shall be made in the name of CONTRACTOR and shall not bind or purport to bind AGENCY and shall not release CONTRACTOR from any obligations under this Agreement including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees or sub-contractors. No such subcontract, delegation or assignment shall result in any increase in the amount of total compensation payable to CONTRACTOR under the Agreement.

ARTICLE XVI. Non-discrimination and Equal Opportunity Employer

In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, sub-contractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, mental condition or sexual orientation. CONTRACTOR will take affirmative action to ensure that sub-contractor and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition or sexual orientation.

ARTICLE XVII. Notices

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided. All notices, demands, requests, or approvals hereunder shall be given to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY: [INSERT INFO HERE]

To CONTRACTOR:
[TO BE FILLED IN]

ARTICLE XVIII. Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision(s) nevertheless will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XIX. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

ARTICLE XX. Entire Agreement; No Waiver

This Agreement and the aforementioned Contract Documents shall constitute the Entire Agreement by the Parties, and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. The waiver by the AGENCY of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No attempted waiver of any of the provisions herein, nor any change, amendment or modification to this Agreement shall be effective unless in writing and signed by the party against whom the same is sought to be enforced.

ARTICLE XXI. Effective Date

Unless otherwise specified herein, this Agreement shall become effective as of the date in which the last of the Parties, whether AGENCY or CONTRACTOR, executes this Agreement. This Agreement may be signed in counterparts, each of which shall constitute an original, and which collectively shall constitute one instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF the Parties enter into this Agreement as of the Effective Date set forth above.

CITY OF MONTEBELLO
("AGENCY")

[INSERT NAME]
("CONTRACTOR")

_____, Mayor

Date: _____

Date: _____

ATTEST:

Irma Barajas , City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman, City Attorney

CITY OF MONTEBELLO

REQUEST FOR PROPOSALS
November 13, 2019

**COMPREHENSIVE GENERAL PLAN UPDATE
AND
ENVIRONMENTAL IMPACT REPORT**

FOR

CITY OF MONTEBELLO, CALIFORNIA



Deadline for Submission: December 19, 2019

To:
City of Montebello,
Community Development Department
Attn: Manuel A. Mancha,
Community Development Director
1600 W. Beverly Blvd.
Montebello, CA 90640
(323) 887-1365
mmancha@cityofmontebello.com

City Website:
<https://cityofmontebello.com>

City of Montebello Request for Proposal

COMPREHENSIVE GENERAL PLAN UPDATE AND ENVIRONMENTAL IMPACT REPORT (EIR)

The City of Montebello (City) is seeking proposals from qualified consultants to prepare a comprehensive General Plan Update and associated Environmental Impact Report for the City of Montebello.

A. BACKGROUND AND PROJECT DESCRIPTION

The City of Montebello's existing General Plan is overdue for a comprehensive update. The Montebello City Council adopted the existing General Plan on June 26, 1973. The current General Plan is available on the City's website at <https://cityofmontebello.com>

Incorporated in 1920, the City of Montebello is located in Los Angeles County, encompasses approximately 8 square miles of land, and is home to a population of about 69,000 residents. The City's topography varies from rolling to steep hills in the north, gently sloping to the south. Montebello is home to the Montebello Town Center, a regional mall with four anchor stores, a number of large manufacturing and distribution facilities (Orowheat, Coca-Cola, Arevalo's Tortilleria, Royal Paper Box, Chevron Oil, Stocker Oil), large retailers, including Montebello Shops, Ostrom's Chevrolet, Ford of Montebello, Best Buy, and many smaller independent retailers and other businesses.

Located just minutes from downtown Los Angeles, Montebello is a prime residential location and has a range of housing types from single-family detached to multiple-family. The City has a strong commitment to providing affordable housing with a variety of assistance programs, including housing rehabilitation assistance and programs to assist with new construction of affordable housing.

The City is currently undergoing revitalization efforts on a two-mile commercial corridor along Whittier Boulevard. The City faces the challenge planning for the future growth of the City. The City must develop a long-range plan to improve existing residential, commercial and industrial uses; develop appropriate uses in designated Brownfield areas in the industrial zone; and improve the viability of commercial areas throughout the City with infill mixed-use development.

Finally, the City of Montebello is committed to conducting a long-range planning process that considers the growth potential and new innovative ideas for all areas of the City.

MAJOR OBSERVATIONS AND ISSUES

The following are preliminary City observations intended to guide the preparation of proposals, but are acknowledged to be only a partial list of local concerns:

1. The new General Plan Update must meet all State of California requirements, including all mandatory elements.
2. The City Council adopted the existing General Plan on June 26, 1973, and the City is in the process of updating the Housing Element. The proposal should include a recommendation to incorporate the proposed Housing Element for certification by HCD.
3. The proposal should anticipate the need for Economic and Community Design elements, and possibly other optional elements including but not limited to Active Transportation and Sustainability.
4. The General Plan update must be consistent with the Montebello Municipal Code, Montebello's adopted Specific Plans, ordinances, and Institutional Master Plans and provide recommendations for other Plan modifications, with particular attention to:
 - a. Montebello Hills Specific Plan
 - b. Local Hazard Mitigation Plan
 - c. Montebello Master Bike Plan
5. The General Plan update should recognize major transportation changes in the community since the 1998 Plan, including the extension of the Metro link trains and including proposed double-tracking project, and the forthcoming (2018-2026) Gold Line Light Rail Transit line, station, and parking structure.
6. The General Plan update should recognize the City's commitment to a balance between "Quality of Life" and "Economic Development."
7. The General Plan update should recognize and support the City's vision for an effective Economic Development plan.
8. The General Plan update should recognize and address major institutions and land uses, including but not limited to public and private schools, The Shops in Montebello, Quiet Canyon Golf Courses, Montebello Downtown, and Open Space Areas.
9. The General Plan update should address and provide recommendations for unincorporated areas within Montebello Sphere of Influence.
10. The General Plan update should address existing commercial and industrial areas, including "Washington Blvd" (transit-oriented development district adjacent to planned Montebello Gold Line station), Olympic Blvd, and Montebello Blvd. near the retail uses along the 60 Freeway.
11. The General Plan update must incorporate sustainability principles throughout the new document to ensure that the Vision of the City is implemented in its future growth.
12. The General Plan update must include extensive public outreach and public participation programs to engage the community and its stakeholders.
13. Amendments to the City's Zoning Code for consistency with the renewed vision established per the General Plan update.

B. SCOPE OF SERVICES

The purpose of the RFP is to solicit proposals from highly qualified consultants to prepare a comprehensive General Plan Update and associated EIR in compliance with California State Statutes, the California Environmental Quality Act (CEQA), and CEQA Guidelines for the Master Plan Update. The scope of work, tasks, budget, and timelines should demonstrate rigorous compliance and consistency with all requirements of the law, case law, technical advisories, and accepted guidelines for analysis. Project management services and close coordination with the City team are required.

Major functions include:

1. Conduct all steps from application review through certification associated with the preparation of the General Plan, EIR, certification process, and post-certification materials for the ease of use of the certified EIR.
2. Prepare for and participate in all meetings required by CEQA and as directed by the City.
3. Prepare and circulate all CEQA notices and documents.
4. Provide or assist in providing summaries of the EIR process, issues, mitigations, methods, and other aspects of the EIR document or process for staff reports, decision making bodies, and the public.

Tasks

The following is a list of tasks that are not intended to be an exhaustive scope of work. At a minimum, the Consultant is expected to fulfill all required steps for State statute compliance and environmental review as set forth under State Law, CEQA, and CEQA Guidelines. Consultants may vary and expand upon this list, providing reasoning for any alternative approaches.

1. Project Kick-off
2. The City will conduct meetings to gather public input through a public participation program that emphasizes community outreach with stakeholders and all levels of the community groups.
3. Preliminary Work
 - a. Review the project application and advise on additional information that should be provided by the applicant.
 - b. Identify relevant agencies and stakeholders and entitlements.
 - c. Identify technical studies required to complete the DEIR and facilitate the production of the same; identify whether any studies provided by the applicant may be peer-reviewed.
4. Notice of Preparation of an EIR
 - a. Prepare and circulate a Notice of Preparation of an EIR to State Clearinghouse and local agencies and interested persons.
 - b. Conduct Public Scoping meetings for agencies and the public.

- c. Confer and consult with responsible agencies, as well as with significant stakeholders in the City's direction.
 - d. Refine scope of environmental analysis, if warranted, in response to public scoping process
 - e. Identify thresholds of significance for use in the EIR.
 - f. Develop baseline conditions.
5. Prepare DEIR
- a. Prepare preliminary (screen check) DEIR and revise per City comments. The DEIR should include an executive summary and summary table of impacts and mitigation measures.
 - b. Interface and communicate with project applicant, as needed and as directed by City.
6. Notice of Completion of DEIR
- a. Prepare and circulate Notice of Completion of DEIR through State Clearinghouse, to local agencies and interested persons, and for public review.
 - b. Facilitate all aspects of circulation and noticing related to public review for DEIR.
 - c. Assist the City in planning and conduct public meeting(s) to present findings of the DEIR and to receive public comment.
 - d. Provide support to City staff at Planning Commission and City Council meetings and hearings on the DEIR.
7. Final EIR
- a. Prepare an official draft response to Comments and revise per City staff comments.
 - b. Facilitate the production of any necessary supplemental technical studies, additional analysis, and Addendum merited by the public review period or otherwise.
 - c. Prepare the Final EIR and Mitigation Monitoring and Reporting Program. The FEIR shall demonstrate how the DEIR was modified using strikeout text.
 - d. Prepare and circulate notice of the availability of FEIR to responsible agencies, local agencies, and interested persons, and for public review.
 - e. Assist City staff in preparing a Statement of Facts and Findings in support of a Statement of Overriding Considerations, if necessary.
 - f. Assist the City in planning and conducting the public meeting(s) to present Final EIR.
 - g. Assist City staff in preparing for and attending Planning Commission and City Council meetings to make a recommendation and act on certification of the EIR, respectively.
8. Post-Certification
- a. After certification, provide a clean copy of the certified FEIR, which incorporates changes made to the DEIR and Mitigation Monitoring and Reporting Program.
 - b. Prepare and assist in filing the Notice of Determination.
9. General
- a. Prepare and file all appropriate CEQA notices and processes through State Clearinghouse.

- b. Provide electronic files, and a minimum of 10 copies of the first Screen check Draft EIR, 15 copies of the Draft EIR, ten copies of Response to Comments, and 15 copies of Final EIR.
- c. Utilize Microsoft Office software and ensure PDF documents are searchable.
- d. Project completion will require a useable final electronic document, and fifty (50) printed copies that meet City review and approval.

C. PROPOSAL FORMAT AND CONTENT

Proposals must be received no later than **5:00 p.m. on December 19, 2019**, by the City of Montebello Community Development Department, 1600 W. Beverly Blvd. Montebello, CA, 90640. Postmarks are not acceptable.

The proposal should be responsive, concise, and free of jargon to the extent possible. Proposals should more or less conform to the following order and content.

Section 1. A cover letter was identifying the name, address, phone number, and email address of the firm.

Section 2. A description of the consultant team's overall approach, methods and strategies, and description of the service to be provided by task for the EIR.

Section 3. A tentative schedule for completion of the EIR, including a timeline for completion of major tasks, milestones, and a list of deliverables.

Section 4. A budget correlated to tasks, personnel, studies, and other costs. List estimated costs of various studies anticipated to be required or peer-reviewed.

A fee schedule including each personnel member's hourly rate, as well as all other expenditures, including direct costs, anticipated for the completion of the EIR and scope of services described.

Section 5. Organization chart with Project Team, including precise designations of responsible principals and project managers, names, and resumes of back-up personnel supporting the project manager.

Section 6. Brief description of the firm, identifying office location and staffing, which will provide the consulting services to the City of Montebello.

Section 7. A summary of recent planning and environmental documents prepared of similar complexity or controversy prepared by consultant team members that will work on this project.

Section 8. Provide a list of three cities for which work or selected tasks have been performed within the last five years or similar services requested. Provide the name and description of the project and a specific reference person to contact.

D. SELECTION PROCESS AND CRITERIA

1. Proposal Review: Upon receiving an adequate number of proposals by the December 19, 2019 deadline, consultants will be evaluated by the Community

Development Department personnel. The best-qualified consultants will be invited to participate in an interview.

2. Selection Criteria: The City will select a consultant to provide the services pursuant to this Request for Proposal based on the evaluation of the proposals, interview process, and references. Selection is based on a determination of the consultant deemed most qualified to provide the services outlined in this request, but not limited to, the following criteria:
 - a. Completeness of the proposal: How thoroughly the proposal responds to the issues, concerns, and evaluation criteria contained in this RFP.
 - b. Experience: The Consultant will provide information on knowledge of preparing a General Plan and Environmental Impact Reports and experience in working with state and local agencies.
 - c. Qualifications: Qualifications of key personnel, including principal(s), project manager(s), and other individuals pertinent to the project's success.
 - d. Performance: The consultant must demonstrate the ability to produce a timely and high-quality product.
 - e. References: Quality of reference checks obtained by interviewing prior and current clients.
 - f. Cost-effectiveness: A clear and consistent commitment to cost containment and fair play with respect to the needs of customers.
3. Interviews: Selected consultants may be invited for an interview (optional), which is tentatively scheduled for the week of January 6, 2020. Confirmation times will be provided by e-mail or letter.
4. Professional Services Agreement: Upon identification of a preferred provider, the Community Development Director will require a professional services agreement, subject to negotiation of precise duties, terms of payment, and other City requirements.
5. Contract Approval and Execution: The professional services agreement will be presented to Council for approval and execution by the City Manager or designee. The agreement is tentatively scheduled for the January 22, 2020, City Council meeting.

E. MISCELLANEOUS PROVISIONS

1. Costs: The City of Montebello assumes no responsibility for any costs incurred by an individual/firm in the preparation and/or presentation of a proposal in response to this request.
2. Rights of City: The City reserves the right to reject any or all proposals received, or request additional information from any or all of the respondents, to ascertaining the most qualified individual/firm for the requested service
3. Completeness: To be considered, respondents must submit a complete response in accordance with the requirements contained herein. Proposals must be signed by an officer of the consultant authorized to bind the firm to its provisions.

All proposals, with associated costs and agreements, shall be considered valid and binding on the consultant for ninety days after the proposal due date.

4. Ownership of Reports: All documents prepared by the selected individual/firm under this request shall become the property of the City of Montebello upon receipt by the City.

F. FILING DEADLINE

Prospective interested consultants are encouraged (but not required) to indicate their preliminary interest in submitting a proposal, by sending a message of interest prior to November 21, 2019 to mmancha@cityofMontebello.com.

To be considered, five (5) complete physical copies and an electronic version to mmancha@cityofmontebello.com of the entire proposal must be received by the City of Montebello no later than **5:00 p.m. on December 19, 2019**. Physical copies of the proposal are to be submitted to:

**Attn: Manuel A. Mancha, Community Development Director
Community Development Department
City of Montebello
1600 W. Beverly Blvd.
Montebello, California 90640**

Proposals must be sealed and clearly state on the outside of the package or envelope **“City of Montebello General Plan Update.”** The City assumes no responsibility for errors or delays by public or private carriers in delivering any proposal.

G. TENTATIVE TIMELINE:

November 14, 2019	Release of RFP
December 19, 2019	Deadline for Submission of Proposals
January 6, 2020	Interviews (If necessary)
January 22, 2020	Anticipated Award of Contract
January 27, 2020	Anticipated Commencement of Services

The City of Montebello may, at its discretion, adjust any or all of these proposed timeline dates.

H. QUESTIONS

This request is issued for the City by the Community Development Department. All questions for the Request for Proposal shall be directed to Community Development Director, Manuel A. Mancha or his designee, and answers will be forwarded to all firms:

Manuel A. Mancha, Community Development Director
City of Montebello
1600 W. Beverly Blvd.
Montebello, CA 90640
Tel: (323)887-1365
Email: mmancha@cityofMontebello.com

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: René Bobadilla, City Manager

SUBMITTED BY: Manuel Mancha, Director of Community Development and Planning

SUBJECT: **Third Amendment to the Original Agreement No. 3565 with Tierra West Advisors, Inc. to provide Contract Professional Services Relating to Cannabis Implementation and interim staff services**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- (1) Receive and approve the recommendation from staff to approve a third amendment to the original Agreement No. 3565 with Tierra West Advisors, Inc. (Third Amendment) to increase the current not-to-exceed award amount by an additional \$125,000 reflecting the **new not-to-exceed amount to \$225,000** for continued contract professional services relating to cannabis and the inclusion of additional interim staff services for code enforcement, economic development, and planning; and
- (2) Per City of Montebello Section 3.21.025 (C) Conformance with bidding procedures by a four-fifths vote determine to dispense with bidding and other procedures required upon a finding by the council that it would be impractical, useless, or uneconomical in such instance to follow the procedures, and that the welfare of the public would be promoted by dispensing with the same; and
- (3) Authorize the Mayor to execute the Third Amendment.

BACKGROUND

On January 23, 2019, the City Council approved the authorization of the City Manager to hire a consultant to assist City Staff in processing cannabis applications that were

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approved by the City Council for public review before the Planning Commission. The City Manager entered into Agreement No. 3565 with Tierra West Advisors, Inc. for such services.

On February 13, 2019, the City Council established the Conditional Use Permit (CUP) deadline of March 5, 2019, for applicants to submit their CUP with payment of fees and selected 21 applicants referred as Phase 3 applicants to move forward.

On March 5, 2019, the City received 21 CUP applications and fees from the 21 applicants selected to move forward in the CUP process. Part of the fees collected included the cost to process the applications. The City received a total of \$120,000 to process 24 cannabis applications. A \$20,000 balance remains in the account to carry out the next phase of cannabis-related reviews.

On June 26, 2019, the City Council approved a First Amendment to Agreement No. 3565 to increase the not-to-exceed amount of \$49,500 by an additional \$25,000, which reflects the not-to-exceed amount to \$75,000 for contract professional services to continue assisting staff in processing the cannabis applications and preparing the staff reports for the then-approved 21 applications for review by the Planning Commission.

On August 28, 2019, the City Council approved a Second Amendment to Agreement No. 3565 to increase the not-to-exceed amount of \$75,000 by an additional \$25,000, which brought the not-to-exceed amount to \$100,000—where it currently stands—for contract professional services to continue assisting staff in processing the cannabis applications and preparing the staff reports for the last remaining application from the original 21 applications plus the three Phase 2 applicants that were temporarily stayed from Phase 3 consideration. In addition, submittal and review of the development plans through the building plan check process for the cannabis applicants had started.

Discussion

As previously stated, Agreement No. 3565 was to assist staff in processing the cannabis applications for the Planning Commission Review. Although many submitted CUP applications were incomplete and took longer than expected, all 21 initial CUP applications were processed and approved by the Planning Commission with the last of the 21 CUPs being approved by the Planning Commission on October 15, 2019. Also, the three cannabis CUP applications from Phase 2 were processed and approved by the Planning Commission on November 5, 2019. The next step is for the City Council to consider the approval of the required Development Agreements (DA) for these three applicants plus the CUP that was approved by the Planning Commission on October 15, 2019. In addition, 7 of the total 24 applicants have already submitted for plan check and a few other applicants are preparing to submit their plans and several requests have

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been made by the applicants to change location, ownership or transfer. The transfer form has been finalized and this transfer process has been initiated.

The City's Community Development Department currently has experienced recent vacancies in the Code Enforcement, Economic Development, and Planning Divisions. Staff is requesting to fill the vacancies with interim staffing utilizing Tierra West Advisors through a third amendment to the original Agreement No. 3565. The proposed Third Amendment will provide for necessary staffing through December 3, 2019, by increasing the award by an additional amount of \$125,000.00 for the following titled positions:

- Assistant Planner, 32 hours per week
- Planning Manager, 40 hours per week
- Code Enforcement Officer 40 hours per week
- Economic Development Manager 32 hours per week

For this reason, staff is requesting that the City Council review and approve the proposed Third Amendment to Agreement No. 3565 to increase the not-to-exceed amount by \$125,000, this includes completion of the cannabis transfer process and the plan check phase in the amount of \$20,000 and the addition of interim staff services for code enforcement, economic development, and planning in the amount of \$105,000.

Proposed Finding under Section 3.21.025 Conformance with bidding procedures

The acquiring of professional/special services shall be made and accomplished in conformity with Section 3.21.050 or Section 3.21.060 except:

- A. When an emergency, as determined by the purchasing agent with the approval of the city manager, is deemed to require that an order be placed with the nearest available source; or
- B. When the professional/special services needed can be obtained from one source only; or
- C. When the City Council by a four-fifths vote determines to dispense with such bidding and other procedures required by the above-mentioned sections in every individual instance upon a finding by the council that it would be impractical, useless, or uneconomical in such instance to follow the procedures, and that the welfare of the public would be promoted by dispensing with the same.

This additional support will assist the Planning and Community Development Department to adequately provide services and implement departmental programs and policies while the hiring process is initiated and complete. Thus, the City is in immediate need of staff support to address the current staffing shortfall. A Third Amendment to the existing Agreement No. 3565 with Tierra West Advisors will address

this impact by providing practical, uninterrupted and experienced staffing support from Tierra West.

FISCAL IMPACT

The proposed amendment will not impact the General Fund. The proposed funding for continuous cannabis support in the additional amount of \$125,000 will be come from the remaining balance of \$20,000 from the General Fund collected from the cannabis application fees and \$105,000 from the labor savings due to the vacant and unfilled positions.

SUMMARY

It is recommended that the City Council approve the proposed Third Amendment to Agreement No. 3565 with Tierra West Advisors. Inc. to increase the current not-to-exceed amount of \$100,000 by an additional \$125,000 reflecting the new not-to-exceed amount to \$225,000 for contract professional services to process the remaining three cannabis applications, continue with the cannabis plan check process, and provide interim staffing for an Assistant Planner, Code Enforcement Officer, Economic Development Manager, and Planning Manager in the Community Development Department.

ATTACHMENT(S)

- A. Third Amendment to Agreement No. 3565
- B. Proposal for Professional Services from Tierra West

AGREEMENT NO. _____

**THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT
NO. 3565 BY AND BETWEEN THE CITY OF MONTEBELLO AND
TIERRA WEST ADVISORS, INC.**

This Third Amendment to Professional Services Agreement No. 3565 by and between the City of Montebello and Tierra West Advisors, Inc., (“**Third Amendment**”) is entered into this 13th day of November 2019, by and between Tierra West Advisors, Inc., (“**Consultant**”) and City of Montebello (“**City**”), with reference to the following facts:

WHEREAS, Consultant and City (sometimes hereinafter individually referred to as a “**Party**” and jointly as the “**Parties**”) entered into that certain Professional Services Agreement No. 3565 by and between the City of Montebello and Tierra West Advisors, Inc., dated March 11, 2019 (the “**Agreement**”), pursuant to which City retained Consultant to provide various professional services related to cannabis as further described in the Agreement; and

WHEREAS, City, being mutually satisfied with the other Party’s performance of the Agreement, desires to request Consultant provide additional professional services to complete the original scope of work as assigned; and

WHEREAS, the Parties previously entered into a First Amendment to Agreement No. 3565 in order to increase the original not-to-exceed amount from \$49,500.00 to \$75,000.00 in order to allow for the original scope of work’s completion (“**First Amendment**”); and

WHEREAS, the Parties previously entered into a Second Amendment to Agreement No. 3565 in order to increase the original not-to-exceed amount from \$75,000.00 to \$100,000.00 in order to allow for the original scope of work’s completion (“**Second Amendment**”); and

WHEREAS, Parties now desire to increase the current not-to-exceed amount of \$100,000.00 by an additional \$125,000.00 bringing the not-to-exceed amount to \$225,000.00 for the Agreement based upon conditions mutually agreeable to them and to include interim staff support services to the original agreement; and

WHEREAS, a finding was determined pursuant to the Montebello Municipal Code under Section 3.21.025 (C) Conformance with bidding procedures.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt adequacy of which is expressly acknowledged by the Parties, the Parties agree to amend to the Agreement as follows:

Section 1. Compensation

The not-to-exceed amount of Agreement No. 3565, as amended by the First and Second Amendments, is hereby increased by an additional \$125,000.00 bringing the not-to-exceed amount to \$225,000.00 in order for the Consultant to complete the original scope of work which

breaks down to \$20,000.00 for cannabis in the amount and \$105,000.00 for interim staff support services, which includes an Assistant Planner, Code Enforcement Officer, Planning Manager, and Economic Development Manager. Once the assigned scope of work outlined in Agreement No. 3565 is completed, the Agreement No. 3565 is automatically terminated unless otherwise mutually amended by the Parties.

SECTION 2. Remainder of Agreement Effective.

Except as expressly set forth in Section 1 of this Third Amendment, the remainder of the Agreement shall remain in full force and effect, being incorporated fully herein by this reference.

IN WITNESS WHEREOF, the Parties hereto have executed this Third Amendment as of the day and year set forth above.

CITY OF MONTEBELLO

TIERRA WEST ADVISORS, INC.

Jack Hadjinian
Mayor

John Yonai
Principal

ATTEST:

Irma Barajas
City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman
City Attorney



October 21, 2019

Mr. Manuel A. Mancha, Director
Planning and Economic Development
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

Dear Mr. Mancha:

Tierra West Advisors, Inc. ("Tierra West") thanks the City of Montebello and City Staff for your continued collaboration for over a decade with Tierra West.

Based on our discussion and briefing with the City Manager last week our firm is prepared to provide the following interim contract services to the City:

- Planning Manager services on a full time basis – 40 hours per week
- Economic Development, business retention, ICSC, Cannabis support, planning support, strategic real estate planning - 34 hours per week
- Planning Assistant services on a full time basis – 32 hours per week
- Code Enforcement Office on a full time basis – 40 hours per week

Tierra West staff have over 140 years of combined experience providing sustainable planning, economic development, CEQA compliance, interim staff services and implementation consulting services to agencies and cities throughout California. Tierra West prides itself on providing advisory services that are balanced with our knowledge of real estate and community development; our work products are designed to meet market demands and realistically project future revenue expectations. Tierra West provides fiscal consulting for bond issues and redevelopment budgets, real estate economic analyses, acquisition, developer negotiations, economic development strategies and redevelopment planning services to our clients. Tierra West, as part of its practice, also provides staff support and coordinates studies relative to current and advanced Planning, Zoning and General Plan update coordination, and Ordinance adoption.

Tierra West differentiates itself from other consulting practices by focusing on providing implementation services that extend through the complete project cycle. While many firms

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W tierrawestadvisors.com

REAL ESTATE & DEVELOPMENT
STRATEGISTS

are solely technical, Tierra West rolls up its sleeves and is an active advisor in the assistance of code development, code enforcement, development of request for proposals, 3rd party proposal review, site analysis, current and long range planning services, including site review, zoning compliance. We collaborate with the building department and public works review for complete project staffing coordination all incorporated into sustainable economic development.

Tierra West professes that deliverance of a report or work product does not end our involvement in project activities. Tierra West is always prepared to handle sensitive projects for our clients. To this end, Tierra West essentially becomes an extension of the staff and assists in carrying the goals, objectives, and policies established the client.

We are excited at the opportunity to assist the City of Montebello with the required Planning efforts of the City, Economic Development, and code enforcement services.

We understand that past fiscal issues, including ongoing unfunded PERS obligations have provided the City with staffing challenges in meeting project demands and objectives. In this regard, Tierra West Advisors proposes to provide staff support on a daily and on part time basis to assist in the Community Development Department Planning Division relative to a Planning Manager and part time Planning Assistant for project Management & Administration, as well as, carrying out the functions of daily operations. The familiarity of Tierra West staff with the development process, cannabis implementation and Economic Development enables our firm to provide crossover services that include project review from initial concept through the entire entitlement or program process. Tierra West will look at existing programs and procedures and provide ways to enhance program efficiency to better serve the needs of the City and the Department.

PLANNING SERVICES

Tierra West' general staffing services include assisting and providing the City with the following planning services:

- Manage and oversee the entitlement process on behalf of the City, which includes coordinating the Planning Commission Agenda and carrying out, assigning, drafting, and reviewing cases and reports assigned to staff planners.
- Draft Staff reports as they pertain to Conditional Use Permits, zone variances, parcel maps, General Plan Amendments, Zone Changes, environmental review and determination, and special studies for Planning Commission and City Council consideration.
- Attend Planning Commission and City Council meetings and provide presentations as necessary.

- Maintain counter hours and perform field studies and site investigations and inspections as necessary in support of project requirements.
- Provide input on budgeting and organizational structure for the department.
- Work with staff to establish a system to streamline the permitting process.

Tierra West proposes to provide a full time Planning Manager at 40 hours a week, Monday through Thursday. Tierra West is proposing Luis Rodriguez for the Planning Manager position at \$120 per hour. Secondly Tierra West proposes a part-time Assistant Planner who will provide 32 hours per week, generally 8 hours per day, Monday through Thursday at \$85 per hour.

ECONOMIC DEVELOPMENT, CANNABIS & IMPLEMENTATION

Tierra West also proposes to provide ongoing Economic Development services to the City, including, but not limited to, cannabis implementation services, business retention, business attraction, marketing collateral preparation, ICSC coordination and other Economic Developer related activities. Tierra West will continue to provide our Senior Staff Member, Louis Morales, he has over 30 years of public sector experience in Economic Development and Planning services. Mr. Morales, career has included an extensive amount of economic development services provided to multiple agencies and he has been engaged with the Tierra West team for more than two (2) decades. For economic development services, Tierra West will provide 30 to 36 hours per week towards economic development programs and projects not being implemented due to limitations of staffing availability. Similar to the Cannabis services, economic development services provided by Mr. Morales at the City will be provided at \$125 per hour. Economic development services requiring a Principal such as John Yonai will be based on the Tierra West hourly rates as stated in prior City contracts entered into in 2019.

Economic Development services that would be included by Tierra West are focused around Sustainable Economic Development Strategies. Our firm specializes in developing economic development strategies tailored specifically to meet community needs by assessing the unique strengths and weaknesses of each community. Tierra West differentiates itself from other consulting practices by focusing on providing implementation services that extend through the complete project cycle assignments, such as the preparation of business retention and attraction strategies, market analyses, community outreach, financing strategies, financial feasibility studies, detailed financial analyses of development proposals, tax revenue analysis, asset analysis and lease negotiations. Such actions involve multiple areas including, but not limited to:

- Development of Human Capital
- Critical Infrastructure

- Regional Competitiveness
- Environmental Sustainability
- Social Inclusion
- Health, Safety, Literacy, and other initiatives
- Business retention
- Business Attraction
- ICSC preparation
- Marketing collateral

Tierra West' ongoing Cannabis Implementation and Planning support services will continue to include, but are not be limited to:

- Assist City staff with the implementation of current policy and procedures through the entitlement process and address any opportunities for updating as necessary.
- Process any and all approvals, reports, and presentations for project completion.

CODE ENFORCEMENT

Tierra West' senior team has over 40 years of service in the Community Development area. Prior experience includes the position of Community Development Director who oversaw, worked and interviewed potential personnel in the Code Enforcement division of the agency. To this extent our ability has allowed us to work in environments that provide code enforcement as a service within the department.

Services provided for code enforcement division include investigation and inspections for residential and industrial/commercial locations for code violations, as well as, Issues investigated for the following:

- Illegal ADU's,
- Hazardous property conditions,
- Overgrown vegetation,
- Housing Code violations (broken windows, peeling paint),
- Inoperable and abandoned vehicles on private property,
- Signs, including signs in public right-of-way and signs without permits,
- Solid waste (early set-out of containers, inadequate containers, illegal dumping)
- Zoning requirements,(i.e. illegal dwelling units and use requirements),
- Business license and regulatory permits,
- Graffiti
- Health and Safety Code violations,
- Public nuisances,
- Temporary Use/Conditional Permit enforcement, other Municipal and State related codes,

- Inoperative vehicles on private property,
- General property maintenance issues that are visible from the public right-of-way,
- Illegal garage conversions,
- Lack of required live maintained landscaping,
- Street vendors and others.

Some of the issues involve collaboration between the Code Enforcement Division and the Police Department.

Tierra West proposes a full time position for a Code Enforcement Officer for the City. The position will be 40 hours per week and the hours may vary based on existing schedule with the current Code Enforcement team. Subject to schedule Tierra West expects to provide the Code Enforcement Officer for 40 hours during a Sunday to Saturday schedule in consecutive 4 or 5 day schedule. Tierra West is proposing 40 hours at an hourly rate of \$95 per hour.

Tierra West is uniquely qualified and exceptionally experienced in performing the work required to support the City's economic and financial needs. Tierra West advisory services would be at the direction of the City Director of Planning & Economic Development for services performed under the service contract

Tierra West is prepared to commence immediately on the proposed services once a contract is executed and the City gives direction to commence work. Attached please find an estimated annual budget and an estimated budget through year end 2019. . Please feel free to call if you have any questions.

Again, thank you for your consideration and we look forward to working with the City of Montebello.

Sincerely,
TIERRA WEST ADVISORS


John Yonai, Principal


Rose Acosta Yonai, Principal

ANNUAL PROPOSED BUDGET				
	HOURS	WEEKLY	RATE	ANNUAL BUDGET
PLANNING MANAGER	2,080	40	\$120	\$249,600
ASSISTANT PLANNER PART TIME	1,680	32	\$85	\$142,800
ECONOMIC DEVELOPMENT MANAGER	1,780	34	\$125	\$222,500
CODE ENFORCEMENT OFFICER	2,080	40	\$95	\$197,600
ESTIMATED ANNUAL BUDGET				\$812,500

ESTIMATED BUDGET TO DECEMBER 31, 2019 2019 YEAR END COMMENCING NOVEMBER 1, ESTIMATED WORKING DAY TO YEAR END				
	WORKING DAYS REMAINING	HOURS PER DAY	RATE	BUDGET TO YEAR END
PLANNING MANAGER	27	10	\$120	\$32,400
ASSISTANT PLANNER PART TIME	27	8	\$85	\$18,360
ECONOMIC DEVELOPMENT MANAGER	27	8.5	\$125	\$28,688
CODE ENFORCEMENT OFFICER	27	10	\$95	\$25,650
ESTIMATED BUDGET TO YEAR END				\$105,098

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: René Bobadilla, City Manager

BY: Tom Barrio, Director of Transportation

SUBJECT: **FY19-20 Transportation Department Capital Projects Budget**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

1. Adopt the Fiscal Year 2019-20 proposed Transportation Capital Projects Budget
2. Approve a Resolution for additional appropriation of \$220,718 from Transit operating reserves for Tire Lease and Transit Outlet & Amenities projects

BACKGROUND/ANALYSIS

On June 26, 2019, Council adopted the City FY19-20 Operating Budget which did not include Transportation Department Capital Projects Budget for the fiscal year. For most of its Capital Projects, the Transportation Department has been awarded grants from various agencies such as: Federal Transit Administration, Caltrans – Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), and Los Angeles County Metropolitan Transportation Authority (LACMTA), etc.

As of today, the Transportation Department has identified \$23,293,667 in grant-funded projects, \$23,106,778 of which was for projects previously approved by the City Council that are not yet completed. The remaining \$186,889 has been allocated to the City for the fiscal year FY19-20 by LACMTA for Clean Fuel project(s). The Transportation Department is proposing to utilize this funding for its Clean Fuel (CNG) Bus Parts project.

The Transportation Department also identified two annual capital related projects which are not funded by grants: Tire Lease (\$160,718) and Transit Outlet & Amenities (\$60,000). The Transit Outlet & Amenities Project is a partnership that started in 2012 between the City of Montebello and The Shoppes of Montebello to maintain an educational soft play area, advertise on transit buses and sell Montebello Bus Line fare media. The Transportation Department is requesting an additional appropriation for the fiscal year FY19-20 from Transit Operating Reserve. The

ITEM #23

unaudited FY18-19 year-end financial report indicated that the Transit Fund had a surplus of approximately \$3.5 million.

In total, the Transportation Department identified \$23,514,385 of Capital projects. It is anticipated that \$6,967,760 will be spent in the fiscal year FY19-20 and the remaining \$16,546,625 in the subsequent years.

Below is the summary of Transportation Department projects. Refer to attachment A for a more detailed listing of projects by funding sources.

PROJECT NAME	GRANT FUNDS	OPERATING FUNDS	TOTAL ESTIMATED PROJECT COSTS	FY 19/20 PROPOSED BUDGET	SUBSEQUENT FISCAL YEARS
Access Control System	50,900		50,900	50,900	-
Associated Capital Maintenance (ACM)	289,633		289,633	289,633	-
AVL/Pass Info (CAD/GPS)	290		290	290	-
Bus Repower to Electric	911,481		911,481	911,481	-
Bus Surveillance System	2,540,000		2,540,000	635,000	1,905,000
Bus Washer Replacement	37,096		37,096	37,096	-
Citywide Bus Stop Project (BSIP)	1,127,439		1,127,439	256,393	871,046
Clean Fuel (CNG Bus Parts)	186,889		186,889	186,889	-
Cutaway Bus - New	172,418		172,418	172,418	-
Exterior Bus Graphics	131,544		131,544	131,544	-
Fleet Surveillance	60,300		60,300		60,300
Fleet Surveillance-Server room	47,127		47,127		47,127
Grant Rea Park Terminal	398,235		398,235	25,000	373,235
Metrolink Revitalization - ADA Upgrade	27,335		27,335	27,335	-
Mid-life Bus Upgrade	296,229		296,229	296,229	-
Pico Terminal Rehabilitation	1,005,292		1,005,292	25,000	980,292
Purchase of 4 Electric Buses	4,035,507		4,035,507		4,035,507
Purchase of 8 CNG Buses (40 ft)	5,755,303		5,755,303	20,000	5,735,303
Purchase 1 CNG Bus (40 ft) - Replacment	926,819		926,819		926,819
Radio Equipment	679,135		679,135	281,701	397,434
Repower (HVAC Upgrade)	1,043,829		1,043,829	1,043,829	-
Route70 Intracity Feeder Enhancements	236,440		236,440	50,000	186,440
Scheduling Software	155,414		155,414	155,414	-
Security Equipment for 5 buses	10,741		10,741	10,741	-
Support Vehicles	272,395		272,395	272,395	-
Tire Lease - For Buses	79,282	160,718	240,000	240,000	-
Transit Outlet & Amenities		60,000	60,000	60,000	-
Universal Fare System	2,717,523		2,717,523	1,689,401	1,028,122
Vehicle Maintenance Software	99,071		99,071	99,071	-
Grand Total	23,293,667	220,718	23,514,385	6,967,760	16,546,625

FISCAL IMPACT

While most of Transit Capital projects are funded by grants, it is proposed that \$220,178 be appropriated from the unassigned Transit Fund balance for the Tire Lease and Transit Outlet & Amenities projects for the fiscal year FY19-20. There is no fiscal impact to the General Fund.

SUMMARY

The City Council will consider approval and adoption of the Fiscal Year 2019-20 Transportation Capital Projects Budget as well as an additional appropriation of \$220,178 for unfunded projects.

ATTACHMENTS

- A. FY19-20 Transit Capital Projects Budget
- B. Resolution for Tire Lease and Transit Outlet & Amenities Projects

**CITY OF MONTEBELLO
TRANSPORTATION DEPARTMENT
CAPITAL PROJECTS BUDGET
FISCAL YEAR 19/20**

ATTACHMENT A

Item #	GL org set	Project #	Project Name	Funding Source	Carryover from FY18/19	FY 19/20 Awards/ Allocations	Total Available Funding	FY 19/20 Budget	Subsequent Fiscal Years
1	270-9030-2015-026	600.14.10	Access Control System	CAL-OES	\$ 50,900		\$ 50,900	\$ 50,900	
2	270-9063-2018-003	600.15.10/20	Associated Capital Maintenance (ACM)	FTA	\$ 289,633		\$ 289,633	\$ 289,633	
3	270-9060-2015-015	600.12.20	AVL/Pass Info (CAD/GPS)	STATE PTMISEA	\$ 290		\$ 290	\$ 290	
4	270-9050-2015-014	600.72.10/40	Bus Repower to Electric	FTA	\$ 591,180		\$ 591,180	\$ 591,180	
5	270-9042-2018-014	600.72.20	Bus Repower to Electric	STATE PTMISEA	\$ 320,301		\$ 320,301	\$ 320,301	
6	270-9063-2018-005	600.94.30	Bus Surveillance System	FTA		\$ 2,540,000	\$ 2,540,000	\$ 635,000	\$ 1,905,000
7	270-9042-2018-010	600.94.40	Bus Washer Replacement	STATE PTMISEA	\$ 37,096		\$ 37,096	\$ 37,096	
8	270-9060-2013-063	600.82.10/40	Citywide Bus Stop Project (BSIP)	FTA	\$ 1,071,046		\$ 1,071,046	\$ 200,000	\$ 871,046
9	270-9060-2013-063	600.82.20	Citywide Bus Stop Project (BSIP)	STATE PTMISEA	\$ 56,393		\$ 56,393	\$ 56,393	
10	270-9045-2019-050	600.85.10	Clean Fuel (CNG Bus Parts)	LACMTA - MEASURE R CAPITAL		\$ 186,889	\$ 186,889	\$ 186,889	
11	270-9002-2017-096	600.46.10	Cutaway Bus	CALTRANS -LCTOP	\$ 172,418		\$ 172,418	\$ 172,418	
12	270-9042-2018-049	600.10.20	Exterior Bus Graphics	STATE PTMISEA	\$ 131,544		\$ 131,544	\$ 131,544	
13	270-9036-2016-080	600.97.20	Fleet Surveillance	CAL-OES	\$ 60,300		\$ 60,300		\$ 60,300
14	270-9038-2018-082	600.97.20	Fleet Surveillance- Server room	CAL-OES	\$ 47,127		\$ 47,127		\$ 47,127
15	270-9042-2018-094	600.74.10	Grant Rea Park Terminal	STATE PTMISEA	\$ 398,235		\$ 398,235	\$ 25,000	\$ 373,235
16	270-9042-2012-040	600.06.10	Metrolink Revitalization - ADA Upgrade	STATE PTMISEA	\$ 27,335		\$ 27,335	\$ 27,335	
17	270-9042-2018-098	600.104.10	Mid-life Bus Upgrade	STATE PTMISEA	\$ 296,229		\$ 296,229	\$ 296,229	
18	270-9042-2018-095	600.76.10	Pico Terminal Rehabilitation	STATE PTMISEA	\$ 1,005,292		\$ 1,005,292	\$ 25,000	\$ 980,292
19	270-9063-2018-014	600.XX.XX (NEW)	Purchase of 4 Electric Buses	FTA		\$ 4,035,507	\$ 4,035,507		\$ 4,035,507

**CITY OF MONTEBELLO
TRANSPORTATION DEPARTMENT
CAPITAL PROJECTS BUDGET
FISCAL YEAR 19/20**

ATTACHMENT A

Item #	GL org set	Project #	Project Name	Funding Source	Carryover from FY18/19	FY 19/20 Awards/ Allocations	Total Available Funding	FY 19/20 Budget	Subsequent Fiscal Years
20	270-9063-2018-006	600.XX.XX (NEW)	Purchase of 8 CNG Buses 40 ft.	FTA		\$ 5,755,303	\$ 5,755,303	\$ 20,000	\$ 5,735,303
21	270-9015-2015-064	600.92.10	Purchase 1 CNG Bus (40 ft.)	FTA	\$ 800,000		\$ 800,000		\$ 800,000
22	270-9015-2015-064	600.92.20	Purchase 1 CNG Bus (40 ft.)	STATE PTMISEA	\$ 126,819		\$ 126,819		\$ 126,819
23	270-9063-2019-058	600.65.20/30	Radio Equipment	FTA	\$ 679,135		\$ 679,135	\$ 281,701	\$ 397,434
24	270-9015-2015-093	600.73.10	Repower (HVAC Upgrade)	FTA	\$ 905,339		\$ 905,339	\$ 905,339	
25	270-9042-2012-093	600.73.20	Repower (HVAC Upgrade)	STATE PTMISEA	\$ 138,490		\$ 138,490	\$ 138,490	
26	270-9002-2018-XXX	600.47.10	Route 70 Intracity Feeder Enhancement	CALTRANS -LCTOP	\$ 236,440		\$ 236,440	\$ 50,000	\$ 186,440
27	270-9061-2017-090	600.102.20	Scheduling Software	FTA	\$ 155,414		\$ 155,414	\$ 155,414	
28	270-9042-2018-089	600.101.10	Security Equipment for 5 buses	STATE PTMISEA	\$ 10,741		\$ 10,741	\$ 10,741	
29	270-9015-2015-008	600.34.10	Support Vehicles	FTA	\$ 41,324		\$ 41,324	\$ 41,324	
30	270-9061-2017-008	600.34.10/50	Support Vehicles	FTA	\$ 140,000		\$ 140,000	\$ 140,000	
31	270-9042-2012-008	600.34.20	Support Vehicles	STATE PTMISEA	\$ 91,071		\$ 91,071	\$ 91,071	
32	270-9063-2018-002	600.20.10/20	Tire Lease	FTA	\$ 1,419		\$ 1,419	\$ 1,419	
33	270-9061-2017-006	600.20.10/20	Tire Lease	FTA	\$ 77,863		\$ 77,863	\$ 77,863	
34	600-90-915	600.20.40	Tire Lease	OPERATING RESERVE		\$ 160,718	\$ 160,718	\$ 160,718	
35	600-90-931	600.80.20	Transit Outlet & Amenities	OPERATING RESERVE		\$ 60,000	\$ 60,000	\$ 60,000	
36	270-9061-2017-083	600.98.10/20	Universal Fare System	FTA	\$ 2,028,122		\$ 2,028,122	\$ 1,000,000	\$ 1,028,122
37	270-9061-2017-083	600.35.40	Universal Fare System	LACMTA	\$ 689,401		\$ 689,401	\$ 689,401	
38	270-9050-2015-012	600.52.20	Vehicle Maintenance Software	FTA	\$ 99,071		\$ 99,071	\$ 99,071	
				GRAND TOTAL	\$ 10,775,968	\$ 12,738,417	\$ 23,514,385	\$ 6,967,760	\$ 16,546,625

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: Fernando Pelaez, Fire Chief

SUBJECT: Approval of a Land Lease Agreement with the City of El Monte

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

1. Approve a Land Lease Agreement between the City and the City of El Monte for a certain designated space on the City's tower located at the Prime/Reservoir Radio Site at 1343 North Montebello Boulevard.
2. Authorize the City Manager to execute the Land Lease Agreement.

BACKGROUND

In the early 1990's, the Montebello Fire Department's Communications Division began building a radio system to provide enhanced radio coverage for the Montebello Police and Fire Departments. This system had a relatively small coverage map. At that time, it was largely just the City of Montebello and the immediate surrounding areas. Over the next 10 years, the radio system expanded with towers in Whittier and Monterey Park, in an attempt to provide a wider coverage map and better service in that coverage area. In 2003, the Montebello Fire Department joined its system with seven other cities to create the Joint Powers Agreement (JPA), which is now referred to as Interagency Communications Interoperability (ICI) System. This system of radio towers and infrastructure allows the uninterrupted use of radios throughout the entire County of Los Angeles, and beyond.

In August 2019, the City of Montebello's Fire Department and the City of El Monte Police Department met with the intention of migrating the El Monte Police Department onto the ICI System, in order to provide better coverage for the police officers in the City of El Monte. One of the components necessary for the El Monte Police Department to connect their dispatch consoles to the ICI System is to install a microwave on the tower, located at the Montebello Fire Department Communications Divisions' Prime/Reservoir Radio Site, located at 1343 North Montebello Boulevard, Montebello.

Land Lease Agreement

The contemplated Land Lease Agreement concerns the location commonly referred to as the Prime/Reservoir Radio Site, located at 1343 North Montebello Boulevard, Montebello, which would provide the City of El Monte Police Department with radio system access to the Montebello Radio Site. This land lease agreement would allow the City of El Monte Police Department to place a microwave on the tower.

ANALYSIS

The Montebello Radio Site was chosen after being analyzed by the Montebello Fire Department-Communications Divisions' contractor and the City of El Monte Police Departments' contractor to determine the most advantages route for the radio system.

The attached Land Lease Agreement has been reviewed by the Office of the City Attorney. The City of El Monte is presenting the same agreement to their City Council for approval.

FISCAL IMPACT

There is no negative fiscal impact related to the contemplated agreement.

However, there is a future fiscal impact of a positive net gain to the City of Montebello, once the City of El Monte Police Department becomes operational on the ICI System, likely in 2020. A revenue account has been created by the Finance Department, and all revenues will be deposited to the said account, to maintain proper tracking. The annual revenue generation from the ICI System Subscriber Agreement is expected to be about \$75,000.00, per year, in a ten year agreement.

SUMMARY

That the City Council authorize the City Manager to execute the Land Lease Agreement between the City of Montebello and the City of El Monte.

ATTACHMENTS

Land Lease Agreement

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF MONTEBELLO
AUTHORIZING THE APPROPRIATION OF FUNDS FOR TIRE LEASE AND
TRANSIT OUTLET & AMENITIES PROJECTS
THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES RESOLVE AS
FOLLOWS:**

SECTION 1. That the Director of Finance is hereby authorized to make the following appropriation:

FROM		TO	
<u>Account Number</u>	<u>Amount</u>	<u>Account Number</u>	<u>Amount</u>
600-2900	\$160,718	600-90-915-6040.10	\$160,718
		600.20.40	
(Unassigned Fund Balance)		(Tire Lease)	
600-2900	\$60,000	600-90-931-6040.10	\$60,000
		600.80.20	
(Unassigned Fund Balance)		(Transit Outlet & Amenities)	

SECTION 2. That the City Clerk shall certify to the adoption of the Resolution, which shall become effective immediately upon approval.

APPROVED AND ADOPTED THIS 13th DAY OF NOVEMBER, 2019.

Jack Hadjinian, Mayor Pro Tem

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

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

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: Robert Mescher, Director of Finance

SUBJECT: Approval of the Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) Issuance

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt a Resolution approving and authorizing the issuance of the Lease Revenue Refunding Bonds 2019 Series A (Hilton Garden Inn Project) by the Montebello Public Financing Authority; authorizing and approving a Site and Facilities Lease, a Lease Agreement, a Preliminary Official Statement, a Final Official Statement, a Continuing Disclosure Agreement and a Bond Purchase Agreement; authorizing certain other actions in connection therewith.

It is recommended that the Authority Board:

- 2) Adopt a Resolution approving and authorizing the issuance of Lease Revenue Refunding Bonds 2019 Series A (Hilton Garden Inn Project), a Site and Facilities Lease, a Lease Agreement, Assignment Agreement, an Indenture, a Preliminary Official Statement, a Final Official Statement, a Bond Purchase Agreement and an Escrow Agreement; and authorizing certain other actions in connection therewith

BACKGROUND

The Authority issued the 2015 Fixed Rate Conversion of the Series 2004A Lease Revenue Bonds (the “2004A Bonds”) in March 2015. The 2004A Bonds were originally issued in September 2004 as variable rate bonds to finance the construction of the current Hilton Garden Inn.

The 2004A Bonds are currently outstanding in the amount of \$10.27 million and the average interest rate is 4.7%. While the 2004A Bonds’ final maturity is December 1, 2033, all 2004A Bonds are currently eligible to be prepaid in full at no prepayment penalty. The

2004A Bonds are secured by the Hilton Garden Inn Project Net Revenues, mostly consisting of hotel room revenue, certain transient occupancy taxes and land use tariffs less the Hotel's operating and maintenance costs. If Project Net Revenues are insufficient to make debt service payments, the City's General Fund is pledged in the form of base rental lease payments to cover any shortfall. In addition, debt service payments on the 2004A Bonds can be advanced on the City's behalf from funds held in the Successor Agency's Redevelopment Property Tax Trust Fund.

Hotel Adventures LLC ("HALLC") is the operator/manager and Hilton franchisee for the Hilton Garden Inn. Under the Hotel Management Agreement between the City and HALLC, HALLC is the designated and appointed manager, as the City's agent, with the authority to manage, operate and maintain the Hilton Garden Inn facilities.

ANALYSIS

In order to generate savings from the current interest rate environment, the Authority is recommended to issue the 2019A Lease Revenue Refunding Bonds at lower interest rates than the 2004A Bonds. Projected net present savings are expected to be approximately \$1.5 million with the majority of cash flow savings realized in FY 2021 and FY 2022. City Staff anticipates HALLC will offset a portion of future hotel room renovation costs with the cash flow savings. It is worth noting that while the 2019 Bonds are expected to generate substantial refunding savings, the debt service payment advance agreement applicable to the 2004A Bonds would not be transferred to the 2019A Bonds. City Staff and Hilltop Securities determined that the absence of the advance agreement will not have an effect on the 2019A Bonds pricing or marketability, nor materially affect the City's General Fund.

In accordance with Government Code 5852.1, the following information consists of estimates of certain costs and charges for the Bonds that have been provided by the City's municipal advisor, which has been represented by such party to have been provided in good faith: (1) estimated true interest costs of the Bonds: 2.75%; (2) estimated finance charge of the Bonds (sum of all fees and charges paid to third parties): \$345,000; (3) estimated amount of proceeds of the Bonds received by the City (net of finance charges, reserves and capitalized interest, if any): \$10,295,000; and (4) estimated total payment amount (sum total of all payments to pay debt service on the Bonds plus the finance charge not paid with proceeds of the Bonds) calculated to the final maturity of the Bonds: \$13,022,238.

On November 6, 2019, City Staff presented the 2019 Bonds transaction to S&P Global Inc. to procure a bond credit rating. Subsequent to City Council approval of the proposed 2019 Bonds issuance, the City will receive an updated credit rating and post the 2019 Bonds preliminary official statement the week of November 18, 2019. The preliminary official statement will be used to market the bonds to potential investors. The proposed 2019 Bonds sale is expected to occur the week of December 4, 2019 with the bond closing anticipated for the third week of December 2019.

FISCAL IMPACT

There is no direct fiscal impact on the General Fund. All bond-related costs will be paid from bond proceeds. Including the expected costs of issuance, projected net present value savings of the 2019A Bonds is approximately \$1.5 million as of November 2019 market conditions.

SUMMARY

The current interest rate environment provides an opportunity for the City to refinance/refund the 2004A Bonds for substantial refunding savings. The proposed 2019A Bonds are secured by a combination of revenue sources generated by the Hilton Garden Inn and the City. Projected savings will help offset expected hotel room renovation costs at the Hilton Garden Inn.

Attachments:

- 1) City Resolution
- 2) Authority Resolution
- 3) Form of Site and Facilities Lease
- 4) Form of Lease Agreement
- 5) Form of Assignment Agreement
- 6) Form of Indenture
- 7) Form of Preliminary Official Statement
- 8) Form of Continuing Disclosure Agreement
- 9) Form of Bond Purchase Agreement
- 10) Form of Escrow Agreement

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, APPROVING THE ISSUANCE OF LEASE REVENUE REFUNDING BONDS 2019 SERIES A (HILTON GARDEN INN PROJECT) BY THE CITY OF MONTEBELLO PUBLIC FINANCING AUTHORITY; AUTHORIZING AND APPROVING A SITE AND FACILITY LEASE, A LEASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, A FINAL OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND A BOND PURCHASE AGREEMENT; APPROVING FINANCING TEAM MEMBERS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Montebello, California (the “City”) and the former Community Redevelopment Agency of the City of Montebello (the “Former Redevelopment Agency”) formed the Montebello Public Financing Authority (the “Authority”) pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and, a Joint Exercise of Powers Agreement, dated September 2, 1997 (the “JPA Agreement”), for the purpose, among others, of issuing bonds to be used to provide financial assistance to the Authority’s members; and

WHEREAS, with the dissolution of the Former Redevelopment Agency in February 2012, the Successor Agency to the dissolved Montebello Redevelopment Agency (the “Successor Agency”) replaced the Former Redevelopment Agency as a member of the Authority by operation of law; and

WHEREAS, in July 2014, the Parking Authority of the City of Montebello replaced the Successor Agency to the Former Redevelopment Agency as a member of the Authority; and

WHEREAS, the City desires to refinance a hotel project within the City (the “Project”); and

WHEREAS, the City has requested that the Authority issue its Lease Revenue Refunding Bonds 2019 Series A (the “Bonds”) for the purpose of refunding the outstanding Montebello Public Financing Authority Lease Revenue Bonds, Hilton Garden Inn Project of the City in an amount not to exceed \$12,000,000; and

WHEREAS, the Bonds are to be issued pursuant to an Indenture (the “Indenture”), by and between the Authority and a trustee, and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”); and

WHEREAS, it is proposed that the Bonds be sold on a negotiated basis in accordance with the terms and provisions of a bond purchase agreement among the Authority, the City and Cabrera Capital Markets, LLC, as underwriter for the Bonds (the “Bond Purchase Agreement”), the proposed form of which is on file with the City Clerk of the City; and

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 and interest and premium (if any) thereon, the Authority and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, there have been presented at this meeting the proposed forms of the following documents:

- a) the Site and Facility Lease;
- b) the Lease Agreement;
- c) the Preliminary Official Statement;
- d) the Continuing Disclosure Agreement; and
- e) the Bond Purchase Agreement;

WHEREAS, the City Council has reviewed the above-referenced documentation related to the issuance of the Bonds, which documentation is on file with the City Clerk of the City of Montebello;

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

Section 1. Approval of Recitals. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Bonds. The City hereby approves the issuance by the Authority of the Bonds. The Bonds are hereby approved to refinance the Montebello Hilton Garden Inn Hotel Project.

Section 3. Approval of Site and Facility Lease. The Site and Facility Lease, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any one of the Mayor, the Vice Mayor in the Mayor’s absence, the City Manager of the City or their respective designees (each, an “Authorized Officer”), is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Site Lease, with such revisions, amendments and completions as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 4. Approval of the Lease. The Lease, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized to execute the Lease in substantially the form on file, with such revisions, amendments and completions as shall be approved by the Authorized Officer, such approval to be conclusively evidenced by the by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 5. Approval of the Preliminary Official Statement and the Official Statement. The Preliminary Official Statement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved with such revisions, amendments and completions as may be approved by an Authorized Officer, in order to make the Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by the Rule. Any one of the Authorized Officers is authorized to execute a certificate relating to the finality of the Preliminary Official Statement under the Rule. An Authorized Officer is authorized and directed to execute and deliver the final Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by the Authorized Officer executing the same, such approval by the execution and delivery thereof.

Section 6. Approval of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any Authorized Officer is hereby authorized to execute the Continuing Disclosure Agreement in substantially the form on file, with such revisions, amendments and completions as shall be approved by the Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof, and the City Clerk is hereby authorized to attest to such execution.

Section 7. Approval of Bond Purchase Agreement. The City hereby authorizes and directs that the Bonds be sold on a negotiated basis to Cabrera Capital Markets, LLC. Any Authorized Officer is hereby authorized to undertake all appropriate steps to implement the sale of the Bonds. The total principal amount of the Bonds shall not exceed \$12,000,000, the true interest cost of the Bonds shall not exceed 3.25% and the Underwriter's discount or fee (excluding any original issue discount) shall not exceed 1.00% of the original principal amount of the Bonds. The Bonds Purchase Agreement, in substantially the form on file with the City Clerk of the City and presented to the City Council at this meeting, is hereby approved. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Agreement, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery.

Section 8. Approval of Financing and Other Professionals. The City hereby approves Hilltop Securities, Inc., as Municipal Advisor to the City, the law firm of Norton Rose Fulbright US LLP, as Bond Counsel, Quint & Thimmig, as Disclosure Counsel, Cabrera Capital Markets, LLC. as Underwriters, and The Bank of New York Mellon Trust Company, N.A., as Trustee, each in accordance with separate services agreements on file with the City. The City Manager is hereby authorized and directed to execute services agreements with these financing team

members. In addition, the City Manager is hereby authorized and directed to execute agreements with the following firms or companies with respect to the Project:

Section 9. Official Actions. Each Authorized Officer, the City Clerk and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all other actions, including the publication of any notices necessary or desirable in connection with the sale of the Bonds, procurement of municipal bond insurance and/or a reserve surety, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, terminations, warrants and other documents, which they, or any of them, deem necessary or advisable to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 10. Ratification. All actions heretofore taken by any Authorized Officer or any officer, employee or agent of the City with respect to the issuance, delivery and sale of the Bonds or in connection with or related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

Section 11. Effective Date. This Resolution shall become effective immediately upon adoption.

Section 12. Certification. The City Clerk shall certify to the adoption of this Resolution and henceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by a Deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder.

PASSED and ADOPTED this 13th day of November 2019, by the following vote:

ATTEST:

APPROVED:

City Clerk

Mayor

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Irma-Bernal Barajas, City Clerk of the City of Montebello, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the City Council held on the 13th day of November 2019, by the following vote to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

CITY CLERK

RESOLUTION NO. ____

**RESOLUTION OF THE MONTEBELLO PUBLIC FINANCING
AUTHORITY APPROVING THE ISSUANCE OF LEASE REVENUE
REFUNDING BONDS 2019 SERIES A, IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$12,000,000, APPROVING A SITE AND
FACILITY LEASE, A LEASE AGREEMENT, AN ASSIGNMENT
AGREEMENT, AN INDENTURE, A PRELIMINARY OFFICIAL
STATEMENT, A FINAL OFFICIAL STATEMENT, A BOND PURCHASE
AGREEMENT AND AN ESCROW AGREEMENT; AND AUTHORIZING
CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City of Montebello, California (the “City”) and the former Community Redevelopment Agency of the City of Montebello (the “Former Redevelopment Agency”) formed the Montebello Public Financing Authority (the “Authority”) pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and, a Joint Exercise of Powers Agreement, dated September 2, 1997 (the “JPA Agreement”), for the purpose, among others, of issuing bonds to be used to provide financial assistance to the Authority’s members; and

WHEREAS, with the dissolution of the Former Redevelopment Agency in February 2012, the Successor Agency to the dissolved Montebello Redevelopment Agency (the “Successor Agency”) replaced the Former Redevelopment Agency as a member of the Authority by operation of law; and

WHEREAS, in July 2014, the Parking Authority of the City of Montebello replaced the Successor Agency to the Former Redevelopment Agency as a member of the Authority; and

WHEREAS, the City has requested that the Authority issue its Lease Revenue Refunding Bonds 2019 Series A (the “Bonds”); and

WHEREAS, the Bonds are to be issued pursuant an Indenture (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, and pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”), constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

WHEREAS, it has been proposed that the Bonds be sold to Cabrera Capital Markets, LLC on a negotiated basis in accordance with the terms and provisions of the Bond Purchase Agreement for the Bonds, in the proposed form presented to this Board; and

WHEREAS, it is proposed that the City and the Authority enter into a Site and Facility Lease (the “Site Lease”) pursuant to which the City will lease property located at 1000 Via San Clemente, or such other property of the City as an Authorized Officer (defined hereafter) shall designate (the “Leased Property”) to the Authority; and

WHEREAS, it is proposed that the City and the Authority enter into a Lease Agreement (the “Lease Agreement”) pursuant to which City will lease back the Leased Property from the Authority, the form of which is on file with the Secretary of the Authority; and

WHEREAS, there have also been presented to this meeting the proposed forms of the following documents:

- (a) the Site and Facility Lease;
- (b) the Lease Agreement;
- (c) the Assignment Agreement;
- (d) the Indenture;
- (e) the Bond Purchase Agreement;
- (f) the Preliminary Official Statement; and
- (g) the Escrow Agreement;

WHEREAS, the Authority has reviewed the documentation related to the issuance of the Bonds which documentation is on file with the secretary of the Authority;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MONTEBELLO PUBLIC FINANCING AUTHORITY HEREBY DETERMINES, FINDS, AND RESOLVES AS FOLLOWS:

SECTION 1. Approval of Recitals. The Authority hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. Approval of the Issuance of the Bonds. The Board of Directors of the Authority (the “Board”) hereby approves the issuance of the Bonds, which issuance is hereby approved in the aggregate principal amount not to exceed \$12,000,000, with respect to the Bonds for the purpose of refinancing the construction and development of a hotel project.

SECTION 3. Approval of the Site and Facility Lease. The Board hereby approves the Site Lease in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any one of the Chairman, Vice Chairman, Executive Director, Treasurer, and any one of their respective designees (each, an “Authorized Officer”) are hereby authorized to execute the Site Lease in substantially the form on file, with such revisions, amendments and completions as shall be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Approval of the Lease Agreement. The Board hereby approves the Lease Agreement in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any Authorized Officer is hereby authorized to execute the Lease Agreement in substantially the form on file, with such revisions, amendments and completions as

shall be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of the Assignment Agreement. The Board hereby approves the Assignment Agreement in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any Authorized Officer is hereby authorized to execute the Assignment Agreement in substantially the form on file, with such revisions, amendments and completions as shall be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 6. Approval of the Indenture. The Board hereby approves the Indenture in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any Authorized Officer is hereby authorized to execute the Indenture in substantially the form on file, with such revisions, amendments and completions, as shall be approved by an Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 7. Approval of the Bond Purchase Agreement. The Authority hereby authorizes and directs that the Bonds be sold on a negotiated basis to Cabrera Capital Markets, LLC. The City Manager and Treasurer are hereby authorized to undertake all appropriate steps to implement the sale of the Bonds. The total principal amount of Bonds shall not exceed \$12,000,000, the true interest cost of the Bonds shall not exceed 3.25% and the Underwriter's discount or fee (excluding any original issue discount) shall not exceed 1.00% of the original principal amount of the Bonds. The Bond Purchase Agreement, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting, is hereby approved. Any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement, with such insertions and changes as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 8. Approval of the Preliminary Official Statement and Official Statement. The Board hereby approves the Preliminary Official Statement, in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting, with such revisions, amendments and completions as shall be approved by an Authorized Officer, in order to make the Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations ("Rule 15c2-12"), and any certificate relating to the finality of the Preliminary Official Statement under Rule 15c2-12. An Authorized Officer is hereby authorized and directed to execute and deliver the final Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by an Authorized Officer executing the same, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 9. Approval of the Escrow Agreement. The Board hereby approves the Escrow Agreement in substantially the form on file with the Secretary of the Authority and presented to the Board at this meeting. Any Authorized Officer is hereby authorized to execute the Escrow Agreement in substantially the form on file, with such revisions, amendments and

completions, as shall be approved by an Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 10. Official Actions. The Authorized Officers, the Secretary, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including the publication of any notices necessary or desirable in connection with the sale of the Bonds, procurement of a municipal bond insurance policy, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, deem necessary or advisable to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

SECTION 11. Ratification. All actions heretofore taken by any Responsible Officer or any officer, employee or agent of the Authority with respect to the issuance, delivery and sale of the Bonds or in connection with or related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

SECTION 12. Effective Date. This Resolution shall become effective immediately upon adoption.

SECTION 13. Certification. The Secretary shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this Resolution may be performed by a Deputy Secretary with the same force and effect as if performed by the Secretary hereunder.

PASSED AND ADOPTED by the Board of the Montebello Public Financing Authority,
at a regular meeting held on the 13th day of November 2019.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

Chairman

ATTEST

Secretary

APPROVED AS TO FORM

Arnold M. Alvarez-Glasman
City Attorney

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Irma-Bernal Barajas, Secretary of the Montebello Public Financing Authority, DO
HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the
Board held on the 13th day of November 2019, by the following vote to wit:

AYES:

NOES:

ABSENT:

SECRETARY

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NORTON ROSE FULBRIGHT US LLP
555 South Flower Street, 41st Floor
Los Angeles, California 90071
Attention: Don Hunt, Esq.

=====

SITE AND FACILITIES LEASE

by and between the

CITY OF MONTEBELLO

and

MONTEBELLO PUBLIC FINANCING AUTHORITY

\$ _____
Montebello Public Financing Authority
Lease Revenue Refunding Bonds, 2019 Series A
(Hilton Garden Inn Project)

Dated as of December 1, 2019

=====

This transaction is exempt from California documentary transfer tax pursuant to Section 11929 of the California Revenue and Taxation Code. This Document is recorded for the benefit of the Montebello Public Financing Authority and such recording fee is exempt under Section 6103 of the California Government Code.

SITE AND FACILITIES LEASE

THIS SITE AND FACILITIES LEASE, dated as of December 1, 2019 (the “Site Lease”), is by and between the CITY OF MONTEBELLO, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the “City”), as lessor, and the MONTEBELLO PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency organized and existing under the laws of the State of California (the “Authority”), as lessee;

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized pursuant to the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”); and

WHEREAS, the Authority is authorized under the Marks-Roos Local Bond Pooling Act of 1985 (commencing with section 6584 of the Act) to incur indebtedness to finance public capital improvements (as such term is defined in the Act) and to lease and lease back such public capital improvements to its members and to others; and

WHEREAS, the Authority has determined to issue its Lease Revenue Refunding Bonds, 2019 Series A (Montebello Hotel Project) (the “Bonds”) for the purpose of refinancing the outstanding bonds; and

WHEREAS, the Authority, concurrently with the execution of this Site Lease, will lease the Leased Property back to the City pursuant to a Lease Agreement, dated as of December 1, 2019 (the “Lease”) in consideration for Base Rental payments equal to the principal and interest coming due on the Bonds; and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Site Lease;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. Site and Facilities Lease. The City hereby leases the Leased Property to the Authority and the Authority hereby leases the Leased Property from the City, on the terms and conditions hereinafter set forth, consisting of those certain parcels of real property situated in Los Angeles County, State of California, and described in Exhibit A hereto.

SECTION 2. Term. The term of this Site Lease shall commence on _____ 1, 2019, or the date on which this Site Lease is recorded and shall end on _____ 1, _____, unless such term is extended or sooner terminated as hereinafter provided. If, on June 1, _____, the Indenture shall not be discharged by its terms or if the rental payable under the Lease shall have been abated at any time and for any reason, then the term of this Site Lease shall be extended until ten (10) days after the Indenture shall have been discharged.

SECTION 3. Rental. The City will acknowledge receipt from the Authority as and for rental hereunder of the net proceeds of the Bonds in the amount of \$_____.

SECTION 4. Purpose. The Authority shall use the Leased Property solely for the purpose of acquiring leasehold title to the Leased Property and leasing the Leased Property to the City pursuant to the Lease and for such purposes as may be incidental thereto; provided, however, that in the event of default by the City under the Lease the Authority and its assigns may exercise the remedies provided in the Lease.

SECTION 5. Assignment and Subleases. The Authority may not assign its rights under this Site Lease or sublet the Leased Property, except as provided in the Lease, without the written consent of the City.

SECTION 6. Right of Entry. The City reserves the right to direct any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 7. Termination. The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and the Authority and the City agree that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this Site Lease shall remain thereon and title thereto shall be vested in the City. Provided that no Bonds remain outstanding, this Site Lease shall terminate upon termination of the Lease Agreement.

SECTION 8. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof; *provided, however*, that the Base Rental (as defined in the Lease) shall continue to be paid to the Trustee.

SECTION 9. Quiet Enjoyment. The Authority at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Property subject to the provisions of the Lease.

SECTION 10. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Authority are solely liabilities of the Authority, and the City hereby releases each and every member, director, officer, employee and agent of the Authority from any personal or individual liability under this Site Lease. No member director, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Authority hereunder.

SECTION 11. 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 Leased Property (including both land and improvements) and not paid by the City pursuant to the Lease.

SECTION 12. Eminent Domain. In the event the whole or any part of the Leased Property is taken by eminent domain proceedings, the interest of the Authority hereunder shall be recognized and is hereby determined to be the amount of the then unpaid principal of and interest on any then outstanding Bonds and all other obligations related to or in connection therewith, subject to the provisions of, and as described and provided in, the Lease, and the balance of the award, if any, shall be paid to the Authority and the City as their interests shall appear.

SECTION 13. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 14. 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 Site Lease.

SECTION 15. Execution. This Site Lease 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.

SECTION 16. Third Party Beneficiary. The Trustee is hereby designated a third party beneficiary hereunder for the purpose of enforcing any of the rights hereunder assigned to the Trustee under the Indenture.

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

CITY OF MONTEBELLO, as Lessor

By: _____
Mayor

MONTEBELLO PUBLIC FINANCING
AUTHORITY, as Lessee

By: _____
Executive Director

By: _____
Secretary

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

[Seal]

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

[Seal]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NORTON ROSE FULBRIGHT US LLP
555 South Flower Street, 41st Floor
Los Angeles, California 90071
Attention: Don Hunt, Esq.

LEASE AGREEMENT

by and between the

MONTEBELLO PUBLIC FINANCING AUTHORITY

and the

CITY OF MONTEBELLO

Relating to

\$ _____
Montebello Public Financing Authority
Lease Revenue Refunding Bonds, 2019 Series A
(Hilton Garden Inn Project)

Dated as of December 1, 2019

This transaction is exempt from California documentary transfer tax pursuant to Section 11929 of the California Revenue and Taxation Code. This Document is recorded for the benefit of the Montebello Public Financing Authority and such recording fee is exempt under Section 6103 of the California Government Code.

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LEASE AGREEMENT

This Lease Agreement (the “Lease”), is dated as of December 1, 2019, by and between the Montebello Public Financing Authority, a joint powers authority, duly created and validly existing under the Constitution and laws of the State of California (the “Authority”), as lessor, and the City of Montebello, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the “City”), as lessee;

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized pursuant to the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”); and

WHEREAS, the Authority is authorized under the Marks-Roos Local Bond Pooling Act of 1985 (commencing with section 6584 of the Act) to incur indebtedness to finance public capital improvements (as such term is defined in the Act) and to lease and lease back such public capital improvements to its members and to others; and

WHEREAS, the Authority has determined to issue its Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) (the “Bonds”) for the purpose of refinancing the Project; and

WHEREAS, in connection with the issuance of the \$15,830,000 Revenue Bonds, Series 2001A (Montebello Hotel Project) (the “Prior Bonds”) for the purpose of assisting the City in financing the acquisition, construction and equipping of a hotel facility known as the Hilton Garden Inn Montebello (the “Project”) located adjacent to the Montebello Country Club and the Quiet Cannon Banquet and Conference Center (the “Quiet Cannon”); and

WHEREAS, in connection with the issuance of the Prior Bonds the Authority and the City entered into a Site and Facility Lease dated as of November 1, 2001 (the “2001 Site and Facility Lease”), recorded as document number 01-2253098 in the records of the Country Recorder of the County of Los Angeles, pursuant to which the City leased the Leased Property back from the Authority; and

WHEREAS, the Authority, in consideration for Base Rental payments equal to the principal and interest coming due on the Bonds, concurrently with the execution of the Site and Facilities Lease, will enter into this Lease Agreement, dated as of December 1, 2019 (the “Lease”); and

WHEREAS, to secure payment of principal of, premium, if any, and interest on the 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 this Lease, including the right to receive the Base Rental payments; 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 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.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY 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 hereof and of any amendment hereof 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. All other capitalized terms used herein without definition shall have the meanings as set forth in the Indenture.

Additional Rental

“Additional Rental” means all amounts payable by the City pursuant to Section 5.01(b).

Authority

“Authority” means the Montebello Public Financing Authority, a joint powers authority duly created and lawfully existing under the Constitution and laws of the State.

Base Rental

“Base Rental” means all amounts payable by the City as Base Rental pursuant to Section 5.01(a), including Minimum Base Rental.

City

“City” means the City of Montebello, a municipal corporation duly organized and existing under the Constitution and laws of the State.

Completion Date

“Completion Date” means the date the Project was completed and placed in service, as evidenced by a City Certificate.

Facilities Manager

“Facilities Manager” means Hotel Adventures, LLC, its successors and assigns.

Facilities Management Fee

“Facilities Management Fee” means the fees payable to the Facilities Manager pursuant to the Hotel Management Agreement.

Hazardous Substances

“Hazardous Substances” means any substances, wastes, pollutants or contaminants now or hereafter included in such (or any similar) term under any federal, state or local statute, regulation, ordinance or code now existing or hereafter enacted or amended.

Hotel Management Agreement

“Hotel Management Agreement” means the agreement by that name, dated as of November 1, 2001, by and between the City and the Facilities Manager, or any similar agreement between the City and any Facilities Manager.

Indenture

“Indenture” means that certain Indenture, dated as of December 1, 2019, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

Insurance Consultant

“Insurance Consultant” means an individual or firm employed by the City as an independent insurance consultant, experienced in the field of risk management.

Lease

“Lease” means this Amended and Restated Lease Agreement, dated as of December 1 2019, by and between the City and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Lease Payment Date

“Lease Payment Date” has the meaning ascribed thereto in Section 5.01.

Leased Property

“Leased Property” means the Project and the underlying land described in Exhibit A hereto.

Management Consultant

“Management Consultant” means an independent consultant experienced in the field of hotel management.

Net Proceeds

“Net Proceeds” means any insurance proceeds or condemnation award paid with respect to the Leased Property remaining after payment therefrom of all expenses incurred in the collection thereof.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the City.

Permitted Encumbrances

“Permitted Encumbrances” when used with reference to the Leased Property means as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to Section 6.02 hereof, permit to remain unpaid; (ii) the Lease and the Site and Facilities Lease; (iii) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law after the date of the Lease; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist of record as of the date of initial issuance of the Bonds and that the City certifies in a written Certificate will not materially impair the use of the Leased Property by the City; and (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease and to which the Authority and the City consent in writing.

Project

“Project” means the Hilton Garden Inn Hotel Project located at 801 Via San Clemente, Montebello, California 90640.

Project Gross Revenues

“Project Gross Revenues” means all revenues, income, receipts and money received by the City or by the Facilities Manager in connection with, or related to, the ownership and operation of the Project, including, but not limited to, (i) gross proceeds received from room charges and all other services including, but not limited to, telephone, fax, telecommunications, internet access, in-room movies or other televised programming charges, valet, and laundry services; (ii) gross proceeds received from the sale of merchandise of any type whatsoever; and (iii) all investment earnings from investment of any such revenues, income, receipts and money related to the City’s ownership of the Project. Project Gross Revenues excludes Minimum Base Rental and Special Tax Revenues.

Project Net Revenues

“Project Net Revenues” means, with respect to any period, the amount of Project Gross Revenues received during such period less the amount of Project Operating Expenses becoming payable during such period.

Project Operating Expenses

“Project Operating Expenses” means, for any specified period, the sum of expenses of the Project as shown on its “Statement of Revenues and Expenses” (or equivalent financial statement) as its operating expenses (or equivalent items of expense) including extraordinary and nonrecurring items but excluding interest expense and depreciation and amortization, all as determined in accordance with generally accepted accounting principles.

Special Tax Revenues

“Special Tax Revenues” means revenues resulting from the levy and collection of the Transient Occupancy Tax upon the Project, as such tax is so defined and levied by the City pursuant to Ordinance No. 1094 of the City, passed and approved by the City pursuant to Ordinance No. 1094 of the City, passed and approved by the City Council on October 15, 1964 (as the same may be amended from time to time).

Trustee

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association existing under and by virtue of the laws of the United States, the trustee acting in its capacity as such under the Indenture, or any successor as therein provided.

ARTICLE II THE LEASED PROPERTY; CONSTRUCTION OF THE PROJECT; FACILITIES MANAGER

SECTION 2.01. Lease of the Leased Property. The Authority hereby leases to the City, and the City hereby rents and hires from the Authority, the Leased Property on the conditions and terms hereinafter set forth. The City hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Leased Property for public purposes so as to afford the public the benefits contemplated hereby and to permit the Authority to carry out its agreements and covenants contained herein and in the Indenture, and the City hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Leased Property.

SECTION 2.02. Quiet Enjoyment. The parties mutually covenant that the City, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

SECTION 2.03. Right of Entry and Inspection. The Authority shall have the right to enter the Leased Property and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations hereunder and for all other lawful purposes.

SECTION 2.04. Prohibition Against Encumbrance or Sale. The City and the Authority will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, except Permitted Encumbrances. The City and the Authority will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property.

SECTION 2.05. Liens. In the event the City shall at any time during the term hereof cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the City shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens (except for Permitted Encumbrances) against the Leased Property or the Authority's interest therein. In the event any such lien attaches to the Leased Property, the City shall cause 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. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City shall forthwith pay and discharge or cause to be paid and discharged such judgment. The City shall, to the maximum extent permitted by law, indemnify and hold the Authority, the Trustee and their respective directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

SECTION 2.06. No Release, Substitution or Removal of Leased Property. No release, substitution or removal of Leased Property shall take place hereunder.

SECTION 2.07. Changes to the Leased Property. Subject to Sections 2.04, 2.05 and 4.02, the City shall, at its own expense, have the right to remodel the Leased Property or to make additions, modifications and improvements to the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

SECTION 2.08. Title to the Leased Property. During the term of this Lease, the City shall have a leasehold interest in the Leased Property, and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures,

repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Leased Property.

Upon the termination or expiration of this Lease (other than as provided in Section 7.01 and 10.01) and the Site Lease, all right, title and interest in and to the Leased 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 2.09. Acquisition of Additional Property. The City covenants to use its best effort to acquire such additional real property as may be necessary or appropriate for the operation of the Leased Property, and, by executing appropriate amendments, to lease such property to the Authority pursuant to an appropriate ground lease and to sublease such property from the Authority pursuant to this Lease.

SECTION 2.10. RESERVED. .

SECTION 2.11. Facilities Manager.

(a) Pursuant to the Hotel Management Agreement, the City has appointed Hotel Adventures, LLC as the Facilities Manager for the purpose of managing the operation of the Project on behalf of the City, upon the terms and conditions set forth in the Hotel Management Agreement. The City agrees that it will use its best efforts to maintain at all times a Facilities Manager qualified to undertake the duties of such entity set forth in the Hotel Management Agreement.

(b) Any successor Facilities Manager shall be an entity (i) enjoying a favorable reputation in the hotel industry, (ii) with expertise in managing the operations and maintenance of facilities similar in size and character to the Project; provided that if no entity with such qualifications is available, the City may select another entity as Facilities Manager. Any Hotel Management Agreement entered into with any successor to the initial Facilities Manager shall contain substantially the same terms and conditions (or terms at least as favorable to the City) as the Hotel Management Agreement in effect at the time of the issuance of the Bonds.

(c) The City may terminate any Hotel Management Agreement in accordance with its terms, provided that the City shall use its best efforts to appoint a successor Facilities Manager immediately upon such termination.

ARTICLE III TERM OF THE LEASE

SECTION 3.01. Commencement of the Lease. The term hereof shall commence on _____ 1, 2019 and shall end on December 1, 2034, unless such term is sooner terminated or is extended as hereinafter provided.

If on December 1, 2034, the Indenture shall not be discharged by its terms or if the rental payable hereunder shall have been abated at any time and for any reason then the term of this

Lease shall be extended until ten (10) days after all Bonds shall be fully paid. If prior to December 1, 2034, the Indenture shall be discharged by its terms, the term of this Lease shall thereupon end.

SECTION 3.02. Termination of the Lease. This Lease will terminate upon the earlier of either of the following events:

(a) a default by the City and the Authority's election to terminate this Lease under Article X; or

(b) the payment by the City of all Base Rental payments, Additional Rental and all other amounts authorized or required to be paid by it hereunder.

ARTICLE IV USE OF PROCEEDS; POSSESSION OF THE LEASED PROPERTY; COVENANTS

SECTION 4.01. Use of Proceeds. The parties hereto acknowledge and agree that the proceeds of the Bonds will be used to (i) finance the Project; and (ii) pay the Costs of Issuance.

SECTION 4.02. Possession of the Leased Property. The City currently has possession of the Leased Property under the terms and provisions of this Lease.

SECTION 4.03. Covenants of the City. [Subject to Tax Review]

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Computation Period" means, initially, that period commencing on the date of issuance of the Bonds and concluding on the initial Computation Date and, thereafter, each period commencing on the day next following a Computation Date and concluding on the immediately succeeding Computation Date.

"Gross Proceeds" means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nongovernmental Output Property" means any property (or interest therein) that prior to its acquisition by the City was used by (or manufactured for or to the order of or held for the use by) any Nongovernmental Person (whether actually so used or not) in connection with any electric and gas generation, transmission, distribution, or related facilities.

“Nongovernmental Person” refers to any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, or an agency or instrumentality acting solely on behalf thereof.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Original Facility” means any property the acquisition, construction or improvement of which was financed directly or indirectly with Gross Proceeds of an Original Issue.

“Original Issue” means the Bonds.

“Output Facility” means any electric or gas generation, transmission, distribution facility, or related facility, and any water collection, storage, or distribution facility.

“Proceeds,” with respect to an issue of governmental obligations, has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds).

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, or under the provisions of any predecessor statute corresponding thereto.

“Yield” of

(1) any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and

(2) the Bonds has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Exclusion of Interest from Gross Income. The City will take all actions necessary to establish and maintain the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, and will not use, permit the use of, or omit to use Gross Proceeds of the Bonds or any other amounts or any of the Original Facilities in a manner that if made or omitted, respectively, would cause the interest on any of the Bonds to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written Opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion pursuant to section 103(a) of the Code of interest on any Bond from the gross income of the owner thereof, the City shall comply with this covenant and each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City covenants that at all times prior to the payment and cancellation of the last Bond to be paid and canceled:

(1) it will use its best efforts to ensure that the City (or another entity other than a Nongovernmental Entity) exclusively owns, operates and possesses all of the Original Facilities that are to be refinanced or financed directly or indirectly with Gross Proceeds of the Bonds, and that it will not use or permit the use of such Gross Proceeds (including under any contractual arrangement with terms different than those applicable to the general public) or any of the Original Facilities in any activity carried on by any Nongovernmental Person, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity in respect of the use by any Nongovernmental Person of Gross Proceeds of the Bonds, other than interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes, or of any Original Facility.

Without limiting the foregoing, except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City will not: (i) permit any Nongovernmental Person to hold any ownership, proprietary or possessory interest in any of the Original Facilities; (ii) contract with any Nongovernmental Person for the provision of operating or other services with respect to any function of an Original Facility (unless either (A) such arrangement requires no payment of fees to such Nongovernmental Person other than as direct reimbursement of third party costs or reasonable administrative overhead, or (B) such arrangement conforms to administrative guidance of the Internal Revenue Service in order to assure that such arrangement does not create a private business use relationship of the Nongovernmental Person to the Gross Proceeds of the Bonds or to any Original Facility); or (iii) contract with any Nongovernmental Person for the sale of output or capacity of an Original Facility that is an Output Facility, unless such contract is described either in section 1.141-7(c) of the Treasury Regulations (describing certain types of output contracts that do not have the effect of transferring the benefits of owning the property and the burdens of paying debt service on the financing of the property) or in section 1.141-7(f) of the Treasury Regulations (describing certain types of output contracts that while having the effect of transferring such benefits and burdens but nevertheless may be disregarded in evaluating private business use).

(d) No Financing of Nongovernmental Output Property. Except as would not cause any Bond to be a “private activity bond,” no portion of the Gross Proceeds will be used (directly or indirectly) for the acquisition of any interest in any Nongovernmental Output Property.

(e) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations

and rulings thereunder, the City has not used, and will not use, Gross Proceeds of any Bond to make or finance loans to any Nongovernmental Person. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(f) Not to Invest at Higher Yield. Except as would not cause any Bond to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not at any time prior to the final maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of such Bond within the meaning of said section 148.

(g) Not Federally Guaranteed. The City covenants that, except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, it will not take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(h) Information Report. The City covenants that it will timely file or cause to be filed any information required by section 149(e) of the Code with respect to the Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(i) Rebate of Arbitrage Profits. The City covenants that the requirements of section 148(f) of the Code will be satisfied in order that the Bonds not be arbitrage bonds, and that, except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations and rulings thereunder:

(1) it will account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last 2015A Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with its other money, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) not less frequently than each Computation Date, it will calculate or cause to be calculated the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Trustee may rely

conclusively upon the City's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder. The City covenants that it will maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date;

(3) it will deposit in the Rebate Fund and cause the Trustee to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such a date. In all cases such Rebate payments shall be made by the City (or by the Trustee at the written direction of the City) at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and such payments shall be accompanied by Form 8038-T executed by the City or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder.

(4) it will exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3) above, and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Tax Regulations.

(j) Not to Divert Arbitrage Profits. The City covenants that, except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, at no time prior to the final maturity of the Bonds will it enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to each party.

(k) Bonds Not Hedge Bonds.

(1) The City represents that none of the Original Issues was, and covenants that the Bonds will not be, "hedge bonds" within the meaning of section 149(g) of the Code.

(2) Without limitation of paragraph (1) above, the City warrants as to each of its Original Issues that: (I) on each date of issuance of that issue, the City reasonably expected that at least 85% of the spendable proceeds of that Original Issue would be expended within the three-year period commencing on such date of issuance,

and (II) no more than 50% of the proceeds of that Original Issue at any time has been invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(l) Elections. The City hereby directs and authorizes any Authorized Officer of the City to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Authorized Officer of the City (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax Certificate relating to the Bonds or similar or other appropriate certificate, form or document.

(m) Closing Certificate. The City agrees to execute and deliver in connection with the execution and delivery of this Lease a Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, or similar document containing additional representations and covenants pertaining to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

SECTION 4.04. Continuing Disclosure. The City hereby covenants and agrees that it will comply with the continuing disclosure requirements promulgated under Securities and Exchange Commission Rule 15c2-12(b)(5), as it may from time to time hereafter be amended or supplemented. The City further covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Lease, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee (as assignee of the Authority under the Indenture), at the written request of any participating underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, and upon receipt of reasonable indemnification, shall (subject to the requirements and limitations of the Continuing Disclosure Agreement) or any Bondowner may, take any 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 Section 4.04.

SECTION 4.05. Accounting Records; Financing Statements and Other Reports.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Project, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions. The City will create a separate enterprise fund or funds on its books for purposes of accounting for the Project and the Project Gross Revenues, separate and apart from the City's general fund and other funds of the City.

(b) The City will prepare and file with the Authority, the Trustee, the Underwriter and any Bondowner of at least \$1,000,000 of Bonds (if so requested by such Bondowner):

(1) annual financial statements of the City within one hundred eighty (180) days after the close of each Fiscal Year including operating statements of the

Project for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an independent public accountant's report thereon; and

(2) quarterly financial statements within sixty (60) days after the end of each quarter of each Fiscal Year, copies, in comparative form with the same quarter of the preceding Fiscal Year, of the balance sheet and the statements of revenues and expenses showing the operations of the Project, all in reasonable detail and all in accordance with generally accepted accounting principles.

(c) The City will prepare annually not more than one hundred eighty (180) days after the close of each Fiscal Year a summary report showing in reasonable detail the Project Gross Revenues and the Project Operating Expenses for such Fiscal Year and containing a general statement of the physical condition of the Project. The City will furnish a copy of such summary report to the Authority, the Trustee and the Facilities Manager and upon request to any others interested in the Base Rental payments.

SECTION 4.06. [Liquidated Damages]. The City agrees to promptly transfer any liquidated damages received pursuant to the Contract to the Trustee for deposit in the Revenue Fund.]

ARTICLE V RENTAL PAYMENTS

SECTION 5.01. Rental Payments. The City agrees to pay to the Authority, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Leased Property, the following amounts at the following times:

(a) Base Rental. Subject to the provisions of this Lease, the City agrees to pay Minimum Base Rental for each month to the Authority on the fifth Business Day of each subsequent month during the term of this Lease. Pursuant to the Assignment Agreement, monthly Minimum Base Rental will be collected by and distributed by the Facilities Manager directly to the Trustee for deposit in accordance with Section 5.03 of the Indenture. If Project Gross Revenues and Minimum Base Rental is insufficient to fund deposits required under Section 5.03 THIRD of the Indenture, upon notice from the Trustee, the City shall pay to the Trustee the balance of Base Rental needed to pay when due the principal of and interest on the Bonds, as set forth in Exhibit B attached hereto and made a part hereof. The portion of Base Rental deposited pursuant to the previous sentence shall be made by the City on the fifteenth (15th) day of the month immediately preceding each Bond Payment Date (each a "Lease Payment Date"). The principal components of the Base Rental shall be payable on June 1 of each year.

Payment of Base Rental and Additional Rental for each rental payment period during the term hereof shall constitute the total rental for such rental payment period, and shall be paid by the City in each rental payment period for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Leased Property during the rental payment period for which such rental is paid.

The City shall provide written notice to the Trustee, and the Authority at least five (5) Business Days prior to any Lease Payment Date upon which the City expects to be unable to appropriate and pay the Base Rental payment due on such Lease Payment Date, informing the Trustee and the Authority of such inability to appropriate and pay.

If the term of this Lease shall have been extended pursuant to Section 3.01, Base Rental payments shall continue to be due on Lease Payment Dates, and payable as hereinabove described, continuing to and including the date of termination of this Lease. Upon such extension of this Lease, the principal and interest components of the Base Rental shall be established so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the rate of interest on the principal component of the Base Rental payable on June 1 of the year after the date of such extension.

The parties hereto have agreed and determined that the Base Rental payments shown in the Base Rental payment Schedule set forth in Exhibit B hereto represent the fair market value of the Leased Property. In making such determination, consideration has been given to the costs of the Leased Property, the fair market value thereof, the other obligations of the parties hereunder, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City, its residents and the general public.

Each installment of Base Rental and Additional Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the office of the Trustee. To the extent permitted by law, any such installment of Base Rental or Additional Rental accruing hereunder which shall not be paid when due shall bear interest at the rate equal to the interest rate applicable to the delinquent installment of Base Rental or, in the case of Additional Rental, the interest rate on the Bonds on the date the Additional Rental was not paid. All such delinquent installments of Base Rental and the interest thereon shall be deposited in the Lease Payment Account of the Debt Service Fund. All such delinquent installments of Additional Rental and interest thereon shall be paid to the order of the Authority or the Trustee. Notwithstanding any dispute between the Authority, or the Trustee and the City, the City shall make all rental payments when due hereunder without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute.

(b) Additional Rental. The City shall pay to the Authority as Additional Rental hereunder (i) such amounts in each year as shall be required by the Authority for the payment in full of all costs and expenses incurred by the Authority and the Trustee in connection with the execution, performance or enforcement hereof or any assignment hereof, of the Indenture and of the lease of the Leased Property to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority, and the Trustee in connection with the Leased Property, the Lease, and the Indenture and (ii) all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Authority, the Leased Property, or the rentals and the other payments required to be made by the City hereunder. Such Additional Rental shall be billed to the City by the Authority or the Trustee from time to time, together with a statement

certifying that the amount so billed has been paid by the Authority or the Trustee for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for one or more of such items, and all amounts so billed shall be due and payable by the City within thirty (30) days after receipt of each bill therefor by the City.

SECTION 5.02. Pledge of Project Gross Revenues. The City hereby irrevocably pledges all Project Gross Revenues, to be applied in accordance with Section 5.03 of the Indenture, to the payment of the Base Rental and Additional Rental as provided herein. This pledge shall constitute a first and exclusive lien on Project Gross Revenues and other funds and accounts created hereunder for the payment of the Base Rental and Additional Rental in accordance with the terms hereof and the Indenture.

SECTION 5.03. Allocation of Project Gross Revenues; Creation of Funds and Accounts. To carry out and effectuate the pledge and lien contained herein, the City agrees and covenants that it shall cause all Project Gross Revenues to be deposited on the day of their receipt in an account of the Facilities Manager designated as the "Operating Account" which is hereby created. So long as no event of default has occurred and is continuing hereunder, or under the Hotel Management Agreement, the Operating Account is to be subject to the direction of the Facilities Manager on behalf of the City pursuant to the Hotel Management Agreement. Amounts held in the Operating Account shall be used to pay Project Operating Expenses as they arise, and to pay a portion of the Management Fee not to exceed the amount of the Franchise Fee due and owing (if any). By the 20th day of each month for the previous month, all amounts remaining in the Operating Account in excess of \$100,000, after payment of Project Operating Expenses, shall be transferred by the Facilities Manager to Trustee for deposit into the Revenue Fund.

In any case in which an event of default has occurred and is continuing hereunder or under the Hotel Management Agreement, all amounts then held in the Operating Account shall be transferred to the Trustee for deposit into the Revenue Fund, and all Project Gross Revenues thereafter received shall be remitted to the Trustee on the day of their receipt for deposit directly into the Revenue Fund.

SECTION 5.04. Annual Budgets; Reporting Requirements. The City covenants to take action as may be necessary to include all Base Rental and Additional Rental payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such rental payments. The City shall furnish to the Trustee at least 15 days before final adoption of the proposed budget for each Fiscal Year a certificate stating that it has included in the proposed budget all Base Rental and Additional Rental due hereunder in the Fiscal Year covered by such proposed budget and following adoption of the final budget a certificate stating that the Base Rental and Additional Rental was included in the final budget as adopted. The City shall file with the Trustee the certificate regarding adoption of the final budget by July 1 of each year unless the City is permitted by applicable law to adopt its final budget after such date, and has in fact not adopted its final budget by July 1, in which event, the City will file with the Trustee by July 1 a certificate stating the specified later date by which the City may adopt its final budget under applicable law and will file with the Trustee by such specified later date such certificate following such adoption.

To the extent that the amount of any such payment becomes known after the adoption of the annual budget, such amounts shall be included and maintained in such budget as amended. The City covenants to take such action as is necessary to include such amounts in a supplemental budget of the City. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial 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 agreed to be carried out and performed by the City.

The obligation of the City to pay Base Rental and Additional Rental hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City, or the State, or any political subdivision thereof, in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, the State, or any political subdivision thereof, nor shall anything contained herein constitute a pledge of general revenues, funds or moneys of the City beyond the Fiscal Year for which the City has appropriated funds to pay Base Rental and Additional Rental hereunder or an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

SECTION 5.05. Application of Rental Payments. All rental payments received shall be applied first to the interest components of the Base Rental payments due hereunder, then to the principal components (including any prepayment premium components) of the Base Rental payments due hereunder and thereafter to all Additional Rental due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

SECTION 5.06. Rental Abatement. Except to the extent of: (i) amounts held by the Trustee in the Lease Payment Account of the Debt Service Fund, (ii) amounts received in respect of rental interruption insurance, and (iii) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Bonds, during any period in which, by reason of material damage, destruction, title defect or condemnation there is substantial interference with the use and possession by the City of any portion of the Leased Property, rental payments due hereunder with respect to such portion of the Leased Property shall be abated proportionately by an amount such that the portion of Base Rental remaining unabated represents the fair rental value of the remaining portion of the Leased Property, as calculated by the City and set forth in writing to the Authority and the Trustee. Any abatement of rental payments pursuant to this Section shall not be considered an event of default as defined in Article X hereof. 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 by virtue of any such interference and the Lease shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the Leased Property so damaged, destroyed, defective or condemned.

In the event that rental is abated, in whole or in part, pursuant to this Section due to damage, destruction, title defect or condemnation of any part of the Leased Property and the City is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the City agrees to apply for and obtain, if reasonably available, any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property.

SECTION 5.07. Prepayment of Rental Payments.

(a) Prepayment from Net Proceeds. Subject to the terms and conditions of this Section 5.07, the Authority hereby grants an option to the City to prepay in whole or in part the principal components of Base Rental payments relating to the Leased Property, to the extent, on the dates and at the redemption prices provided in Section 4.02 of the Indenture, from Net Proceeds received by it pursuant to Section 7.01. The City shall execute such option by giving written notice to the Trustee thereof at least 45 days (or such shorter period acceptable to the Trustee) prior to the date of redemption of Bonds from such prepayment and depositing with said notice cash in the minimum amount of (1) accrued interest on the principal component of Base Rental payments to be prepaid to the date of redemption of Bonds with the proceeds of such prepayment, plus (2) the principal component of any Base Rental payments to be prepaid, plus (3) the applicable redemption premium described in such Section 4.03 of the Indenture.

(b) Optional Prepayment. Subject to the terms and conditions of this Section 5.07, the Authority hereby grants an option to the City to prepay in whole or in part the principal components of Base Rental payments relating to the Leased Property, to the extent, on the dates and at the redemption prices provided in Section 4.03 of the Indenture. The City shall execute such option by giving written notice to the Trustee thereof at least 45 days (or such shorter period acceptable to the Trustee) prior to the date of redemption of Bonds from such prepayment and depositing with said notice cash in the minimum amount of (1) accrued interest on the principal component of Base Rental payments to be prepaid to the date of redemption of Bonds with the proceeds of such prepayment, plus (2) the principal component of any Base Rental payments to be prepaid, plus (3) the applicable redemption premium described in such Section 4.03 of the Indenture.

SECTION 5.08. Obligation to Make Rental Payments. The agreements and covenants on the part of the City contained herein 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 agreements and covenants contained herein agreed to be carried out and performed by the City.

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION TO MAKE SUCH BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL

SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

SECTION 5.09. Rates and Charges.

(a) The City covenants that it will fix, charge and collect or cause to be fixed, charged and collected (subject to applicable requirements or restrictions imposed by law) rates, fees and charges for the use of and for the services furnished or to be furnished by the Project during each Fiscal Year which (together with all other amounts constituting Project Gross Revenues and which are lawfully available to the City for payment of any of the following amounts during such Fiscal Year) are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(1) all Base Rental payments becoming due and payable during such Fiscal Year;

(2) all Project Operating Expenses estimated by the City to become due and payable in such Fiscal Year;

(3) all other payments required for compliance with this Lease; and

(4) all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Project Gross Revenues or the Project Net Revenues.

(b) The City further covenants that if the City fails to meet the requirements of preceding clause (a) during the past Fiscal Year, the City shall immediately employ a Management Consultant to examine the rates, rentals, fees and charges of the City and make such recommendation as the Management Consultant believes are appropriate to enable the City to produce comply with such requirements.

ARTICLE VI
MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

SECTION 6.01. Maintenance of the Leased Property by the City. The City agrees that, at all times during the term hereof, it will, at its own cost and expense, maintain, preserve and keep the Leased Property and every portion thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Authority shall have no responsibility in any of these matters or for the making of additions or improvements to the Leased Property.

SECTION 6.02. Taxes, Other Governmental Charges and Utility Charges. The parties hereto contemplate that the Leased Property will be used for public purposes by the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property. In the event that the use, possession or acquisition by the City or the Authority of the Leased Property is found to be subject to taxation in any form, the City will pay during the term hereof, as the same respectively become due, all

taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other modification, improvement or addition to the Leased Property, as well as all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Property; *provided*, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect.

SECTION 6.03. Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained through the term hereof for the Leased Property insurance against the following risks in the following respective amounts:

(1) following the completion of the Project (unless such perils are not otherwise fully covered by insurance obtained by the Facilities Manager or the contractor for the Project), insurance against loss or damage to the Leased Property or such structure or item of furniture or equipment caused by fire or lightning, with an extended coverage endorsement and vandalism and malicious mischief insurance, which such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The insurance required by this paragraph shall be in an amount equal to the replacement cost (without deduction for depreciation) of improvements located or to be located on the Leased Property but shall be not less than the principal amount of the Outstanding Bonds (except that such insurance may be subject to deductible clauses of not to exceed ten percent (10%) of the amount of any one loss);

(2) rental interruption insurance against the Authority's loss of income due to events giving rise to the right of abatement on the part of the City under this Lease in an amount sufficient to pay the maximum total Base Rental payments attributable to the Leased Property occurring in any 24 month period; provided, that the amount of such insurance need not exceed the total remaining Base Rental payments attributable to the Leased Property;

(3) workers' compensation insurance covering all employees working in or on the Leased Property, in the same amount and type as other workers' compensation insurance maintained by the City for similar employees doing similar work; and the City shall also require any other person or entity working in or on the Leased Property to carry the foregoing amount of workers' compensation insurance;

(4) a standard comprehensive public entity liability insurance policy or policies in protection of the City, the Authority, and their respective directors, officers and employees and the Trustee, indemnifying and defending such parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the possession, operation or use of the Leased Property. Such public liability and property damage insurance shall be in the form of a single limit

policy in the amount of not less than three million dollars (\$3,000,000), subject to a deductible clause of not to exceed \$250,000, covering all such risks; and

(5) a CLTA standard coverage leasehold policy of title insurance on the Leased Property in an amount at least equal to the initial aggregate amount of the principal amount of Base Rental payments issued by a company of recognized standing duly authorized to issue the same. The title policy or policies shall insure the City's leasehold estate hereunder with respect to the Leased Property, subject only to Permitted Encumbrances.

Insurance coverage required by paragraphs (1), (2), (3) and (4) may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers agency created for such purpose or other program providing pooled insurance.

Notwithstanding the above provisions, as an alternative to providing the insurance required by paragraphs (1), (2) and (4) above, the City may provide a self-insurance method or plan of protection. Any such self-insurance maintained by the City pursuant to the foregoing sections, shall be similar in nature and scope to self-insurance programs maintained by other California cities of comparable size and operations, and shall be reviewed annually by an Insurance Consultant.

Any insurance policy issued pursuant to Section 6.03(1) shall be so written or endorsed as to make losses, if any, payable to the City, the Authority, and the Trustee as their respective interests may appear and the net proceeds of the insurance required in Section 6.03(1) shall be applied as provided in Section 7.01. The net proceeds, if any, of the insurance policy described in Section 6.03(2) shall be payable to the Trustee and deposited in the Debt Service Fund. Each insurance policy provided for in this Section shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Authority or the Trustee without first giving written notice thereof to the Authority, and the Trustee at least sixty (60) days in advance of such intended cancellation or modification; *provided*, that the Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustments, compromise or settlement of any loss agreed to by it.

The City shall file a certificate with the Trustee not later than December 1 of each year certifying that the insurance required by this section is in full force and effect and that the Trustee is named as loss payees on each insurance policy which this Lease requires to be so endorsed.

SECTION 6.04. Advances. In the event the City shall fail to maintain the full insurance coverage required hereby or shall fail to keep the Leased Property in good repair and operating condition, the Authority may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Authority shall become Additional Rental, which amounts the City agrees to pay

within thirty (30) days of a written request therefor, together with interest thereon at the maximum rate allowed by law.

ARTICLE VII DAMAGE, DESTRUCTION, TITLE DEFECT AND CONDEMNATION

SECTION 7.01. Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds. If prior to the termination of the term hereof (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property or any portion thereof or the estate of the City or the Authority in the Leased Property or any portion thereof is defective or shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the City shall, as expeditiously as possible, continuously and diligently cause the repair or replacement thereof (unless the City elects not to repair or replace), and the City and the Authority will cause the Net Proceeds remaining after such work has been completed to be paid to the City; *provided*, that the City, at its option and provided the Net Proceeds together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amounts of principal of and interest on the Bonds attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the fair rental value of the entire Leased Property bears to the fair rental value of the remaining portion of the Leased Property, and such that the fair rental value of the remaining portion of the Leased Property is sufficient to pay the Principal Components and Interest Components (assuming that the Interest Components will accrue at the Maximum Rate or if a Fixed Rate has been established, then at the Fixed Rate)), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon shall cause said Net Proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of Section 4.02 of the Indenture.

In the event that the Net Proceeds, if any, are insufficient either to (i) repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property would be at least equal to the Base Rental payments or (ii) to prepay the Outstanding Bonds, both as provided in the preceding paragraph, then the City may, in its sole discretion, budget and appropriate an amount necessary to effect such repair, rebuilding or replacement or prepayment; *provided* that the failure of the City to so budget and/or appropriate shall not be a breach of or default under this Lease.

ARTICLE VIII DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE LEASED PROPERTY

SECTION 8.01. Disclaimer of Warranties. NEITHER THE TRUSTEE NOR THE AUTHORITY MAKES ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE

CITY ACKNOWLEDGES THAT NEITHER THE TRUSTEE NOR THE AUTHORITY IS A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. 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 the Lease or the existence, furnishing, functioning or the City's use of the Leased Property as provided hereby.

SECTION 8.02. Vendor's Warranties. The Authority hereby irrevocably appoints the City its agent and attorney-in-fact during the term of this Lease, so long as the City shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Leased Property, which the Authority may have against the manufacturers, vendors and contractors of the Leased Property. The City's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Leased Property, and not against the Authority or the Trustee, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority with respect to this Lease, including the right to receive full and timely payments hereunder. The City expressly acknowledges that neither the Trustee nor the Authority makes, and has made, any representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

SECTION 8.03. Use of the Leased Property.

(a) The City will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The City shall provide all permits and licenses, if any, necessary for the use of the Leased Property. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each portion of the Leased Property) with all laws of the jurisdictions in which its operations involving any portion of the Leased Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; *provided*, 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 City adversely affect the estate of the Authority or the Trustee in and to the Leased Property or its interest or rights hereunder.

(b) The City herein covenants by and for itself and its successors and assigns, and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Leased Property nor shall the City itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Leased Property.

ARTICLE IX
ASSIGNMENT AND INDEMNIFICATION

SECTION 9.01. Assignment by Authority. The parties understand that certain of the rights of the Authority, as assignee hereunder, will be assigned to the Trustee pursuant to the Assignment Agreement, and accordingly the City agrees to make all payments due hereunder to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach hereof or otherwise) that the City may from time to time have against the Authority or the Trustee. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by the Authority or the Trustee to protect their interests in the Leased Property during the term hereof.

SECTION 9.02. Assignment by City. This Lease and the interest of the City in the Leased Property may not be assigned or encumbered by the City except as provided in Section 2.04.

SECTION 9.03. Indemnification. The City shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Authority, the Trustee, and their respective directors, officers, employees, attorneys, consultants, receivers and agents from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Lease or any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Authority; any claim for patent, trademark or copyright infringement, any claim arising out of strict liability in tort, and any claim arising out of the use, presence, storage, disposal or release of any Hazardous Substances on or about the Leased Property. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason or with the resignation or removal of the Trustee. The City and the Authority mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

ARTICLE X
DEFAULT

SECTION 10.01. Default.

- (a) The following events shall be events of default under this Lease:
 - (i) the City shall fail to pay any item of Additional Rental as and when the same shall become due and payable pursuant to Section 5.01(b); or
 - (ii) the City shall fail to deposit with the Trustee any Base Rental payment required to be so deposited by the close of business on the day such

deposit is required pursuant to Section 5.01(a), provided, that failure to pay any Base Rental payments abated pursuant to Section 5.04 shall not constitute an event of default;

(iii) the City shall breach any other terms, covenants or conditions contained herein, and shall fail to remedy any such breach with all reasonable dispatch within a period of thirty (30) days after written notice thereof from the Authority or the Trustee to the City; *provided, however*, that if the failure stated in the notice cannot be corrected within such period, then the Authority shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such period and is diligently pursued until the default is corrected.

(b) In addition to any default resulting from breach by the City of any agreement, condition, covenant or term hereof, if (1) the City's interest herein or any part thereof be assigned, sublet or transferred without the written consent of the Authority either voluntarily or by operation of law; or (2) the City or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject 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 its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the City shall make a general or any assignment for the benefit of its creditors; or (3) the City shall abandon or vacate the Leased Property or any portion thereof; then in each and every such case the City shall be deemed to be in default hereunder.

Upon the happening of any of the events specified in subsection (a) or (b) of this Section (in either case an "Event of Default"), then it shall be lawful for the Authority to exercise any and all remedies available or granted to it pursuant to law or hereunder. Upon the breach of any agreement, condition, covenant or term contained herein required to be observed or performed by the City, the Authority may exercise any and all rights of entry upon or repossession of the Leased Property, and also, at its option, with or without such entry, may terminate this Lease; *provided*, that no termination shall be effected either by operation of law or acts of the parties hereto except upon express written notice from the Authority to the City terminating this Lease, as provided below. In the event of such default and notwithstanding any entry by the Authority, the Authority may at any time thereafter (with or without notice and demand and without limiting any other rights or remedies the Authority may have):

(1) Maintain this Lease in full force and effect and recover rent and other monetary charges as they become due without terminating the City's right to possession of the Leased Property, regardless of whether or not the City has abandoned the Leased Property. In the event the Authority elects not to terminate this Lease, it shall have the right and the City hereby irrevocably appoints the Authority as its agent and attorney-in-fact for such purpose to attempt to relet the Lease Property at such rent, upon

such conditions and for such term, so long as the Trustee obtains an Opinion of Counsel that the tax-exempt status of the interest components of Base Rental payments will be preserved, and to do all other acts to maintain or preserve the Leased Property, including removal of persons or property therefrom or taking possession thereof, as the Authority deems desirable or necessary, and the City hereby waives any and all claims for any damages that may result to the Leased Property thereby; *provided*, that no such actions shall be deemed to terminate this Lease and the City shall continue to remain liable for any deficiency that may arise out of such reletting, taking into account expenses incurred by the Authority due to such reletting, payable at the same time and manner as provided for Base Rental in Section 5.01.

(2) Terminate the City's right to possession of the Leased Property by giving a written notice of termination to the City. On the date specified in such notice (which shall be not less than three (3) days after the giving of such notice) the City's right to possession under this Lease shall terminate and the City shall surrender possession of the Leased Property, as the case may be, to the Authority, unless on or before such date all arrears of rental and all other sums payable by the City hereunder, and all costs and expenses incurred by or on behalf of the Authority hereunder, including attorney's fees incurred in connection with such defaults, shall have been paid by the City and all other defaults or breaches hereunder by the City at the time existing shall have been fully remedied to the satisfaction of the Authority. Upon such termination, the Authority may recover, in addition to all other damages available by contract or at law, to the extent permitted by law, from the City: (i) the worth at the time of award of the unpaid rental which had been earned at the time of termination; and (ii) the worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of such rental loss that the City proves could have been reasonably avoided. The "worth at the time of award" of the amounts referred to in clauses (i) and (ii) above is computed by allowing interest at the rate of twelve per cent (12%) per annum.

Without otherwise limiting any of the rights or remedies of the Authority set forth herein, the Authority expressly waives the right to receive any amount from the City pursuant to Section 1951.2(a)(3) of the California Civil Code.

Each and all of the remedies given to the Authority hereunder or by any law now existing or hereafter enacted are cumulative and the exercise of any one remedy shall not impair the right of the Authority to any or all other remedies.

(c) Neither the City nor the Authority shall be in default in the performance of any of its obligations hereunder (except for the obligation to pay Base Rental and Additional Rental pursuant to Section 5.01) unless and until it shall have failed to perform such obligation within thirty (30) day after notice by the City or the Authority, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. Notices. All written notices to be given hereunder shall be given by first class 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 Authority: Montebello Public Financing Authority
 1600 West Beverly Boulevard
 Montebello, California 90640
 Attention: Executive Director

If to the City: City of Montebello
 1600 West Beverly Boulevard
 Montebello, California 90640
 Attention: City Administrator

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

SECTION 11.02. Binding Effect. The Lease shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

SECTION 11.03. Third Party Beneficiaries. The Trustee is hereby designated a third party beneficiary hereunder for the purpose of enforcing any of the rights hereunder assigned to the Trustee under the Indenture and to the extent this Lease confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease.

SECTION 11.04. Net-Net-Net Lease. It is the purpose and intent of the Authority and the City that lease payments hereunder shall be absolutely net to the Authority so that this Lease shall yield to the Authority the lease payments, free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Leased Property, and without counterclaim, deduction, defense, deferment or set-off by the City except as herein specifically otherwise provided. The Authority shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder except as herein expressly set forth, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Leased Property which may arise or become due during the term of the Lease shall be paid by the City.

SECTION 11.05. Amendments. This Lease may be amended in writing as may be mutually agreed by the Authority and the City, subject to the written approval of the Trustee; *provided*, that no such amendment which materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than a majority in aggregate principal amount of the Bonds then Outstanding, and *provided further*, that no such amendment shall (a) extend the payment date of any Base Rental payment, without the prior

written consent of the Owner of each Bond so affected, or (b) reduce the percentage of the Bonds the consent of the Owners of which is required for the execution of any amendment hereof.

This Lease and the rights and obligations of the Authority and the City hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution by the Authority and the City without the written consents of any Owners, and only to the extent permitted by law and only for any one or more of the following purposes –

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

(b) to make such provisions for the purpose of curing any ambiguity of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners; or

(c) for any other purpose which shall not materially adversely affect the interests of the Owners.

SECTION 11.06. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 11.07. California Law. This Lease shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 11.08. 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 hereof.

SECTION 11.09. Execution. This Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Lease by their officers thereunto duly authorized as of the day and year first written above.

MONTEBELLO PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

By: _____
Secretary

CITY OF MONTEBELLO

By: _____
Mayor

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

[Seal]

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

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

_____ [Seal]

EXHIBIT A

LEGAL DESCRIPTION OF LEASED PROPERTY

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

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EXHIBIT B

AGGREGATE ANNUAL BASE RENTAL PAYMENT SCHEDULE*

Bond Payment Date	Base Rental Principal	Base Rental Interest	Debt Service	Annual Debt Service
----------------------------------	--------------------------------------	-------------------------------------	-------------------------	------------------------------------

* The interest component of the Base Rental payments shall equal the interest component due with respect to the Bonds as determined under Section _____ of the Indenture and shall be due and payable on the fifteenth day of the month immediately preceding each Bond Payment Date as set forth in Section _____hereof.

Bond Payment Date	Base Rental Principal	Base Rental Interest	Debt Service	Annual Debt Service
----------------------------------	--------------------------------------	-------------------------------------	-------------------------	------------------------------------

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Norton Rose Fulbright US LLP
555 South Flower Street, Forty-First Floor
Los Angeles, California 90071
Attention: Don Hunt, Esq.

ASSIGNMENT AGREEMENT

by and between the

MONTEBELLO PUBLIC FINANCING AUTHORITY

and

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

Dated as of December 1, 2019

This transaction is exempt from California documentary transfer tax pursuant to Section 11929 of the California Revenue and Taxation Code. This Document is recorded for the benefit of the Montebello Public Financing Authority and such recording fee is exempt under Section 6103 of the California Government Code.

ASSIGNMENT AGREEMENT

This Assignment Agreement (the “Assignment Agreement”), dated as of December 1, 2019, by and between the Montebello Public Financing Authority, a joint exercise of powers authority, duly organized and existing under and by virtue of the Constitution and 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 of America, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority and the City of Montebello, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), have executed and entered into a Lease Agreement, dated as of December 1, 2019 (the “Lease”); and

WHEREAS, under and pursuant to the Lease, the City is obligated to make scheduled base rental payments (the “Base Rental”) and additional rental payments (the “Additional Rental”) to the Authority; and

WHEREAS, the Authority desires to assign to the Trustee without recourse all of its right, title and interest in and to the Lease, excepting only those rights reserved to it as described herein; and

WHEREAS, in consideration of such assignment and the execution and entering into of an Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and the Trustee, the Authority will authorize the issuance and delivery of the Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) (the “Bonds”), which Bonds shall be payable from payments made by the City pursuant to the Lease; and

WHEREAS, the Authority hereby certifies that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the 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 the 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 hereby assigns and transfers, without recourse, to the Trustee for the benefit of the registered owners of the Bonds each and all of its rights under the Lease (but not including the right of the Authority to receive payment of its fees, expenses and reimbursements), including its right to receive the Base Rental from the City under

the Lease and its right to exercise such rights and remedies conferred on the Authority under the Lease as may be necessary to enforce payment of the Base Rental when due or otherwise to protect its interests in the event of a default by the City, and all rights of entry in and upon the Leased Property, as defined in the Lease, as provided in the Lease, which property is described in Exhibit A thereto.

SECTION 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the benefit of registered owners of the Bonds, subject to the conditions and terms of the Indenture, and all Base Rental payments and Additional Rental received by the Trustee shall be applied and all such rights so assigned shall be exercised by the Trustee as provided in the Indenture.

SECTION 3. Conditions. This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

SECTION 4. California Law. This Assignment Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 5. Severability. If any agreement, condition, covenant or term thereof or any application hereof shall be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or enforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 6. Execution in Counterparts. This Assignment Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed and entered into the Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

MONTEBELLO PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

By: _____
Secretary

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

By: _____
Authorized Signatory

EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PROPERTY

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

INDENTURE

Between

MONTEBELLO PUBLIC FINANCING AUTHORITY

and

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

Dated as of December 1, 2019

\$ _____
Montebello Public Financing Authority
Lease Revenue Refunding Bonds, 2019 Series A
(Hilton Garden Inn Project)

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THIS INDENTURE, dated as of December 1, 2019 by and between the **MONTEBELLO PUBLIC FINANCING AUTHORITY**, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “Authority”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as trustee, organized and existing under the laws of the United States of America, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the City of Montebello, California (the “City”) and the former Community Redevelopment Agency of the City of Montebello (the “Former Redevelopment Agency”) formed the Montebello Public Financing Authority (the “Authority”) pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and, a 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 (“the Joint Powers Agreement”), creating the Authority for the purposes, among others, of issuing bonds to be used to provide financial assistance to the Authority’s members; and

WHEREAS, with the dissolution of the Former Redevelopment Agency in February 2012, the Successor Agency to the dissolved Montebello Redevelopment Agency (the “Successor Agency”) replaced the Former Redevelopment Agency as a member of the Authority by operation of law; and

WHEREAS, in July 2014, the Parking Authority of the City of Montebello replaced the Successor Agency to the Former Redevelopment Agency as a member of the Authority; and

WHEREAS, the Authority has determined to issue its Lease Revenue Bonds, 2019 Series A (Hilton Garden Inn Project) (the “Bonds”) for the purpose of refinancing the acquisition, construction and equipping of the Project; and

WHEREAS, in consideration for the issuance by the Authority of the Bonds, the City and the Authority will enter into a Site and Facilities Lease, dated as of December 1, 2019 (the “Site and Lease”); and

WHEREAS, the Authority, in consideration for Base Rental payments equal to the principal and interest coming due on the Bonds, concurrently with the execution of the Site Lease, will enter into a Lease Agreement, dated as of December 1, 2019 (the “Lease”); and

WHEREAS, to secure payment of principal of, premium, if any, and interest on the 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, 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 and interest and premium (if any) thereon, the Authority and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture, and to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the legally valid and binding limited 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;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium, if any, on all the Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture, and of any indenture supplemental hereto, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified:

“Additional Rental” means the amounts specified as such in Section 5.01(b) of the Lease, as such amounts may be adjusted from time to time in accordance with the terms thereof.

“Administrative Expenditures” means any expenditures of the Authority or the Trustee for insurance, fees and expenses of auditing, fees and expenses of the Trustee (whether as Trustee or Tender Agent for the Bonds) payable under this Indenture or the Lease and not otherwise paid or provided for by the City, and all other expenditures reasonably and necessarily incurred by the Authority or the Trustee by reason of the financing of the costs of the Project, including (without limitation) legal, financing and administrative expenses and expenses incurred by the Authority or the Trustee to compel full and punctual performance of the provisions of the Lease in accordance with the terms thereof.

“Annual Debt Service” means, for any Bond Year, the principal and interest payable on the Outstanding Bonds in such Bond Year.

“Assignment Agreement” means that certain Assignment Agreement dated as of December 1, 2019 by and between the Authority and the Trustee.

“**Authority**” means the Montebello Public Financing Authority, established pursuant to the laws of the State of California, organized and created pursuant to the terms and conditions of the Joint Powers Agreement.

“**Authorized Denominations**” shall mean \$5,000 or any integral multiple of \$5,000.

“**Authorized Investments**” means any of the following, to the extent permitted by the laws of the State:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or “Sallie Mae”)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2, including funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(5) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks including the Trustee, its parent holding company and their affiliates. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF, which may be from or with the Trustee, its parent holding company and their affiliates.

(7) Investment Agreements, including GIC’s, Forward Purchase Agreements and Reserve Fund Put Agreements, with providers rated, or guaranteed by guarantors rated, at the time of investment, in the top three categories (without regard to modifiers) by any two or more Rating Agencies.

(8) Commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories (without regard to modifiers) assigned by such agencies.

(10) Repurchase Agreements which satisfy the following criteria:

Repurchase Agreements provide for the transfer of securities from a dealer bank, financial entity or securities firm (seller/borrower) to the City (buyer/lender) or the Trustee or a third party custodial agent, and the transfer of cash from the City to the dealer bank, financial entity or securities firm with an agreement that the dealer bank, financial entity or securities firm will repay the cash plus a yield to the City in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm or other financial entity
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated at the time of investment in the top three rating categories (without regard to modifiers) by two or more Rating Agencies, or
 - b. Banks rated at the time of investment in the top three rating categories (without regard to modifiers) by two or more Rating Agencies, or
 - c. Financial Entities rated at the time of investment in the top three rating categories (without regard to modifiers) by two or more Rating Agencies.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are those securities listed in (A), (B) and (C) above.
 - b. The term of the repo may be up to 30 days, or greater than 30 days if subject to put or redemption at par to pay project/construction costs and/or debt service on the Bonds.
 - c. The collateral must be delivered to the municipal entity, trustee or third party acting as agent for the trustee before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral
 - (l) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (a) The value of collateral must be equal to at least 104% of the amount of cash transferred by the

municipal entity to the dealer bank or security firm or financial entity under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are any of those listed in (C) above, then the value of collateral must equal 105%.

(11) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1+" by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank.

(12) Local Agency Investment Fund of the State of California ("LAIF"), created pursuant to Section 16429.1 of the California Government Code.

"Authorized Officer of the City" means the Mayor, City Manager, Treasurer, or Clerk of the City, or any other person designated as an Authorized Officer of the City by a Certificate of the City signed by its Mayor or City Manager and filed with the Authority and the Trustee.

"Authorized Representative" means the Chairman, Vice Chairman, Executive Director, Treasurer, or Secretary of the Authority, or any other person designated as an Authorized Representative by a Certificate of the Authority signed by its Chairman or Executive Director and filed with the Authority and the Trustee.

"Base Rental" means the amounts specified as such in Section 5.01(a) of the Lease, including Minimum Base Rental, as such amounts may be adjusted from time to time in accordance with the terms thereof.

"Bond Counsel" means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the Authority.

"Bond Payment Date" means each June 1 and December 1 commencing June 1, 2020.

"Bond Year" means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year for the Bonds shall extend from the Closing Date to June 2, 2020.

"Bonds" means the Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) authorized by and any time Outstanding pursuant to this Indenture.

“Business Day” means any day other than: (i) a Saturday or Sunday or legal holiday in the State of California, (ii) a day on which the Trustee is authorized to close, (iii) any day on which banking institutions located in the cities where the principal corporate trust office of the Trustee is located are authorized or obligated by law or executive order to remain closed; and (iv) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” or “Order” means, respectively, a written certificate, statement, request, requisition or order in its name by, with respect to the City, the City Manager, or by any other officer of the City duly authorized by the City Manager for that purpose, and, with respect to the Authority, an Authorized Representative. Any such instrument and supporting opinions or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02 hereof, each such instrument shall be the statement provided for in Section 1.02 hereof.

“City” means the City of Montebello, California.

“Closing Date” means, for each Series of Bonds, the date on which the Bonds of such Series are delivered by the Authority to the original purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended and any regulations promulgated from time to time thereunder.

“Continuing Disclosure Agreement” means any continuing disclosure agreement or continuing disclosure certificate by the City relating to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the City, relating to the authorization, issuance, sale and delivery of the Bonds, including, but not limited to, printing expenses, title insurance policy premiums with respect to the Leased Property, rating agency fees, any premium or other fees with respect to insurance provided in connection with the issuance of the Bonds, including but not limited to, municipal bond insurance, rental interruption insurance and other types of insurance as may be required by the Lease, filing and recording fees, any and all costs associated with condemnation proceedings with respect to the Leased Property, initial fees and charges and the first annual administrative fee of the Trustee, fees and costs associated with obtaining any Credit Facility obtained in connection with the issuance of the Bonds, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, and any other costs, charges or fees in connection with the original issuance of the Bonds.

“Costs of Issuance Funds” means the funds so designated and established pursuant to Section 3.02 hereof.

“Debt Service Fund” means the fund so designated and established pursuant to Section 5.01(f) hereof.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events specified in Section 7.01 hereof.

“Facilities Management Fee” means the fees payable to the Facilities Manager pursuant to the Hotel Management Agreement.

“Facilities Manager” means Hotel Adventures LLC, its successors and assigns.

“Financial Newspaper or Journal” means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language, customarily published on each Business Day and circulated in California, and selected by the Trustee.

“Fiscal Year” means the year beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereinafter selected and designated as the official fiscal year period of the Authority.

“Franchise Fee” means all amounts required to be paid by the Facilities Manager to Hilton Hotels pursuant to the License Agreement, dated Hilton Hotels, by and between the Facilities Manager and Hilton Hotels pertaining to the Project.

“Hotel Management Agreement” means the agreement by that name, dated as of _____, 2001 by and between the City and the Facilities Manager, or any similar agreement between the City and any Facilities Manager.

“Indenture” means this Indenture of Trust, dated as of December 1, 2019, by and between the Authority and the Trustee.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at <http://emma.msrb.org>; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called Bonds as the City may designate in writing to the Trustee.

“Interest Component Subaccount” means the subaccount so designated and established pursuant to Section 5.01 hereof.

“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.

“Law” means Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code.

“Lease” means that certain Lease Agreement dated as of December 1, 2019 by and between the Authority, as lessor, and the City, as lessee.

“Lease Payment Account” means the account by that name in the Debt Service Fund established in accordance with Section 5.01(f) hereof.

“Leased Property” means the Project and the underlying land at 901 Via San Clemente, Montebello, California, as described in Exhibit A to the Lease.]

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the Bonds to be Outstanding in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the Bonds to be Outstanding in such Bond Year, including any principal required to be prepaid by operation of mandatory sinking fund payments.

“Minimum Base Rental” means an amount of General Fund revenue of the City equal to revenues due to the City each month resulting from: (i) the levy and collection of the Transient Occupancy Tax (the “Transient Occupancy Tax”), upon the activities of the Project, as such tax is so defined and levied by the City pursuant to Ordinance No. 2331 of the City, passed and approved by the City Council on June 24, 2009 (as the same may be amended from time to time); (ii) the levy and collection of the Hotel Land Tariff (the “Hotel Land Tariff”), upon the activities of the Project, as such tariff is defined and levied by the City pursuant to Ordinance No. 2251 of the City, passed and approved by the City Council on September 25, 2002 (as the same may be amended from time to time); and (iii) the levy and collection of the Energy Tariff (the “Energy Tariff”), upon the activities of the Project, as such is defined and levied by the City pursuant to Ordinance No. 2387 of the City, passed and approved by the City Council on June 22, 2016 (as the same may be amended from time to time).

“Moody’s” means Moody’s Investors Service or any successor corporation thereto.

“Net Proceeds” means any insurance proceeds or condemnation award paid with respect to the Leased Property remaining after payment therefrom of all expenses incurred in the collection thereof.

“Nominee” means the nominee of the Depository, which may be the Depository, or any nominee substituted by the Depository pursuant to Section 2.04 hereof.

“Operating Account” means the account by that name established pursuant to Section 5.03 of the Lease.

“Outstanding,” when used as of any particular time with reference to the Bonds, means (subject to the provisions of Section 11.09 hereof) all Bonds theretofore issued by the Authority except:

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

(2) Bonds for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.01 hereof) shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture;

(3) Untendered Bonds; and

(4) Bonds in lieu of, or in substitution for, other Bonds which shall have been authorized, executed, issued and delivered by the Authority pursuant to this Indenture.

“Owner” means the Person or Persons whose name appears on the registration books maintained by the Trustee as the registered owner of a Bond or Bonds.

“Participant” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as a securities depository.

“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.

“Prepayment” means any payment made by the City pursuant to Section 5.07 of the Lease as a prepayment of Base Rental payments.

“Principal Component Subaccount” means the subaccount so designated and established pursuant to Section 5.01 hereof.

“Principal Office” means the principal corporate trust office of the Trustee in Los Angeles, California, or the principal corporate trust office of any successor Trustee.

[**“Project Gross Revenues”** means all revenues, income, receipts and money received by the City or by the Facilities Manager in connection with, or related to, the ownership and operation of the Project, including, but not limited to, (i) gross proceeds received from room charges and all other services including, but not limited to, telephone, fax, telecommunications, internet access, in-room movies or other televised programming charges, valet, and laundry services; (ii) gross proceeds received from the sale of merchandise of any type whatsoever (excluding food and beverage proceeds); and (iii) all investment earnings from investment of any such revenues, income, receipts and money related to the City’s ownership of the Project. Project Gross Revenues excludes Minimum Base Rental.]

“Project Net Revenues” means, with respect to any period, the amount of Project Gross Revenues received during such period less the amount of Project Operating Expenses becoming payable during such period.

“Project Operating Expenses” means, for any specified period, the sum of expenses of the Project as shown on its “Statement of Revenues and Expenses” (or equivalent financial statement) as its operating expenses (or equivalent items of expense) including extraordinary and nonrecurring items but excluding interest expense and depreciation and amortization, all as determined in accordance with generally accepted accounting principles.

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank, national banking association or insurance company and deposited with the Trustee pursuant to the Indenture; provided, that all of the following requirements are satisfied: (i) at the time of issuance of such letter of credit or surety bond, the long-term credit rating of such commercial bank, national banking association or insurance company is “A” or “A2” by S&P or Moody’s, respectively, or higher, and, if rated by A.M. Best & Company, a minimum rating of “A”; (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in the Indenture, including the replenishment of the Interest Component Subaccount or the Principal Component Subaccount.

“Rating Category” means one of the general rating categories of S&P or Moody’s, as the case may be, without regard to any refinement or graduation of such rating category by numerical modifier or otherwise.

“Record Date” means, the close of business on the fifteenth day of the month immediately preceding each Bond Payment Date.

“Redemption Fund” means the fund so designated and established pursuant to Section 5.01 hereof.

“Reimbursable Portion” when used in reference to any Base Rental payment means the portion of such Base Rental payment, including Minimum Base Rental, that was paid from the general fund of the City.

“Renewal and Replacement Fund” means the fund created pursuant to Section 5.01 hereof.

“Renewal and Replacement Requirement” means, for the period from the Completion Date to the first June 30 occurring more than six months thereafter, and for each succeeding Fiscal Year thereafter an amount equal to 5 percent of Gross Project Revenues as set forth in the Project Budget for that period.

“Reserve Fund” means the fund so designated and established pursuant to Section 5.01(h) hereof.

“Reserve Requirement” means, as of each calculation date, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding Bonds, (ii) 10% of the initial offering price to the public of the Bonds, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the Bonds.

“Revenues” means (i) all payments to the Trustee (as assignee of the Authority) pursuant to the Lease; (ii) all amounts held in the funds and accounts created hereunder, together with earnings thereon; and (iv) all other receipts of the Trustee (as assignee of the Authority) attributable to the ownership, leasing or operation of the Project.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax: (212) 855-7320 or 855-1000, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Serial Bonds” means the Bonds falling due by their terms in specified years, for which no mandatory sinking account payments are provided.

“Site and Facilities Lease” means that certain Site and Facilities Lease dated as of December 1, 2019 by and between the City, as lessor, and the Authority, as lessee.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such supplemental indenture is specifically authorized hereunder.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a statistical rating organization, any other nationally recognized securities rating agency designated by the City, with notice to the Trustee.

“State” means the State of California.

“Tax Certificate” means the Tax Certificate delivered by the Authority and the City at the time of issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

“Term Bonds” means the Bonds payable at or before their specified maturity date or dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. or any successor trustee appointed pursuant to the provisions of Section 8.01 hereof.

SECTION 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof, excluding the certificate of destruction pursuant to Section 11.05 hereof, shall include (1) a statement that the individual making or giving such certificate or opinion has read such provisions and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such individual, such individual has made or caused to be made such examination or investigation as is necessary to enable such individual to express an informed opinion with respect to the subject matter referred to in the instrument to which such individual's signature is affixed; and (4) a statement as to whether, in the opinion of such individual, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority or the City may be based, insofar as it relates to a legal or accounting matter, upon a certificate or opinion of or representation by Bond Counsel or a consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by Bond Counsel or a consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the City) upon a certificate or opinion of or representation by an officer of the Authority or the City, as the case may be, unless such Bond Counsel or consultant knows, or in the exercise of reasonable care, should have known, that the certificate or opinion or representation with respect to the matters upon which such individual's certificate of said opinion or representation may be based is erroneous. The same officer of the Authority or the City, or the same Bond Counsel or consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, Bond Counsel or consultants may certify to different matters.

SECTION 1.03. Article and Section Headings and References. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding articles, sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular article, section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

ARTICLE II

THE BONDS

SECTION 2.01. Authorization of Bonds. The Authority represents that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is duly authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. The Bonds will be issued initially in the aggregate principal amount of \$_____

_____, shall bear interest at the rates set forth below, shall mature on June 1, ____, and shall be designated the “Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project).”

SECTION 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in Authorized Denominations. The Bonds shall be initially registered in the name of Cede & Co., as nominee of DTC, and shall be evidenced by one Bond for each of the maturities in the principal amounts set forth below. DTC is hereby appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as set forth in Section 2.03. The Bonds shall be dated their date of initial delivery, and shall bear interest on each Interest Payment Date at the rates set forth below in the years and in the amounts set forth below.

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Interest on the Bonds shall be due semiannually on June 1 and December 1 of each year, commencing June 1, 2020, calculated based on a 360-day year of twelve (12) thirty-day months, to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner at the address of such Owner as it appears on the Registration Books; provided however, that payment of interest or principal may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by check or wire of the Trustee upon

presentation and surrender thereof at the Trust Office. Principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before the first Record Date, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

SECTION 2.03. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Trustee for such purpose, 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 approved by the Trustee or the Tender Agent; provided, however, that neither the Trustee nor the Tender Agent shall be required to register the transfer of any Bond during the period five (5) days prior to any date established by the Trustee for the selection of Bonds for redemption nor any Bond actually selected by the Trustee for redemption.

Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Authority shall execute and the Trustee shall deliver a new Bond or Bonds of the same maturity and interest rate and for a like aggregate principal amount. The Trustee or the Tender Agent shall require the Owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing any Bonds and any services rendered or any expenses incurred in connection with any transfer shall be paid by the Authority solely from Revenues.

The Authority and the Trustee may treat the registered owner of any Bond as the absolute owner thereof for all purposes whatsoever in accordance with this Indenture, and the Authority and the Trustee shall not be affected by any notice to the contrary.

SECTION 2.04. Use of Securities Depository. (a) The Bonds shall be initially registered as provided in Section 2.02. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

- (1) to any successor of Cede & Co., as nominee of DTC, or its nominee, or to any substitute depository designated pursuant to clause (2) of this Section (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of DTC or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;
- (2) to any substitute depository, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for DTC (or its successor) because DTC or its successor (or any

substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (1) or clause (2) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Request of the Authority to the Trustee, a new Bond for each maturity shall be authenticated and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Request of the Authority.

(c) In the case of any transfer pursuant to clause (3) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Request of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such a Request of the Authority, subject to the limitations of Section 2.03 hereof; provided, the Trustee shall not be required to deliver such Bonds within a period less than sixty (60) days from the date of receipt of such a Request of the Authority. After any transfer pursuant to this subsection, the Bonds shall be transferred pursuant to Section 2.03.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(e) So long as the Outstanding Bonds are registered in the name of Cede & Co. or is registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) Notwithstanding anything to the contrary contained herein, so long as the Bonds are registered as provided in this Section 2.04, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations delivered to DTC with respect to the Bonds.

SECTION 2.05. Exchange of Bonds. Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same tenor and maturity in other authorized denominations. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Trustee may also require the Owner requesting such exchange to pay a reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Trustee or the Authority with respect to such exchange. The Trustee may refuse to register the exchange of any Bond during the period five (5) days prior to the date established by the Trustee for the selection of Bonds for redemption or any Bond actually selected by the Trustee for redemption pursuant to the terms hereof. The cost of printing any Bonds and any services rendered or any expenses incurred in connection with any exchange shall be paid by the Authority solely from Revenues.

SECTION 2.06. Bond Register. The Trustee shall keep or cause to be kept, at the corporate trust office of the Trustee sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Authority with reasonable notice during regular business hours; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may proscribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

SECTION 2.07. Form and Execution of Bonds. The Bonds shall be substantially in the form attached hereto as Exhibit A and hereby made a part hereof. The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chairperson and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed 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 the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the forms set forth in the Exhibits 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 the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.08. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such 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

it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Principal Office and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds 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 principal amount 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 upon the order of, the Authority.

If any Bond shall be lost, destroyed or stolen, evidence of such destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and an indemnity satisfactory to them shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee or the Tender Agent shall thereupon authenticate and deliver, a new Bond of like tenor and maturity in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, or shall be about to mature or has been selected for redemption, instead of issuing a substitute bond, the Trustee may pay the same without surrender thereof) upon receipt of indemnity satisfactory to the Trustee.

The Authority may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.09 and of the expenses that may be incurred by the Authority or the Trustee. Any Bond issued under the provisions of this Section 2.09 in lieu of any Bond 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 is at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds secured by this Indenture.

SECTION 2.10. CUSIP Numbers. The Trustee and the Authority shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee nor the Authority shall be liable for any inaccuracies in such numbers.

ARTICLE III

APPLICATION OF PROCEEDS

SECTION 3.01. Application of Proceeds of the Bonds.

(a) Application of Proceeds of the Bonds. There shall be deposited in trust with the Trustee the net proceeds of the Bonds in the amount of \$_____ (representing the

principal amount of the Bonds of \$_____, plus premium of \$_____, less underwriter's discount of \$_____). The Trustee shall immediately set aside such amounts as follows:

(1) The Trustee shall deposit Bond proceeds in the amount of \$_____ in the Reserve Fund, equaling the Reserve Requirement.

(b) The Trustee may establish a temporary fund or account in its records to facilitate such deposits and transfers.

SECTION 3.02. Costs of Issuance Fund.

(a) The Trustee shall establish and maintain a fund designated as the "Costs of Issuance Fund." 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 relating to the Bonds upon submission to the Trustee of a Request of the Authority containing payment instructions stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred and (iv) that such payment is a proper charge against said fund. Each 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. On the date that is 180 days following the Closing Date, or upon receipt of a Certificate of the Authority stating that amounts in such fund are no longer required for the payment of such Costs of Issuance, any amounts then remaining in such account shall be withdrawn therefrom by the Trustee and transferred to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund shall be closed.

ARTICLE IV

REDEMPTION AND TENDER OF BONDS

SECTION 4.01. Establishment of Redemption Fund. Pursuant to Section 5.01(f) hereof, the Trustee shall establish a special fund designated as the "Redemption Fund" in which the Trustee shall establish a special account designated as the "Lease Prepayment Account." The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund and accounts as herein provided. Moneys from Prepayments to be used for redemption of the Bonds shall be deposited into the Lease Prepayment Account of the Redemption Fund and shall be used to redeem Bonds.

SECTION 4.02. Special Mandatory Redemption.

(a) Special Mandatory Redemption From Net Proceeds. The Bonds are subject to mandatory redemption on any Bond Payment Date, in whole or in part, from moneys in the Lease Prepayment Account of the Redemption Fund of Net Proceeds deposited by the City under this Indenture, at least 45 days prior to a Bond Payment Date which have been credited towards the Prepayment made by the City pursuant to the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium; the Bonds are subject to redemption from Net Proceeds which the Trustee shall deposit in the Lease Prepayment Account of the Redemption Fund (which funds shall be held uninvested or invested at the written direction of the City in obligations described in

clause (1) of the definition of “Authorized Investment”), to be used to redeem the Bonds as provided in the Lease and as provided herein.

(b) In the event that amounts remain in the Lease Prepayment Account because such amounts did not constitute an Authorized Denomination of a Bond, then such amounts shall be transferred to the Lease Payment Account of the Debt Service Fund.

SECTION 4.03. Optional Redemption of the Bonds. The Bonds are subject to optional redemption on any day on and after June 1, 20__ in whole or in part (in integral multiples of \$5,000) at the option of the Authority at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption.

SECTION 4.04. Sinking Account Redemption. The Bonds maturing on June 1, 20__ are subject to mandatory redemption, in part, from Sinking Account Payments, on each June 1 specified below, at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium, as follows:

**Sinking Fund
____ 1 Payment**

* Maturity.

The Bonds maturing on ____ 1, 20__, bearing an interest rate of ____%, are subject to mandatory redemption, in part, from Sinking Account Payments, on each _____ 1 specified below, at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium, as follows:

**Sinking Fund
____ 1 Payment**

* Maturity.

In the event of an optional or mandatory redemption that results in a partial redemption of Bonds pursuant to Section 4.02 or Section 4.03 above, the respective annual

sinking account payments with respect to such Bonds will be reduced in equal percentages, as nearly as practicable; provided, that the reductions will be made in multiples of \$5,000. The City shall provide the Trustee with the amended sinking account payments schedule calculated as set forth above.

SECTION 4.05. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of Bonds and less than all Outstanding Bonds are called for redemption, the Trustee shall select Bonds for redemption, from the Outstanding Bonds not previously called for redemption, in Authorized Denominations on a pro rata basis among maturities and by lot within a maturity, and, in the case of a redemption under Section 4.02(a) or Section 4.03, from such maturities as are designated in a City Certificate. The Trustee shall promptly notify the City and the Authority in writing of the Bonds so selected for redemption.

SECTION 4.06. Notice of Redemption. When redemption is authorized or required pursuant to this Article IV, the Trustee shall give notice of the redemption of the Bonds. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the CUSIP numbers and, if less than all of the Bonds of a maturity are to be redeemed, the serial numbers of the Bonds to be redeemed, (c) the date of redemption, (d) the place or places where the redemption will be made, (e) the following descriptive information regarding the Bonds: date, interest rates and stated maturity dates, and (f) that a new Bond in an amount equal to that portion not so redeemed will be executed by the Trustee and delivered to the Owner in the event of a partial redemption. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and that from and after such date, provided that moneys therefore have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

Notice of such redemption shall be mailed by first class mail or other means acceptable to the recipient thereof, to the City, to all municipal Securities Depositories and to at least one national Information Service which the City shall designate to the Trustee, and the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books, at least 20 days, but not more than 60 days, prior to the redemption date; provided, that neither failure to receive such notice nor any defect in any notice so mailed or otherwise transmitted shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Notice of such redemption may be rescinded by the Authority prior to the specified date for redemption by notice of such rescission given by the Trustee to the City, to all municipal Securities Depositories and to the applicable national Information Service in the same manner the original notice was provided.

SECTION 4.07. Partial Redemption of Bonds. Upon surrender by the Owner of a Bond for partial redemption at the Principal Office, payment of such partial redemption of the principal amount of a Bond will be made to such Owner by check mailed by first class mail to the Owner at his address as it appears on the registration books of the Trustee. Upon surrender of any Bond redeemed in part only, the Trustee or the Tender Agent shall authenticate and

deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds which shall be of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and the same maturity. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Authority and the Trustee shall be released and discharged from all liability to the extent of such payment.

SECTION 4.08. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption), having been set aside in the Redemption Fund, the Bonds shall become due and payable on said date of redemption, and, upon presentation and surrender thereof at the Principal Office, said Bonds shall be paid at the unpaid principal price with respect thereto, plus interest accrued and unpaid to said date of redemption.

If, on said date of redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date of redemption, shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest with respect to the 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.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Article shall be canceled upon surrender thereof and delivered to or upon the order of the City.

SECTION 4.09. Surplus. Any funds remaining in the Redemption Fund after redemption and payment of all Bonds outstanding, or provision made therefor satisfactory to the Trustee, including accrued interest, shall be withdrawn by the Trustee and remitted first to the Trustee for the payment of any applicable fees and expenses to the Trustee (including the Trustee's legal fees and expenses), with the remainder, if any, being remitted to the City.

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01. Establishment of Funds. In addition to the funds established pursuant to Article III hereof, the Trustee shall further establish, maintain and hold in trust the following funds and accounts:

- (a) Revenue Fund.
- (b) Insurance and Condemnation Award Fund.
- (c) Renewal and Replacement Fund.
- (d) Base Rental Payment Reimbursement Fund.

(e) Debt Service Fund, in which there is further established a Lease Payment Account. In the Lease Payment Account there is established a Principal Component Subaccount and an Interest Component Subaccount.

(f) Redemption Fund in which there is further established pursuant to Section 4.01 hereof a Lease Prepayment Account.

(g) Reserve Fund.

SECTION 5.02. Pledge and Assignment; Equal Security.

(a) The Bonds are secured by a pledge of and lien on all of the Revenues (except as otherwise provided in Section 8.06) and upon all of the moneys in the funds and accounts established hereunder. Except for the Revenues and such moneys, no funds or properties of the Authority shall be pledged to, or otherwise liable for, the payment of principal of, premium (if any) or interest on the Bonds.

(b) The Authority and the City, as their interests may appear, hereby grant to the Trustee, for the benefit of the Owners, a lien on and a security interest in the Lease and the Revenues, including all moneys in the funds held by the Trustee under this Indenture (excepting only the moneys set aside by the Trustee to satisfy the requirements of Section 10.01 hereof, including, without limitation, the Debt Service Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified herein and in the Lease; provided, however, that no security interest is granted to the Trustee for the purpose of paying its fees or expenses in money drawn by the Trustee to the extent such moneys are applied to the payment of the amounts due to the Owners. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and subject to the provisions of this Indenture, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority that have been assigned to the Trustee and all of the obligations of the City under the Lease.

(c) In consideration of the acceptance of the Bonds by those who shall own them from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof, of the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 5.03. Deposits to the Revenue Fund. All Revenues shall be deposited when received into the Revenue Fund, and other payments made by or on behalf of the City under the Lease, shall be paid directly to the Trustee and shall, except as otherwise expressly provided in this Indenture, be deposited in the Revenue Fund.

(a) Except as otherwise provided in this Indenture, moneys in the Revenue Fund shall be paid by the Trustee as follows and in the following order of priority:

FIRST: to the Trustee, on each June 1 and December 1, the reasonable Administrative Expenditures of the Trustee, upon receipt of an invoice or other request for payment submitted by the Trustee and approved by an Authorized Officer of the City;

SECOND: if Project Gross Revenues and other amounts on deposit in the Operating Account are to be deposited directly to the Revenue Fund pursuant to Section 5.03 of the Lease, to the payment of Project Operating Expenses and the Franchise Fee, as they come due, pursuant to a requisition of the City stating that the party to whom the amount is payable, the invoice or other billing advice to which it pertains, the amount, and stating that the amount so requisitioned and that the obligations in the stated amounts have been incurred by the Project and are presently due and payable or are properly reimbursable to the Project and each item thereof is a necessary Project Operating Expense and is a proper charge against the Revenue Fund and has not been paid from amounts previously disbursed from the Revenue Fund; provided, that if no requisition of the City is received by the Trustee by the second Business Day prior to the first Business Day of each month, Revenues shall be applied as set forth below;

THIRD: not later than the first Business Day of each month, [commencing April 2020]: (A) to the Interest Component Subaccount of the Lease Payment Account, one-fourth (1/4) of the total amount required to make the amount on deposit in such Subaccount equal to the amount of accrued and unpaid interest on the Bonds due and payable on the next Bond Payment Date (provided that for the months of [April 2020 and May 2020], the deposit shall be one-half (1/2) of the amount required to make the amount on deposit in such Subaccount equal to the amount of accrued and unpaid interest on the Bonds due and payable on the next Bond Payment Date) and (B) not later than two (2) Business Days prior to the first day of each month, to the Principal Component Subaccount of the Lease Payment Account, one-eighth (1/8) of the amount required to make the amount on deposit in such Subaccount equal to the amount of principal coming due on the Bonds on the next December 1;

FOURTH: to the Reserve Fund such amount as may be necessary to maintain a balance therein equal to the Reserve Requirement;

FIFTH: to the Authority, on the first Business Day of each month, the reasonable Administrative Expenditures of the Authority, upon receipt of an invoice or other request for payment submitted by the Authority and approved by an Authorized Officer of the City in the case of any Administrative Expenditures; provided, that if no invoice or request is received by the Trustee by the second Business Day prior to the first Business Day of each month, Revenues shall be applied by the Trustee as set forth below;

SIXTH: on the first Business Day of each month, to the Base Rental Payment Reimbursement Fund, reimbursement for the Reimbursable Portion of Base Rental payments pursuant to [Section 5.09 hereof], as set forth in a City Certificate delivered to the Trustee by November 15; provided, that if the Trustee has not received a City Certificate by the second Business Day prior to the first Business Day of the month, no reimbursement shall be made and Revenues shall be applied by the Trustee as set forth below;

SEVENTH: on the first Business Day of each month, into the Renewal and Replacement Fund, the lesser of the balance of the Revenues or an amount equal to one-twelfth of the then applicable Renewal and Replacement Requirement, plus any accrued deficiency in the amount necessary to satisfy the Renewal and Replacement Requirement resulting from insufficient Revenues in any prior month;

EIGHTH: on the first Business Day of each month, to the Facilities Manager, the Facilities Management Fee (including any accrued and unpaid Facilities Management Fees, and accrued interest thereon); less the amount of the Facilities Management Fee applied by the Facilities Manager to the payment of the Franchise Fee paid out of the Operating Account during the same period, as set forth in a City Certificate (which the City [hereby covenants] to provide to the Trustee no later than November 15th of each year and any month during which an adjustment is necessary based on the amount paid out of the Operating Account; provided, that in no event shall failure to comply with such covenant give rise to any default or an Event of Default hereunder or under the Lease); provided that if no City Certificate is received by the Trustee by the second Business Day prior to the first Business Day of each month, Revenues shall be applied as set forth below; and

NINTH: into the Operating Reserve Fund, the amount required to bring the balance in the Operating Reserve Fund to the Operating Reserve Requirement.

After making the payments required above, any balance remaining in the Revenue Fund on each December 2nd shall be deposited at the direction of the City (as approved by the Facilities Manager, if and to the extent required under the Hotel Management Agreement, as represented to the Trustee by the City) into the Renewal and Replacement Fund, or into the Lease Prepayment Account of the Redemption Fund for the redemption of the Bonds at the next available redemption date, or, upon or in the absence of such direction of the City (as approved by the Facilities Manager, if and to the extent required under the Hotel Management Agreement), remain in the Revenue Fund; provided that, commencing on the Fixed Rate Conversion Date, if all amounts payable pursuant to FIRST through NINTH above have been fully funded and there are no unpaid accruals in any of such accounts for the current or any prior year and the City certifies in a City Certificate that all such required amounts have been paid or deposited in the full amounts required, then any surplus amounts may be released

to the City upon the Authority's written request to the Trustee for deposit in the City's General Fund and applied for any lawful purpose.

Notwithstanding anything to the contrary in this Indenture, after the deposit required by EIGHTH above, any Revenues to be applied under NINTH above shall be applied first to any accrued but unpaid balance owed to the Facilities Manager, if after such application the Revenue Fund will have a minimum balance of \$300,000, and then to the current calendar year's amount due under NINTH. If the Facilities Manager is replaced, such manager shall be paid in full prior to any Revenues being disbursed to pay management fees to the new Facilities Manager. All disbursements to be made pursuant to this paragraph shall be made as set forth in a City Certificate delivered to the Trustee. The Trustee shall be under no obligation to make any such disbursement in the absence of a City Certificate.

Notwithstanding anything in this Indenture to the contrary, the Trustee shall accept direction from the City in a City Certificate (which City Certificate must be provided to the Trustee at least two Business Days in advance of the desired date of payment) to disburse on any Business Day amounts held under the Indenture that are available, as represented by the City in the City Certificate, for payment of accrued and unpaid Facilities Management Fees and accrued interest thereon.

(b) Anything herein contained to the contrary notwithstanding, moneys deposited at any time in the Revenue Fund as the result of payments by the Authority, the Trustee or the City of (i) the proceeds of all or any part of the Leased Property taken in the exercise of the power of eminent domain (or similar proceedings or related agreements) and related payments, insurance proceeds payable in connection with the loss, damage or destruction of the Leased Property and related payments with respect to the Leased Property as provided by the Lease shall be paid to the Insurance and Condemnation Award Fund by the Trustee on or prior to the fifth Business Day after the deposit thereof and (ii) the proceeds of any business interruption policy in accordance with the Lease shall be deposited in the Lease Payment Account to be used to pay principal and interest on the Bonds when due.

(c) Anything herein contained to the contrary notwithstanding, for purposes of Bond redemption moneys deposited at any time in the Insurance and Condemnation Award Fund from payments made to the Trustee pursuant to the Lease shall be transferred to the Lease Prepayment Account of the Redemption Fund by the Trustee as specified in the Lease.

SECTION 5.04. Deposit of Base Rental. There shall be deposited in the Revenue Fund all Base Rental (other than Prepayments, which shall be deposited in the Lease Prepayment Account of the Redemption Fund pursuant to Section 4.01 hereof) received by the Trustee.

SECTION 5.05. Application of Moneys. All amounts in the Lease Payment Account of the Debt Service Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest on the Bonds or as the same shall become due and payable, in accordance with the provisions of Article II and Article IV.

SECTION 5.06. Insurance and Condemnation Award Fund. Moneys in the Insurance and Condemnation Award Fund shall be applied by the Trustee for the following purposes:

(a) Disbursement to or at the written direction of an Authorized Officer of the City in accordance with requisitions meeting the requirements of subsection (c) of this Section to pay the costs of repair or replacement of property lost, damaged, destroyed or taken in accordance with the Lease.

(b) Deposit by the Trustee in the Lease Prepayment Account of the Redemption Fund for the extraordinary redemption of Bonds in accordance with the Lease; provided, however, that in the event of the execution and delivery of any Parity Obligations, such moneys shall be allocated by the Trustee between the payment of Bonds and Parity Obligations, proportionately on the basis of the respective aggregate principal amounts of Bonds and Parity Obligations then outstanding as certified to the Trustee by an authorized Officer of the City.

(c) Payments and transfers from the Insurance and Condemnation Award Fund shall be made by the Trustee to pay costs of restoring or replacing the Project in accordance with the documents delivered by the City pursuant to the Lease (the "Restoration Project") pursuant to requisitions signed by an Authorized Officer of the City describing in reasonable detail the purposes for which such moneys are to be used and the amount thereof and certifying that the amount then being requested constitutes a proper cost of the Restoration Project which is then due or which has been paid by the City and which has not previously been the subject of a requisition from the Insurance and Condemnation Award Fund. Each requisition 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.

SECTION 5.07. Base Rental Payment Reimbursement Fund. The Trustee shall use all amounts deposited in the Base Rental Payment Reimbursement Fund, as such amounts become available, to reimburse the City for the Reimbursable Portion of all Base Rental payments paid by the City from amounts not constituting Project Gross Revenues, which then remain unreimbursed, as set forth in a City Certificate.

SECTION 5.08. Renewal and Replacement Fund. Amounts on deposit in the Renewal and Replacement Fund shall be transferred by the Trustee for use for the following purposes in the following order of priority, as set forth in a requisition of the City:

(a) Payment of the costs of extensions, additions and capital improvements to, or the renewal and replacement of depreciable capital assets of, or the purchasing and installing of equipment for, the Project, as set forth in a City Certificate, or for paying any extraordinary maintenance and repair; and

(b) Payment of Project Operating Expenses to the extent a deficiency in amounts available to pay Project Operating Expenses exists.

(c) On the first Business Day of each month, the Trustee shall confirm that the balance in the Renewal and Replacement Fund does not exceed the maximum balance for such fund of \$600,000 and shall transfer any amount in the Renewal and Replacement Fund in excess

of \$600,000 into the Operating Reserve Fund until the Operating Reserve Requirement is satisfied as provided in Section 5.03 NINTH of this Indenture and thereafter to the Revenue Fund.

SECTION 5.09. Operating Reserve Fund. The money deposited in the Operating Reserve Fund, together with all investment income therefrom, shall be applied, as set forth in a City Certificate, to the payment of Project Operating Expenses to the extent a deficiency in amounts available to pay Project Operating Expenses exists.

SECTION 5.10. Surplus.

Any funds remaining in the Lease Payment Account after payment of all Bonds Outstanding, or provision made therefor satisfactory to the Trustee, shall be withdrawn by the Trustee and applied first to the payment of any fees and expenses owed to the Trustee, and then released to the City.

SECTION 5.11. Reserve Fund.

(a) All moneys in the Reserve Fund in excess of the Reserve Requirement shall be transferred to the Lease Payment Account. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of reimbursing the provider of the Qualified Reserve Fund Credit Instrument for amounts owed under a Qualified Reserve Fund Credit Instrument to the extent necessary or paying the principal of and interest on the Bonds as the same shall become due and payable in the event of any deficiency at any time in the Lease Payment Account of the Debt Service Fund, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money (or amounts available to be drawn from a Qualified Reserve Fund Credit Instrument) of the Authority is lawfully available therefor, or for the retirement of all then Outstanding Bonds.

(b) The Reserve Requirement may be satisfied by crediting to the Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Fund Credit Instrument to satisfy the Reserve Requirement, the Trustee shall transfer any excess amounts then on deposit in the Reserve Fund into a segregated subaccount of the Lease Payment Account of the Debt Service Fund, to be known as the “Excess Reserve Amount Subaccount,” to be established by the Trustee, which monies shall be applied at the written direction of the Authority either (i) to the payment within one year of the date of transfer of capital expenditures of the Authority permitted by law or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall in accordance with written direction of the Authority (on which the Trustee may conclusively rely and shall have no duty to determine whether such direction complies with the provisions of this Section 5.11, including with the yield requirements hereof) be held either not invested, or invested in property (as defined in section 148(b) of the Code constituting an Authorized Investment) to produce a yield that is not in excess of the yield on the Bonds; provided, however, that the Authority may by written direction to the Trustee cause an alternative use of such amounts if the Authority shall first have obtained a written opinion of Bond Counsel addressed

and provided to the Trustee together with such written direction substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

(c) In any case where a Reserve Fund is funded with a combination of cash, investments and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances and investments, at the direction of the City set forth in a City Certificate, before drawing on the Qualified Reserve Fund Credit Instrument. Any available moneys not needed to pay debt service on the Bonds provided by the Authority to fund the Reserve Fund after a withdrawal shall first be used to reinstate the Qualified Reserve Fund Credit Instrument pursuant to its terms and second, to replenish the cash in the Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn on, the Authority shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection.

SECTION 5.12. Reserved.

SECTION 5.13. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Indenture shall be invested by the Trustee solely in Authorized Investments. Upon written request of an Authorized Representative of the Authority, the Trustee shall invest all moneys as directed by such Authority representative, provided such moneys are invested solely in Authorized Investments; provided, however, that the Trustee shall have received at least two (2) Business Days prior to the date of any such proposed investment or reinvestment, written directions of the Authority specifying the Authority's request for investment or reinvestment. In the absence of Request from the Authority, the Trustee shall invest such moneys solely in the investments described in subparagraph (4) of the definition of "Authorized Investments"; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Authority shall have been directed in writing specifying a specific money market fund and, if no such request in writing by the Authority is so received, the Trustee shall hold such moneys uninvested. Authorized Investments may be purchased at such prices as the Authority may in its discretion determine. All Authorized Investments shall be acquired subject to the limitations as to maturities hereinafter set forth in this Section 5.13 and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Authority.

Moneys in the funds and accounts shall be invested in Authorized Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee or the Authority. Authorized Investments purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Authorized Investments for repurchase under such agreement. Authorized Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. Except as otherwise provided in the last paragraph of this Section 5.13, all interest, profits and other income received from the investment of moneys in any fund or account shall be deposited therein. For the purpose of determining the amount in any fund, all Authorized Investments credited to such fund shall be valued at the lesser of (i) cost (exclusive

of brokerage commissions or accrued interest, if any); (ii) the par amount thereof; or (iii) the market value thereof. The Trustee pricing service, as reflected on statements, constitutes “market value” for purposes of this paragraph.

The Trustee may commingle moneys on deposit in any of the funds or accounts established pursuant to this Indenture and held by the Trustee into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fees therefor. The Trustee may sell, or present for redemption, any Authorized Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 8.03, the Trustee shall not be liable or responsible for any loss on any investment made pursuant to this Section 5.13 or resulting from any such sale which the Trustee reasonably makes in good faith. Any Authorized Investments that are registerable securities shall be registered in the name of the Trustee.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The Trustee shall sell or present for redemption, any Authorized Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Authorized Investment is credited.

The Trustee shall furnish to the Authority, not less than monthly, an accounting (which may be in the form of its regular statements) of all investments made by the Trustee. The Trustee shall keep accurate records of all funds administered by it and all Bonds paid and discharged.

Investment earnings in the Debt Service Fund shall first be applied to the payment of Additional Rental. If no Additional Rental is owing, investment earnings within the Debt Service Fund shall be transferred to the City on [December 20] of each year while the Bonds remain Outstanding. Unless otherwise directed herein, investment earnings in all other funds and accounts established hereunder shall remain in such funds and accounts.

ARTICLE VI

PARTICULAR COVENANTS

SECTION 6.01. Punctual Payment. The Authority covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds together with the premium thereon, if any, on the date, at the place and in the manner provided in said Bonds, solely from the Revenues and other funds as herein provided.

SECTION 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or to a change in the amount or time of any mandatory sinking account payment or the time of payment of any claims for interest, whether by the purchase or funding of such Bonds or claims of interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of, or claims for, interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 6.03. Against Encumbrances. The Authority covenants and agrees that it will not issue any other obligations payable as to either principal or interest from the Revenues which have, or purport to have any lien upon the Revenues superior to or on a parity with the lien of the Bonds.

SECTION 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legally valid and binding limited obligations of the Authority in accordance with their terms, and the Authority and Trustee shall, subject to the provisions of this Indenture, at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

The Authority shall preserve and protect the security of the Bonds and the rights of the Owners and defend their rights against all claims and demands of all persons. Until such time as an amount has been set aside sufficient to pay at maturity, or to call and redeem prior to maturity, all Outstanding Bonds plus unpaid interest thereon to maturity, the Authority will (through its proper members, officers, agents or employees) faithfully perform and abide by all the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder for the benefit of the Owners.

SECTION 6.05. Accounting Records and Financial Statements. The Authority covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate

entries shall be made of all transactions relating to the Revenues and of the funds and accounts herein provided for. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee (who shall have no duty to inspect), or the Owners of not less than ten percent (10%) of the aggregate principal amount of the Bonds then Outstanding or their representative authorized in writing. The parties hereto acknowledge that any such books, records or accounts will be maintained by the Trustee so long as all Base Rental Payments are made directly from the City to the Trustee and that the Authority shall not be responsible for keeping such books, records or accounts unless Base Rental Payments are received by it.

SECTION 6.06. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim to take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 6.07. Further Assurances. The Authority shall make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

SECTION 6.08. Covenants to Maintain Tax-Exempt Status of the Bonds. The Authority covenants as follows in this Section.

Special Definitions. When used in this Section, the following terms have the following meanings:

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

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that Series of Bonds.

“Rebate Amount”, has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, or section 103 of the 1954 Code, as applicable.

“Yield” of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(a) Not to Cause Interest to Become Taxable. The Authority covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(b) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that the Authority at all times prior to the final cancellation of the last of the Bonds to be retired:

(1) exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(c) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax

purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(d) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(e) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(f) Information Report. The Authority shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(g) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(1) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Authority shall calculate, the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The Trustee may rely conclusively upon the Authority’s determinations, calculations and certifications. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority’s calculations hereunder.

(3) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States the amount that when

added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T prepared by the Authority or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(h) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(i) Bonds Not Hedge Bonds.

(i) The Authority represents that none of the Prior Bonds nor the Bonds is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(ii) Without limitation of clause (i) above, (A) on the date of issuance of the Prior Bonds the Authority reasonably expected that at least 85% of the spendable proceeds thereof would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Prior Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(iii) As of the date of issuance of the Bonds the Authority reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(j) Elections. The Authority hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Bonds a Tax Certificate as to Arbitrage and the Provisions of

Sections 141-150 of the Internal Revenue Code of 1986, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

The Authority shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 7.01. Events of Default. The following events shall be Events of Default:

(a) Default by the Authority in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) Default by the Authority in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; and

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within said sixty-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time.

SECTION 7.02. Remedies on Default. Upon the occurrence and continuance of any Event of Default specified in Section 7.01(a) or (b), the Trustee shall proceed, or upon the occurrence and continuance of any Event of Default specified in Section 7.01(c) hereof, the Trustee may proceed and upon written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, after receiving indemnification to its satisfaction shall proceed), to exercise the remedies set forth in Section 10.01 of the Lease or available to the Trustee hereunder; provided, however, that there shall be no right to accelerate

maturities of the Bonds or otherwise to declare any Base Rental not then in default to be immediately due and payable.

SECTION 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order of priority:

(1) To the payment of any expenses (including those of its attorneys, agents and advisors) necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of all reasonable fees, charges and expenses of the Trustee incurred in and about the performance of its powers and duties under this Indenture;

(2) If there has occurred an event of default under the Lease or the Hotel Management Agreement which has resulted in the Project Gross Revenues and amounts in the Operating Account being deposited directly into the Revenue Fund pursuant to Section 5.03 of the Lease, to the payment of Project Operating Expenses and the Franchise fee in the manner set forth in Section 5.03(a) hereof; and

(3) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid), subject to the provisions of this Indenture, as follows:

First: To the payment to the Persons entitled thereto, of all interest then due and payable, and, if the amount available shall not be sufficient to pay in full all such interest, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto, of the unpaid principal of any Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full all the principal of the Bonds due on any date, together with such interest, then to the payment first of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference; and

Third: To the payment of the interest on and the principal of the Bonds, the purchase and retirement of the Bonds and to the redemption of the Bonds, all in accordance with the provisions of this Indenture.

SECTION 7.04. Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful

attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture, and applicable provisions of the Law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture or the Bonds pending such proceedings.

All rights of action under this Indenture or the Bonds or otherwise 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 suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

SECTION 7.05. Owners' Direction of Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

SECTION 7.06. Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any applicable law with respect to such Bond unless (1) such Owner previously shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever by his or their action to affect, disturb or

prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture or applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.07. Absolute Obligation of Authority. Nothing in Section 7.06 or in any other provision of this Indenture, or in the Bonds, contained, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.08. Termination of Proceeding. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Authority, the Trustee, and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Owners shall continue as though no such proceedings had been taken.

SECTION 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. Appointment, Duties and Immunities of Trustee.

(a) The Authority hereby appoints The Bank of New York Mellon Trust Company, N.A., as Trustee and designates Los Angeles, California, as the principal place of payment for the Bonds, such appointment and designation to remain in effect until notice of change is filed by the Trustee with the Authority. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only

such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), 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 person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority, with the consent of the City, may remove the Trustee at any time upon thirty (30) days written notice to the Trustee unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time, to the knowledge of the Authority, the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 8.01 or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority, the City, and by giving the Owners notice of such resignation by mail at their addresses appearing on the bond registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority, with the approval of the City, shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days after the Authority has given a notice of removal or has received a notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment and assumption of the Trustee's duties by the successor Trustee. Upon such acceptance and assumption, the successor Trustee shall mail notice thereof to Moody's if the Bonds are rated by Moody's, S&P if the Bonds are rated by S&P, and the Owners at their respective addresses set forth in the Bond registration books maintained pursuant to the Indenture. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any

property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations.

(e) The Trustee, and any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee, shall be a trust company, national banking association or bank having the powers of a trust company, having a corporate trust office in California, having (or, in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

SECTION 8.02. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03. Liability of Trustee. (a) The recitals of facts herein and in the Bonds shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture or of the Bonds, and shall incur no responsibility in respect thereof other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its Certificate of Authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee shall not be responsible for monitoring the City's compliance with the insurance requirements set forth in the Lease.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this Indenture unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(f) No provision of this Indenture shall require the Trustee to advance, 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.

(g) 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.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Lease unless and until it shall have actual knowledge thereof.

(i) The Trustee is authorized and directed to execute in its capacity as Trustee the Assignment Agreement.

(j) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(k) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others

relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

SECTION 8.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, statement, facsimile transmission, electronic mail, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture 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 Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of any financial statement delivered to the Trustee, it being expressly understood that the Trustee shall only receive and hold such documents as a repository for examination and copying by any Owner at such Owner's expense during business hours on Business Days with reasonable prior notice.

SECTION 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession so long as any Bonds remain Outstanding and shall be subject at all reasonable times to the inspection of the Authority, and any Owner, and their agents and representatives duly authorized in writing, upon reasonable notice and under reasonable conditions.

SECTION 8.06. Compensation and Indemnification. The Authority shall pay, but solely out of payments received from the City as Additional Rental, to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Authority and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this

Indenture. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VII hereof, except the Trustee shall have no lien on any moneys held by the Trustee to satisfy the requirements of Section 10.02 hereof.

The Authority shall to the extent permitted by law indemnify and save the Trustee its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses arising out of the Trustee's exercise and performance of powers and duties hereunder and under the Lease. Such indemnification shall include the costs and expenses of defending against any claim or liability arising under the Indenture. Notwithstanding any provision to the contrary herein, no indemnification will be made for willful misconduct or negligence by the Trustee, its officers or employees. The Authority's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Bonds or resignation or removal of the Trustee.

SECTION 8.07. Co-Trustees.

(a) At any time, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Trustee shall have power to appoint one or more persons to act as co-trustee under this Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section.

(b) Each co-trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(1) The rights, powers, duties and obligations conferred or imposed upon any such co-trustee shall not be greater than those conferred or imposed upon the Trustee, and such rights and powers shall be exercisable only jointly with the Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such co-trustee subject to the provisions of Section 8.07(b)(4) hereof.

(2) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-trustee appointed under this Section 8.07.

(3) No co-trustee under this Indenture shall be liable by reason of any act or omission of any other co-trustee appointed under this Indenture.

(4) No power given to such co-trustee shall be separately exercised hereunder by such co-trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

(c) The provisions of Section 8.06 hereof shall extend to any co-trustee, its officers, employees, agents, successors and assigns appointed hereunder.

ARTICLE IX

MODIFICATION OR AMENDMENT OF INDENTURE AND LEASE

SECTION 9.01. Amendments Permitted.

(a) With Consent. This Indenture and the rights and obligations of the Owners of the Bonds and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplement which shall become effective when the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.03 hereof, shall have been filed with the Trustee and Moody's if the Bonds are rated by Moody's or S&P if the bonds are rated by S&P. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Bond or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Bond, or (2) reduce or have the effect of reducing the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of this Indenture or the Lease, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 9.02 hereof.

(b) Without Consent. This Indenture and the rights and obligations of the Owners of the Bonds, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, and which shall not adversely affect the interest of the Owners of the Bonds, (2) to reflect the comments of S&P and/or Moody's in order to maintain any applicable rating on the Bonds, or (3) in regard to matters arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not adversely affect the interest of the Owners of the Bonds. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be and shall be provided to Moody's, if the Bonds are rated by Moody's or S&P, if the Bonds are rated by S&P.

(c) Opinion of Counsel. In executing, or accepting the additional trusts created by, any supplement permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02. Procedure for Amendment with Written Consent of Bond Owners. This Indenture or the Lease may be amended by supplemental agreement as provided in this Section 9.02 in the event the consent of the Owners of the Bonds is required pursuant to Section 9.01(a) hereof. A copy of such supplemental agreement, together with a request to the Owners of the Bonds for their consent thereto, shall be mailed first class mail by the Trustee to

each Owner of a Bond at his address as set forth in the Bond registration books maintained, but failure to receive copies of such supplemental agreement and request so mailed shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 9.03 hereof) and notices shall have been mailed as hereinafter in this Section provided. Each such consent by the Owners of the Bonds shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. Any such consent shall be binding upon the Owner of the Bond giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the supplemental agreement has become effective.

After the Owners of the required percentage of Bonds shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Bonds in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved.

SECTION 9.03. Disqualified Bonds. Bonds owned or held by or for the account of the City or the Authority or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the City of the Authority (except any Bonds held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Bonds provided for in this Indenture, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Indenture except that for purposes of determining whether the Trustee shall be protected in relying on such vote, consent, waiver or other action, only Bonds so owned of which the Trustee has knowledge shall be disqualified. Upon request of the Trustee, the Authority and the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

SECTION 9.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article IX, this Indenture or the Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Bonds Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder and thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Indenture or the Lease, as the case may be, for any and all purposes.

The Authority or the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for in this Article IX shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 9.03 hereof.

SECTION 9.05. Endorsement or Replacement of Bonds Delivered After Amendments. The Trustee may determine that Bonds delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the Principal Office, a suitable notation shall be made on such Bond at the cost of the Authority. The Trustee may determine that new Bonds, so modified as in the opinion of the Trustee is necessary to conform to such Bond Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bond then Outstanding, such new Bond shall be exchanged in the Principal Office, without cost to such Owner, for a Bond of the same character then Outstanding, upon surrender of such Bond at the cost of the Authority.

SECTION 9.06. Amendatory Endorsement of Bonds. Subject to Section 9.01 hereof, the provisions of this Article IX shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by him, provided that due notification thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Indenture. The Bonds may be paid, in whole or in part, by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(a) by well and truly paying or causing to be paid the principal of and interest and redemption premiums, if any, on such Bond, as and when the same become due and payable;

(b) if prior to maturity and having given notice of redemption by irrevocably depositing with the Trustee, in trust, at or before maturity, an amount of cash which, together with amounts then on deposit in the Lease Payment Account and available for such purpose, is sufficient to pay all principal of and interest and redemption premiums, if any, on such Bonds; or

(c) by irrevocably depositing with the Trustee, in trust, noncallable Authorized Investments described in paragraph (1) or (2) of the definition thereof, in such amount as will in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Lease Payment Account and available for such purpose, together with the interest to accrue thereon, be fully sufficient to pay and discharge such Bond (including all principal and interest represented thereby and redemption premiums, if any).

If all Outstanding Bonds shall be discharged and paid in one or more of the preceding ways and all Additional Rental shall have been paid or arrangements satisfactory to the Trustee shall have been made for the payment of such Additional Rental then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the Authority, the Trustee

and the City with respect to all Outstanding Bonds shall cease and terminate, except only the covenants of the Authority hereunder to comply with the Code and the obligation of the Trustee to pay or cause to be paid, from Base Rental paid by or on behalf of the City from funds deposited pursuant to paragraphs (b) and (c) of this Section, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) and (c) of this Section, the Bonds shall continue to represent direct and proportionate interests of the Owners thereof in Base Rental under the Lease.

Any funds held by the Trustee, at the time of the defeasance of all Outstanding Bonds, which are not required for payment as required therein, shall be paid to the Trustee to pay any amounts owed to the Trustee under this Indenture, and the remainder, if any, shall be paid over to the City.

SECTION 10.02. Payment of Bonds After Discharge of Indenture. In the event any Bond shall not be presented for payment when the principal with respect thereof becomes due, either at maturity, or at the date fixed for redemption thereof, if moneys sufficient to pay such Bond shall have been deposited in the Lease Payment Account, all liability of the Authority to the Owner thereof for payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, said Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within two (2) years after the date on which the same were deposited with the Trustee due shall be paid by the Trustee to the City. Thereafter, Owners shall be entitled to look only to the City for payment, and then only to the extent of the amount so disbursed by the Trustee. The City shall not be liable for any interest on the sums paid to it pursuant to this section and shall not be regarded as a trustee or trustees of such money. Any moneys held in accordance with this Section 10.02 shall be held uninvested.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of Authority Limited to Revenues. Notwithstanding anything contained in this Indenture or in the Bonds to the contrary, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and the monies on deposit in the funds and accounts established under this Indenture which are pledged under this Indenture pursuant to Section 5.02 hereof for any of the purposes mentioned in this Indenture, whether for the payment of the principal of, premium (if any) or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or

referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03. Limitation of Rights to Parties and Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee and the Owners of the Bonds.

SECTION 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bond and deliver a certificate of such destruction to the Authority.

SECTION 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other article, section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more articles, sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07. Notices. All written notices to be given under this Indenture shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice to the Trustee shall be effective upon receipt. Notice to all other parties shall be deemed to have been received upon the earlier of actual receipt or five Business Days after deposit in the United States mail, in first class form, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

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

Notwithstanding any provision contained in this Indenture to the contrary, the Trustee shall notify S&P, if the Bonds are rated by S&P (at: Standard & Poor's Public Finance Ratings, 55 Water Street, New York, New York 10041 fax 212 438 2159), and Moody's if the Bonds are rated by Moody's (at: Moody's Investors Service, 99 Church Street, New York, New York 10007, Attention: Public Finance Department - Structured Finance Group), but without any liability for any failure to do so of any of the following occurrences of which the Trustee has actual knowledge: (1) modifications or amendments to (i) this Indenture, (ii) the Lease, (iii) the Assignment Agreement, (2) defeasance of the Bonds, to the address set forth in Section 11.17 below.

Notwithstanding any provision in this Indenture to the contrary, the City shall notify the Trustee of any Event of Bankruptcy of which the City has actual knowledge, which shall have occurred with respect to moneys held by the Trustee pursuant to this Indenture.

SECTION 11.08. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument 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.

The ownership of the Bonds shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

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 owned by or for the account of the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request, the Authority shall certify to the Trustee which Bonds are disqualified pursuant to this Section 11.09.

SECTION 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the principal, premium (if any) or interest 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 10.02.

SECTION 11.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with standard corporate trust accounting principles, to the extent practicable, and with due regard for the requirements imposed on the Authority pursuant to Section 6.06 hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems appropriate to perform its obligations hereunder.

SECTION 11.12. Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of, premium (if any) or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.13. CUSIP Numbers. Neither the Trustee nor the Authority shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Authority nor the Trustee shall be liable for any inaccuracies in such numbers.

SECTION 11.14. Business Days. If any date specified herein shall not be a Business Day, any action required on such date may be made on the next succeeding Business Day with the same effect as if made on such date, and if payment is made on such succeeding Business Day, no additional interest shall accrue for the period from and after such date.

SECTION 11.15. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be

deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.16. Governing Law. This Indenture shall be construed in accordance with and governed by the Constitution and laws of the State.

SECTION 11.17. Provisions Relating to Rating Agencies. All notices given by the Trustee pursuant to Sections 8.01(d) and 9.02 hereof shall also be sent to S&P if the Bonds are rated by S&P. If at any time S&P and/or Moody's does not have a rating outstanding on the Bonds, then references herein to such entity shall not be effective.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, THE MONTEBELLO PUBLIC FINANCING AUTHORITY and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee, have caused this Indenture to be executed by their respective officers all as of the day and year first above written.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

By: _____
Secretary

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

By: _____
Authorized Signatory

ACKNOWLEDGMENT AND
CONSENT OF CITY

The City of Montebello hereby acknowledges and consents to the terms and provisions of the foregoing Indenture.

Date: December 1, 2019

CITY OF MONTEBELLO

By: _____
City Manager

EXHIBIT A
(FORM OF BOND)

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

No. R-____ \$_____

MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND, 2019 SERIES A
(HILTON GARDEN INN PROJECT)

<u>Interest Rate</u>	<u>Principal Payment Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
----------------------	-----------------------------------	-------------------	--------------

Registered Owner: Cede & Co.

Principal Amount:

THE MONTEBELLO PUBLIC FINANCING AUTHORITY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the above-referenced registered owner (the “Owner”) or registered assigns subject to the terms of the Indenture, hereinafter mentioned, and any right to redemption, the Principal Amount stated above on the Principal Payment Date stated above upon surrender of this Bond at the corporate office of The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) in Los Angeles, California, and to pay the registered owner by check mailed by first class mail, postage prepaid, on each Bond Payment Date to the person whose name appears in the Bond register as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date (as each such term is hereinafter defined), interest on the balance of said Principal Amount from time to time remaining unpaid, at the rate per annum determined as hereinafter set forth, from the Bond Payment Date next preceding the date on which this Bond is authenticated unless it is (a) authenticated after a Record Date and on or before the next Bond Payment Date, in which event from such Bond Payment Date, or (b) authenticated on or before the first Record Date, in which event from the dated date set forth above; provided, however, that interest shall be paid by wire transfer of immediately available funds to an account in the United States of America to any registered Owner of at least \$1,000,000 in aggregate principal amount of the

Bonds, at the option of such Owner, according to wire instructions given in writing to the Trustee in accordance with procedures prescribed by the Trustee. Both principal and interest on this Bond are payable in lawful money of the United States of America, and (except for interest which is payable as stated above) are payable upon presentation of this Bond at the corporate office of the Trustee. The Bonds are secured in part by the Authority's right to receive certain lease payments ("Base Rental") under and pursuant to that certain Lease Agreement dated as of December 1, 2019 (the "Lease"), by and between the City of Montebello (the "City"), a municipal corporation duly organized and existing under the laws and constitution of the State of California, as lessee, and the Authority, as lessor, all of which rights to receive such Base Rental have been assigned without recourse pursuant to that certain Assignment Agreement dated as of December 1, 2019, by the Authority to the Trustee under the Indenture dated as of December 1, 2016 (the "Indenture"), by and between the Authority and the Trustee.

This Bond is one of a duly authorized issue of Bonds of the Authority designated as the Montebello Public Financing Authority Lease Revenue Bonds, 2019 Series A (Hilton Garden Inn Project) (the "Bonds"), all issued pursuant to and in conformity with the Constitution and laws of the State of California and particularly the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of the California Government Code, as amended) and the Indenture.

Reference is hereby made to the Indenture for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the Owners, and for a statement of the rights of the Owners, and by the acceptance of this Bond the owner hereof assents to all of the terms, conditions and provisions of the Indenture.

The principal of this Bond, the interest hereon and any premium payable upon redemption hereof, are secured by an irrevocable pledge of, and are payable solely from, the Revenues (as defined in the Indenture) and the moneys on deposit in certain other funds, all as more particularly set forth in the Indenture.

THE OBLIGATION OF THE AUTHORITY TO PAY THE BONDS IS LIMITED TO THE REVENUES, INCLUDING BASE RENTAL PAYABLE BY THE CITY, PLEDGED THEREFOR PURSUANT TO THE INDENTURE AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE AUTHORITY TO PAY THE BONDS DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE OBLIGATION OF THE CITY TO PAY BASE RENTAL IS ABATED DURING ANY PERIOD IN WHICH, BY REASON OF MATERIAL DAMAGE, DESTRUCTION OR CONDEMNATION, THERE IS SUBSTANTIAL INTERFERENCE WITH THE USE AND RIGHT OF POSSESSION BY THE CITY OF THE LEASED PROPERTY. FAILURE OF THE CITY TO PAY BASE RENTAL

DURING ANY SUCH PERIOD SHALL NOT CONSTITUTE A DEFAULT UNDER THE LEASE, THE INDENTURE OR THIS BOND.

THE OBLIGATION OF THE CITY TO PAY BASE RENTAL DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY BASE RENTAL DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Owner of this Bond is entitled to receive, subject to the terms of the Indenture and any right of payment, redemption or purchase hereinafter provided for, (i) on the Principal Payment Date set forth above, upon surrender of this Bond at the corporate office of the Trustee, the Principal Amount specified above on the Principal Payment Date specified above or upon earlier redemption, and (ii) by check mailed by first class mail, postage prepaid, on each interest payment date to the person whose name appears in the Bond register as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date (as each such term is hereinafter defined), interest on the balance of said Principal Amount from time to time remaining unpaid, at the rate per annum determined as hereinafter set forth, from the Bond Payment Date next preceding the date on which this Bond is authenticated unless it is (a) authenticated after a Record Date and on or before the next Bond Payment Date, in which event from such Bond Payment Date, or (b) authenticated on the first Record Date, in which event from the dated date set forth above; provided, however, that interest shall be paid by wire transfer of immediately available funds to any registered Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, at the option of such Owner, according to wire instructions given in writing to the Trustee in accordance with procedures prescribed by the Trustee.

Interest on the Bonds will be payable each June 1 and December 1 commencing on June 1, 2020. Interest due with respect to Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds are delivered in fully registered form and shall be in Authorized Denominations. Bonds may be exchanged at the Principal Office of the Trustee, in the manner and subject to the limitations and conditions provided in the Indenture, for an equal aggregate principal amount of Bonds of any Authorized Denominations.

The transfer of this Bond is registerable by the Owner hereof in person or by his attorney or legal representative at the corporate office of the Trustee, but only in the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Trustee shall execute and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of Authorized Denominations, in an aggregate principal amount equal to the principal amount of this Bond.

The Bonds are subject to redemption as provided in the Indenture.

The Authority and the Trustee may treat the Owner of this Bond (as evidenced by the Bond register) as its absolute owner for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

In the manner provided in the Indenture, the rights and obligations of the Authority and of the Owners of the Bonds, may (with certain exceptions as stated in the Indenture) be modified or amended with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

No modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment of interest thereon, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon without the consent of the Owner of each Bond so affected, or (2) reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as otherwise provided therein, or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all the Bonds then Outstanding, or (3) modify any of the rights or obligations of the Trustee without its written consent.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and the statutes of the State of California.

This Bond shall not be valid and the Owner hereof shall not be entitled to any benefit hereunder unless this Bond shall have been authenticated by the Trustee by the signature of a duly authorized signatory.

IN WITNESS WHEREOF, THE MONTEBELLO PUBLIC FINANCING AUTHORITY has caused this Bond to be executed on its behalf by the signature of the Chairperson of the governing board of the Authority and attested by the Secretary of the governing board of the Authority and this Bond to be authenticated manually by the Trustee and dated as of the dated date first above written.

**MONTEBELLO PUBLIC FINANCING
AUTHORITY**

By: _____
Chairperson

ATTEST:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

Date of Authentication: _____

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

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

the within Bond, and does hereby irrevocably constitute and appoint
_____ attorney to transfer said Bond on the books of the bond
Registrar with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature(s) on this assignment
must correspond with the name(s) as written
upon the face of the within Bond in every
particular, without alteration or enlargement or
any change whatsoever.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2019

NEW ISSUE—BOOK-ENTRY

RATINGS:

S&P: “ ” (—Insured)

S&P: “ ” (underlying)

See “RATINGS” herein.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in “TAX MATTERS” herein, interest on the 2019 Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the 2019 Bonds is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.



\$ _____ * MONTEBELLO PUBLIC FINANCING AUTHORITY Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project)

Dated: Delivery Date

Due: December 1, as shown in the inside cover

The \$ _____ * aggregate principal amount of Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) (the “2019 Bonds”) are being issued by the Montebello Public Financing Authority (the “Authority”) pursuant to an Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The 2019 Bonds are being issued to (i) refinance the acquisition, construction and equipping of the Hilton Garden Inn, as described herein (the “Project”) and, therefore, to refund the outstanding Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project); (ii) purchase a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the 2019 Bonds, and (iii) pay costs of issuance of the 2019 Bonds including purchasing a municipal bond insurance policy for the 2019 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE REFUNDING PLAN” herein.

The 2019 Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the 2019 Bonds. Interest on the 2019 Bonds is due semiannually on June 1 and December 1 of each year, commencing June 1, 2020, payable by the Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2019 Bonds. See “THE 2019 BONDS” herein.

The 2019 Bonds are subject to redemption prior to maturity as described herein. See “THE 2019 BONDS—Redemption” herein.

The 2019 Bonds are limited obligations of the Authority, issued under and secured by the Indenture, payable solely from Revenues. “Revenues” means (i) all payments to the Trustee (as assignee of the Authority) pursuant to a Lease Agreement, dated as of December 1, 2019 (the “Lease”), by and between the Authority and the City of Montebello (the “City”), the components of which are described herein, to be paid by the City; (ii) all amounts held in the funds and accounts created under the Indenture, together with earnings thereon; and (iii) all other receipts of the Trustee (as assignee of the Authority) attributable to the ownership, leasing or operation of the Project.

Pursuant to the Lease, the City has irrevocably pledged all Project Gross Revenues and agrees to make a Minimum Base Rental toward the payment of the Base Rental thereunder (as each such term is defined therein) and, if required, such further amount as may be required from its general fund. The City is required under the Lease to make payments in each fiscal year in consideration of the use and possession of the Leased Property (as defined herein), subject to abatement. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS” and “RISK FACTORS” herein.

The obligation of the City to pay Base Rental (as defined in the Lease) does not constitute an indebtedness of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the 2019 Bonds nor the obligation of the City to pay Base Rental constitutes an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by _____. See “MUNICIPAL BOND INSURANCE” herein.

[INSURER LOGO]

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

SEE THE INSIDE COVER

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2019 Bonds.

The 2019 Bonds are offered by the Underwriter when, as and if issued by the Authority, subject to approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority by Counsel to the Authority and by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel to the Authority, and for the Underwriter by its counsel Nixon Peabody LLP, Los Angeles, California. It is anticipated that the 2019 Bonds will be available for delivery through the book-entry facilities of DTC on or about December __, 2019.

Dated: _____, 2019

[Cabrera Capital Markets logo]

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy 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 a 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 prior to registration or qualification under the securities laws of such jurisdiction.



\$ _____ *

MONTEBELLO PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds, 2019 Series A
(Hilton Garden Inn Project)

\$ _____ **Serial Bonds**

CUSIP† Prefix: _____

<u>Maturity</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>Suffix</u>
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\$ _____ % **Term Bonds Maturing December 1, _____**; **Price:** _____ **to Yield** _____ %—**CUSIP†:** _____

*Preliminary, subject to change.

† Copyright 2019, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the City and are included solely for the convenience of the registered owners of the 2019 Bonds. None of the Authority, the City or the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the 2019 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019 Bonds.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Authority with respect to the 2019 Bonds that has been deemed "final" by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, salesman or any other person has been authorized by the Montebello Public Financing Authority (the "Authority") or Cabrera Capital Markets, LLC, underwriter of the 2019 Bonds (the "Underwriter"), to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2019 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 of the 2019 Bonds. Neither the delivery of this Official Statement nor the sale of any of the 2019 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the Authority and other sources believed to be reliable. All summaries contained herein of the Indenture (as defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the Authority except statistical information or other statements where some other date is indicated in the text.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2019 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Authority in any way, regardless of the level of optimism communicated in the information. Such forward-looking statements include, but are not limited to, the projections of any future operating results of the Authority included herein.

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 AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**CITY OF MONTEBELLO
MONTEBELLO PUBLIC FINANCING AUTHORITY**

1600 West Beverly Boulevard
Montebello, CA 90640
(323) 887-1200

CITY COUNCIL/AUTHORITY BOARD

Jach Hadjinian, *Mayor/Chair*
Salvador Melendez, *Mayor Pro Tem/Vice Chair of the Board*
David N. Torres, *Councilmember/Director*
Kimberly Ann Cobos-Cawthorne, *Councilmember/Director*
Angie M. Jimenez, *Councilmember/Director*

CITY STAFF/AUTHORITY STAFF

Rene Bobadilla, City Manager/Executive Director
Rafael Gutierrez, City Treasurer/Treasurer
Robert Mescher, City Finance Director/ Chief Financial Officer
Arnold M. Alvarez-Glasman, City Attorney
Irma-Bernal Barajas, City Clerk/Secretary

PROFESSIONAL SERVICES

Municipal Advisor
Hilltop Securities, Inc.
Encino, California

Bond Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Disclosure Counsel
Quint & Thimmig LLP
Larkspur, California

Trustee
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent

_____, _____

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OFFICIAL STATEMENT

\$ _____ *

MONTEBELLO PUBLIC FINANCING AUTHORITY

Lease Revenue Refunding Bonds, 2019 Series A

(Hilton Garden Inn Project)

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the Montebello Public Financing Authority (the “Authority”) of its \$ _____ * Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) (the “2019 Bonds”). The 2019 Bonds are being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Bonds are being issued to (i) refinance the acquisition, construction and equipping of the Hilton Garden Inn, as described herein (the “Project”) and, therefore, to refund the outstanding Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project) (the “2004 Bonds”); (ii) purchase a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the Bonds, and (iii) pay costs of issuance of the Bonds including purchasing a municipal bond insurance policy for the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE REFUNDING PLAN.”

Capitalized terms used, but not otherwise defined herein, shall have the meanings assigned thereto as set forth in APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS—Certain Definitions.

Security

The 2019 Bonds are limited obligations of the Authority, issued under and secured by the Indenture, payable solely from Revenues. “Revenues” means (i) all payments to the Trustee (as assignee of the Authority) pursuant to a Lease Agreement, dated as of December 1, 2019 (the “Lease”), by and between the Authority and the City of Montebello (the “City”), the components of which are described herein, to be paid by the City; (ii) all amounts held in the funds and accounts created under the Indenture, together with earnings thereon; and (iii) all other receipts of the Trustee (as assignee of the Authority) attributable to the ownership, leasing or operation of the Project.

Pursuant to the Lease, the City has irrevocably pledged all Project Gross Revenues and agrees to make a Minimum Base Rental toward the payment of the Base Rental thereunder (as each such term is defined therein) and, if required, such further amount as may be required from its general fund. The City is required under the Lease to make payments in each fiscal year in consideration of the use and possession of

* Preliminary, subject to change.

the Leased Property (as defined herein), subject to abatement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “RISK FACTORS.”

The obligation of the City to pay Base Rental (as defined in the Lease) does not constitute an indebtedness of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to pay Base Rental constitutes an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Bond Insurance

The Authority has applied for policies of municipal bond insurance and debt service reserve fund sureties with respect to the 2019 Bonds. Certain terms of such insurance and sureties, if purchased, will be disclosed in the final Official Statement. See “MUNICIPAL BOND INSURANCE.”

Limited Obligation

The 2019 Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from payments made by the City under the Lease. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of payments made by the City under the Lease and other amounts held under the Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019 Bonds.

The Authority

The Authority is a joint exercise of powers entity organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (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

The City is situated in eastern Los Angeles County, California. The City encompasses 8.2 square miles and is located 9 miles east of downtown Los Angeles. The City has access to three freeways: the San Gabriel River Freeway (State 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 is a balanced community with light industry, residential areas, and commercial centers. It 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 City was incorporated as a general law city in 1920. The City operates under the Council-Manager member form of government. The five City Council members, including the Mayor, are elected to four-year terms on alternate slates every two years. The Mayor and the Mayor Pro Tem are selected by the City Council to serve two-year terms. The City Council appoints a City Manager. The population of the City was estimated to be 64,247 as of January 1, 2019.

See APPENDIX B—GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY.

References

The descriptions and summaries of various documents hereinafter set forth, including the Lease, the Indenture, and the 2019 Bonds do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available for inspection at the offices of the Authority.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the funds are as follows:

Sources of Funds:

Principal Amount of 2019 Bonds

Plus: Original Issue Premium/Less: Original Issue Discount

Plus: Released 2004 Bond amounts

Total Sources:

Uses of Funds:

Deposit to the Escrow Fund⁽¹⁾

Costs of Issuance⁽²⁾

Total Uses:

⁽¹⁾ Represents amounts required to defease the 2004 Bonds.

⁽²⁾ Includes the underwriter's discount, rating agency, bond counsel, disclosure counsel, trustee, and trustee's counsel fees, bond insurance and surety premiums, if any, and other miscellaneous costs of issuance.

THE REFUNDING PLAN

The net proceeds of the 2019 Bonds, together with amounts held in certain funds established in connection with the 2004 Bonds, will be deposited into an escrow fund (the "Escrow Fund") established under an escrow agreement (the "Escrow Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Bank"). Amounts in the Escrow Fund will be held in cash or invested in certain obligations of the United States of America. Any such obligations will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide amounts, together with the cash held therein, sufficient to redeem the 2004 Bonds on _____, 20____ (the "Redemption Date"), at a redemption price equal to the principal amount thereof, without premium, together with accrued interest to the Redemption Date (the "Redemption Price").

_____, certified public accounts (the “Verification Agent”), will verify as to the Escrow Fund that the cash and any obligations on deposit therein will be sufficient to pay the Redemption Price on the Redemption Date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

The 2004 Bonds to be refunded are shown in the following table:

Maturity Date	Principal Amount Refunded	Redemption Date	Redemption Price	CUSIP [†] Number
12/1/20	\$ 585,000	___/___/2_	100.000	612286 CN2
12/1/21	610,000	___/___/2_	100.000	612286 CP7
12/1/22	630,000	___/___/2_	100.000	612286 CQ5
12/1/23	650,000	___/___/2_	100.000	612286 CR3
12/1/24	670,000	___/___/2_	100.000	612286 CS1
12/1/25	690,000	___/___/2_	100.000	612286 CT9
12/1/26	715,000	___/___/2_	100.000	612286 CU6
12/1/28	1,505,000	___/___/2_	100.000	612286 CY8
12/1/29	790,000	___/___/2_	100.000	612286 CV4
12/1/30	815,000	___/___/2_	100.000	612286 CW2
12/1/33	2,610,000	___/___/2_	100.000	612286 CX0

The cash and any obligations on deposit held in the Escrow Fund will be pledged only to the redemption of the 2004 Bonds and will not be available for the payment of the 2019 Bonds.

THE 2019 BONDS

General

The 2019 Bonds will be dated their date of delivery, will bear interest at the rates and will mature on the dates set forth on the inside cover of this Official Statement. Interest on the 2019 Bonds will be payable on each June 1 and December 1 (each an “Interest Payment Date”), commencing on June 1, 2020. Interest on each Series will be computed on the basis of a 360-day year of twelve 30-day months.

The 2019 Bonds will be issued in fully registered form and will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, the securities depository for the 2019 Bonds. Purchases of the 2019 Bonds are to be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. See APPENDIX E—BOOK-ENTRY SYSTEM.

Redemption

Optional Redemption. The 2019 Bonds maturing on or prior to December 1, 20__ shall not be subject to redemption prior to their respective stated maturities. The 2019 Bonds maturing on or after December 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option

[†] Copyright 2019, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor’s. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services.

Mandatory Redemption. The 2019 Bonds maturing on December 1, 20__ (the “Term Bonds”) shall be subject to mandatory sinking fund redemption, in part, on December 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

*Final Maturity

Notice of Redemption; Conditional Notice. The Authority shall notify the Trustee of an optional redemption at least forty-five (45) days prior to the date fixed for optional redemption (unless the Trustee shall agree to some lesser number of days for notice of optional redemption), and each notice of redemption (whether optional redemption or mandatory redemption) shall be mailed by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to each Owner and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to the 2019 Bonds to which such notice relates. Notice of redemption to the Owners, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2019 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2019 Bonds of such maturity, if any, to be redeemed and, in the case of 2019 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such date there will become due and payable on each of such 2019 Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a 2019 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2019 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2019 Bond or in any redemption notice with respect thereto. Failure

by the Trustee to give notice to any Notice Party or any one or more of the Repositories or failure of any Owner, any Notice Party or any Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Any notice given pursuant to the Indenture may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall give notice to the same persons and in the same manner in which the notice was given.

Partial Redemption of 2019 Bonds. Upon surrender of any 2019 Bond redeemed in part only, the Authority shall execute (but need not prepare) and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2019 Bond or 2019 Bonds of Authorized Denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2019 Bond surrendered.

Effect of Redemption. Notice of redemption having been duly given, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the Series so called for redemption shall cease to accrue, the 2019 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture and the Owners of such 2019 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

DEBT SERVICE SCHEDULE

The following table sets forth the annualized debt service requirements for the 2019 Bonds, assuming no optional redemptions.

Fiscal Year Ending June 30	Principal	Interest ⁽¹⁾	Annual Debt Service ⁽¹⁾
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
Total			

MUNICIPAL BOND INSURANCE

The Authority has applied for policies of municipal bond insurance and debt service reserve fund municipal bond insurance with respect to the 2019 Bonds. Certain terms of such insurance policies, if purchased, will be disclosed in the final Official Statement.

SOURCES OF PAYMENT FOR THE BONDS

General

The 2019 Bonds are limited obligations of the Authority, issued under and secured by the Indenture, payable solely from Revenues. "Revenues" means (i) all payments to the Trustee (as assignee of the Authority) pursuant to the Lease; (ii) all amounts held in the funds and accounts created under the Indenture, together with earnings thereon; and (iv) all other receipts of the Trustee (as assignee of the Authority) attributable to the ownership, leasing or operation of the Project.

The Authority and the City, as their interests may appear, hereby grant to the Trustee, for the benefit of the Owners, a lien on and a security interest in the Lease and the Revenues, including all moneys in the funds held by the Trustee under the Indenture (excepting only the moneys set aside by the Trustee to satisfy the requirements of the Indenture as to the discharge thereof, including, without limitation, the Debt Service Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective

purposes specified herein and in the Lease; *provided, however*, that no security interest is granted to the Trustee for the purpose of paying its fees or expenses in money drawn by the Trustee to the extent such moneys are applied to the payment of the amounts due to the Owners. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and subject to the provisions of the Indenture, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority that have been assigned to the Trustee and all of the obligations of the City under the Lease.

In consideration of the acceptance of the Bonds by those who shall own them from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof, of the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the Indenture.

Revenue Fund

All Revenues shall be deposited when received into the Revenue Fund, and other payments made by or on behalf of the City under the Lease, shall be paid directly to the Trustee and shall, except as otherwise expressly provided in the Indenture, be deposited in the Revenue Fund.

(a) Except as otherwise provided in the Indenture, moneys in the Revenue Fund shall be paid by the Trustee as follows and in the following order of priority:

FIRST: annually on each anniversary of the Closing Date, the reasonable Administrative Expenditures of the Trustee, upon receipt of an invoice or other request for payment submitted by the Trustee and approved by an Authorized Officer of the City;

SECOND: if Project Gross Revenues and other amounts on deposit in the Operating Account are to be deposited directly to the Revenue Fund pursuant to the Lease, to the payment of Project Operating Expenses and the Franchise Fee, as they come due, pursuant to a requisition of the City stating that the party to whom the amount is payable, the invoice or other billing advice to which it pertains, the amount, and stating that the amount so requisitioned and that the obligations in the stated amounts have been incurred by the Project and are presently due and payable or are properly reimbursable to the Project and each item thereof is a necessary Project Operating Expense and is a proper charge against the Revenue Fund and has not been paid from amounts previously disbursed from the Revenue Fund; provided, that if no requisition of the City is received by the Trustee by the second Business Day prior to the fifth Business Day of each month, Revenues shall be applied as set forth below;

THIRD: on the first Business Day of each month: (A) to the Interest Component Subaccount of the Lease Payment Account, one-fourth (1/4) of the total amount required to make the amount on deposit in such Subaccount equal to the amount of accrued and unpaid interest on the Bonds due and payable on the next two Bond Payment Dates and (B) to the Principal Component Subaccount of the Lease Payment Account, one-eighth (1/8)

of the amount required to make the amount on deposit in such Subaccount equal to the amount of principal coming due on the Bonds on the next June 1;

FOURTH: on the first Business Day of each month, to the Reserve Fund such amount as may be necessary to maintain a balance therein equal to the Reserve Requirement;

FIFTH: on the first Business Day of each month, to the Authority, the reasonable Administrative Expenditures of the Authority, upon receipt of an invoice or other request for payment submitted by the Authority and approved by an Authorized Officer of the City in the case of any Administrative Expenditures; provided, that if no invoice or request is received by the Trustee by the second Business Day prior to the fifth Business Day of each month, Revenues shall be applied by the Trustee as set forth below;

SIXTH: on the first Business Day of each month, to the Base Rental Payment Reimbursement Fund, reimbursement for the Reimbursable Portion of Base Rental payments pursuant to the Indenture from amounts not constituting Project Gross Revenues, as set forth in a City Certificate delivered to the Trustee; provided, that if the Trustee has not received a City Certificate by the second Business Day prior to the fifth Business Day of the month, no reimbursement shall be made and Revenues shall be applied by the Trustee as set forth below;

SEVENTH: on the first Business Day of each June and December, into the Renewal and Replacement Fund, the lesser of the balance of the Revenues or an amount equal to one-twelfth (1/12) of the then applicable Renewal and Replacement Requirement, plus any accrued deficiency in the amount necessary to satisfy the Renewal and Replacement Requirement resulting from insufficient Revenues in any prior month;

EIGHTH: on the first Business Day of each month, to the Facilities Manager, the Facilities Management Fee (including any accrued and unpaid Facilities Management Fees, with no accrued interest thereon); and

NINTH: into the Operating Reserve Fund, the amount required to bring the balance in the Operating Reserve Fund to the Operating Reserve Requirement.

Notwithstanding anything to the contrary in the Indenture, after the deposit required by Eighth above, any Revenues to be applied under NINTH above shall be applied first to any accrued but unpaid balance owed to the Facilities Manager, if after such application the Revenue Fund will have a minimum balance of \$300,000, and then to the current calendar year's amount due under Ninth. If the Facilities Manager is replaced, such manager shall be paid in full prior to any Revenues being disbursed to pay management fees to the new Facilities Manager. All disbursements to be made pursuant to this paragraph shall be made as set forth in a City Certificate delivered to the Trustee. The Trustee shall be under no obligation to make any such disbursement in the absence of a City Certificate.

Notwithstanding anything in the Indenture to the contrary, the Trustee shall accept direction from the City in a City Certificate (which City Certificate must be provided to the Trustee at least two Business Days in advance of the desired date of payment) to disburse on any Business Day amounts held under the Indenture that are available, as represented by the City in the City Certificate, for payment of accrued and unpaid Facilities Management Fees and accrued interest thereon.

Anything contained in the Indenture to the contrary notwithstanding, moneys deposited at any time in the Revenue Fund as the result of payments by the Authority, the Trustee or the City of (i) the proceeds of all or any part of the Leased Property taken in the exercise of the power of eminent domain (or similar proceedings or related agreements) and related payments, insurance proceeds payable in connection with the loss, damage or destruction of the Leased Property and related payments with respect to the Leased Property as provided by the Lease shall be paid to the Insurance and Condemnation Award Fund by the Trustee on or prior to the fifth Business Day after the deposit thereof and (ii) the proceeds of any business interruption policy in accordance with the Lease shall be deposited in the Lease Payment Account to be used to pay principal and interest on the Bonds when due.

Anything herein contained to the contrary notwithstanding, for purposes of Bond redemption moneys deposited at any time in the Insurance and Condemnation Award Fund from payments made to the Trustee pursuant to the Lease shall be transferred to the Lease Prepayment Account of the Redemption Fund by the Trustee as specified in the Lease.

Reserve Fund

All moneys in the Reserve Fund in excess of the Reserve Requirement shall be transferred to the Lease Payment Account. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of reimbursing the provider of the Qualified Reserve Fund Credit Instrument for amounts owed under a Qualified Reserve Fund Credit Instrument to the extent necessary or paying the principal of and interest on the Bonds as the same shall become due and payable in the event of any deficiency at any time in the Lease Payment Account of the Debt Service Fund, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money (or amounts available to be drawn from a Qualified Reserve Fund Credit Instrument) of the Authority is lawfully available therefor, or for the retirement of all then Outstanding Bonds.

The Reserve Requirement may be satisfied by crediting to the Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Fund Credit Instrument to satisfy the Reserve Requirement, the Trustee shall transfer any excess amounts then on deposit in the Reserve Fund into a segregated subaccount of the Lease Payment Account of the Debt Service Fund, to be known as the "Excess Reserve Amount Subaccount," to be established by the Trustee, which monies shall be applied at the written direction of the Authority either (i) to the payment within one year of the date of transfer of capital expenditures of the Authority permitted by law or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall in accordance with written direction of the Authority (on which the Trustee may conclusively rely and shall have no duty to determine whether such direction complies with the provisions of this Section 5.11, including with the yield requirements hereof) be held either not invested, or invested in property (as defined in section 148(b) of the Code constituting an Authorized Investment) to produce a yield that is not in excess of the yield on the Bonds; provided, however, that the Authority may by written direction to the Trustee cause an alternative use of such amounts if the Authority shall first have obtained a written opinion of Bond Counsel addressed and provided to the Trustee together with such written direction substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

In any case where a Reserve Fund is funded with a combination of cash, investments and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances and investments, at the

direction of the City set forth in a City Certificate, before drawing on the Qualified Reserve Fund Credit Instrument. Any available moneys not needed to pay debt service on the Bonds provided by the Authority to fund the Reserve Fund after a withdrawal shall first be used to reinstate the Qualified Reserve Fund Credit Instrument pursuant to its terms and second, to replenish the cash in the Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn on, the Authority shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection.

Funds Established Under the Indenture

Base Rental Payment Reimbursement Fund. The Trustee shall use all amounts deposited in the Base Rental Payment Reimbursement Fund, as such amounts become available, to reimburse the City for the Reimbursable Portion of all Base Rental payments paid by the City from amounts not constituting Project Gross Revenues, which then remain unreimbursed, as set forth in a City Certificate.

Operating Reserve Fund. Amounts deposited in the Operating Reserve Fund equal \$100,000, constituting the Operating Reserve Requirement. The amount on deposit in the Operating Reserve Fund will be maintained at the Operating Reserve Fund Requirement at all times during the term of the 2019 Bonds pursuant to the Indenture, except to the extent required for the purposes set forth therein. The money deposited in the Operating Reserve Fund, together with all investment income therefrom, will be applied, as directed in writing by an Authorized Officer of the City, to the payment of Project Operating Expenses to the extent a deficiency in amounts available to pay Project Operating Expenses exists.

Renewal and Replacement Fund. The amount on deposit in the Renewal and Replacement Fund will be maintained at the Renewal and Replacement Requirement at all times during the term of the 2019 Bonds pursuant to the Installment Purchase Agreement, except to the extent required for the purposes set forth therein. Amounts on deposit in the Renewal and Replacement Fund will be used for the following purposes in the following order of priority: (a) Payment of the costs of extensions, additions and capital improvements to, or the renewal and replacement of depreciable capital assets of, or the purchasing and installing of equipment for, the Project, as set forth in a City Certificate, or for paying any extraordinary maintenance and repair; and (b) Payment of Project Operating Expenses to the extent a deficiency in amounts available to pay Project Operating Expenses exists.

Contingency Reserve Fund. The City Council has determined to fund the Contingency Reserve Fund until the amount therein equals the maximum annual debt service on the Bonds. Money in the Contingency Reserve Fund shall be invested by the Trustee only at the direction of the City as provided in a City Certificate. The City covenants that the investment yield on money in the Contingency Reserve Fund will not exceed the arbitrage yield on the Bonds. Absent different direction by the City Council, pursuant to resolution or ordinance regarding application of money in the Contingency Reserve Fund, all amounts in such fund shall be applied at the direction of the City pursuant to a City Certificate solely for the payment of debt service on the Bonds in the event of a deficiency of Revenues hereunder; provided, that if annual debt service coverage with respect to the Bonds is two (2) times maximum annual debt service and the Project has been operating for at least five (5) years, the City may direct the Trustee by a City Certificate to apply money in the Contingency Reserve Fund for any lawful purpose of the City without further action by City Council.

Lease Agreement

In consideration for the issuance of the 2019 Bonds by the Authority, the City will lease the Project and the underlying land (the “Leased Property”) to the Authority pursuant to a Site and Facilities Lease dated as of December 1, 2019 (the “Site Lease”). The Authority, concurrently with the execution and delivery of the Site Lease, will lease the Leased Property back to the City pursuant to the Lease. Pursuant to the Lease, the City will make Base Rental payments sufficient in timing and amount to pay the principal of and interest on the 2019 Bonds coming due.

The City is obligated under the Lease to make Base Rental payments for the right to use and occupy the Leased Property, consisting of the Project and the underlying land, and is obligated to budget and appropriate the full amount of the Base Rental payments for each year, but payment of such appropriation is offset by the amount of Project Net Revenues. “Project Net Revenues” consist of, with respect to any period, the amount of Project Gross Revenues received during such period less the amount of Project Operating Expenses becoming payable during such period. “Project Gross Revenues” consist of all revenues, income, receipts and money received by the City or by the Facilities Manager in connection with, or related to, the ownership and operation of the Project, and “Project Operating Expenses” are, for any specified period, the sum of expenses of the Project as shown on its “Statement of Revenues and Expenses” (or equivalent financial statement) as its operating expenses (or equivalent items of expense) including extraordinary and nonrecurring items but excluding interest expense and depreciation and amortization, all as determined in accordance with generally accepted accounting principles.

Pledge of Project Gross Revenues. Pursuant to the Lease, the City has irrevocably pledged all Project Gross Revenues to the payment of the Base Rental payments and Additional Rental payments as provided therein. This pledge, together with the pledge created by all other leases, loan agreements, installment sale agreements, bonds, notes or other obligations of the City payable from and secured by a pledge of and lien upon any of the Project Gross Revenues on a parity with the Base Rental payments and the Additional Rental payments, entered into or issued pursuant to and in accordance with the Lease (“Parity Obligations”), and subject to Permitted Encumbrances, will constitute a first and exclusive lien on Project Gross Revenues and other funds and accounts created under the Lease for the payment of the Base Rental payments and all other Parity Obligations in accordance with the terms thereof and the Indenture. To carry out and effectuate the pledge and lien of Project Gross Revenues contained in the Lease, the City will cause all Project Gross Revenues to be deposited on the day of their receipt in an account of the Facilities Manager designated as the “Operating Account.” So long as no Event of Default has occurred and is continuing under the Lease or under the Hotel Management Agreement, dated November 29, 2001, as amended (the “Hotel Management Agreement”), by and between the City and HALLC, the Operating Account is to be subject to the direction of the Facilities Manager on behalf of the City pursuant to the Hotel Management Agreement. Amounts held in the Operating Account will be used to pay Project Operating Expenses as they arise. Not less often than weekly, all amounts remaining in the Operating Account in excess of \$100,000, after payment of Project Operating Expenses, will be transferred to the Trustee for deposit into the Revenue Fund established under the Indenture. In any case in which an Event of Default has occurred and is continuing under the Lease or under the Hotel Management Agreement, all amounts in the Operating Account will be transferred on the day of their receipt to the Trustee for deposit into the Revenue Fund.

Covenant to Budget and Appropriate. The City covenants in the Lease to take such action as may be necessary to include all Base Rental payments and Additional Rental payments in its annual budget and to make annual appropriations for all such Base Rental. The Lease provides that the several actions required by such covenants are deemed to be and will be construed to be ministerial duties imposed by law and that it is 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 official to enable the City to carry out and perform the covenants in the Lease agreed to be carried out and performed by the City.

Except to the extent described below under “SOURCES OF PAYMENT FOR THE BONDS—City Obligation to Contribute Special Tax Revenues,” the City is not required to make Base Rental payments from its General Fund unless Project Net Revenues are insufficient to pay principal of and interest on the 2019 Bonds as such payments become due and payable.

The Lease provides that Base Rental payments for any portion of the Leased Property will be abated during any period in which there is substantial interference with the City’s use of such portions of the Leased Property because of damage, destruction or condemnation of such portions. The amount of such abatement will be an amount agreed upon by the City and the Authority such that the resulting Base Rental payments represent fair consideration for the use and occupancy of the portions of the Leased Property not taken, damaged or destroyed. Such abatement will continue for the period commencing with such taking, damage or destruction and ending with the substantial completion of the work of replacement, repair or reconstruction. In the event of any such damage or destruction, the Lease will continue in full force and effect and the City waives any right to terminate the Lease by virtue of such damage and destruction. Notwithstanding the foregoing, there will be no abatement of Base Rental payments under the Lease to the extent that the proceeds of rental interruption insurance or amounts in the Lease Payment Account of the Debt Service Fund are available to make Base Rental payments that would otherwise be abated under the Lease.

During any period of abatement of Base Rental, the Trustee may pay principal of and interest on the 2019 Bonds allocable to such portions of the Leased Property, if available, from proceeds of insurance or condemnation award. The City’s reduced rental payments will constitute the total Base Rental. The reduced Base Rental may not be sufficient to pay principal and interest on the 2019 Bonds in the amounts and at the rates set forth therein. The failure to make such payment of principal of and interest on the 2019 Bonds would not constitute a default by the City under the Indenture, the Lease or otherwise.

The obligation of the City to pay Base Rental does not constitute an indebtedness of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the 2019 Bonds nor the obligation of the City to pay Base Rental constitutes an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

City Obligation to Contribute Special Tax Revenues

Under a Memorandum of Understanding and Intent (the “MOU”), dated October 19, 1999, by and between the City and Hotel Adventures LLC, a California limited liability company (“HALLC”), the City is obligated to budget and appropriate from its general fund, and to contribute to the Project, an amount equal to the “Special Tax Revenues,” defined as the revenues resulting from: (i) the levy and collection of the Transient Occupancy Tax (the “Transient Occupancy Tax”) upon the activities of the Project, as such tax is so defined and levied by the City pursuant to Ordinance No. 1094 of the City, passed and approved by the City Council on October 13, 1964 (as the same may be amended from time to time), and (ii) the levy and collection of the Hotel Land Tariff (the “Hotel Land Tariff”), as such tariff is defined and levied by the City pursuant to Ordinance No. 2251 of the City, passed and approved by the City Council on September 25, 2002 (as the same may be amended from time to time). The Special Tax Revenues are included as components of Project revenue in tables titled “Montebello Hotel Revenues and Expenses” and “Montebello Hotel Projected Revenues and Expenses” (see “THE PROJECT—Revenues and Expenses

of the Project”). Under the Lease, the City is obligated to budget and appropriate the full amount of the Base Rental payments for each year, but payment of such appropriation is offset by the amount of Project Net Revenues available for such Base Rental payments. For periods in which Project Net Revenues are alone sufficient to cover Base Rental payments, the City under the MOU will still remain obligated to contribute its general funds to the Project in an amount equal to the Special Tax Revenues.

Property Insurance

The Lease requires the City to maintain or cause to be maintained with respect to the Leased Property, comprehensive general public liability and property damage insurance and fire insurance with extended coverage. The City is not obligated to maintain insurance against earthquake related damage. The City is required to maintain rental interruption insurance covering loss of the use of any part of the Leased Property in an amount equal to the maximum aggregate amount of Base Rental scheduled to be payable in any twenty-four month period. In the event the Leased Property is damaged or destroyed, the City may apply the net proceeds of any insurance award (except that received for the purposes of rental interruption) to replace, repair, restore, modify or improve (collectively, “repair”) the Leased Property, or if repairing the Leased Property is not economically feasible, or in the best interest of the City, to prepay Bonds on a *pro rata* basis. If the Leased Property has been damaged or destroyed and the City directs the Trustee to apply insurance proceeds arising from such damage or destruction to the payment or redemption of Base Rental, then the Trustee will apply such proceeds to the redemption of Bonds as described under the caption “THE BONDS—Redemption—Extraordinary Redemption.” The amount of the Base Rental allocable to the portion of the Leased Property comprising the improvements and facilities will be adjusted or abated (but only after all available moneys have been depleted) during any period in which damage or destruction to the Leased Property or condemnation of the Leased Property substantially interferes with the City’s use and possession thereof.

If there are not sufficient insurance proceeds to complete repair of the Leased Property, the Base Rental schedule will be proportionally reduced in accordance with the Lease. Such reduced Base Rental may not be sufficient to pay principal and interest on the 2019 Bonds in the amounts and at the rates set forth thereon. Such reduction would not constitute a default under either the Indenture or the Lease.

The Lease requires the City to obtain title insurance insuring the City’s leasehold interest on the Leased Property in an amount equal to the outstanding principal component of the 2019 Bonds (see APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS —THE LEASE AGREEMENT).

Reentering and Re-letting

If the City defaults in performance of its obligations under the Lease, the Trustee, as assignee of the Authority, may re-enter and re-let the Leased Property and may enforce the Lease and hold the City liable for all Base Rental on an annual basis while re-entering and re-letting the Leased Property. Such re-entry and re-letting will not affect a surrender of the Lease. The City, in the event of default, waives all rights to any rentals received by the Trustee through re-letting of the Leased Property. The City agrees to pay all costs, loss or damage howsoever occurring.

Encumbrances

The City and the Authority may not create any mortgage, pledge, lien, charge or encumbrance upon the Leased Property other than “Permitted Encumbrances.”

“Permitted Encumbrances” mean, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Lease, permit to remain unpaid; (ii) the Lease and the Site Lease; (iii) the Assignment Agreement; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law after the date of the Lease; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of initial issuance of the 2019 Bonds and which an Authorized Representative of the City certifies in writing will not materially impair the beneficial use and occupancy of the Leased Property by the City; and (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease and to which the Authority and the City consent in writing.

THE PROJECT

General

The Project is a 121-room hotel located at 801 Via San Clemente on approximately three acres of land in Montebello, California. The Project is situated adjacent to, and comprises a portion of the complex consisting of, the Montebello Country Club, The Quiet Cannon, and the Home2 Suites by Hilton Los Angeles Montebello, all of which are owned by the City. The Project opened in December of 2002 and has been in continuous operation thereafter.

The Project is a three-story low-profile building totaling approximately 133,000 square feet with public accessible space and 121 guest rooms. The guest rooms consist of 12 deluxe king rooms, 59 regular king rooms and 50 double/double rooms. The public areas include a glass pavilion lobby, which includes an interior fireplace and a large screen television, and a lobby dining area and bar, all of which have views of the Montebello Golf Course. Hotel guests have access to approximately 20,000 square feet of meeting and event space at The Quiet Cannon. The Project has a fitness center, an outdoor swimming pool with spa and a business center. 500 spaces of on-site parking are provided in a complementary lot immediately adjacent to the Project site. The revenues generated by the Hotel are deposited into the Montebello Hilton Enterprise Fund (the “Hotel Fund”). The Hotel Fund had a net asset deficit of \$6.6 million as of June 30, 2019. This amount includes \$10.9 million in debt service payments but excludes \$11 million in assessed value of the Project’s buildings.

The Project is located on the 150+ acre Montebello Municipal Golf Course just south of the Pomona Freeway (“State Route 60”). State Route 60 provides access throughout the San Gabriel Valley and into downtown Los Angeles to the west. State Route 60 connects to other major area freeways including Interstate 5 (Santa Ana Freeway), Interstate 710 (Long Beach Freeway), and Interstate 405 (San Diego Freeway). The Los Angeles International Airport is the primary source for air passengers visiting the area, and is located approximately 30 miles southwest of the Project.

Operation of the Project

The Project is being operated as a Hilton Garden Inn pursuant to a License Agreement, dated May 19, 2000 (the “License Agreement”) between the City and Hotel Adventures LLC (“HALLC”). The License Agreement sets forth the requirements of HALLC and Hilton in connection with the operation of the Project to conform to Hilton Garden Inn’s required standards. The Project is being managed pursuant to the Hotel Management Agreement. See “APPENDIX G – HOTEL MANAGEMENT AGREEMENT.”

Hotel Adventures LLC. HALLC is the operator and manager and Hilton franchisee for the Project. Hotel2Suites LLC, the operator of the Home2 Suites by Hilton Los Angeles Montebello, HALLC, the operator of the Project, and Quiet Cannon Montebello Inc., the operator of The Quiet Cannon Conference and Event Center, are entities with common ownership. Under the Hotel Management Agreement, HALLC has been designated and appointed the manager, as the City’s agent, with the authority to manage, operate and maintain the Project facilities. HALLC’s three (3) members have over 100 years combined experience in hospitality industry development, general contracting, restaurant, banquet, conference and hotel operations, management and ownership. Mr. Brad Perrin, Managing Member, oversees the development, administration and operation of the Project. He received a B.A. from California State University, Fullerton, and continuing education from the University of Pennsylvania, Wharton School of Finance.

Management Fee. Under the Hotel Management Agreement (as most recently extended on November 29, 2017), an annual management fee of \$597,000 (adjusted annually based upon changes in the Annual CPI Index) is to be paid to HALLC (the “Management Fee”) unless cash flow generated by the Hotel is not sufficient to pay the debt service on the Bonds and operating expenses relating to the Hotel. If the cash flow is not sufficient to pay such debt service costs and operating expenses, the Management Fee accrues, and is to be paid at the end of the term of the Hotel Management Agreement. At June 30, 2018, approximately \$713,971 was owed to HALLC for the accumulated Management Fee and related items. For additional information, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, Note 7 and Note 13. Amounts of the accumulated Management Fee that remain unpaid at the end of the term of the Hotel Management Agreement, or December 17, 2032 whichever occurs first, will be the responsibility of the City.

Termination. The Hotel Management Agreement may be terminated with cause upon a positive vote of four members of the five-member Montebello City Council. If, for any reason, the number of members of the City Council changes, a positive vote of not less than four-fifths (4/5’s) of the total membership will be required. Pursuant to the terms of the Hotel Management Agreement, there are certain events that will constitute events of default thereunder and will serve as the sole bases for termination of the Hotel Management Agreement for cause. These events include, but are not limited to, (a) failure by either party to pay or deposit sums owed by one party to the other within seven (7) days’ notice by the other of such failure; provided, that failure to pay the Operations Phase Facilities Management Fee due to insufficient funds will not be considered an event of default; (b) failure of either HALLC or the City to perform, keep or fulfill any of the non-monetary covenants, undertakings, obligations or conditions of such party set forth in the Hotel Management Agreement and failure to cure such non-monetary default within ten (10) days of notice thereof; and (c) violation by HALLC of any laws, ordinances, rules and regulations or orders of any public authority having jurisdiction over the Project facilities which are material to the City and failure by HALLC to cure or reach resolution the applicable violation within thirty (30) days following

notice of any violation thereof from the City, or the applicable governmental agency. The Management Fee due to HALLC will become mandatorily payable upon a termination, with or without cause, of the Hotel Management Agreement. Upon the termination of the Hotel Management Agreement without cause by the City, the City would be obligated to pay HALLC liquidated damages in the amount of the present value of the management fee to be paid over the remaining term of the Hotel Management Agreement.

The Montebello Country Club

The Project is located adjacent to the Montebello Country Club, a public, 18-hole championship golf course situated on 120 acres that includes a full-service pro shop, a 32-stall, night lighted, double deck driving range and full service two story clubhouse consisting of approximately 50,000 square feet. The Montebello Country Club is not part of the Project. The City owns and oversees the operation and management of the Montebello Country Club. The food and beverage and pro shop concessions are contracted to outside operators, Quiet Cannon Montebello Inc. and Tommy Camacho, respectively. The Montebello Country Club is accessible from the 60 Freeway and located between the 605 and 710 Freeways to the east and west, respectively. The Montebello Country Club is 10 minutes from downtown Los Angeles. The Montebello Country Club public golf course was constructed in 1926 and designed by Max Howell Behr. Since its purchase of the golf course in 1941, the City of Montebello has remained committed to a series of ongoing renovations, restorations and remodels in order to maintain the golf course in optimum playing condition. The Montebello Country Club facilities were renovated in 1999 at a cost of approximately four million dollars. Additional improvements to the Montebello Country Club clubhouse and Quiet Cannon (see below under the caption “– The Quiet Cannon”) are ongoing.

The Montebello Country Club does not comprise a part of the Project and no revenues therefrom are pledged to payment of the Bonds.

The Quiet Cannon

The Project is also located adjacent to The Quiet Cannon. Quiet Cannon Montebello Inc. has operated all food and beverage services for the Montebello Country Club and The Quiet Cannon since 1974. Quiet Cannon Montebello Inc., Hotel2Suites LLC and HALLC, the operator and manager of the Project, are entities with common stockholders and members. Working with the City, Quiet Cannon Montebello Inc. has completed numerous remodels and renovations which have developed the original clubhouse into one of the largest banquet and conference facilities in Southern California.

The Quiet Cannon features four large view-oriented banquet rooms divisible into seven, plus indoor and outdoor prefunction space with a wedding gazebo garden and café available to assist in providing full service food and beverage support for the Hilton Garden Inn and the Home2 Suites by Hilton Los Angeles.

In October 2001, Quiet Cannon Montebello Inc. and the City completed a renovation that provides twin glass elevators, new banquet access, renovated and enhanced nightclub space and a new banquet room. This renovation provides seniors and handicapped guests easy access to all banquet rooms on the second floor.

The Quiet Cannon is not a part of the Project and no revenues therefrom are pledged to payment of the Bonds.

Home2 Suites by Hilton Los Angeles Montebello

Home2 Suites by Hilton Los Angeles Montebello is an eight-story, approximately 137,000 square feet, midscale extended-stay hotel containing 203 rooms, with a 32,500 square feet subterranean garage and other various on-site amenities including a hotel restaurant, indoor/outdoor glass-enclosable swimming pool, business center and meeting rooms. Guest rooms are furnished with kitchenettes with refrigerators, microwaves, and dishwashers. The Home2 Suites by Hilton Los Angeles opened in September of 2018. The Home2 Suites by Hilton Los Angeles Montebello is not a part of the Project.

Historical Revenues and Expenses of the Project

The following table sets forth the historical actual revenues and expenses of the Project for five most recent fiscal years as shown. Audited financials are shown for FY2014-15 through FY2017-18 and unaudited actuals are shown for FY2018-19.

HILTON GARDEN INN MONTEBELLO HISTORICAL REVENUES AND EXPENSES

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019 ⁽¹⁾
	Audited	Audited	Audited	Audited	Unaudited
REVENUES					
Project Gross Revenues	\$5,578,719	\$5,849,636	\$6,068,713	\$6,400,383	\$5,683,658
Transient Occupancy Tax	531,144	560,223	589,049	613,142	555,263
Hotel Land Use Tariff & Energy Tariff	160,333	169,907	177,010	183,962	220,615
Total Revenues	6,270,196	6,579,766	6,834,772	7,197,487	6,459,536
PROJECT OPERATING EXPENSES					
Labor and fringe benefits	1,500,302	1,607,168	1,642,398	1,623,286	1,645,425
Food and beverage	290,040	322,235	325,326	358,724	364,956
Repairs and maintenance	160,597	222,767	239,085	1-	-
Utilities	171,143	171,984	150,847	158,115	161,387
Insurance claims and premiums	81,214	93,577	79,565	93,694	103,590
Contract services, marketing	435,337	418,564	560,829	767,302	543,097
Administrative (net of Operating Mgmt. Fee)	802,960	857,302	857,553	872,692	810,039
Other expenses	-	2,661	2,527	2,418	-
Subtotal	3,441,593	3,696,258	3,858,130	3,876,231	3,628,494
Hilton Franchise Fees	278,047	292,627	302,320	315,830	483,767
Total Project Operating Expenses	3,719,640	3,988,885	4,160,450	4,192,061	4,112,261
NET REVENUES	2,550,556	2,590,881	2,674,322	3,005,426	1,820,464
DEBT SERVICE					
Principal	485,000	135,000	515,000	535,000	550,000
Interest	383,109	601,644	586,069	559,819	532,694
Total Debt Service	868,109	736,644	1,101,069	1,094,819	1,082,694
DEBT SERVICE COVERAGE FROM NET REVENUES	2.93x	3.51x	2.42x	2.74x	2.17x
NET INCOME	1,682,447	1,854,237	1,573,253	1,910,607	1,264,581

Sources: City of Montebello and HALLC.

(1) 2018-19 data is unaudited.

Note: Revenues decline in 2018-19 due to Home2Suites opening on the same campus in September 2018

Projected Revenues and Expenses of the Project

The following table sets forth projected revenues and expenses of the Project for the fiscal years shown.

[DISCUSSION OF ASSUMPTIONS]

While the City believes that these assumptions are reasonable, the City cannot guarantee that its actual results will not differ. Under certain circumstances, such variances may be material.

HILTON GARDEN INN MONTEBELLO PROJECTED REVENUES AND EXPENSES

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
REVENUES					
Project Gross Revenues	\$5,437,250	\$5,333,670	\$5,657,230	\$5,770,374	\$5,885,782
Transient Occupancy Tax	560,523	550,520	561,156	572,379	583,827
Hotel Land Use Tariff & Energy Tariff	224,157	220,208	224,462	228,951	233,531
Total Revenues	6,221,930	6,104,397	6,442,848	6,571,705	6,703,139
PROJECT OPERATING EXPENSES					
Labor and fringe benefits	1,678,334	1,771,200	1,904,040	2,037,323	2,078,069
Food and beverage	319,299	313,268	330,637	337,249	343,994
Repairs and maintenance	326,842	320,668	338,447	345,216	352,120
Utilities	193,272	189,621	200,135	204,137	208,220
Insurance claims and premiums	69,988	68,666	72,473	73,923	75,401
Contract services, marketing	503,325	493,818	521,197	531,621	542,253
Administrative (net of Operating Mgmt. Fee)	649,540	637,270	672,603	686,055	699,776
Subtotal	3,740,600	3,794,511	4,039,532	4,215,524	4,299,833
Hilton Franchise Fees	455,900	478,255	504,771	514,867	525,164
Total Project Operating Expenses	4,196,500	4,272,766	4,544,303	4,730,391	4,824,997
NET REVENUES	2,025,431	1,831,631	1,898,545	1,841,314	1,878,142
DEBT SERVICE					
Principal	1,047,271 ⁽¹⁾	-	-	555,000	635,000
Interest	-	445,500	445,500	431,625	401,875
Total Debt Service	1,047,271 ⁽¹⁾	445,500	445,500	986,625	1,036,875
DEBT SERVICE COVERAGE FROM NET REVENUES	1.93x	4.11x	4.26x	1.87x	1.81x
NET INCOME	978,160	1,386,131	1,453,045	854,689	841,267

Sources: City of Montebello and HALLC.

Note: Projected revenues decline in FY2019-20 and FY2020-21 are due to scheduled room renovations.

- (1) FY2019-20 debt service payments include both payments of \$829,471 on the 2004A Bonds and payments of \$217,800 on the 2019A Bonds.

Project Occupancy Rates

The following table sets forth the actual occupancy rates and revenue per available room for each calendar year since the first full year of the operation of the Project in 2003 through 2019 and the projected occupancy rates and revenue per available room for calendar years 2020 through 2024.

HILTON GARDEN INN MONTEBELLO HISTORICAL AND PROJECTED OCCUPANCY RATES

Calendar Year	Room Revenues	Room Days Sold	Room Days Available	Occupancy Rate	Average Daily Rate	Daily Revenue Per Room
2003	\$2,150,041	24,540	44,165	55.6%	\$ 87.61	\$ 48.68
2004	2,818,684	31,163	44,286	70.4	90.45	63.65
2005	3,360,123	34,955	44,165	79.1	96.13	76.08
2006	3,706,219	33,974	44,165	76.9	109.09	83.92
2007	3,856,704	33,818	44,165	76.6	114.04	87.32
2008	3,886,731	33,752	44,286	76.2	115.16	87.76
2009	3,268,794	30,368	44,165	68.8	107.64	74.01
2010	3,386,806	31,034	44,165	70.3	109.13	76.69
2011	3,674,407	32,778	44,165	74.2	112.10	83.20
2012	4,060,012	34,575	44,286	78.1	117.43	91.68
2013	4,392,248	37,336	44,528	83.8	117.64	98.64
2014	5,223,241	40,852	44,165	92.5	128.10	118.49
2015	5,540,713	40,616	44,165	92.0	136.42	125.51
2016	5,974,170	41,146	44,286	93.3	145.19	134.90
2017	6,174,307	41,968	44,165	95.2	147.12	139.80
2018	6,023,594	40,112	44,165	91.0	150.17	136.39
2019	5,734,465	39,261	44,165	88.8	146.06	129.84
2020 ⁽¹⁾	5,357,250	36,677	44,286	82.8	146.07	120.97
2021 ⁽¹⁾	5,253,670	36,677	44,165	83.7	142.08	118.96
2022 ⁽¹⁾	5,577,230	36,677	44,165	85.3	148.03	126.28
2023 ⁽¹⁾	5,690,374	37,677	44,165	86.4	149.05	128.84
2024 ⁽¹⁾	5,805,782	38,677	44,286	87.3	150.11	131.10

Source: HALLC.

(1) Projected results for calendar years 2020-24.

In the above table, “Room Revenues” are revenues derived from guestroom rental. “Occupancy Rate” is the number of rooms sold divided by the rooms available. “Daily Revenues Per Room” is Average Daily Rate divided by the Occupancy Rate.

Competitors

The Project competes primarily within the San Gabriel Valley market area for commercial demand generated from businesses in the local area, leisure demand generated by pleasure travelers visiting family, friends, and nearby attractions within Los Angeles County, and group demand arising from corporate and social entities, as well as sports groups and social events.

The following table sets forth a list of nine hotels that can be considered the primary competition to the Project. The competitive hotels have substantially similar facilities, location, orientation, property rating, and/or rate structures to the Project.

HILTON GARDEN INN MONTEBELLO COMPETITORS

Hotel Name	Room Count
Home2 Suites by Hilton Los Angeles Montebello	203
Best Western Markland Hotel	87
Comfort Inn Monterey Park	50
DoubleTree by Hilton Los Angeles – Rosemead	200
Fairfield Inn & Suites Los Angeles Rosemead	70
Best Western Monterey Park Inn	55
Crowne Plaza Los Angeles – Commerce Casino	184
DoubleTree by Hilton Los Angeles – Commerce	201
Quality Inn & Suites Montebello	149
Total	<u>1,199</u>

Source: HALLC.

Historical and Projected Project Improvements

Historical Improvements. Hilton and HALLC have made improvements to the Project since it opened. Since 2013, HALLC has also refreshed all 121 rooms with the installation of restroom tile, paint and all new carpets and pads. HALLC has enhanced and enlarged the Project’s terrace area to provide additional golf course frontage, new sofa sectional lounges, mid and bar level seating, different terrace area elevations and fire tables.

From the Project’s opening in December 2002 through the fiscal year ended June 30, 2014, approximately \$3.2 million has been expended on improvements to the Project. The following table sets forth the improvements that have been made to the Project for the last five fiscal years.

HILTON GARDEN INN MONTEBELLO HISTORICAL PROJECT IMPROVEMENTS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Boardroom, Office, Lobby & Business Center	\$ 16,281	—	—	\$ 55,389	\$ 5,000
Hallways	5,000	\$16,482	\$ 81,231	—	—
Patios/Pool	54,922	7,490	—	—	12,050
Guest Rooms	318,074	521,528	58,589	74,647	15,903
Building	193,161	—	53,672	86,064	19,869
Total	<u>\$587,438</u>	<u>\$544,500</u>	<u>\$193,492</u>	<u>\$216,100</u>	<u>\$52,822</u>

Source: HALLC.

The following table sets forth the planned improvements to the Project for the fiscal years shown.

**HILTON GARDEN INN MONTEBELLO
PLANNED PROJECT IMPROVEMENTS**

	Fiscal Year Ending June 30,				
	2020	2021	2022	2022	2023
Boardroom, Office, Lobby & Business Center	\$ 150,000	—	\$ 20,000	\$ 20,000	\$ 20,000
Hallways	—	—	25,000	25,000	25,000
Patios/Pools	—	—	15,000	15,000	15,000
Fitness Center	—	—	50,000	—	—
Guest Rooms	1,250,000	\$1,250,000	100,000	150,000	200,000
Building	—	—	80,000	90,000	90,000
Total	<u>\$1,400,000</u>	<u>\$1,250,000</u>	<u>\$290,000</u>	<u>\$300,000</u>	<u>\$350,000</u>

Source: HALLC.

THE AUTHORITY

The Authority is a joint exercise of powers entity organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (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

General

The City is situated in eastern Los Angeles County, California. The City encompasses 8.2 square miles and is located 9 miles east of downtown Los Angeles. The City has access to three freeways: the San Gabriel River Freeway (State 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 is a balanced community with light industry, residential areas, and commercial centers. It 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 City was incorporated as a general law city in 1920. The City operates under the Council-Manager member form of government. The five City Council members, including the Mayor, are elected to four-year terms on alternate slates every two years. The Mayor and the Mayor Pro Tem are selected by

the City Council to serve two-year terms. The City Council appoints a City Manager. The population of the City was estimated to be 64,247 as of January 1, 2019.

See APPENDIX B—GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY.

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 in order 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” as a result of their audit must submit a corrective action plan and must then provide written updates every six months thereafter regarding its progress in implementing the corrective action plan. Once satisfactory corrective action has been taken the State Auditor will remove the “high-risk” designation.

The State Auditor released its audit report 2018-802 regarding the City (the “State Audit Report”) on December 11, 2018. The full text of the State Audit Report may be found on the City’s website at: https://cityofmontebello.com/departments/finance/_____.html. The State Audit Report and other information presented on the City’s website is not incorporated by reference as part of this Official Statement.

In releasing the State Audit Report, the State Auditor concluded that the City was a high-risk city because of its significant financial and organizational risks. The State Auditor found, for much of the prior decade, the City struggled to generate sufficient revenues to meet its expenses and as a result, suffered from a structural deficit. Further, the City relied on one-time revenues to balance its budget and its plans to increase revenues and decrease expenditures were not adequate to eliminate its structural deficit. Additionally, the City’s enterprise activities, including a municipal golf course, water utility, and two hotels, posed a significant financial risk to the city’s general fund. Further, the State Auditor found that the City did not competitively bid 10 of 16 agreements it reviewed and did not adequately justify the lack of competitive bidding in most cases. To address these risk factors, the State Auditor developed recommendations for the city to implement, such as exploring alternate uses for its golf course and recommended that the City amend its municipal code to require competitive bidding for most procurements to ensure that Montebello obtains the best value from the services it received. On November 15, 2018, the City responded to the draft State Audit Report. The City’s concerns and disagreements with the State Audit Report are discussed therein and should be read together with the State Audit Report. In summary, the City largely agreed with the conclusions reached in the State Audit report and acknowledged that while it has already taken steps towards improving its fiscal and operation efficiencies, there are many areas the City still needs to address. The City has since submitted a corrective action plan as well as quarterly progress updates on April 18 and July 10, 2019. The City’s quarterly progress updates can be viewed on the City’s website referenced above. The quarterly 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 in the value of the 2019 Bonds. See also “RISK FACTORS - Impact of Bankruptcy of the City or the Authority” herein.

CITY FINANCIAL INFORMATION

Financial Statements and Budgetary Process

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.

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Audited Financial Statements. The City retained the firm of Vasquez & Company, LLP, Glendale, California (the “City’s Auditor”), to examine the general purpose financial statements of the City as of and for the year ended June 30, 2018. The audited financial statements for fiscal year ended June 30, 2018, are included in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2018. The City has not requested, and the City’s Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

Budget Process. 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.

All appropriations lapse at the end of the fiscal year unless specific carryovers are approved by the City Council.

The following table shows the City's audited General Fund balance sheet for fiscal years 2014-15 through 2017-18 and unaudited actuals for 2018-19.

**CITY OF MONTEBELLO
GENERAL FUND BALANCE SHEET
Fiscal Years 2014-15 through 2018-19**

	FY2014-15 Audited	FY2015-16 Audited	FY2016-17 Audited	FY2017-18 Audited	FY2018-19 Unaudited
ASSETS					
Cash and investments	\$ 7,799,084	\$ 3,324,339	\$ 6,799,980	\$ 12,191,403	\$ 17,373,532
Restricted cash and investments	-	-	4,666,731	4,666,731	4,837,800
Interest receivable	17,887	31,940	56,420	132,932	212,495
Accounts receivable	1,089,097	1,104,568	1,142,552	1,389,708	2,392,715
Taxes receivable	1,932,653	4,312,322	2,644,616	2,501,514	2,617,771
Due from other funds	1,377,027	4,198,276	2,503,001	2,794,623	2,000,017
Due from Successor Agency	2,847	-	3,517	34,241	29,243
Prepaid Expenses	52,620	109,099	171,468	174,398	141,044
Inventory	11,418	13,375	-	-	-
Investment in land held for resale	-	-	1,208,814	1,208,814	682,538
Total Assets	12,283,353	13,093,919	19,197,099	25,093,824	30,287,155
LIABILITIES					
Accounts payable and accrued liabilities	2,306,104	2,271,703	3,126,571	2,649,448	3,920,078
Deposits payable	5,000	5,000	5,000	5,000	-
Due to other funds	-	-	-	-	330,700
Due to Successor Agency	3,250	3,517	11,880	-	1,103
Unearned revenue	970,867	1,366,101	2,010,763	5,101,575	5,818,454
Total Liabilities	3,285,221	3,646,321	5,154,214	7,756,023	10,070,335
FUND BALANCES					
Non-spendable	64,038	122,474	1,380,282	1,383,212	823,583
Restricted	-	-	4,666,731	4,666,731	4,837,800
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	8,934,094	9,325,124	7,995,872	11,287,858	14,555,437
Total Fund Balances	8,998,132	9,447,598	14,042,885	17,337,801	20,216,820
Total Liabilities and Fund Balances	12,283,353	13,093,919	19,197,099	25,093,824	30,287,155

Sources: City of Montebello 2015-18 Comprehensive Annual Financial Reports and City of Montebello Finance Department.

Note: 2018-19 Unaudited actuals provided by the City of Montebello Finance Department.

The following table shows the City's audited General Fund revenues, expenditures and changes in fund balances for fiscal years 2015-16 through 2017-18, unaudited actuals for 2018-19, and budgeted projections for fiscal year 2019-20.

CITY OF MONTEBELLO
GENERAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2015-16 through 2019-20

	FY2015-16 Audited	FY2016-17 Audited	FY2017-18 Audited	FY2018-19 Unaudited ⁽¹⁾	FY2019-20 Budget ⁽²⁾
REVENUES					
Sales taxes	\$ 13,992,347	\$ 13,267,373	\$ 13,118,981	14,031,972	13,146,732
Property taxes	4,927,230	5,094,185	5,208,975	5,676,411	5,967,797
Other taxes	503,173	553,462	585,960	614,486	658,201
Franchise taxes	1,405,229	1,493,956	2,141,450	2,224,088	2,315,184
Licenses and permits	4,733,752	4,374,761	4,452,210	6,220,480	5,137,999
Fines and forfeitures	1,912,729	2,251,384	2,185,022	2,165,922	2,023,693
Investment Income	42,685	29,419	74,742	162,487	179,506
Intergovernmental	5,730,251	5,950,400	6,157,030	6,526,570	6,784,372
Charges for services	6,611,348	6,382,058	6,438,100	6,657,595	6,914,613
Other revenues	2,993,814	959,391	1,153,423	728,696	223,200
Total Revenues	42,852,558	40,356,389	41,515,893	45,008,705	43,351,296
EXPENDITURES					
Current:					
General government	5,415,578	4,869,177	4,976,497	5,501,362	5,422,959
Public safety	32,297,261	31,438,293	31,487,454	29,449,271	30,814,212
Public works	6,824,093	6,812,050	6,778,314	7,871,531	8,946,744
Parks and recreation	3,889,366	3,658,338	3,813,599	3,233,258	4,741,296
Housing and community development	2,212,276	2,058,623	2,006,274	2,029,591	1,784,894
Capital outlay	883,423	183,834	265,903	380,065	0
Interfund charges	(641,466)	130,090	(231,650)	(355,847)	(592,135)
Debt service – Principal	-	-	-	-	-
Debt service – Interest	-	-	-	-	-
Total Expenditures	50,880,531	49,150,405	49,096,391	48,109,232	51,117,970
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,027,973)	(8,794,016)	(7,580,498)	(3,100,527)	(7,766,674)
OTHER FINANCING SOURCES/(USES)					
Other Revenues	-	4,666,731 ⁽³⁾	-	-	-
Transfers in ⁽⁴⁾	8,550,134	9,978,439	12,257,329	6,758,437	5,888,806
Transfers out ⁽⁵⁾	(72,695)	(1,255,867)	(1,381,915)	(704,474)	(962,613)
Total Other Financing Sources	8,477,439	13,389,303	10,875,414	6,053,963	4,926,193
NET CHANGE IN FUND BALANCES	449,466	4,595,287	3,294,916	2,953,436	(2,840,481)
FUND BALANCES – BEGINNING OF YEAR	8,998,132	9,447,598	14,042,885	17,263,384	20,216,820
FUND BALANCES – END OF YEAR	9,447,598	14,042,885	17,337,801	20,216,820	17,376,338

Source: City of Montebello 2016-18 Comprehensive Annual Financial Reports and City of Montebello Finance Department.

(1) Unaudited actuals provided by the City of Montebello Finance Department.

(2) From the City's FY 2019-20 Budget, adopted June 26th, 2019.

(3) Represents unspent bond proceeds from the City's Successor Agency.

(4) Transfers in are mainly from the Pension Overrides Fund. When compared to prior year, the amount of transfer in from retirement fund for fiscal years 2018-19 and 2019-20 is much less primarily due to an accounting change in GASB 75 for the unfunded liability payment, previously charged to each department budget, but now charged directly to the Retirement Fund, hence reducing the amount of transfer needed.

(5) Transfers out are mainly to the Golf Enterprise Fund (all years) and Detention Fund (until FY2017-18).

City Financial Management Policies

The City Council has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted general fund reserves; (ii) the prudent investment of City funds, and (iii) 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.

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 in June 2018 (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 Trust Agreement are invested at the direction of the City in Investment Securities, as defined in the Trust Agreement, and are subject to certain limitations contained therein.

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the City adopted a debt management policy in September 25, 2018, 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.

Capital Improvement Program. The City's capital improvement program (the "CIP") is approved by City Council annually and throughout the year as needed. Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of one year or more. The current CIP, as amended for FY2019-20 is \$19,706,000 million.

Current Investments

The City's investment portfolio (par value), as of June 30, 2019, included cash and investments equal to \$ _____ million.

Principal Sources of General Fund Revenues

Sales and use taxes were the City's largest revenue source in fiscal year 2018-19 and represented approximately 31.2% of fiscal year 2018-19 General Fund revenues. Property taxes were the City's second largest General Fund revenue source in fiscal year 2018-19 and represented approximately 12.6% of General Fund revenues. For a discussion of potential State Budget impacts on General Fund revenues, see "— State Budgets." For a discussion of sales tax revenues and property taxes, see "— Sales Tax" and "— Ad valorem Property Taxation."

Vehicle license fees are assessed in the amount of 2% of a vehicle's depreciation market value for the privilege of operating a vehicle on California's public highways. A program to offset (or reduce) a portion of the vehicle license fees ("VLF") paid by vehicle owners was established by Chapter 322, Statutes of 1998. Beginning January 1, 1999, a permanent offset of 25% of the VLF paid by vehicle owners became

operative. Various pieces of legislation increased the amount of the offset in subsequent years to the existing statutory level of 67.5% of 2% (resulting in the current effective rate of 0.65%).

The following table shows the City's audited General Fund tax revenues by source for the most recent four fiscal years and unaudited actuals for fiscal year 2018-19:

**CITY OF MONTEBELLO
GENERAL FUND TAX REVENUES BY SOURCE
Fiscal Years 2014-15 through 2018-19**

Source	FY 2014-15 Audited	FY 2015-16 Audited	FY 2016-17 Audited	FY 2017-18 Audited	FY 2018-19 Unaudited
Property Taxes	\$6,284,614	\$4,927,230	\$5,094,187	\$5,208,975	\$5,676,411
Sales Taxes	12,563,805	13,992,347	13,267,373	13,118,981	14,031,972
Transient Occupancy Taxes	357,896	365,290	401,852	414,198	421,412
Franchise Taxes	1,410,918	1,405,229	1,493,956	2,141,450	2,224,088
Other Local Taxes	132,100	137,883	151,611	171,762	193,073
Total	<u>\$20,749,334</u>	<u>\$20,827,976</u>	<u>\$20,408,978</u>	<u>\$21,055,366</u>	<u>\$22,546,956</u>

Sources: City of Montebello Finance Department.

Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in California. California does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the City). In addition, many of California's cities, counties, Cities and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. These district taxes can vary up to 1%, and more than one district tax may be in effect for a particular location.

Four separate district taxes are levied on sales in the City by the Los Angeles County Metropolitan Transportation Authority, each having approved by the voters in Los Angeles County. The applicable sales taxes include Measure M taxes, Measure R taxes, Proposition C taxes and Proposition A taxes.

**CITY OF MONTEBELLO
CURRENT SALES TAX RATES**

Component	Tax Rate
State General Fund	7.25%
Los Angeles County	0.25
Measure M	0.50
Measure R	0.50
Proposition C	0.50
Proposition A	0.50
Total	<u>9.50%</u>

Source: City of Montebello.

The State's actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

Property Taxes

Under Proposition 13, an amendment to the California Constitution adopted in 1978, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold, and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each local agency's allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes

on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

Assessed Valuation

The City uses the facilities of the County for tax assessment and collection. City taxes are assessed and collected at the same times and on the same tax rolls as County, school and special district taxes.

Under California law, two additional types of exemptions were authorized beginning in the tax year 1969-70. The first of these exempts 50% of the assessed valuation of business inventories from taxation. The second provides an exemption of \$7,000 of the assessed valuation of an owner-occupied dwelling from which application has been made to the County Assessor. Under a constitutional amendment that is effective in Fiscal year 2018-19, the California Legislature can raise this exemption. Revenue estimated to be lost to local taxing agencies due to such exemption is reimbursed from State sources if funds are appropriated. The reimbursement is based upon total taxes due upon these exempt values and therefore is not reduced by any amounts for estimated delinquencies.

Summarized below is the assessed valuation record of the City for the five most recent fiscal years.

CITY OF MONTEBELLO ASSESSED VALUATIONS

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2015-16	\$5,063,402,936	\$31,557,094	\$210,915,229	\$5,305,875,259	—
2016-17	5,282,681,403	20,057,286	223,110,011	5,525,848,700	4.15%
2017-18	5,468,119,437	20,953,141	221,018,561	5,710,091,139	3.33
2018-19	5,794,732,247	20,402,706	238,293,460	6,053,428,413	6.01
2019-20	6,114,345,136	21,715,493	257,035,933	6,393,096,562	5.61

Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table sets forth the principal secured property taxpayers in the City as of the current fiscal year.

**CITY OF MONTEBELLO
FISCAL YEAR 2019-20 LARGEST LOCAL SECURED PROPERTY TAXPAYERS**

	Property Owner	Primary Land Use	FY2019-20 Assessed Valuation	% of Total ⁽¹⁾
1.	Montebello Town Center	Shopping Center	\$191,929,050	3.14%
2.	Sentinel Peak Resources CA LLC	Oil & Gas	82,978,621	1.36
3.	Brixmor Montebello Plaza LP	Shopping Center	77,049,290	1.26
4.	Bimbo Bakeries USA Inc.	Industrial	58,663,523	0.96
5.	KK 3A Corporation	Apartments	49,592,599	0.81
6.	Somerset Apartments LLC	Apartments	47,180,723	0.77
7.	Comref So CA Industrial	Industrial	45,333,273	0.74
8.	Rreef America REIT II Corp. KKKK	Industrial	40,016,877	0.65
9.	Minson Investments Group LLC	Industrial	38,295,000	0.63
10.	KIR Montebello LP	Shopping Center	35,810,843	0.59
11.	Combined Properties LP, Lessor	Shopping Center	33,406,366	0.55
12.	Prologis California I LLC	Industrial	33,339,391	0.55
13.	Royal Paper Box Company of California	Industrial	29,602,392	0.48
14.	AMB Institutional Alliance Fund III LP	Industrial	24,849,684	0.41
15.	Phillip J. and Phyllis M. Pace, Trustees	Industrial	24,836,102	0.41
16.	Casa La Merced LP	Apartments	24,782,328	0.41
17.	Guardian Life Insurance Company of America	Industrial	23,131,141	0.38
18.	Park Victoria Apartments LLC	Apartments	22,236,440	0.36
19.	Stanley A. Sirott	Apartments	21,651,944	0.35
20.	Kaiser Foundation Health Plan	Medical Offices	20,976,305	0.34
	Total Top 20		<u>\$925,661,892</u>	<u>15.14%</u>

Source: California Municipal Statistics, Inc.

(1) FY2019-20 Local Secured Assessed Valuation: \$6,114,345,136.

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIII A and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following tables reflects the historical secured tax levy and year-end delinquencies for property tax levies for property in the City for the past five fiscal years.

**CITY OF MONTEBELLO
SECURED TAX CHARGE AND DELINQUENCY
Fiscal Years 2014-15 to 2018-19**

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2014-15	\$5,314,426.53	\$75,473.56	1.42%
2015-16	5,437,457.99	75,925.48	1.40
2016-17	5,655,763.80	66,173.32	1.17
2017-18	5,872,622.32	71,885.24	1.22
2018-19	6,197,146.22	83,463.94	1.35

Source: California Municipal Statistics, Inc.

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate

No Teeter Plan

The County Board elected to discontinue the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sales Proceeds (commonly referred to as the “Teeter Plan”) on July 1 2009. Under the terms of the Teeter Plan, the County had remitted to local agencies the amount of uncollected taxes in exchange for retaining any subsequent delinquent payments, penalties and interest that would have been due to the local agency. As the Teeter Plan has been discontinued, the City’s property tax revenues now reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

Other Revenue Sources

In addition, the City receives the following General Fund revenues:

Licenses and Permits. The City charges certain permits, licenses and fees for the cost recovery of providing current planning, building inspection, recreation and other municipal services.

Fines, Forfeitures and Penalties. These revenues include parking citations and other fines for municipal code violations.

Charges for Services. The City charges fees for plan checking, building inspection and a variety of other municipal services.

The following table illustrates all non-tax General Fund revenue sources for the most recent four fiscal years and unaudited actuals for fiscal year 2018-19:

**CITY OF MONTEBELLO
OTHER GENERAL FUND REVENUE SOURCES
Fiscal Years 2014-15 through 2018-19**

	FY2014-15 Audited	FY2015-16 Audited	FY2016-17 Audited	FY2017-18 Audited	FY2018-19 Unaudited
Licenses and permits	\$ 4,640,365	\$ 4,733,752	\$ 4,374,761	\$ 4,452,210	\$6,220,480
Fines and forfeitures	1,589,536	1,912,729	2,251,384	2,185,022	2,165,922
Investment income	31,302	42,685	29,419	74,742	162,487
Intergovernmental	5,616,198	5,730,251	5,950,400	6,157,030	6,526,570
Charges for services	6,054,033	6,611,348	6,382,058	6,438,100	6,657,595
Proceeds from sale of property	—	1,968,213	—	—	—
Other revenue	1,469,321	1,025,601	959,391	1,153,423	728,696
TOTAL OTHER REVENUE SOURCES	\$19,400,755	\$22,024,579	\$19,947,413	\$20,460,527	\$22,461,750

Sources: City of Montebello fiscal years 2014-15 through 2017-18 Comprehensive Annual Financial Reports and City of Montebello Finance Department.

OTHER CITY FINANCIAL INFORMATION

Labor Relations

Currently 214 permanent City employees are covered by negotiated agreements as detailed in the table below. The City also employs 78 additional employees unrepresented by a collective bargaining unit for a total of 292 employees in total, excluding the Transit Operations.

**CITY OF MONTEBELLO
NEGOTIATED EMPLOYEE AGREEMENTS**

Bargaining Unit	Contract Expiration Date	Number of Employees
MFFA	12/31/2021	44
MCEA	12/31/2021	90
MSA	12/31/2021	9
MPMA	12/31/2021	7
MFMA	12/31/2021	5
MPOA	12/31/2021	59
UN-REP	12/31/2021	78
Total		<u>292</u>

Source: City of Montebello Finance Department

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.

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, Note 11.

Employee Retirement Plans

Plan Description. All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (“Plan”) administered by the California Public Employees’ Retirement System (“CalPERS”). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors seven rate plans (three miscellaneous and four safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic safety and miscellaneous CalPERS member becomes eligible for Service Retirement upon attainment of age 50 and 55, respectively, with at least 5 years of credited service. Public Employee Pension Reform Act (PEPRA) safety and miscellaneous members include all employees hired on or after January 1 2013. PEPRA members become eligible for full service retirement upon attainment of age 57 and 62, respectively, with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 12 full-time equivalent monthly pay. Retirement benefits for classic safety miscellaneous employees are calculated as 3% and 2.7%, respectively, of the average final 12 months compensation. Retirement benefits for PEPRA safety and miscellaneous employees are calculated as 2.7% and 2%, respectively, of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee’s beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee’s survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee’s accumulated contributions, where interest is currently credited at 6.0% per year, plus a lump sum in the amount of one month’s salary for each completed year of current service, up to a maximum of six months’ salary. For purposes of this benefit, one month’s salary is defined as the member’s average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Employees Covered. At the June 30, 2018 (CalPERS actuarial valuation date), the following employees were covered by the benefit terms for each Plan.

**CITY OF MONTEBELLO
DEFINED BENEFIT PENSION PLAN
COVERED EMPLOYEES**

	Safety Plan	Misc Plan
Inactive employee or beneficiaries currently receiving benefits	281	421
Inactive employees entitled to but not yet receiving benefits	104	431
Active employees	105	312
Total	<u>490</u>	<u>1,164</u>

Source: City of Montebello's 2018 CalPERS actuarial reports.

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 both Plans 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 employees.

According to the most recent 6/30/18 CalPERS actuarial study, the Employer Normal Cost Rate will be 11.129% of payroll for Miscellaneous and 21.164% for Safety for fiscal year 2020-21. The contributions toward the unfunded liability will be \$4,771,970 for Miscellaneous and \$6,491,262 for Safety.

Net Pension Liability. The City's net pension liability for both Plans is measured as the total pension liability, less the plan's fiduciary net position. Net pension liability using the Actuarial Valuation Report as of June 30, 2018 is \$56,113,583 for Miscellaneous and \$ 92,748,818 for Safety, for a total of \$148,862,401.

For the year ended June 30, 2018, the City recognized pension expense of \$12,172,346 and \$6,381,487 for the safety and miscellaneous plans, respectively. The City's contributions to the Plan recognized as a part of pension expense for the year ended June 30, 2018 were \$6,096,263 and \$4,395,716 for the safety and miscellaneous plans.

Deferred Outflows/Inflows of Resources Related to Pensions. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MONTEBELLO
CALPERS DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$10,491,982	—
Changes in assumptions	14,743,283	—
Δ between actual and expected experiences	—	\$2,707,961
Net Δ between projected/actual earnings on plan investments	4,515,476	—
Total	<u>\$29,750,741</u>	<u>\$2,707,961</u>

Source: City of Montebello 2018 CAFR.

For more information, including actuarial assumptions, a discussion of the discount rate used, and schedules of funding progress for the City’s various pension plans, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018—Notes to Basic Financial Statements—NOTE 9.

Tax Override. The City has a property tax assessment which is used specifically for pensions. In 1946, voters of the City approved a “tax override” to fund the City’s participation in the State Employees’ Retirement System (the “1946 Initiative”). As reflected in Ordinance 402 adopted by the City Council on August 24, 1946 (the implementing Ordinance of the voter initiative), the voters approved a tax rate of up to \$0.35 per one hundred dollars of assessed property value. Ordinance 402 describes the “indebtedness” approved by the voters in 1946 as follows: “For obligations to the City to the State Employees’ Retirement System for the retirement of City employees.” In 1976, City voters approved “Proposition A,” a measure which, in essence, extended the “indebtedness” approved in the 1946 Initiative to include death benefits and other “retirement features” for public safety members. In accordance with the provisions of the 1946 Initiative and Proposition A, City voters have approved a maximum tax rate of \$0.495 per one hundred dollars (\$100) assessed valuation to fund the City’s contribution to the State Retirement System (now PERS), as well as death benefits and “retirement features” for public safety workers (Proposition A). Annually, the City Council approves a resolution to set property tax override rates on voter approved indebtedness for retirement programs (a “Tax Override Resolution”) in accordance with the provisions of Article XIII A of the California Constitution and Section 3, Chapter 112 of the Statutes of 1985. The tax rate imposed on property within the City fluctuated in accordance with the rate set in each Tax Override Resolution until 1996 when the City Council adopted Ordinance No. 2148 (the “1996 Ordinance”) which codified a tax rate of \$0.197875 per one hundred dollars (\$100) assessed valuation (as further set forth in Montebello Municipal Code Section 3.28.020). The purpose of the 1996 Ordinance is described as funding “the City’s contribution to PERS on behalf of its employees which was approved by the voters on July 9, 1946.” The \$0.197875 rate established in the 1996 Ordinance was consistent with the rate imposed for more than a decade prior to adoption of the 1996 Ordinance and is the rate currently imposed by the City.

Recent Actions Taken by CalPERS. At its April 17, 2013, meeting, CalPERS’ Board of Administration (the “Board of Administration”) approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. As a result, CalPERS now employs an amortization and smoothing policy that will pay for all gains and losses over a 20-year period with a five-year ramp-up, and five-year ramp-down, period. The new amortization and smoothing policy was used for the first time in the June 30, 2013 actuarial valuations in setting employer contribution rates for fiscal year 2015-16.

On February 18, 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The Board of Administration also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates increased beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through CalPERS' web site at the following website address: <https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter and is not incorporated in this Official Statement by reference.*

On December 21, 2016, the Board of Administration voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

Fiscal Year	Discount Rate
2017-18	7.375%
2018-19	7.250
2019-20	7.000

For public agencies like the City, the 7.0% discount rate took effect on July 1, 2018. Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

PERS Amortization Period Reform. On February 13, 2018 the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period begins with new gains or losses accrued starting with the June 30, 2019 actuarial valuations. The first payments on the new 20-year amortization schedule will take place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability ("UAL") contributions for cities that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Cities that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The City cannot currently estimate the impact the shorter amortization period will have on its required contributions for its Miscellaneous and Safety Plans.

Other Post-Employment Benefits

Plan Description. The City provides postemployment healthcare benefits to eligible employees at retirement through a single-employer defined benefit other postemployment benefits plan administered by the City. Benefit provisions are established through agreements and memorandums of agreement between the City, its management employees, and unions representing the City's employees.

Employees Covered. As of the June 30, 2016 actuarial valuation, the plan consists of 381 active employees and 171 inactive employees or beneficiaries currently receiving benefits.

Funding Policy. Future contribution requirements of plan members, if any, and the City will be established and amended as needed by the City Council. The required contribution will be based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Council.

Annual OPEB Expense and Net OPEB Liability. For the year ended June 30, 2018, the City recognized OPEB expense of \$1,505,956. The City currently finances these benefits on a pay-as-you-go basis. The following table shows the amount contributed to the plan, and changes in the City's net OPEB Liability calculated at a discount rate of 3.40%:

CITY OF MONTEBELLO OPEB LIABILITY Fiscal Year 2017-18

Service cost	\$ 1,079,041
Interest on net OPEB obligation	849,121
Changes in assumptions	(2,111,032)
Benefits payments	(1,039,463)
Increase in net OPEB obligation	(1,222,333)
Net OPEB obligation, beginning of the year	29,234,403
Net OPEB obligation, end of the year	\$28,012,070

Source: City of Montebello 2017-18 CAFR

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, Note 10.

Outstanding Debt

The City has the follow outstanding bonds secured in whole or in part by its general fund:

Issue	Outstanding Par Amount	Source of Repayment	Final Maturity
Montebello Public Financing Authority Lease Revenue Refunding Bonds, Series B	\$6,050,000	General Fund 100%	11/12028
Montebello Public Financing Authority Taxable Lease Revenue Refunding Bonds, Series C	\$2,895,000	General Fund 76.4% Golf Course 23.6%	11/1/2024
Montebello Public Financing Authority Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project)	\$10,270,000	General Fund contingently liable if hotel and applicable tax revenues are insufficient	12/1/2034
Montebello Public Financing Authority Lease Revenue Bonds, 2016 Series A (Home2Suites)	\$54,860,000	General Fund contingently liable if hotel and applicable tax revenues are insufficient	6/1/2046

(1) To be refunded from the proceeds of the Bonds of this issue.

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2018—Notes to Basic Financial Statements—NOTE 8 for other obligations of the City not payable from its general fund.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. and effective November 1, 2019. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the City; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City’s assessed valuation represented in column 2.

DIRECT AND OVERLAPPING BONDED DEBT AS OF NOVEMBER 1, 2019

CITY OF MONTEBELLO

2019-20 Assessed Valuation: \$6,393,096,562

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/19</u>
Metropolitan Water District	.207%	\$ 99,464
Los Angeles Community College District	.705	27,036,045
El Rancho Unified School District	.003	1,847
Los Angeles Unified School District	.001	96,830
Montebello Unified School District	35.607	<u>60,487,252</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		87,721,438
Less: Los Angeles Unified School District General Obligation Bonds		
Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment		<u>(273)</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		87,721,165

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	.396%	9,389,295
Los Angeles County Superintendent of Schools Certificates of Participation	.396	20,522
Los Angeles County Sanitation District No. 2 Authority	8.922	503,910
Los Angeles County Sanitation District No. 15 Authority	.725	41,915
Los Angeles Unified School District Certificates of Participation	.001	1,715
Montebello Unified School District Certificates of Participation	35.607	2,348,282
City of Montebello General Fund Obligations	100.000	<u>76,706,939⁽¹⁾</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		89,012,578
Less: Los Angeles Unified School District Qualified Zone Academic Bonds		(74)
City of Montebello Obligations supported from golf and hotel revenues		<u>11,523,220</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		77,489,284

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	23,406,530
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GROSS COMBINED TOTAL DEBT	200,140,546 ⁽²⁾
NET COMBINED TOTAL DEBT	188,616,979

Ratios to 2019-20 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt.....	1.37%
Total Net Overlapping Tax and Assessment Debt.....	1.37%
Total Gross Direct Debt (\$76,706,939)	1.20%
Total Net Direct Debt (\$65,183,719)	1.02%
Gross Combined Total Debt	3.13%
Net Combined Total Debt	2.95%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,989,673,994):

Total Overlapping Tax Increment Debt.....	1.18%
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Source: California Municipal Statistics, Inc.

(1) Excludes Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

STATE BUDGET INFORMATION

Information regarding the State Budget is regularly available at various State-maintained websites. The fiscal year 2019-20 State Budget further described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” Additionally, an impartial analysis of the State’s Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and neither the City nor the Underwriter takes responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2019-20 State Budget

On June 27, 2019, Governor Gavin Newsom signed the State budget for Fiscal Year 2019-20 (the “2019-20 Budget”). The 2019-20 Budget addresses rising costs while maintaining fiscal discipline amidst a slowing global economy. The 2019-20 Budget projects general fund revenues increasing by \$5.8 billion (up 4.2% over 2018-19 levels) to a total of \$143.8 billion, while expenditures are also projected to increase \$5.1 billion (up 3.6% over 2018-19 levels) to a total of \$147.8 billion. The State’s rising revenues are almost entirely offset by a combination of the rising expenditures and continued contributions to the State’s budget stabilization/rainy-day fund.

The largest areas of general fund expenditure increases over 2018-19 expenditures include health and human services, higher education, and legislative, judicial and executive programs. K-12 education expenditures, the single largest category of expenditures in the 2019-20 Budget, will increase by \$827 million over the prior year to a total of \$58.3 billion (up 1.2% over 2018-19 levels). Notable specific areas of expenditures from the 2019-20 Budget reflecting changes from prior years include:

Paying Down Retirement Liabilities. The 2019-20 Budget allocates \$14.3 billion in 2019-20, and an additional \$500 million over the forecast period, to build budgetary resiliency and pay down the State’s unfunded liabilities. This includes \$4.5 billion to eliminate debts and reverse deferrals, \$5.5 billion to build reserves, and \$4.3 billion to pay down unfunded retirement liabilities. The supplemental payment to the California Public Employees’ Retirement System (“CalPERS”) of \$3 billion is scheduled to be made over the forecast period, with \$2.5 billion being made this year and \$500 million scheduled over the following three fiscal years.

Disaster Preparedness. The 2019-20 Budget includes critical investments needed to sustain and improve the State’s emergency preparedness, response, and recovery capabilities. This includes \$240.3 million to augment the California Department of Forestry and Fire Protection’s (“CAL FIRE’s”) firefighting capabilities by adding 13 additional year-round engines, replacing Vietnam War-era helicopters, deploying new air tankers, and investing in technology and data analytics that support CAL FIRE’s initial fire suppression strategies. The 2019-20 Budget also provides a sizable investment in forest management to increase fire prevention and complete additional fuel reduction projects, including increased prescribed fire crews.

The 2019-20 Budget includes funding to backfill wildfire-related property tax losses and waives the local share of costs for debris removal. Funding for impacted schools is also backfilled. Additionally, the 2019-20 Budget establishes a stable funding structure to implement an enhanced Next Generation 9-1-1 system and includes funding to protect vulnerable populations and preserve

public safety in response to power interruptions planned by utilities during the upcoming fire season.

K-12 Education. The 2019-20 Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26-percent COLA. Since the enactment of LCFF, the State has allocated over \$23 billion in additional ongoing resources to local educational agencies through the formula. The 2019-20 Budget also includes a \$3.15 billion non-Proposition 98 General Fund payment on their behalf to CalSTRS and the CalPERS Schools Pool. This payment is expected to save employers \$6.1 billion over the next three decades, with an estimated reduction in the out-year contribution rate to CalSTRS of 0.3 percentage points, and to the CalPERS Schools Pool of 0.1 to 0.3 percentage points.

Affordability and Opportunity. The 2019-20 Budget more than doubles the Earned Income Tax Credit (“EITC”) by investing \$1 billion in a new expanded EITC. The expansion includes help for low-income families with young children by providing an additional \$1,000 annually to address the costs of raising young children.

The 2019-20 Budget reflects continued work to improve affordability and access to health care, including addressing the rising cost of prescription drugs and increasing health insurance subsidies so more middle-class Californians can afford health coverage through Covered California. The 2019-20 Budget also moves closer to universal coverage by expanding full-scope Medi-Cal coverage eligibility to the aged, blind, and disabled population from 123 percent to 138 percent of the federal poverty level, and to young adults ages 19 through 25 regardless of immigration status.

The 2019-20 Budget takes initial steps to expand full-day full-year preschool to all income-eligible four-year olds, makes major investments in childcare infrastructure and workforce training, and expands kindergarten facilities so more districts can offer full-day programs. The 2019-20 Budget also funds a master plan to develop a roadmap for providing universal preschool to all four-year olds, as well as a long-term plan to improve access to and the quality of subsidized childcare.

The 2019-20 Budget expands the State’s Paid Family Leave program so newborns can be cared for by a parent or close relative for the first six months of the child’s life. The 2019-20 Budget expands paid family leave for each parent from six to eight weeks. This expansion adds an additional month of paid leave for two-parent families, allowing up to a combined four months of leave after the birth or adoption of their child.

Higher Education. The 2019-20 Budget includes funding for two free years of community college tuition for first-time full-time students and provides significant increases for the California State University and the University of California to expand enrollment at the systems by nearly 15,000 students while preventing tuition increases this year. The 2019-20 Budget also increases the number of competitive Cal Grants by nearly 60 percent and provides a new Cal Grant Access Award for students with children to help meet basic family needs while increasing their likelihood of degree completion. The 2019-20 Budget includes total funding of \$36.9 billion (\$20.8 billion General Fund and local property tax and \$16.1 billion other funds) for all higher education entities in 2019-20.

For additional information regarding the 2019-20 Budget, please see the Department of Finance website at ebudget.ca.gov. The District can take no responsibility for the continued accuracy of the above-

referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

Future State Budgets

The City receives a portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other cities in the State.

The City cannot predict the extent of the budgetary problems the State will encounter in this fiscal year or in any 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 final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. See also "RISK FACTORS—Dependence on State for Certain Revenues."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A 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 on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in 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 have 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, 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 the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% 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.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Fresno County Superior Court, in *County of Fresno v. Fresno County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Fresno County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court which petition was denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIII B of the California Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The 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 agency's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit.

Articles XIIIIC and XIIID of the California Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

Taxes. Article XIIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("general taxes") require a majority vote; taxes for specific purposes ("special taxes"), even if deposited in the City's General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIIID 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.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the Certificates could be adversely affected.

Burden of Proof. Article XIIIIC provides that 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." Similarly, Article XIIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIIC and XIIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City's General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIIC and XIIID 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 the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided 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 prohibited 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 had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits,

enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the City's fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 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.

RISK FACTORS

Operational Risks

General. The 2019 Bonds constitute limited obligations of the Authority payable solely from Revenues, as described herein. The principal source of Revenues is anticipated to be Project room rentals and other revenues associated with the operation of the Project. The primary risks associated with the receipt of such revenues are the occupancy level of the Project and room rental rates. The primary risks associated with the cost of operations are labor costs, materials costs, insurance, and reserves for repair and replacement. Any factor that adversely affects the receipt of the aforementioned revenues and/or the level of expenses in connection therewith creates a risk that debt service on the 2019 Bonds will not be paid when due.

Risks Associated with Hotel Operations. A number of factors, many of which are beyond the control of the City and HALLC, could have an adverse impact on the revenues and expenses in connection with the Project, value of the Project and the ability to pay debt service on the 2019 Bonds, including adverse changes in the national economy and levels of tourism, competition from other hotels and convention centers, energy costs, governmental rules and policies (including changes in zoning and land use), potential environmental and other liabilities, and tax laws affecting real estate. The Project has, and is anticipated to continue to generate a portion of its business as a result of its proximity to the Montebello Country Club

and The Quiet Cannon. The failure of the Montebello Country Club and/or The Quiet Cannon to maintain and increase its respective business as anticipated may have an adverse impact on the net revenues and the resulting ability to pay debt service on the 2019 Bonds. Such failure may be a result of a variety of factors, including, without limitation, damage or destruction, reduction in marketing efforts by The Quiet Cannon and/or the Montebello Country Club, reduced maintenance, changes in the hospitality industry generally or other factors at The Quiet Cannon and/or the Montebello Country Club. Because hotel rooms are rented for a relatively short period of time compared to other commercial properties, the negative impact of adverse economic conditions and competition is realized more quickly for hotels than for other commercial properties that are rented for longer periods of time.

Occupancy and Room Rate Risks. Revenue from the Project is largely generated from the rental of hotel rooms. The Authority's ability to pay debt service on the 2019 Bonds from net revenues largely depends on the occupancy rates and average daily rates at the Project and the ability of the City and HALLC to maintain occupancy volume at a level that does not adversely affect the Project's cash flow. Key factors affecting the amount of revenues generated from the rental of hotel rooms include the Project's brand name recognition, market support and reservation systems. Occupancy and average daily rates will also be affected by factors outside the control of the City and HALLC, such as general levels of tourism and seasonality. Such fluctuations may adversely affect the amount and timing of amounts available to pay debt service on the 2019 Bonds.

Marketing; Failure to Attract Guests. HALLC markets the Project pursuant to the Hotel Management Agreement. Although HALLC maintains convention, business and sales promotion services, advertising, publicity and public relations services, and central reservation services, there can be no assurances that HALLC's efforts will be successful in attracting sufficient numbers of guests to the Project or HALLC will provide adequate marketing throughout the term of the 2019 Bonds. Any failure to adequately or successfully market the Project may cause a reduction in net revenues received in connection therewith and may impact the City's ability to pay debt service on the 2019 Bonds.

Hotel Management Agreement; Hotel Manager. Under the Hotel Management Agreement, HALLC has the sole and exclusive right to manage and operate the Project in conformance with the Hilton standards. The ability of the Project to generate net revenues sufficient to pay debt service on the 2019 Bonds will depend in part on the successful ongoing management and operation of the Project by HALLC. HALLC has limited financial resources which could materially affect its ability to perform its obligations as Facilities Manager.

With respect to termination of the Hotel Management Agreement, see "THE PROJECT—Operation of the Project—Hotel Management Agreement—Termination." Under certain circumstances, HALLC may terminate the Hotel Management Agreement for cause. Assuming HALLC's approach to the management and operation of the Project is otherwise successful, early termination of the Hotel Management Agreement by HALLC, and the inability of the City to hire a replacement manager under a management agreement with substantially the same terms and conditions as the Hotel Management Agreement, could adversely affect the management and operation of the Project and the ability of the Project to generate net revenues sufficient to pay debt service on the 2019 Bonds. See APPENDIX G—HOTEL MANAGEMENT AGREEMENT.

License Agreement. Hilton has the ability to terminate the License Agreement under certain circumstances set forth therein. Early termination of the License Agreement by Hilton could adversely affect the operation and marketability of the Project and the ability of the Project to generate revenues sufficient to pay debt service on the 2019 Bonds.

Competitor Facilities. The Project faces competition from other existing hotel facilities in the Project's market area, and could face additional competition in the future as a result of the construction of new, or the upgrading of existing, facilities in this market area. Facilities such as the Project compete with each other on the basis of the quality and attractiveness of their facilities, published room rental rates, corporate discounts, accessibility, promotional efforts, and proximity to transportation and other facilities and amenities. No assurance can be given that the projected utilization of the Project will not be adversely affected by the availability of other hotel facilities in the Project's market area and elsewhere.

Labor Relations. The City and HALLC could experience increased labor costs and perhaps work stoppages, the result of which could adversely affect the Project's occupancy rate and therefore revenues and expenses in connection therewith. Further, there can be no assurance that HALLC will be able to attract and retain the required number of employees within the wage standards available to pay employees.

Bankruptcy of HALLC. No assurances can be made that HALLC will not file bankruptcy should the Project not perform as expected, or other events occur which affect the profitability of the ownership and/or operation of the Project. Should HALLC file for bankruptcy, there could be adverse effects on the holders of the 2019 Bonds pursuant to the provisions of the United States Bankruptcy Code. These adverse effects could include, but might not be limited to, one or more of the following.

First, the automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by HALLC under any document to which it is a party ("HALLC Documents"), or any action to enforce any obligation of HALLC under the HALLC Documents. These restrictions might also prevent the Trustee from making payments to the holders of the 2019 Bonds from funds in the Trustee's possession during the pendency of the bankruptcy proceedings. The automatic stay will be removed upon the termination of the bankruptcy case, and the bankruptcy court has the discretion to remove it sooner.

Second, with the authorization of the bankruptcy court, HALLC might be able to repudiate one or more of the HALLC Documents. A repudiation of an agreement by HALLC would generally excuse HALLC from any further performance (including payment obligations) under such agreement.

Third, with the authorization of the bankruptcy court, HALLC may assign its rights and obligations under any of the HALLC Documents to another entity, despite any contractual prohibition to the contrary.

The occurrence of any of these, as well as the occurrence of other possible effects of a bankruptcy of HALLC, could result in delays or reductions in payments to the holder of the 2019 Bonds.

Natural Disasters

The occurrence of any natural disaster in or near the boundaries of the City, including, without limitation, fire, earthquake, landslide, high winds, drought or flood, could have an adverse material impact on the economy within the City and the generation of Revenues.

Whittier Narrows Dam. The Army Corps of Engineers is beginning a \$500-million repair project for the 62-year-old Whittier Narrows Dam (the "Dam"). The Dam, a 56-foot tall earth dam, is located along the Rio Hondo and the San Gabriel Rivers and collects runoff from the uncontrolled drainage areas upstream along with releases into the San Gabriel River from the Santa Fe Dam. The reservoir portion of the Dam, with a capacity of 67,060 acre-feet, is surrounded by the cities of South El Monte (to the north), Industry (to the east), Pico Rivera (to the south), and Montebello (to the south).

The Army Corps of Engineers has determined that the Dam no longer meets federal tolerable-risk guidelines and could fail in the event of a very large, very rare storm, similar to storms which occurred in California between December 1861 and January 1862. If such a storm were to occur, water could flow over the crest of the Dam or seepage could erode the sandy soil underneath it. These types of failures could have catastrophic effects on a number of Southern California communities including the City. In response to these potential dangers, the Army Corps of Engineers has classified the Dam's repairs as the highest priority of any of the 13 "high risk" dams in the country.

The construction of the repairs to the Dam are scheduled to start in 2021 and the repairs are expected to be completed in 2025. The Army Corps of Engineers has already begun repair work on the Dam's gates and locks in 2018 and is expected to be complete those repairs by the end of 2019.

An extreme storm that results in a flood could significantly damage the Project and could result in a reduction of the Revenues. The City cannot predict when flood or extreme storm events will occur, when or whether the repairs described above will be completed, whether other mitigation measures will be implemented, or whether FEMA or other funds will be available to the City in the event of a failure of the Dam. Significant flooding in the City as a result of the failure of the Dam could have materially adverse consequences for the City's finances and operations, including the ability to make the payments due under the Lease.**Base Rental**

Base Rental and Other Payments. The Base Rental and other payments due under the Lease (including a proportionate share of the costs of improvement, repair and maintenance of the Leased Property and taxes, other governmental charges and assessments levied against the Leased Property) are not secured by any pledge of taxes or other revenues of the City but are payable, to the extent Project Net Revenues are insufficient, from yearly appropriations of any funds lawfully available to the City. If the City's revenue sources are less than its total obligations, the City could choose to fund other services before paying Base Rental and other payments due under the Lease. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. To the extent these types of events or other events adversely affecting the funds available to the City occur in any year, the funds available to pay Base Rental may be decreased.

The City has the capacity to enter into other obligations, including additional base rental payments under the Lease, which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to the City to pay Base Rental may be decreased.

Abatement. The amount of Base Rental due under the Lease will be adjusted or abated during any period in which by reason of damage or destruction to the Leased Property or eminent domain proceedings there is substantial interference with the use and possession of the Leased Property. Notwithstanding the provisions of the Lease and the Indenture specifying the extent of abatement in the event of the City's failure to have use and possession of the Leased Property, such provisions may be superseded by operation of law, and, in such event, the resulting Base Rental may not be sufficient to pay all of that portion of the remaining principal and interest represented by the 2019 Bonds. The amount of such abatement will reduce the Base Rental applicable to the 2019 Bonds.

Earthquake Risk. Any natural disaster or other physical calamity, including earthquake, may have the effect of damaging the Project, resulting in reduced Project Gross Revenues, or abatement of all or a portion of the Base Rental. The seismic safety element of the City's General Plan lists ground shaking as the primary seismic risk to Montebello from a major earthquake along three faults located between 6 and 14 miles away from the City. A great earthquake along the San Andreas Fault, 33 miles from the City, would

result in strong ground shaking. Risks of ground failure (such as liquefaction, landslides and rockfalls) are considered limited in Montebello. Ground displacement is not considered a significant risk because no active or potentially active faults are known to be present within the limits of the City of Montebello.

Insurance. The Lease obligates the City to obtain and keep in force various forms of insurance, to assure repair or replacement of the Leased Property in the event of damage or destruction to the Leased Property (see APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance). The City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Lease. In addition, certain risks may not be covered by such property insurance.

If the Leased Property is partially or completely damaged or destroyed due to any uninsured or underinsured event, it is likely that Base Rental will be partially or completely abated. Apart from the proceeds of insurance, the City and the Authority will have no obligation to expend any funds to repair or replace such damaged or destroyed property. If any leased property so damaged or destroyed is not repaired or replaced within the period during which the proceeds of rental interruption insurance are available, any such abatement could prevent the City from timely paying Base Rental.

Cybersecurity Risks

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The City owns and operates its own enterprise class data network serving the municipal city government and its operations. The City has retained information technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the City's own administrative regulations. Within the City's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the City exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the City's computers and technologies.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the 2019 Bonds could become includable in federal gross income, possibly from the date of issuance of the 2019 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the 2019 Bonds. Should interest become includable in federal gross income, the 2019 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

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 Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

FINANCIAL STATEMENTS

The financial statements of the City for the Fiscal Year ended June 30, 2018, included in APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, have been audited by Vasquez & Company, LLP, Glendale, California. Vasquez & Company, LLP was not requested to consent to the inclusion of its reports regarding the City in APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, nor have they undertaken to update their reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Vasquez & Company, LLP with respect to any event subsequent to the date of their reports. The Authority represents that there has been no material adverse change in financial position of the City since June 30, 2018.

NO LITIGATION

The Authority

The Authority will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Authority seeking to restrain or enjoin the execution, delivery or sale of the 2019 Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the Indenture, the sale thereof, the pledge or application of any moneys or security provided for the payment of the 2019 Bonds, the validity or enforceability of the Indentures, the Pledge Agreements and the other documents executed by the Authority in connection with the 2019 Bonds or the completeness or accuracy of this Official Statement. Neither the creation, organization or existence of the Authority, nor the title of the present members of the Authority to their respective offices is being contested.

The City

The City will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court governmental agency, public board or body, pending of which the City has received service of process or threatened against the City, seeking to restrain or enjoin the execution or delivery of the Pledge Agreements, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City taken with respect to any of the foregoing or that will materially affect the ability of the City to satisfy its obligations under the Pledge Agreements.

TAX MATTERS

General

The delivery of the 2019 Bonds is subject to delivery of the opinions of Bond Counsel, to the effect that interest on the 2019 Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the 2019 Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the 2019 Bonds is also subject to the delivery of the opinions of Bond Counsel, based upon existing provisions of the laws of the State that interest on the 2019 Bonds is exempt from personal income taxes of the State. Forms of Bond Counsel’s anticipated opinions are included as APPENDIX F—FORM OF OPINION OF BOND COUNSEL. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Authority and the City made in certificates of even date with the initial delivery of the 2019 Bonds (the “Tax Certificate”) pertaining to the use, expenditure and investment of the proceeds of the 2019 Bonds and will assume continuing compliance with the provisions of the Indentures by the Authority subsequent to the issuance of the 2019 Bonds. The Indentures and the Tax Certificates contain covenants by the Authority and the City with respect to, among other matters, the use of the proceeds of the 2019 Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2019 Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2019 Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the 2019 Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should be aware that the ownership of tax-exempt obligations such as the 2019 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the City described above. No ruling has been sought from the Internal Revenue Service (the “Service”) or the State with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel’s opinions are not binding on the Service or the State. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2019 Bonds is commenced, under current procedures, the Service is likely to treat the Authority as the

“taxpayer,” and the owners of the 2019 Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2019 Bonds, the Authority may have different or conflicting interests from the owners of the 2019 Bonds. Public awareness of any future audit of the 2019 Bonds could adversely affect the value and liquidity of the 2019 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to owners of the 2019 Bonds of the exclusion of interest on the 2019 Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain 2019 Bonds

The initial public offering of certain of the 2019 Bonds (the “Discount Bonds”) may be less than the amount payable on such 2019 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the 2019 Bonds or the 2019B Bonds, as applicable, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the 2019 Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued original issue discount on Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain 2019 Bonds (the “Premium Bonds”) may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the 2019 Bonds or the 2019B Bonds, as applicable, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LEGAL MATTERS

The validity of the 2019 Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority. Complete copies of the proposed forms of opinions of Bond Counsel are attached hereto as APPENDIX F—FORM OF OPINION OF BOND COUNSEL. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney, for the Authority by Authority Counsel and by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel to the Authority, and for the Underwriter by its counsel Nixon Peabody LLP, Los Angeles, California.

RATINGS

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), is expected to assign the rating of “AA” (stable outlook) to the 2019 Bonds based on the issuance of the Municipal Bond Insurance Policy by the Municipal Bond Insurer at the time of delivery of the 2019 Bonds. See “MUNICIPAL BOND INSURANCE.” In addition, S&P has assigned the underlying rating of “___” to the 2019 Bonds without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019 Bonds.

UNDERWRITING

The 2019 Bonds are being purchased for reoffering by Cabrera Capital Markets, LLC, as underwriter (the “Underwriter”), at a purchase price of \$ _____ (representing \$ _____ aggregate principal amount of the 2019 Bonds, [plus/minus] original issue [premium/discount] of \$ _____, less Underwriter’s discount of \$ _____). The purchase contract relating to the 2019 Bonds provides that the Underwriter will purchase all of the 2019 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The 2019 Bonds may be offered and sold by the Underwriter to certain dealers and others at yields lower than the public offering yield indicated on the inside cover hereof, and such public offering yield may be changed, from time to time, by the Underwriter.

MUNICIPAL ADVISOR

Hilltop Securities, Inc. has served as municipal advisor (the “Municipal Advisor”) to the City and the Authority in connection with the issuance of the 2019 Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2019 Bonds and the Authority will not provide any such information.

The City will covenant for the benefit of the owners and beneficial owners of the 2019 Bonds to provide certain financial information and operating data relating to the City by not later than not later than not later than nine (9) months after the end of each fiscal year (the “Annual Report”), commencing with the fiscal year ending June 30, 2019 and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by _____, as dissemination agent (the “Dissemination Agent”), on behalf of the City, with the Municipal Standards Rulemaking Board (the “MSRB”). The specific nature of the information to be contained in the Annual Report and the notices of certain enumerated events is set forth in the Continuing Disclosure Agreement. See APPENDIX D—FORM OF CONTINUING DISCLOSURE AGREEMENT. These covenants are being made in order to assist the Underwriter of the 2019 Bonds in complying with Rule 15c2-12, as amended (the “Rule”) of the U.S. Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

In the last five years, the City [TO BE UPDATED].

ADDITIONAL INFORMATION

The summaries and references contained herein with respect to the Indentures, the Pledge Agreements, the 2019 Bonds, the statutes, agreements and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the 2019 Bonds are qualified in their entirety by reference to the forms thereof.

The execution of this Official Statement by the undersigned Executive Director of the Authority has been duly authorized by the Authority.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By _____
Executive Director

APPENDIX A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MONTEBELLO
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY

The following information concerning Los Angeles County and the City of Montebello is included only for the purpose of supplying general information regarding the County and the City. The Bonds are not a debt of the County, the State or any of its political subdivisions, and none of the County, the State nor any of their political subdivisions, except for the City and the Authority, are liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix B, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

General Description and Background

Los Angeles County (the “County”) is located in the Southern region of the State of California. It borders 70 miles of coast on the Pacific Ocean and encompasses mountain ranges, valleys, forests, islands, lakes, rivers and desert. It is one of California’s original 27 counties and was established on February 18, 1850. It is one of the nation’s largest counties with 4,084 square miles and has the largest population of any county in the nation - nearly 10 million residents who account more than one quarter of California’s population. As a subdivision of the state, the County is charged with providing numerous services that affect the lives of all residents, including law enforcement, tax collection, public health protection, public social services, elections and flood control.

The County is home to 88 incorporated cities and many unincorporated areas. In between the large desert portions of the county — which make up around 40% of its land area — and the heavily urbanized central and southern portions, sit the San Gabriel Mountains, containing the Angeles National Forest. Los Angeles is a charter county governed by a five-member elected Board of Supervisors. Each member serves alternating four-year terms, and is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff.

The County is the third-largest metropolitan economy in the world, with a Nominal GDP of over \$700 billion—larger than the GDPs of Belgium, Norway, and Taiwan. The County serves as the central trade district for the western United States and the gateway to the Asian economies. The County is one of the most ethnically diverse counties in the U.S. The county seat, the City of Los Angeles, is also California’s most populous city and the nation’s second largest city with about 4 million people.

Population

The following table contains the population of the City, the County and the State of California for the last five years.

CITY OF MONTEBELLO, LOS ANGELES COUNTY AND STATE OF CALIFORNIA POPULATION (as of January 1)

City of	Los Angeles	State of
---------	-------------	----------

Year	Montebello	County	California
2015	64,315	10,155,753	38,952,462
2016	64,289	10,185,851	39,214,803
2017	64,301	10,226,920	39,504,609
2018	64,316	10,254,658	39,740,508
2019	64,247	10,253,716	39,927,315

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-2019, with 2010 Census Benchmark.

Employment

The following tables summarize historical employment and unemployment for the County, the State of California and the United States:

LOS ANGELES COUNTY, CALIFORNIA, AND UNITED STATES CIVILIAN LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2014	Los Angeles County	5,025,900	4,610,800	415,100	8.3%
	California	18,811,400	17,397,100	1,414,300	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015	Los Angeles County	5,011,700	4,674,800	336,900	6.7
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	157,130,000	148,834,000	146,411,000	5.3
2016	Los Angeles County	5,043,300	4,778,800	264,500	5.2
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	148,976,000	4.9
2017	Los Angeles County	5,123,900	4,883,600	240,300	4.7
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018 ⁽²⁾	Los Angeles County	5,136,300	4,896,500	239,800	4.7
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2017, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers in the City

The table below sets forth the principal employers in the City in 2018.

CITY OF MONTEBELLO 2018 PRINCIPAL EMPLOYERS

Employer	# of Employees	% of Total
Montebello Unified School District	1,374	4.67%
Beverly Hospital	930	3.16
City of Montebello	487	1.65
Costco	358	1.21
Bimbo Bakery	326	1.10
Macy's	320	1.08
Wilbur Curtis Co	301	1.02
Old Dominion Freight Line	200	.68
Rio Hondo Convalescent Hospital	186	.63
JC Penny	179	.60
Total Top 10	4,661	15.85

Source: City of Montebello 2018 CAFR.

Major Industries in the County

The table below sets forth the principal industries in Los Angeles County in 2018.

LOS ANGELES COUNTY 2018 PRINCIPAL INDUSTRIES

Industry	# of Employees	% of Total
Trade, Transportation and Utilities	828,400	16.93%
Educational & Health Services	804,800	16.45
Professional & Business Services	629,100	12.86
Government	594,400	12.15
Leisure & Hospitality	552,200	11.29
Manufacturing	350,400	7.16
Financial Activities	222,200	4.54
Information	211,900	4.33
Other Services	155,300	3.17
Construction	144,300	2.95
Ten Largest Industries	4,493,000	91.83
All Other Industries	399,900	8.17
Total	4,892,900	100.00%

Source: Los Angeles County 2017-18 CAFR.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF MONTEBELLO BUILDING PERMITS AND VALUATION (Dollars in Thousands)

	2014	2015	2016	2017	2018 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 7,517	\$ 9,068	\$ 1,439	\$ 35	\$ 251
New Multi-family	-	2,800	-	5,044	5,956
Res. Alterations/Additions	3,411	3,061	4,539	3,738	4,952
Total Residential	10,928	14,930	5,979	9,682	11,159
Total Nonresidential	12,991	21,347	5,696	9,350	9,558
Total All Building	<u>23,920</u>	<u>36,277</u>	<u>11,676</u>	<u>19,033</u>	<u>20,718</u>
<u>New Dwelling Units:</u>					
Single Family	43	54	6	1	3
Multiple Family	-	29	-	35	72
Total	<u>43</u>	<u>83</u>	<u>6</u>	<u>36</u>	<u>75</u>

LOS ANGELES COUNTY BUILDING PERMITS AND VALUATION (Dollars in Thousands)

	2014	2015	2016	2017	2018 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 1,744,290	\$ 1,897,829	\$ 2,162,018	\$ 2,352,614	\$ 2,277,101
New Multi-family	2,290,197	2,843,749	2,774,294	3,257,833	3,222,530
Res. Alterations/Additions	1,474,930	1,641,457	1,639,294	1,757,904	1,941,369
Total Residential	5,509,417	6,383,036	6,575,607	7,368,352	7,441,001
Total Nonresidential	6,657,571	5,645,372	5,287,623	6,037,502	6,694,097
Total All Building	<u>\$12,166,989</u>	<u>\$12,028,408</u>	<u>\$11,863,230</u>	<u>\$13,405,855</u>	<u>14,135,098</u>
<u>New Dwelling Units:</u>					
Single Family	4,358	4,487	4,780	5,456	6,070
Multiple Family	14,349	18,405	15,589	17,023	17,152
Total	<u>18,707</u>	<u>22,892</u>	<u>20,369</u>	<u>22,479</u>	<u>23,222</u>

Source: Construction Industry Research Board: "Building Permit Summary."

(1) Latest available full year data.

Note: Totals may not add due to independent rounding.

Median Household Income

The following table summarizes the total effective buying income and the median household effective buying income for the City, the County, the State of California and the nation for the past five years.

CITY OF MONTEBELLO, LOS ANGELES COUNTY STATE OF CALIFORNIA AND UNITED STATES MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Montebello	\$ 1,073,575	\$ 42,427
	Los Angeles County	231,719,110	48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Montebello	1,080,410	43,070
	Los Angeles County	243,502,324	50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	City of Montebello	1,140,609	44,962
	Los Angeles County	261,119,300	54,720
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	City of Montebello	1,171,921	46,113
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2019	City of Montebello	1,213,448	48,508
	Los Angeles County	281,835,290	60,174
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: Nielsen, Inc.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of December 1, 2019, is by and between the CITY OF MONTEBELLO (the “City”) and HILLTOP SECURITIES INC., as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of its Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) (the “2019 Bonds”). The 2019 Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means the March 31 after the end of the City’s fiscal year.

“*Dissemination Agent*” shall mean, initially, Hilltop Securities Inc. or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the 2019 Bonds.

“*Participating Underwriter*” means Cabrera Capital Markets, LLC, the original underwriter of the 2019 Bonds.

“*Rule*” means Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2019 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2– 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for fiscal year 2018-19 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

[TO BE DETERMINED]

(c) In addition to any of the information expressly required to be provided under this Disclosure Agreement, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. 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 Significant Events with respect to the 2019 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an 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, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2019 Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental City has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental City, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental City having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

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 Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2019 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2019 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2019 Bonds.

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

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

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any holder or beneficial owner of the 2019 Bonds may take such actions

as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Section 27 of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2019 Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2019 Bonds and shall create no rights in any other person or entity.

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

Date: December 1, 2019

CITY OF MONTEBELLO

By _____
Name _____
Title _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Montebello Public Financing Authority

Name of Obligor: City of Montebello

Name of Issue: Montebello Public Financing Authority Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project)

Date of Issuance: December __, 2019

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Agreement, dated December __, 2019, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Title _____

cc: Trustee

APPENDIX E

BOOK-ENTRY SYSTEM

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS (AS DEFINED HEREIN).

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond will be issued for each maturity of the 2019 Bonds of each Series, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 an S&P Global Ratings' rating of AA+. The DTC Rules applicable to DTC's Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by reference.

Purchases of the 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority (or the Trustee on behalf thereof) 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 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of such principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered as described in the Indenture.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

APPENDIX F
FORM OF OPINION OF BOND COUNSEL

APPENDIX G
HOTEL MANAGEMENT AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of December 1, 2019, is by and between the CITY OF MONTEBELLO (the “City”) and HILLTOP SECURITIES INC., as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of its Lease Revenue Refunding Bonds, 2019 Series A (Hilton Garden Inn Project) (the “2019 Bonds”). The 2019 Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means the March 31 after the end of the City’s fiscal year.

“*Dissemination Agent*” shall mean, initially, Hilltop Securities Inc. or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the 2019 Bonds.

“*Participating Underwriter*” means Cabrera Capital Markets, LLC, the original underwriter of the 2019 Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the holders and beneficial owners of the

2019 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for fiscal year 2018-19 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

[TO BE DETERMINED]

(c) In addition to any of the information expressly required to be provided under this Disclosure Agreement, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. 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 Significant Events with respect to the 2019 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an 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, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2019 Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental City has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental City, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental City having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

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 Agreement, and may discharge any Dissemination Agent, with or without appointing a successor

Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2019 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2019 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2019 Bonds.

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

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

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any holder or beneficial owner of the 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Section 27 of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2019 Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2019 Bonds and shall create no rights in any other person or entity.

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

Date: December 1, 2019

CITY OF MONTEBELLO

By _____
Name _____
Title _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Montebello Public Financing Authority
Name of Obligor: City of Montebello
Name of Issue: Montebello Public Financing Authority Lease Revenue Refunding Bonds,
2019 Series A (Hilton Garden Inn Project)
Date of Issuance: December __, 2019

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Agreement, dated December __, 2019, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Title _____

cc: Trustee

\$ _____
**MONTEBELLO PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2019 SERIES A
(HILTON GARDEN INN PROJECT)**

BOND PURCHASE AGREEMENT

_____, 2019

Montebello Public Financing Authority
1600 W. Beverly Boulevard
Montebello, CA 90640

City of Montebello
1600 W. 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 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, 2019 Series A (Hilton Garden Inn 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 _____ 1, 2020 (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/less original issue premium/discount in the amount of \$_____, less an Underwriter’s discount of \$_____).

At the request of the Authority, on the day of Closing, the Underwriter will wire a portion of the purchase price in the aggregate amount of \$_____ to _____ (the “Insurer”).

The City and 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 a principal 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 the Revenues (as defined in the Indenture, dated as of _____ 1, 2019 (the "Indenture"), by and between the Authority and the The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee")) consisting primarily of base rental payments ("Base Rental Payments") to be paid by the City pursuant to the Lease Agreement, dated as of December 1, 2019 (the "Lease Agreement"), by and between the Authority and the City. 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 December 1, 2019 (the "Assignment Agreement"), by and between the Authority and the Trustee.

The Bonds are being issued to provide funds to (i) refund the Authority's Lease Revenue Bonds, 2004 Series A (Montebello Hotel Project), (ii) purchase a surety bond for the Reserve Account, (iii) purchase a municipal bond insurance policy, and (iv) pay costs of issuance of the Bonds.

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.

The Authority will treat the first price at which 10% of each maturity of the Bonds (the "10% test"), identified as "10% Test Used" in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase

Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined below) has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

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, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, 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:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) 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 it has 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 _____, 2019 (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 _____, 2019, 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 Norton Rose Fulbright US LLP, Los Angeles, 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 Site and Facilities Lease, dated as of December 1, 2019 (the “Site Lease”), by and between the City and the Authority, the Lease Agreement, the Indenture, the Assignment Agreement, 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 the Bond Insurer or 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 the Bond Insurer or 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 to, 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 and charter city 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 Site Lease, the Lease Agreement, the Indenture 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 the Bond Insurer or 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 the Bond Insurer or 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, 2018 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, 2018 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 Agreement, 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 Leased Property insuring, subject only to Permitted Encumbrances, the fee interest of the City in the Leased Property, the Authority's leasehold estate in the Leased Property under the Site Lease, and the City's leasehold estate in the Leased Property under the Lease Agreement, do not materially impair the use of the Leased 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 Bonds 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) all resolutions relating to the Bonds adopted by the Authority and certified by an authorized official of the Authority authorizing the execution and delivery of the Bonds, the Authority Documents and the Official Statement;

(ii) all resolutions relating to the Bonds adopted by the City and 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 B 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, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions “INTRODUCTION,” “DESCRIPTION OF THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” and “TAX MATTERS,” and in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS,” APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” and APPENDIX F – “FORM OF OPINION OF BOND COUNSEL,” and excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the Bonds, the Site Lease, the Lease Agreement, the Assignment Agreement, the Indenture, and Bond Counsel’s final opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects as of the date of Closing.

(B) the Purchase Agreement has been duly authorized, executed and delivered by the Authority and the City and is the valid, legal and binding agreement of the Authority and the City enforceable in accordance with its terms, except that the rights and obligations under the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(vi) the Official Statement, executed on behalf of the Authority and the City;

(vii) evidence that the Bonds have received an underlying 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; and (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;

(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; and (v) no further consent is required for inclusion of its audited financial statements in the Official Statement;

(x) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and Bond Counsel, of the Office 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 Office of the City Attorney of the City, to the effect that:

(A) the City is a municipal corporation and a charter city 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) an opinion of Quint & Thimmig LLP, Larkspur, 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;

(xiii) 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;

(C) the Trustee has duly authenticated the Bonds upon the order of Authority;

(D) the Trustee’s actions in executing and delivering the Trustee Documents are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel’s knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(E) 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 or will be required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trustee Documents; and

(F) 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.

(xiv) 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) 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 execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trustee Documents; and

(E) 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.

(xv) 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;

(xvi) a copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xvii) the tax and nonarbitrage certificate by the Authority and the City in form and substance to the reasonable satisfaction of Bond Counsel, the Underwriter and Nixon Peabody LLP ("Underwriter's Counsel");

(xviii) a title policy in form and substance acceptable to Bond Counsel, the Underwriter and Underwriter's Counsel;

(xix) an opinion of Underwriter's Counsel in form and substance acceptable to the Underwriter;

(xx) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement, of the City;

(xxi) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement, of the Authority;

(xxii) a 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;

(xxiii) a copy of the municipal bond insurance policy and debt service reserve surety of the Insurer, together with such certificates and opinions as required by Bond Counsel and the Underwriter, and insured rating letter; and

(xxiv) 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, 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 for 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 CDIAAC fees and expenses to qualify the Bonds for sale under any "blue sky" laws; and

all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the cost of preparing this Purchase Contract and other Underwriter documents, travel expenses and the fees and disbursements of 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 _____, _____, CA _____, Attention: _____. Any notice or communication to be given the Authority under this Purchase Agreement may be given by delivering the same in writing 44933 Fern Avenue, Montebello, CA 9640, 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 W. 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.

[Remainder of page intentionally left blank.]

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: _____
Executive Director

Time of Execution: ____:____

Accepted:

CITY OF MONTEBELLO

By: _____
City Manager

Time of Execution: ____:____

EXHIBIT A
MATURITY SCHEDULE

Maturity Date (December 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	10% Test <u>Used</u>	Hold-the- Offering Price Rule <u>Used</u>
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EXHIBIT B

\$ _____

MONTEBELLO PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2019 SERIES A (HILTON GARDEN INN 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][10% Maturities]. As of the date of this Certificate, for each Maturity of the [Bonds][10% Maturities], 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. Initial Offering Price of the [Bonds][Undersold Maturities].

(a) The Underwriter offered the [Bonds][Undersold Maturities] to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the Underwriter has agreed in writing that, for each Maturity of the [Bonds][Undersold Maturities], it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Offering Period for such Maturity, nor would it permit a related party to do so. Pursuant to such agreement, the Underwriter has neither offered nor sold any Maturity of the [Bonds][Undersold Maturities] at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Offering Period.

3. Defined Terms.

[(a) *10% Maturities* means those Maturities of the Bonds shown in Schedule A hereto as the “10% Maturities.”]

(b) *Issuer* means Montebello Public Financing Authority.

(c) *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.

[(d) *Offering Period* means, with respect to an Undersold Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2019), or (ii) the date on which the Underwriter has sold a Substantial Amount of such Undersold Maturity to the Public at a price that is no higher than the Initial Offering Price for such Undersold Maturity.]

(e) *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 November [30], 2019.

(h) *Substantial Amount* means ten percent.

[(i) *Undersold Maturities* means those Maturities of the Bonds shown in Schedule A hereto as the “Undersold Maturities.”]

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 Norton Rose Fulbright US 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, as Underwriter

By: _____

Name: _____

Dated: [ISSUE DATE]

EXHIBIT C
FORM OF DISCLOSURE COUNSEL OPINION

_____, 2019

Montebello Financing Authority
Montebello, CA

City of Montebello
Montebello, CA

Cabrera Capital Markets, LLC
_____, CA

**Re: \$_____ Montebello Public Financing Authority Lease Revenue Refunding
 Bonds, 2019 Series A (Hilton Garden Inn Project)**

Ladies and Gentlemen:

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

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: Robert Mescher, Director of Finance

SUBJECT: Approval of the Montebello Public Financing Authority, Sales Tax Revenue Bonds, Series 2019A (Measure M), 2019B (Measure R), & 2019C (Proposition C) Preliminary Official Statement

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt a Resolution approving a Preliminary and Final Official Statement; a Continuing Disclosure Agreement, a Bond Purchase Agreement, and authorizing the taking of certain other actions in connection therewith.

It is recommended that the Authority Board:

- 1) Adopt a Resolution approving a Preliminary and Final Official Statement; a Bond Purchase Agreement; and authorizing the taking of certain other actions in connection therewith.

BACKGROUND

The City receives funding from various sources for road maintenance and infrastructure projects, including a portion of the revenues collected in connection with certain County-wide sales taxes. More specifically, the City receives a portion of the sales tax revenues derived from the retail transactions and use taxes imposed in the County pursuant to the Measure M Ordinance, the Measure R Ordinance and the Proposition C Ordinance (collectively, the “Ordinances”). Under the Ordinances, sales tax revenues are allocated to cities located in the County by the Los Angeles Metropolitan Transportation Authority (“LACMTA”) based on each city’s population. Under LACMTA’s Measure M, Measure R and Proposition C programs, these allocations are referred to as Local Return Funds. Local Return Funds can only be used for the specific purposes authorized by the applicable ordinance and LACMTA guidelines relating to the particular measure.

The City's Pavement Management System indicated that the City needs to spend approximately \$90 million on arterial, collector and residential street improvements. Of these street maintenance/improvement projects, Staff has developed a priority list and cost estimate for those that qualify for funding under LACMTA's Measure M, Measure R, and Proposition C guidelines (the "Projects"). Staff calculates total eligible Project costs of almost \$50 million to be completed over the next 3 years.

ANALYSIS

For FY 2018, the City received a total of \$2.47 million in combined Measure M, Measure R and Proposition C local return funds and unaudited financials for FY 2019 indicate the City received approximately \$2.76 million in combined revenues. In addition to using the annual funds to fund the Projects on a pay-as-you-go basis or to accumulate funds to finance the largest of the Projects, the City has the opportunity to leverage the Measure M, Measure R, and Proposition C Revenues. The City can currently raise approximately \$25 million for Project costs, providing enough funds to undertake the highest priority and largest Projects, while still maintaining strong debt service coverage (annual revenue divided by annual debt service) of at least 150%. Repayment of the financing will take place over the useful life of the Projects financed, with the final maturity of the financing to be no later than FY 2041. The current interest rate environment is near record lows. The projected all-in interest cost for the financing is expected to be under 3.0%.

On September 25, 2019, the City Council adopted Resolution No. 19-111 and the Authority Board adopted Resolution No. 19-112 approving the issuance by the Authority of its Sales Tax Revenue Bonds, Series 2019 A, B, and C (the "2019ABC Bonds") and related bond documents as provided in such resolutions. Subsequent to that approval, the City has requested that LACMTA approve that Measure R, Measure M, and Proposition C revenues can be pledged to the City's financing. LACMTA is currently reviewing the proposed projects. Notwithstanding LACMTA's pending formal approval of the Projects, the City Council and Authority Board approval of the form of the Preliminary Official Statement, Bond Purchase Agreement, and Continuing Disclosure Agreement is the last action that either City Council or Authority Board will be requested to take in anticipation of the 2019ABC Bond's sale.

On November 6, 2019, City Staff presented the 2019ABC Bonds transaction to S&P Global Inc. to procure a bond credit rating. Subsequent to City Council and Authority Board approval of the proposed 2019ABC Bonds Preliminary Official Statement, Bond Purchase Agreement, and Continuing Disclosure Agreement, the City will receive a credit rating and post the 2019ABC Bond's Preliminary Official Statement the week of November 18, 2019. The Preliminary Official Statement will be used to market the bonds to potential investors. The proposed 2019ABC Bonds sale is expected to occur in the coming weeks, with the bond closing anticipated before the end of 2019.

FISCAL IMPACT

There is no material fiscal impact to the General Fund regarding this matter.

SUMMARY

The City's Pavement Management System indicated that the City needs to spend approximately \$90 million on arterial, collector and residential street improvements. City Staff recommends financing a portion of the projects eligible under the LACMTA Measure M, Measure R, and Proposition C guidelines by leveraging future Local Return Funds. By issuing Sales Tax Revenue Bonds, the City will generate funding to accelerate much needed street improvements and take advantage of historically low interest rates. Adopting the proposed Resolutions will facilitate the marketing and sale of the 2019ABC Bonds.

ATTACHMENTS

- 1) City Resolution
- 2) Authority Resolution
- 3) Form of Preliminary Official Statement
- 4) Form of Bond Purchase Agreement
- 5) Form of Continuing Disclosure Agreement

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF MONTEBELLO APPROVING A
BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE
AGREEMENT, PRELIMINARY OFFICIAL STATEMENT AND FINAL
OFFICIAL STATEMENT, AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO**

WHEREAS, the City of Montebello, California (the “City”) and the former Community Redevelopment Agency of the City of Montebello (the “Former Redevelopment Agency”) formed the Montebello Public Financing Authority (the “Authority”) pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and, a Joint Exercise of Powers Agreement, dated September 2, 1997 (the “JPA Agreement”), for the purpose, among others, of issuing bonds to be used to provide financial assistance to the Authority’s members; and

WHEREAS, with the dissolution of the Former Redevelopment Agency in February 2012, the Successor Agency to the dissolved Montebello Redevelopment Agency (the “Successor Agency”) replaced the Former Redevelopment Agency as a member of the Authority by operation of law; and

WHEREAS, in July 2014, the Parking Authority of the City of Montebello replaced the Successor Agency to the Former Redevelopment Agency pursuant to the JPA Agreement as a member of the Authority; and

WHEREAS, the Authority is authorized pursuant to Article 4 of the Act (the “Bond Law”) to issue revenue bonds to provide financial assistance to the Authority’s members, including the City; and

WHEREAS, Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is authorized by Section 130350 *et seq.* of the California Public Utilities Code to impose a retail transactions and use tax that is applicable in the County of Los Angeles, California (the “County”), at a rate that shall not exceed one-half of one percent, if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provisions, LACMTA, on August 8, 1990, adopted Ordinance No. 49 (the “Proposition C Ordinance”) imposing a transactions and use tax for transportation purposes subject to approval by the electors of the County; and

WHEREAS, the Proposition C Ordinance, as so approved, imposes a tax, beginning April 1, 1991, upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County (the “Proposition C Sales Tax”) that does not terminate; and

WHEREAS, the LACMTA is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of 1/2 of 1% that is applicable in the incorporated and unincorporated areas of the County if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provisions, LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization (the “Measure R Ordinance”) imposing the transactions and use tax for a period of 30 years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by greater than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Measure R Ordinance, as so approved, imposed for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of 1/2 of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax (the “Measure R Sales Tax”); and

WHEREAS, LACMTA is authorized by Section 130350.7 of the California Public Utilities Code to impose a retail transactions and use tax that is applicable in the County, at a rate that, when combined with the Measure R Sales Tax during any period when the Measure R Sales Tax is in effect and upon expiration of the Measure R Sales Tax, shall not exceed one percent, if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provision, LACMTA, on July 23, 2016, adopted Ordinance No. 16-01, known as the Los Angeles County Traffic Improvement Plan (the “Measure M Ordinance”), imposing a transactions and use tax for transportation purposes subject to approval by the electors of the County; and

WHEREAS, the Measure M Ordinance, as so approved, imposes a tax, beginning July 1, 2017, upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of 1/2 of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax, with the rate increasing to 1% on July 1, 2039, following the expiration of the Measure R Sales Tax (the “Measure M Sales Tax”); and

WHEREAS, a portion of the Proposition C Sales Tax revenues are allocated and paid (the “Proposition C Receipts”) by LACMTA to the cities located within the County (the “Local Agencies”), including the City, and to the County for the purpose of funding transportation projects (the “Proposition C Projects”) eligible to be funded with Proposition C Receipts pursuant to the Proposition C Ordinance and the 2007 guidelines prepared by LACMTA and disseminated to the Local Agencies (the “Proposition C Guidelines”), relating to the administration and use of the Proposition C Sales Tax and the Proposition C Receipts; and

WHEREAS, under the Proposition C Ordinance, the City is entitled to receive Proposition C Receipts in an amount determined pursuant to the Proposition C Ordinance and the Proposition C Guidelines (the “Montebello Proposition C Receipts”); and

WHEREAS, a portion of the Measure R Sales Tax revenues are allocated and paid (the “Measure R Receipts”) by LACMTA to the Local Agencies, including the City, and to the County for the purpose of funding transportation projects (the “Measure R Projects”) eligible to be funded with Measure R Receipts pursuant to the Measure R Ordinance and the guidelines prepared by LACMTA and disseminated to the Local Agencies, approved by the LACMTA Board on October 24, 2009 (the “Measure R Guidelines”), relating to the administration and use of the Measure R Sales Tax and the Measure R Receipts; and

WHEREAS, under the Measure R Ordinance, the City is entitled to receive Measure R Receipts in an amount determined pursuant to the Measure R Ordinance and the Measure R Guidelines (the “Montebello Measure R Receipts”); and

WHEREAS, a portion of the Measure M Sales Tax revenues are allocated and paid (the “Measure M Receipts”) by LACMTA to Local Agencies, including the City, and to the County for the purpose of funding transportation projects (the “Measure M Projects” and, together with the Proposition C Projects and the Measure R Projects, the “Projects”) eligible to be funded with Measure M Receipts pursuant to the Measure M Ordinance and the guidelines prepared by LACMTA and disseminated to the Local Agencies, approved by the LACMTA Board on March 1, 2018 (the “Measure M Guidelines”), relating to the administration and use of the Measure M Sales Tax and the Measure M Receipts; and

WHEREAS, under the Measure M Ordinance, the City is entitled to receive Measure M Receipts (the “Montebello Measure M Receipts”) in an amount determined pursuant to the Measure M Ordinance and the Measure M Guidelines; and

WHEREAS, the Authority intends to finance the delivery of certain Measure M Projects for the City, including the reimbursement of the City for certain amounts expended on the Measure M Projects prior to the issuance of the 2019A Bonds, by issuing its Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “2019A Bonds”), which shall be payable only from the Montebello Measure M Receipts, subject to the Authority’s approval of an authorizing resolution (the “Authority Resolution”); and

WHEREAS, the Authority intends to finance the delivery of certain Measure R Projects for the City, including the reimbursement of the City for certain amounts expended on the Measure R Projects prior to the issuance of the 2019B Bonds, by issuing its Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “2019B Bonds”), which shall be payable only from the Montebello Measure R Receipts, subject to the Authority’s approval of the Authority Resolution; and

WHEREAS, the Authority intends to finance the delivery of certain Proposition C Projects for the City, including the reimbursement of the City for certain amounts expended on the Proposition C prior to the issuance of the 2019C Bonds, by issuing its Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019B (the “2019C Bonds” and, together with the 2019A Bonds and the 2019B Bonds, the “Bonds”), which shall be payable only from the Montebello Proposition C Receipts, subject to the Authority’s approval of the Authority Resolution; and

WHEREAS, on September 25, 2019, following a noticed public hearing, the City adopted a resolution at a regular meeting of the City Council authorizing the issuance and sale by the Authority of not to exceed \$13,000,000 aggregate principal amount of 2019A Bonds, \$10,000,000 aggregate principal amount of 2019B Bonds and \$15,000,000 aggregate principal amount of 2019C Bonds and approving the forms of pledge agreements relating to each series of the Bonds, among other matters; and

WHEREAS, in connection with the sale of the Bonds, Securities and Exchange Commission Rule 15c2-12 (the “Rule”) requires the Underwriter (defined below) to confirm that the City will undertake certain continuing disclosure obligations as set forth in each of the Continuing Disclosure Agreements relating to the Bonds (the “Continuing Disclosure Agreement”); and

WHEREAS, Cabrera Capital Markets, LLC, as underwriter for the Bonds (the “Underwriter”) has presented to the City and the Authority the form of a Bond Purchase Agreement relating to the Bonds (the “Bond Purchase Agreement”), which will each set forth the terms of sale of the Bonds; and

WHEREAS, to provide information about the Bonds, the Authority and the City will prepare a Preliminary Official Statement relating to the Bonds (the “Preliminary Official Statement”) and a final Official Statement (the “Official Statement”) relating to the Bonds; and

WHEREAS, the City is a member of the Authority and the Projects of the City are to be located within the boundaries of the City; and

WHEREAS, the improvement and reconstruction of the Projects of the City will enhance the City’s transportation infrastructure and contribute to the improvement of traffic resulting in a significant public benefit; and

WHEREAS, on this date, the City held a public hearing on the financing of such public capital improvements within the City in accordance with Section 6586.5 of the Act; and

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the City; and

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEBELLO AS FOLLOWS:

Section 1. The City hereby approves the Continuing Disclosure Agreement relating to the Bonds, substantially in the forms on file with the City Clerk, each with such revisions, amendments and completions as shall be approved by the Authorized Officer with the advice of counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The City hereby approves the Bond Purchase Agreement relating to the Bonds, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of

counsel to the City, such approval to be conclusively evidenced by the execution and delivery thereof. With respect to the 2019A Bonds, the Bond Purchase Agreement shall provide for an underwriter's discount of not greater than 0.8% and net true interest cost of not greater than 3.50%. The final maturity of the Bonds shall not exceed 2040. With respect to the 2019B Bonds, the Bond Purchase Agreement shall provide for an underwriter's discount of not greater than 0.8% and net true interest cost of not greater than 3.50%. The final maturity of the Bonds shall not exceed 2038. With respect to the 2019C Bonds, the Bond Purchase Agreement shall provide for an underwriter's discount of not greater than 0.8% and net true interest cost of not greater than 3.50%. The final maturity of the Bonds shall not exceed 2040.

Section 3. The City hereby approves the Preliminary Official Statement relating to the Bonds, substantially in the form on file with the City Clerk, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of counsel to the City in order to make the Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations ("Rule 15c2-12"), and any certificate relating to the finality of the Official Statement under Rule 15c2-12. An Authorized Officer is authorized and directed to execute and deliver the Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by counsel and the Authorized Officer executing the same, such approval to be conclusively evidenced by the execution and delivery thereof. The distribution of the Preliminary Official Statement and the Official Statement by the Underwriter is hereby approved.

Section 4. In accordance with Section 5852.1 of the California Government Code, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of each series of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to each series of the Bonds, (c) the amount of proceeds of each series of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on each series of the Bonds calculated to the final maturity of each series of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of each series of the Bonds.

Section 5. Each Authorized Officer and other officers of the City are hereby authorized and directed, jointly and severally, for and in the name on behalf of the City, to execute and deliver any and all agreements, assignments, documents, certificates, bond insurance policies, reserve fund surety policies and other instruments, and to do any and all things and take any and all actions which may be necessary or advisable in their discretion, to carry out and give effect to the actions which the City has approved in this Resolution.

Section 6. All actions heretofore taken by the officers and agents of the City with respect to the issuance of the Bonds and the pledge and assignment of the Montebello Measure M Receipts, Montebello Measure R Receipts and Montebello Proposition C Receipts in connection therewith are hereby ratified, confirmed and approved.

Section 7. The City Clerk shall certify to the adoption of this Resolution, and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by an assistant or deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder. This Resolution shall become effective immediately upon adoption.

WHEREFORE, this Resolution is passed, approved and adopted this 13th day of November 2019.

Jack Hadjinian
Mayor

ATTEST:

Irma-Bernal Barajas
City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman
City Attorney

RESOLUTION CERTIFICATION

STATE OF CALIFORNIA)
)SS.
CITY OF MONTEBELLO)

I, Irma-Bernal Barajas, City Clerk of the City of Montebello, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the City Council held on the 13th day of November 2019, by the following vote to wit:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

CITY CLERK

RESOLUTION NO. _____

**A RESOLUTION OF THE MONTEBELLO PUBLIC FINANCING
AUTHORITY APPROVING A BOND PURCHASE AGREEMENT AND A
PRELIMINARY OFFICIAL STATEMENT, AND AUTHORIZING AND
DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

WHEREAS, the City of Montebello, California (the “City”) and the former Community Redevelopment Agency of the City of Montebello (the “Former Redevelopment Agency”) formed the Montebello Public Financing Authority (the “Authority”) pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and, a Joint Exercise of Powers Agreement, dated September 2, 1997 (the “JPA Agreement”), for the purpose, among others, of issuing bonds to be used to provide financial assistance to the Authority’s members; and

WHEREAS, with the dissolution of the Former Redevelopment Agency in February 2012, the Successor Agency to the dissolved Montebello Redevelopment Agency (the “Successor Agency”) replaced the Former Redevelopment Agency as a member of the Authority by operation of law; and

WHEREAS, in July 2014, the Parking Authority of the City of Montebello replaced the Successor Agency to the Former Redevelopment Agency pursuant to the JPA Agreement as a member of the Authority; and

WHEREAS, the Authority is authorized pursuant to Article 4 of the Act (the “Bond Law”) to issue revenue bonds to provide financial assistance to the Authority’s members, including the City; and

WHEREAS, Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is authorized by Section 130350 *et seq.* of the California Public Utilities Code to impose a retail transactions and use tax that is applicable in the County of Los Angeles, California (the “County”), at a rate that shall not exceed one-half of one percent, if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provisions, LACMTA, on August 8, 1990, adopted Ordinance No. 49 (the “Proposition C Ordinance”) imposing a transactions and use tax for transportation purposes subject to approval by the electors of the County; and

WHEREAS, the Proposition C Ordinance, as so approved, imposes a tax, beginning April 1, 1991, upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County (the “Proposition C Sales Tax”) that does not terminate; and

WHEREAS, the LACMTA is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of 1/2 of 1% that is applicable in the incorporated and unincorporated areas of the County if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provisions, LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization (the “Measure R Ordinance”) imposing the transactions and use tax for a period of 30 years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by greater than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Measure R Ordinance, as so approved, imposed for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of 1/2 of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax (the “Measure R Sales Tax”); and

WHEREAS, LACMTA is authorized by Section 130350.7 of the California Public Utilities Code to impose a retail transactions and use tax that is applicable in the County, at a rate that, when combined with the Measure R Sales Tax during any period when the Measure R Sales Tax is in effect and upon expiration of the Measure R Sales Tax, shall not exceed one percent, if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provision, LACMTA, on July 23, 2016, adopted Ordinance No. 16-01, known as the Los Angeles County Traffic Improvement Plan (the “Measure M Ordinance”), imposing a transactions and use tax for transportation purposes subject to approval by the electors of the County; and

WHEREAS, the Measure M Ordinance, as so approved, imposes a tax, beginning July 1, 2017, upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of 1/2 of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax, with the rate increasing to 1% on July 1, 2039, following the expiration of the Measure R Sales Tax (the “Measure M Sales Tax”); and

WHEREAS, a portion of the Proposition C Sales Tax revenues are allocated and paid (the “Proposition C Receipts”) by LACMTA to the cities located within the County (the “Local Agencies”), including the City, and to the County for the purpose of funding transportation projects (the “Proposition C Projects”) eligible to be funded with Proposition C Receipts pursuant to the Proposition C Ordinance and the 2007 guidelines prepared by LACMTA and disseminated to the Local Agencies (the “Proposition C Guidelines”), relating to the administration and use of the Proposition C Sales Tax and the Proposition C Receipts; and

WHEREAS, under the Proposition C Ordinance, the City is entitled to receive Proposition C Receipts in an amount determined pursuant to the Proposition C Ordinance and the Proposition C Guidelines (the “Montebello Proposition C Receipts”); and

WHEREAS, a portion of the Measure R Sales Tax revenues are allocated and paid (the “Measure R Receipts”) by LACMTA to the Local Agencies, including the City, and to the County for the purpose of funding transportation projects (the “Measure R Projects”) eligible to be funded with Measure R Receipts pursuant to the Measure R Ordinance and the guidelines

prepared by LACMTA and disseminated to the Local Agencies, approved by the LACMTA Board on October 24, 2009 (the “Measure R Guidelines”), relating to the administration and use of the Measure R Sales Tax and the Measure R Receipts; and

WHEREAS, under the Measure R Ordinance, the City is entitled to receive Measure R Receipts in an amount determined pursuant to the Measure R Ordinance and the Measure R Guidelines (the “Montebello Measure R Receipts”); and

WHEREAS, a portion of the Measure M Sales Tax revenues are allocated and paid (the “Measure M Receipts”) by LACMTA to Local Agencies, including the City, and to the County for the purpose of funding transportation projects (the “Measure M Projects” and, together with the Proposition C Projects and the Measure R Projects, the “Projects”) eligible to be funded with Measure M Receipts pursuant to the Measure M Ordinance and the guidelines prepared by LACMTA and disseminated to the Local Agencies, approved by the LACMTA Board on March 1, 2018 (the “Measure M Guidelines”), relating to the administration and use of the Measure M Sales Tax and the Measure M Receipts; and

WHEREAS, under the Measure M Ordinance, the City is entitled to receive Measure M Receipts (the “Montebello Measure M Receipts”) in an amount determined pursuant to the Measure M Ordinance and the Measure M Guidelines; and

WHEREAS, the Authority intends to finance the delivery of certain Measure M Projects for the City, including the reimbursement of the City for certain amounts expended on the Measure M Projects prior to the issuance of the 2019A Bonds, by issuing its Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “2019A Bonds”), which shall be payable only from the Montebello Measure M Receipts, subject to the Authority’s approval of an authorizing resolution (the “Authority Resolution”); and

WHEREAS, the Authority intends to finance the delivery of certain Measure R Projects for the City, including the reimbursement of the City for certain amounts expended on the Measure R Projects prior to the issuance of the 2019B Bonds, by issuing its Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “2019B Bonds”), which shall be payable only from the Montebello Measure R Receipts, subject to the Authority’s approval of the Authority Resolution; and

WHEREAS, the Authority intends to finance the delivery of certain Proposition C Projects for the City, including the reimbursement of the City for certain amounts expended on the Proposition C prior to the issuance of the 2019C Bonds, by issuing its Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019B (the “2019C Bonds” and, together with the 2019A Bonds and the 2019B Bonds, the “Bonds”), which shall be payable only from the Montebello Proposition C Receipts, subject to the Authority’s approval of the Authority Resolution; and

WHEREAS, on September 25, 2019, the Authority adopted a resolution at a regular meeting of the Authority authorizing the issuance and sale of not to exceed \$13,000,000 aggregate principal amount of 2019A Bonds, \$10,000,000 aggregate principal amount of 2019B Bonds and \$15,000,000 aggregate principal amount of 2019C Bonds and approving the forms of indentures and pledge agreements relating to each series of Bonds, among other matters; and

WHEREAS, Cabrera Capital Markets, LLC, as underwriter for the Bonds (the “Underwriter”) has presented to the City and the Authority the form of Bond Purchase Agreement (the “Bond Purchase Agreement”) relating to the Bonds, which will set forth the terms of sale of the Bonds; and

WHEREAS, to provide information about the Bonds, the Authority and the City will prepare a Preliminary Official Statement (a “Preliminary Official Statement”) and final Official Statement (an “Official Statement”) relating to the Bonds;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE MONTEBELLO PUBLIC FINANCING AUTHORITY AS FOLLOWS:

Section 1. The Authority hereby approves the Bond Purchase Agreement, substantially in the form on file with the Secretary of the Authority, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of counsel to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. With respect to the 2019A Bonds, the Bond Purchase Agreement shall provide for an underwriter’s discount of not greater than 0.8% and net true interest cost of not greater than 3.50%. The final maturity of the Bonds shall not exceed 2040. With respect to the 2019B Bonds, the Bond Purchase Agreement shall provide for an underwriter’s discount of not greater than 0.8% and net true interest cost of not greater than 3.50%. The final maturity of the Bonds shall not exceed 2038. With respect to the 2019C Bonds, the Bond Purchase Agreement shall provide for an underwriter’s discount of not greater than 0.8% and net true interest cost of not greater than 3.50%. The final maturity of the Bonds shall not exceed 2040.

Section 2. The Authority hereby approves the Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary of the Authority, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of counsel to the Authority, in order to make Preliminary Official Statement final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations (“Rule 15c2-12”), and any certificate relating to the finality of the Official Statement under Rule 15c2-12. An Authorized Officer is authorized and directed to execute and deliver the Official Statement in substantially the form hereby approved, with such additions and changes as may be approved by counsel and the Authorized Officer executing the same, such approval to be conclusively evidenced by the execution and delivery thereof. The distribution of the Preliminary Official Statement and the Official Statement by the Underwriter is hereby approved.

Section 3. Each Authorized Officer and other officers of the Authority are hereby authorized and directed, jointly and severally, for and in the name on behalf of the Authority, to execute and deliver any and all agreements, assignments, documents, certificates,

bond insurance policies, reserve fund surety policies and other instruments, and to do any and all things and take any and all actions which may be necessary or advisable in their discretion, to carry out and give effect to the actions which the Authority has approved in this Resolution.

Section 4. The Secretary of the Authority shall certify to the adoption of this Resolution, and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary of the Authority pursuant to this Resolution may be performed by an assistant or deputy Secretary of the Authority with the same force and effect as if performed by the Secretary of the Authority hereunder. This Resolution shall become effective immediately upon adoption.

WHEREFORE, this Resolution is passed, approved and adopted this 13th day of November 2019.

Jack Hadjinian
Chairman

ATTEST:

Irma-Bernal Barajas
Secretary

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman
City Attorney

RESOLUTION CERTIFICATION

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

I, Irma-Bernal Barajas, Secretary of the Montebello Public Financing Authority (the “Authority”), DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the Authority held on the 13th day of November 2019, by the following vote to wit:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

SECRETARY

THREE NEW ISSUES—BOOK-ENTRY ONLY

S&P: 2019A “ ”
 S&P: 2019B “ ”
 S&P: 2019C “ ”
 See “RATINGS” herein

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in “TAX MATTERS” herein, interest on the 2019 Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax on the owners thereof. See “TAX MATTERS” herein. It is also the opinion of Bond Counsel that under existing law interest on the 2019 Bonds is exempt from personal income taxes of the State of California.



MONTEBELLO PUBLIC FINANCING AUTHORITY

\$ _____ *
SALES TAX REVENUE BONDS
(Limited Tax Bonds)
(Measure M),
Series 2019A

\$ _____ *
SALES TAX REVENUE BONDS
(Limited Tax Bonds)
(Measure R),
Series 2019B

\$ _____ *
SALES TAX REVENUE BONDS
(Limited Tax Bonds)
(Proposition C),
Series 2019C

Dated: Date of Delivery

Due: June 1, as shown on the inside cover

The \$ _____* Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “2019A Bonds”), the \$ _____* Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “2019B Bonds”), and the \$ _____* Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019C (the “2019C Bonds”) and, with the 2019A Bonds and the 2019B Bonds, the “2019 Bonds”) are being issued by the Montebello Public Financing Authority (the “Authority”) pursuant to separate indentures, each dated as of December 1, 2019 (collectively, the “Indentures”), by and between the Authority and the Bank of New York Mellon Trust Company, N. A., as trustee (the “Trustee”). Proceeds of the 2019A Bonds will be applied to: (i) finance a portion of the costs associated with certain transportation projects of the City of Montebello, California (the “City”), as described herein, (ii) fund a debt service reserve for the 2019A Bonds or purchase a reserve surety, and (iii) pay costs of issuance of the 2019A Bonds. Proceeds of the 2019B Bonds will be applied to: (i) finance a portion of the costs associated with certain transportation projects of the City, as described herein, (ii) fund a debt service reserve or purchase a reserve surety for the 2019B Bonds, and (iii) pay costs of issuance of the 2019B Bonds. Proceeds of the 2019C Bonds will be applied to: (i) finance a portion of the costs associated with certain transportation projects of the City, as described herein, (ii) fund a debt service reserve or purchase a reserve surety for the 2019C Bonds, and (iii) pay costs of issuance of the 2019C Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

Interest on the 2019 Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2020. The 2019 Bonds will be issued as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The 2019 Bonds will be registered in the name of Cede & Co., as Owner of the 2019 Bonds and nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers will not receive certificates representing their interest in the 2019 Bonds purchased. The principal or redemption price of and interest on the 2019 Bonds is payable by wire transfer to DTC which, in turn, will remit such principal, redemption price and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the 2019 Bonds.

The 2019 Bonds are subject to redemption prior to maturity as described herein. See “THE 2019 BONDS—Redemption” herein.

The 2019A Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Measure M Receipts (defined herein) and any other funds pledged therefor under the Indenture relating to the 2019A Bonds. Neither the faith and credit nor the taxing power of the County of Los Angeles (the “County”), the State of California (the “State”) or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Measure M Receipts and other amounts held under the Indenture relating to the 2019A Bonds, is pledged to the payment of the principal of, redemption price or interest on the 2019A Bonds. The 2019B Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Measure R Receipts (defined herein) and any other funds pledged therefor under the Indenture relating to the 2019B Bonds. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Measure R Receipts and other amounts held under the Indenture relating to the 2019B Bonds, is pledged to the payment of the principal of, redemption price or interest on the 2019B Bonds. The 2019C Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Proposition C Receipts (defined herein) and any other funds pledged therefor under the Indenture relating to the 2019C Bonds. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Proposition C Receipts and other amounts held under the Indenture relating to the 2019C Bonds, is pledged to the payment of the principal of, redemption price or interest on the 2019C Bonds.

Pledged Measure M Receipts pursuant to the Measure M Ordinance, Pledged Measure R Receipts pursuant to the Measure R Ordinance, and Pledged Proposition C Receipts pursuant to the Proposition C Ordinance are derived from a retail transactions and use tax imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California and the Measure M Ordinance, the Measure R Ordinance, and the Proposition C Ordinance respectively. The “Measure M Ordinance” is Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended. Collection of the Measure M Sales Tax, from which Pledged Measure M Receipts are derived, commenced on July 1, 2017 and has no stated termination date. The “Measure R Ordinance” is Ordinance No. 08-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended. Collection of the Measure R Sales Tax, from which Pledged Measure R Receipts are derived, commenced on July 1, 2009 for a thirty-year period ending on June 30, 2039. The “Proposition C Ordinance” is Ordinance No. 49, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority on August 8, 1990, and approved by a majority of the electors voting on such proposition in the November 6, 1990 election, as supplemented and amended. Collection of the Proposition C Sales Tax, from which Pledged Proposition C Receipts are derived, commenced on April 1, 1991 and does not terminate. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS” herein.

The Authority has applied for policies of municipal bond insurance and debt service reserve fund sureties with respect to each Series of 2019 Bonds. Certain terms of such insurance and sureties, if purchased, will be disclosed in the final Official Statement. See “BOND INSURANCE” herein.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to make an informed investment decision with respect to the 2019 Bonds. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The 2019 Bonds are offered by the Underwriter when, as and if issued by the Authority, subject to approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority by Counsel to the Authority and by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel to the Authority, and for the Underwriter by its counsel Nixon Peabody LLP, Los Angeles, California. It is anticipated that the 2019 Bonds will be available for delivery through the book-entry facilities of DTC on or about December 19, 2019.

Dated: _____, 2019

[Cabrera Capital Markets logo]

*Preliminary, subject to change.

MONTEBELLO PUBLIC FINANCING AUTHORITY

**SALES TAX REVENUE BONDS
(Limited Tax Bonds)
(Measure M), Series 2019A**

\$ _____ Serial Bonds

CUSIP† Prefix: _____

<u>Maturity (June 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† Suffix</u>
------------------------------	------------------------------	--------------------------	--------------	--------------	--------------------------

\$ _____ % Term Bonds Maturing June 1, _____; Price: _____ to Yield _____%—CUSIP†: _____

**SALES TAX REVENUE BONDS
(Limited Tax Bonds)
(Measure M), Series 2019A**

\$ _____ Serial Bonds

CUSIP† Prefix: _____

<u>Maturity (June 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† Suffix</u>
------------------------------	------------------------------	--------------------------	--------------	--------------	--------------------------

\$ _____ % Term Bonds Maturing June 1, _____; Price: _____ to Yield _____%—CUSIP†: _____

**SALES TAX REVENUE BONDS
(Limited Tax Bonds)
(Measure M), Series 2019A**

\$ _____ Serial Bonds

CUSIP† Prefix: _____

<u>Maturity (June 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† Suffix</u>
------------------------------	------------------------------	--------------------------	--------------	--------------	--------------------------

\$ _____ % Term Bonds Maturing June 1, _____; Price: _____ to Yield _____%—CUSIP†: _____

*Preliminary, subject to change.

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For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Authority with respect to the 2019 Bonds that has been deemed "final" by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, salesman or any other person has been authorized by the Montebello Public Financing Authority (the "Authority") or Cabrera Capital Markets, LLC, underwriter of the 2019 Bonds (the "Underwriter"), to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2019 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 of the 2019 Bonds. Neither the delivery of this Official Statement nor the sale of any of the 2019 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the Authority and other sources believed to be reliable. All summaries contained herein of the Indenture (as defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the Authority except statistical information or other statements where some other date is indicated in the text.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2019 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Authority in any way, regardless of the level of optimism communicated in the information. Such forward-looking statements include, but are not limited to, the projections of any future operating results of the Authority included herein.

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 AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**CITY OF MONTEBELLO
MONTEBELLO PUBLIC FINANCING AUTHORITY**

1600 West Beverly Boulevard
Montebello, CA 90640
(323) 887-1200

CITY COUNCIL/AUTHORITY BOARD

Jach Hadjinian	Mayor/Chair
Salvador Melendez	Mayor Pro Tem/Vice Chair of the Board
David N. Torres	Councilmember/Director
Kimberly Ann Cobos-Cawthorne	Councilmember/Director
Angie M. Jimenez	Councilmember/Director

CITY STAFF/AUTHORITY STAFF

Rene Bobadilla, City Manager/Executive Director
Rafael Gutierrez, City Treasurer/Treasurer
Robert Mescher, City Finance Director/ Chief Financial Officer
Arnold M. Alvarez-Glasman, City Attorney
Irma-Bernal Barajas, City Clerk/Secretary

PROFESSIONAL SERVICES

Bond Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Disclosure Counsel

Quint & Thimmig LLP
Larkspur, California

Municipal Advisor

Hilltop Securities, Inc.
Encino, California

Trustee

The Bank of New York Mellon Trust Company, N. A.
Los Angeles, California

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OFFICIAL STATEMENT

MONTEBELLO PUBLIC FINANCING AUTHORITY

\$ _____ *	\$ _____ *	\$ _____ *
SALES TAX REVENUE BONDS	SALES TAX REVENUE BONDS	SALES TAX REVENUE
(Limited Tax Bonds)	(Limited Tax Bonds)	BONDS
(Measure M),	(Measure R),	(Limited Tax Bonds)
Series 2019A	Series 2019B	(Proposition C),
		Series 2019C

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the Montebello Public Financing Authority (the “Authority”) of its \$ _____ * Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “2019A Bonds”), its \$ _____ * Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “2019B Bonds”), and of its \$ _____ * Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019C (the “2019C Bonds” and, together with the 2019A Bonds and the 2019B Bonds, the “2019 Bonds”). The 2019A Bonds are being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Measure M Indenture”), by and between the Authority and the Bank of New York Mellon Trust Company, N. A., as trustee (the “Trustee”). Proceeds of the 2019A Bonds will be applied to: (i) finance a portion of the costs associated with certain transportation projects of the City of Montebello, California (the “City”), as described herein, (ii) fund a debt service reserve or purchase a reserve surety for the 2019A Bonds, and (iii) pay costs of issuance of the 2019A Bonds. The 2019B Bonds are being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Measure R Indenture” and, together with the Measure M Indenture, the “Indentures”), by and between the Authority and the Trustee. Proceeds of the 2019B Bonds will be applied to: (i) finance a portion of the costs associated with certain transportation projects of the City, as described herein, (ii) fund a debt service reserve or purchase a reserve surety for the 2019B Bonds, and (iii) pay costs of issuance of the 2019B Bonds. The 2019C Bonds are being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Proposition C Indenture” and, together with the Measure M Indenture and the Measure R Indenture, the “Indentures”), by and between the Authority and the Trustee. Proceeds of the 2019C Bonds will be applied to: (i) finance a portion of the costs associated with certain transportation projects of the City, as described herein, (ii) fund a debt service reserve or purchase a reserve surety for the 2019C Bonds, and (iii) pay costs of issuance of the 2019C Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

Security

2019A Bonds. The 2019A Bonds are secured by Pledged Measure M Receipts that are derived from a retail transactions and use tax (the “Measure M Sales Tax”) imposed in the County of Los Angeles (the “County”) pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California (the “State”) and the Measure M Ordinance. The “Measure M Ordinance” is Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County

* Preliminary, subject to change.

Metropolitan Transportation Authority (“LACMTA”) on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended. See “LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY” herein. The “Measure M Receipts” are Measure M Sales Taxes allocated by LACMTA to the City pursuant to the Measure M Ordinance. The “Pledged Measure M Receipts” are all Measure M Receipts transferred by the City to the Trustee and pledged to the payment of debt service on the 2019A Bonds and any Additional Measure M Bonds, and are subject to the lien of the Measure M Indenture. The City has pledged the Pledged Measure M Receipts to the payment of the 2019A Bonds pursuant to a Pledge Agreement, dated as of December 1, 2019 (the “Measure M Pledge Agreement”), by and between the City and the Authority.

Collection of the Measure M Sales Tax commenced on July 1, 2017 and has no stated termination date. The Measure M Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County. The rate of the tax increases to one percent on July 1, 2039 immediately upon the expiration of the one-half of one percent tax (“Measure R”) imposed by LACMTA Ordinance No. 08-01, the Traffic Relief and Rail Expansion Ordinance, as supplemented and amended (the “Measure R Ordinance”). The Measure M Ordinance, together with guidelines approved by LACMTA on June 22, 2017 relating to the administration and use of the Measure M Sales Tax (the “Measure M Guidelines”) and the Borrowing Guidelines for Prop. A, Prop. C, Measure R and Measure M Local Return Programs, approved by the LACMTA Board on March 1, 2018 (the “Borrowing Guidelines”), allow for local agencies, such as the City to undertake financings for improvements authorized by the Measure M Ordinance. The City will pledge the Pledged Measure M Receipts to the Authority to secure the 2019A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019A BONDS” herein, APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE M INDENTURE and APPENDIX L—FORM OF MEASURE M PLEDGE AGREEMENT.

Additional Measure M Bonds and other obligations secured by a pledge of the Pledged Measure M Receipts may be issued on a parity with the 2019A Bonds. References to “Measure M Bonds” herein include the 2019A Bonds and any future Additional Measure M Bonds issued under the Measure M Indenture. There are currently no Additional Measure M Bonds outstanding issued under the Measure M Indenture.

2019B Bonds. The 2019B Bonds are secured by Pledged Measure R Receipts that are derived from a retail transactions and use tax (the “Measure R Sales Tax”) imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State and the Measure R Ordinance. The Measure R Ordinance, adopted by the LACMTA on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended. The “Measure R Receipts” are Measure R Sales Taxes allocated by LACMTA to the City pursuant to the Measure R Ordinance. The “Pledged Measure R Receipts” are all Measure R Receipts transferred by the City to the Trustee and pledged to the payment of debt service on the 2019B Bonds and any Additional Measure R Bonds, and are subject to the lien of the Measure R Indenture. The City has pledged the Pledged Measure R Receipts to the payment of the 2019B Bonds pursuant to a Pledge Agreement, dated as of December 1, 2019 (the “Measure R Pledge Agreement”), by and between the City and the Authority.

Collection of the Measure R Sales Tax commenced on July 1, 2009 and terminates on June 30, 2039. The Measure R Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County. The Measure R Ordinance, together with guidelines approved by LACMTA on October 22, 2009 relating to the administration and use of the Measure R Sales Tax (the “Measure R Guidelines”) and the Borrowing Guidelines, allow for local agencies, such as the City to undertake

financings for improvements authorized by the Measure R Ordinance. The City will pledge the Pledged Measure R Receipts to the Authority to secure the 2019B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019B BONDS” herein and APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE R INDENTURE and APPENDIX M—FORM OF MEASURE R PLEDGE AGREEMENT.

Additional Measure R Bonds and other obligations secured by a pledge of the Pledged Measure R Receipts may be issued on a parity with the 2019B Bonds. References to “Measure R Bonds” herein include the 2019B Bonds and any future Additional Measure R Bonds issued under the Measure R Indenture.

2019C Bonds. The 2019C Bonds are secured by Pledged Proposition C Receipts that are derived from a retail transactions and use tax (the “Proposition C Sales Tax”) imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State and the Proposition C Ordinance. The Proposition C Ordinance, adopted by the LACMTA on August 8, 1990, and approved by a majority of electors voting on such proposition in the November 6, 1990 election, as supplemented and amended. The “Proposition C Receipts” are Proposition C Sales Taxes allocated by LACMTA to the City pursuant to the Proposition C Ordinance. The “Pledged Proposition C Receipts” are all Proposition C Receipts transferred by the City to the Trustee and pledged to the payment of debt service on the 2019C Bonds and any Additional Proposition C Bonds, and are subject to the lien of the Proposition C Indenture. The City has pledged the Pledged Proposition C Receipts to the payment of the 2019C Bonds pursuant to a Pledge Agreement, dated as of December 1, 2019 (the “Proposition C Pledge Agreement” and, together with the Measure M Pledge Agreement and the Measure R Pledge Agreement, the “Pledge Agreements”), by and between the City and the Authority.

Collection of the Proposition C Sales Tax commenced on April 1, 1991 and does not terminate. The Proposition C Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County. The Proposition C Ordinance, together with guidelines approved by LACMTA and last amended in 2007, relating to the administration and use of the Proposition C Sales Tax (the “Proposition C Guidelines”) and the Borrowing Guidelines, allow for local agencies, such as the City to undertake financings for improvements authorized by the Proposition C Ordinance. The City will pledge the Pledged Proposition C Receipts to the Authority to secure the 2019C Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C BONDS” herein and APPENDIX E—SUMMARY OF CERTAIN PROVISIONS OF THE PROPOSITION C INDENTURE and APPENDIX N—FORM OF PROPOSITION C PLEDGE AGREEMENT.

Additional Proposition C Bonds and other obligations secured by a pledge of the Pledged Proposition C Receipts may be issued on a parity with the 2019C Bonds. References to “Proposition C Bonds” herein include the 2019C Bonds and any future Additional Proposition C Bonds issued under the Proposition C Indenture.

Bond Insurance

The Authority has applied for policies of municipal bond insurance and debt service reserve fund sureties with respect to each Series of 2019 Bonds. Certain terms of such insurance and sureties, if purchased, will be disclosed in the final Official Statement. See “BOND INSURANCE” herein.

Limited Obligations

The 2019A Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Measure M Receipts and any other funds pledged therefor under the Measure M Indenture. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Measure M Receipts and other amounts held under the Measure M Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019A Bonds.

The 2019B Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Measure R Receipts and any other funds pledged therefor under the Measure R Indenture. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Measure R Receipts and other amounts held under the Measure R Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019B Bonds.

The 2019C Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Proposition C Receipts and any other funds pledged therefor under the Proposition C Indenture. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Proposition C Receipts and other amounts held under the Proposition C Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019C Bonds.

The City

The City of Montebello is situated in eastern Los Angeles County, California. The City encompasses 8.2 square miles and is located 9 miles east of downtown Los Angeles. The City has access to three freeways: the San Gabriel River Freeway (State 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 is a balanced community with light industry, residential areas, and commercial centers. It 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 City was incorporated as a general law city in 1920. The City operates under the Council-Manager member form of government. The five City Council members, including the Mayor, are elected to four-year terms on alternate slates every two years. The Mayor and the Mayor Pro Tem are selected by the City Council to serve two-year terms. The City Council appoints a City Manager. The population of the City was estimated to be 64,247 as of January 1, 2019.

See APPENDIX B—GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY.

References

The descriptions and summaries of various documents hereinafter set forth, including the Indentures, the Pledge Agreements, and the 2019 Bonds do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All

statements herein are qualified in their entirety by reference to each such document, copies of which are available for inspection at the offices of the Authority.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the funds are as follows:

	2019A Bonds	2019B Bonds	2019C Bonds
<u>Sources of Funds:</u>			
Principal Amount of 2019 Bonds	\$	\$	\$
Premium/Discount			
Total Sources:	\$	\$	\$
<u>Uses of Funds:</u>			
Deposit to the Project Fund ⁽¹⁾	\$	\$	\$
Costs of Issuance ⁽²⁾			
Total Uses:	\$	\$	\$

⁽¹⁾ Includes amounts to be reimbursed to the City for certain expenditures on Measure M, Measure R, and Proposition C eligible projects.

⁽²⁾ Includes underwriter's discount, rating agency, bond counsel, disclosure counsel, underwriter's counsel, trustee, and trustee's counsel fees, bond insurance and surety premiums, if any, and other miscellaneous costs of issuance.

THE PROJECTS

The City expects to apply the proceeds of the Bonds to finance various street and roadway improvements, including roadway resurfacing, slurry seal, striping and signage, sidewalk replacement, new handicap ramps, driveway aprons, and curb/gutters repairs on local street segments in the City over the 2019-20, 2020-21 and 2021-22 fiscal years. The projects listed in the following tables and on the following map are intended to enhance the safety and pavement condition of streets and sidewalks within the City limits. The proposed local street improvements are in accordance with the City's Pavement Management System.

The pages on the following tables list details regarding the projects to be funded by the 2019A Bonds, the 2019B Bonds, and the 2019C Bonds for each fiscal year. The location of each project, a cost breakdown, and the source of funding is provided for each item.

PAVING THE WAY															
FY 2019-20															
Item No.	Street	Limit	Grind, ARAM & AC Overlay	Reconstruct	Longevity (Years)	Length (FT)	Width (FT)	Area (SF)	Unit Price	Grinding , ARAM, AC Overlay Including WV, MH & striping	Concrete Work price	Improvement Total Cost	FUNDING		
													Measure M	Measure R	Prop C
1	Barr Ave.	N Findlay Ave_ N Hendricks St	✓		20	280	31	8680	2.14	\$ 18,575	\$ 16,653	\$ 35,228	\$ 35,228		
2	Barr Ave.	N Hendricks St_ N Leonard St	✓		20	238	37	8806	2.14	\$ 18,845	\$ 17,400	\$ 36,245	\$ 36,245		
3	Barr Ave.	N Leonard St_ N Bradshawe St	✓		20	248	38	9424	2.14	\$ 20,167	\$ 18,975	\$ 39,142	\$ 39,142		
4	Barr Ave.	N Bradshawe St_ Keenan St	✓		20	270	38	10260	2.14	\$ 21,956	\$ 26,477	\$ 48,433	\$ 48,433		
5	Charleston Way	Park Ave_ N Taylor Ave	✓		20	464	27	12528	2.14	\$ 27,810	\$ 4,621	\$ 32,431	\$ 32,431		
6	Dewar Ave.	Leonard St_ Hendricks St		✓	25	306	37	11322	6.25	\$ 70,763	\$ 42,458	\$ 113,220	\$ 113,220		
7	Dewar Ave.	N Hendricks St_ N Findlay Ave	✓		25	304	37	11248	6.25	\$ 70,300	\$ 42,180	\$ 112,480	\$ 112,480		
8	Findlay Ave.	Barr Ave_ Via San Delarrio	✓		20	1175	30	35250	2.14	\$ 81,435	\$ 80,239	\$ 161,674	\$ 161,674		
9	Harding Str.	Wilcox Ave_ Morris Pl	✓		20	458	26	11908	2.14	\$ 25,483	\$ 20,386	\$ 45,870	\$ 45,870		
10	Harding Str.	End_ 21st St	✓		20	159	36	5724	2.14	\$ 12,249	\$ 9,799	\$ 22,049	\$ 22,049		
11	Harding Str.	21st St_ 20th St	✓		20	316	36	11376	2.14	\$ 24,345	\$ 19,476	\$ 43,820	\$ 43,820		
12	Harding Str.	20th St_ 19th St	✓		20	333	36	11988	2.14	\$ 25,654	\$ 20,523	\$ 46,178	\$ 46,178		
13	Harding Str.	19th St_ 18th St	✓		20	330	36	11880	2.14	\$ 25,423	\$ 20,339	\$ 45,762	\$ 45,762		
14	Harding Str.	N Maple Ave_ N Vail Ave		✓	25	826	36	29736	6.25	\$ 185,850	\$ 111,510	\$ 297,360	\$ 297,360		
15	Harding Str.	N Vail Ave_ 18th St	✓		20	331	36	11916	2.14	\$ 25,500	\$ 20,400	\$ 45,900	\$ 45,900		
16	Los Angeles Ave.	Maple Ave_ End	✓		20	650	32	20800	2.14	\$ 48,512	\$ 30,562	\$ 79,074	\$ 79,074		
17	Los Angeles Ave.	Maple Ave_ S Park Ave	✓		20	298	37	11026	2.14	\$ 24,596	\$ 25,068	\$ 49,664	\$ 49,664		
18	Masser PL.	Maple Ave_ End	✓		20	340	27	9180	2.14	\$ 20,645	\$ 4,697	\$ 25,342	\$ 25,342		
19	N Hendricks St.	Barr Ave_ Via San Delarrio St	✓		20	1013	37	37481	2.14	\$ 81,709	\$ 46,821	\$ 128,530	\$ 128,530		
20	N Hendricks St.	Via San Delarrio St_ W Beverly Blvd	✓		20	280	37	10360	2.14	\$ 23,170	\$ 43,143	\$ 66,313	\$ 66,313		
21	N Hendricks St.	W Beverly Blvd_ End	✓		20	100	36	3600	2.14	\$ 10,204	\$ 10,894	\$ 21,098	\$ 21,098		
22	N Leonard St.	Via Compo_ Dewar Ave	✓		20	742	37	27454	2.14	\$ 58,752	\$ 34,662	\$ 93,414	\$ 93,414		
23	N Park Ave.	W Whitter Blvd_ W Cleveland Ave	✓		20	650	36	23400	2.14	\$ 56,076	\$ 37,743	\$ 93,819	\$ 93,819		
24	S Taylor Ave.	W Whitter Blvd_ W Cleveland Ave	✓		20	659	36	23724	2.14	\$ 55,769	\$ 53,589	\$ 109,358	\$ 109,358		
25															

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**CITY OF MONTEBELLO
FISCAL YEAR 2020-21 PROJECTS**

PAVING THE WAY																	
FY 2020-21																	
Item No.	Street	Limit	Grind, ARAM & AC Overlay	Reconstruct	Longevity (Yrs)	Length (FT)	Width (FT)	Area (SF)	Unit Price	Grinding , ARAM, AC Overlay Including WV, MH & striping	Concrete Surface (SF)	Cost Concrete surface	Concrete Work Price	Improvement Total Cost	FUNDING		
															Measure M	Measure R	Prop C
1	Agajanian Way	Rancho Drive_N RIO DEL SOL	✓		20	843	36	30348	2.14	\$ 64,945			\$ 51,956	\$ 116,900	\$ 116,900		
2	Andruss Place	E Victoria Avenue_Forbes Avenue	✓		20	548	30	16440	2.14	\$ 35,182			\$ 28,145	\$ 63,327		\$ 63,327	
3	Casa Grande Avenue	Poplar Avenue_Las Flores Avenue	✓		20	621	36	22356	2.14	\$ 47,842			\$ 38,273	\$ 86,115	\$ 86,115		
4	De Palma Way	W Lincoln Avenue_End	✓		20	517	36	18612	2.14	\$ 39,830			\$ 31,864	\$ 71,693		\$ 71,693	
5	E Beverly Terrace	Wilber Place_End	✓		20	636	36	22896	2.14	\$ 48,997			\$ 39,198	\$ 88,195	\$ 88,195		
6	E Cleveland Avenue	Poplar Ave_End		✓	25	481	26	12506	5.45	\$ 68,158	350	\$ 10,500	\$ 40,895	\$ 119,553		\$ 119,552	
7	E Fremont Square	2nd Street_Poplar Avenue	✓		20	637	38	24206	2.14	\$ 51,801			\$ 41,441	\$ 93,242	\$ 93,242		
8	Peacock Lane	Marek Drive_End	✓		20	92	36	3312	2.14	\$ 7,088			\$ 5,670	\$ 12,758		\$ 12,758	
9	Fran Place	N 7th Street_De Palma Way	✓		20	234	36	8424	2.14	\$ 18,027			\$ 14,422	\$ 32,449	\$ 32,449		
10	Harding Avenue	Spruce Street_N Montebello Blvd		✓	25	488	36	17568	6.25	\$ 109,800			\$ 65,880	\$ 175,680		\$ 175,680	
11	Harding Avenue	7th Street_6th Street		✓	25	332	36	11952	6.25	\$ 74,700			\$ 44,820	\$ 119,520	\$ 119,520		
12	Harding Avenue	6th Street_5th Street		✓	25	330	36	11880	6.25	\$ 74,250			\$ 44,550	\$ 118,800		\$ 118,800	
13	Harding Avenue	5th Street_4th Street		✓	25	329	36	11844	6.25	\$ 74,025			\$ 44,415	\$ 118,440	\$ 118,440		
14	Katherine Drive	E Victoria Avenue_Forbes Avenue	✓		20	704	30	21120	2.14	\$ 45,197			\$ 36,157	\$ 81,354		\$ 81,354	
15	Marek Drive	4th Street_Pennock Lane	✓		20	517	36	18612	2.14	\$ 39,830			\$ 31,864	\$ 71,693	\$ 71,693		
16	N 7th Street	Fran Place_W Lincoln Avenue	✓		20	428	36	15408	2.14	\$ 32,973			\$ 26,378	\$ 59,352		\$ 59,352	
17	Orcutt Drive	Azalea Drive_E Los Amigos Avenue	✓		20	831	36	29916	2.14	\$ 64,020			\$ 51,216	\$ 115,236	\$ 115,236		
18	San Angelo Avenue	Rancho Dr_N Rio Del Sol	✓		20	753	36	27108	2.14	\$ 58,011			\$ 46,409	\$ 104,420		\$ 104,420	
19	San Angelo Avenue	Rancho Drive_Via La Cienega Street	✓		20	259	38	9842	2.14	\$ 21,062			\$ 16,850	\$ 37,911	\$ 37,911		
20	San Angelo Avenue	N Rio Del Sol Street_End	✓		20	219	36	7884	2.14	\$ 16,872			\$ 13,497	\$ 30,369		\$ 30,369	
21	Scott Avenue	Orcutt Drive_E Los Amigos Avenue	✓		20	828	36	29808	2.14	\$ 63,789			\$ 51,031	\$ 114,820	\$ 114,820		
22	Valera Drive	E Victoria Avenue_Forbes Avenue	✓		20	512	30	15360	2.14	\$ 32,870			\$ 26,296	\$ 59,167		\$ 59,167	
23	W Avenida De La Merced	N 4th Street_N 3rd Street	✓		20	324	46	14904	2.14	\$ 31,895			\$ 25,516	\$ 57,410	\$ 57,410		
24	W Avenida De La Merced	N Montebello Blvd_N 4th Street		✓	25	1362	60	81720	5.45	\$ 445,374			\$ 267,224	\$ 712,598		\$ 712,598	
25	W Cleveland Avenue	5th Street_4th Street	✓		20	330	36	11880	2.14	\$ 25,423			\$ 20,339	\$ 45,762	\$ 45,762		
26	W Cleveland Avenue	4th Street_3rd Street	✓		20	332	36	11952	2.14	\$ 25,577			\$ 20,462	\$ 46,039		\$ 46,039	
27	W Hart Place	6th Street_End	✓		20	303	32	9696	2.14	\$ 20,749			\$ 16,600	\$ 37,349	\$ 37,349		
28	W Madison Avenue	N Montebello Blvd_N 7th Street		✓	25	280	36	10080	6.25	\$ 63,000			\$ 37,800	\$ 100,800		\$ 100,800	
29	W Madison Avenue	N 7th Street_N 6th Street		✓	25	330	36	11880	6.25	\$ 74,250			\$ 44,550	\$ 118,800	\$ 118,800		
30	W Madison Avenue	N 6th Street_N 5th Street		✓	25	330	36	11880	6.25	\$ 74,250			\$ 44,550	\$ 118,800		\$ 118,800	
31	W Madison Avenue	5th Street_4th Street		✓	25	332	36	11952	6.25	\$ 74,700			\$ 44,820	\$ 119,520	\$ 119,520		
32	W Oakmont Drive	N 2nd Street_N 4th Street	✓		20	600	36	21600	2.14	\$ 46,224			\$ 36,979	\$ 83,203		\$ 83,203	
33	W Oakmont Drive	N 4th Street_N 6th Street	✓		20	469	36	16884	2.14	\$ 36,132			\$ 28,905	\$ 65,037	\$ 65,037		
34	Whittier Boulevard	120' West of Garfield_Montebello Blvd		✓	25	6800	61	414800	2.9	\$ 1,202,920	24,964		\$ 962,336	\$ 2,165,256			\$ 2,165,256
35	Whittier Boulevard	Montebello Blvd_Van Norman	✓		25	3856	55	212080	2.9	\$ 615,032			\$ 492,026	\$ 1,107,058			\$ 1,107,058
36	Via Campo	Gerhart_Garfield Ave		✓	25	4282	32	137024	7.5	\$ 1,027,680			\$ 616,608	\$ 1,644,288			\$ 1,644,288
37	Wilcox Avenue	Beverly Blvd_Whittier	✓		25	2678	50	133900	2.9	\$ 388,310			\$ 310,648	\$ 698,958			\$ 698,958
38	Union	Greenwood_Gage		✓	25	1369	36	49284	7.5	\$ 369,630			\$ 221,778	\$ 591,408			\$ 591,408
39	Mines	Vail_Greenwood		✓	25	2544	36	91584	7.5	\$ 686,880			\$ 412,128	\$ 1,099,008			\$ 1,099,008
								TOTAL		\$ 6,297,294		\$ 10,500	\$ 4,394,496	\$10,702,291	\$ 1,438,402	\$ 1,957,913	\$ 7,305,976

Source: City of Montebello Finance Department.

CITY OF MONTEBELLO FISCAL YEAR 2021-22 PROJECTS

PAVING THE WAY																	
FY 2021-22																	
Item No.	Street	Limit	Grind, ARAM & AC Overlay	Reconstruct	Long evlty (Yrs)	Length (FT)	Width (FT)	Area (SF)	Unit Price	Grinding , ARAM, AC Overlay Including WV, MH & striping	Concrete Surface (SF)	Cost Concrete surface	Concrete Work Price	Improvement Total Cost	FUNDING		
															Measure M	Measure R	Prop C
1	Albee Drive	Carob Way_End	✓		20	355	36	12780	2.14	\$ 27,349			\$ 21,879	\$ 49,229	\$ 49,229		
2	Birch Street	Sycamore Street_Elm Street	✓		20	667	36	24012	2.14	\$ 51,386			\$ 41,109	\$ 92,494		\$ 92,494	
3	Carob Way	Sycamore Street_Elm Street	✓		20	713	36	25668	2.14	\$ 54,930			\$ 43,944	\$ 98,873	\$ 98,873		
4	Carob Way	Date Street_Frankel Avenue	✓		20	826	36	29736	2.14	\$ 63,635			\$ 50,908	\$ 114,543		\$ 114,543	
5	Colegrove Avenue	S Park Avenue_S Taylor Avenue	✓		20	496	36	17856	2.14	\$ 38,212			\$ 30,569	\$ 68,781	\$ 68,781		
6	Date Street	Spruce Street_S Montebello Blvd		✓	25	521	36	18756	6.25	\$ 117,225			\$ 70,335	\$ 187,560		\$ 187,560	
7	Date Street	S Greenwood Avenue_S Maple Avenue		✓	25	1495	36	53820	6.25	\$ 336,375			\$ 201,825	\$ 538,200	\$ 538,200		
8	Elm Street	S Spruce Street_S Montebello Blvd	✓		20	525	36	18900	2.14	\$ 40,446			\$ 32,357	\$ 72,803		\$ 72,803	
9	Elm Street	S Montebello Blvd_Carob Way	✓		20	633	36	22788	2.14	\$ 48,766			\$ 39,013	\$ 87,779	\$ 87,779		
10	Frankel Avenue	Carob Way_S Montebello Blvd		✓	25	526	36	18936	6.25	\$ 118,350			\$ 71,010	\$ 189,360		\$ 189,360	
11	Gage Road	Union Street_Telegraph Road		✓	25	1283	35	44905	6.25	\$ 280,656			\$ 168,394	\$ 449,050	\$ 449,050		
12	Jacmar Drive	End_S Montebello Blvd		✓	25	742	36	26712	6.25	\$ 166,950			\$ 100,170	\$ 267,120		\$ 267,120	
13	Los Angeles Avenue	Taylor Avenue_S Greenwood Avenue	✓		20	665	27	17955	2.14	\$ 38,424			\$ 30,739	\$ 69,163	\$ 69,163		
14	Oakwood Street	S Montebello Blvd_Carob Way	✓		20	534	36	19224	2.14	\$ 41,139			\$ 32,911	\$ 74,051		\$ 74,051	
15	S 3rd Street	Jacmar Drive_Beach Street	✓		20	832	36	29952	2.14	\$ 64,097			\$ 51,278	\$ 115,375	\$ 115,375		
16	S 4th Street	Beach Street_Jacmar Drive	✓		20	827	36	29772	2.14	\$ 63,712			\$ 50,970	\$ 114,682		\$ 114,682	
17	S Maple Avenue	E Washington Blvd_Date St		✓	25	1669	38	63422	6.25	\$ 396,388			\$ 237,833	\$ 634,220	\$ 634,220		
18	S Spruce Street	Beach Street_Jacmar Drive		✓	25	835	36	30060	6.25	\$ 187,875			\$ 112,725	\$ 300,600		\$ 300,600	
19	S Taylor Avenue	W Olympic Blvd_Colegrove Avenue	✓		20	294	36	10584	2.14	\$ 22,650			\$ 18,120	\$ 40,770	\$ 40,770		
20	S Spruce Street	Sycamore Street_Elm Street	✓		20	799	36	28764	2.14	\$ 61,555			\$ 49,244	\$ 110,799		\$ 110,799	
21	S Vail Avenue	Olympic Blvd_Colegrove Avenue		✓	25	312	36	11232	6.25	\$ 70,200			\$ 42,120	\$ 112,320	\$ 112,320		
22	S Vail Avenue	Colegrove Avenue_U.P.R.R.		✓	25	927	36	33372	6.25	\$ 208,575			\$ 125,145	\$ 333,720		\$ 333,720	
23	W Olympic Boulevard	S Greenwood Avenue_Montebello Blvd	✓		25	1172	50	58600	6.25	\$ 366,250			\$ 219,750	\$ 586,000	\$ 586,000		
24	Cedar Street	Sycamore Street_Elm Street	✓		25	737	36	26532	6.25	\$ 165,825			\$ 99,495	\$ 265,320		\$ 265,320	
25	Beverly Boulevard	West City Limit_Findlay Ave		✓	25	1891	64	121024	2.9	\$ 350,970			\$ 280,776	\$ 631,745			\$ 631,745
26	Beverly Boulevard	Findlay_Garfield Ave		✓	25	1292	64	82688	2.9	\$ 239,795			\$ 191,836	\$ 431,631			\$ 431,631
27	Beverly Boulevard	Howard_Montebello Blvd		✓	25	1253	70	87710	2.9	\$ 254,359	1189		\$ 203,487	\$ 457,846			\$ 457,846
28	Beverly Boulevard	Montebello Blvd_East City Limit	✓		25	686	46	31556	2.9	\$ 91,512	210044	\$ 1,904,220	\$ 380,844	\$ 2,376,576			\$ 2,376,576
29	Montebello Boulevard	Paramount_Plaza Dr	✓		25	2889	76	219564	2.9	\$ 636,736			\$ 509,388	\$ 1,146,124			\$ 1,146,124
30	Montebello Boulevard	Lincoln_Los Angeles St	✓		25	4533	88	398904	2.9	\$ 1,156,822	31633		\$ 925,457	\$ 2,082,279			\$ 2,082,279
31	Montebello Boulevard	Mines_Washington Blvd		✓	25	3288	42	138096	4.5	\$ 621,432	1549		\$ 372,859	\$ 994,291			\$ 994,291
32	Greenwood Avenue	Mines Ave_Telegraph Rd		✓	25	9205	69	635145	4.5	\$ 2,858,153			\$ 1,714,892	\$ 4,573,044			\$ 4,573,044
33	Montebello Way	South End of Grade Seperation_Mines Ave		✓	25	1532	80	122560	7.5	\$ 919,200			\$ 551,520	\$ 1,470,720			\$ 1,470,720
34	Telegraph Road	Slauson_Greenwood		✓	25	2182	62	135284	7.5	\$ 1,014,630			\$ 608,778	\$ 1,623,408			\$ 1,623,408
								TOTAL		\$ 11,174,577		\$ 1,904,220	\$ 7,681,679	\$ 20,760,476	\$ 2,849,760	\$ 2,123,052	\$ 15,787,665

Source: City of Montebello Finance Department.

Source: City of Montebello Finance Department.



The City will be responsible for undertaking the design, construction and implementation of the projects. Under each Indenture, before any payment from the applicable Project Fund can be made by the Trustee, the Authority and the City are required to file a requisition with the Trustee identifying the project costs for which the requisition is being filed and certifying that the costs are proper charges against such Project Fund that have not been previously paid.

THE 2019 BONDS

General

The 2019 Bonds will be dated their date of delivery, will bear interest at the rates and will mature on the dates set forth on the inside cover of this Official Statement. Interest on the 2019 Bonds will be payable on each June 1 and December 1 (each an “Interest Payment Date”), commencing on June 1, 2020. Interest on each Series will be computed on the basis of a 360-day year of twelve 30-day months.

The 2019 Bonds will be issued in fully registered form and will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, the securities depository for the 2019 Bonds. Purchases of the 2019 Bonds are to be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. See APPENDIX G—BOOK-ENTRY SYSTEM.

Redemption*

Optional Redemption. The 2019 Bonds maturing on or prior to June 1, 20__ shall not be subject to redemption prior to their respective stated maturities. The 2019 Bonds maturing on or after June 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part on any date (and if in part, in such amount and such order of maturity as the Authority shall specify and within a maturity by lot or by such other method as the Authority may direct in Authorized Denominations), on or after June 1, 20__, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption. The 2019A Bonds maturing on June 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on June 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Date (June 1)	Principal
_____	_____

*Final Maturity	

* Preliminary, subject to change

If some but not all of the 2019A Term Bonds have been redeemed pursuant to optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2019A Term Bonds so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by Authority with the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the 2019A Bonds being redeemed pursuant to optional redemptions, the Authority shall provide the Trustee with a revised schedule reflecting such reductions.

The 2019B Bonds maturing on June 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on June 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Date (June 1)	Principal
_____	_____

*Final Maturity

If some but not all of the 2019B Term Bonds have been redeemed pursuant to optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2019B Term Bonds so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by Authority with the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the 2019B Bonds being redeemed pursuant to optional redemptions, the Authority shall provide the Trustee with a revised schedule reflecting such reductions.

The 2019C Bonds maturing on June 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on June 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Date (June 1)	Principal
_____	_____

*Final Maturity

If some but not all of the 2019C Term Bonds have been redeemed pursuant to optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2019C Term Bonds so redeemed by reducing

each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by Authority with the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the 2019C Bonds being redeemed pursuant to optional redemptions, the Authority shall provide the Trustee with a revised schedule reflecting such reductions.

Notice of Redemption; Conditional Notice. The Authority shall notify the Trustee of an optional redemption at least forty-five (45) days prior to the date fixed for optional redemption (unless the Trustee shall agree to some lesser number of days for notice of optional redemption), and each notice of redemption (whether optional redemption or mandatory redemption) shall be mailed by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to each Owner and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to the 2019 Bonds to which such notice relates. Notice of redemption to the Owners, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the 2019 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2019 Bonds of such maturity, if any, to be redeemed and, in the case of 2019 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such date there will become due and payable on each of such 2019 Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a 2019 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2019 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any 2019 Bond or in any redemption notice with respect thereto. Failure by the Trustee to give notice to any Notice Party or any one or more of the Repositories or failure of any Owner, any Notice Party or any Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Any notice given pursuant to the Indenture may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall give notice to the same persons and in the same manner in which the notice was given.

Partial Redemption of 2019 Bonds. Upon surrender of any 2019 Bond redeemed in part only, the Authority shall execute (but need not prepare) and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2019 Bond or 2019 Bonds of Authorized Denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2019 Bond surrendered.

Effect of Redemption. Notice of redemption having been duly given, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the Series so called for redemption shall cease to accrue, the 2019 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture and the Owners of such 2019 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

DEBT SERVICE SCHEDULES

2019A Bonds. The following table sets forth the annualized debt service requirements for the 2019A Bonds, assuming no optional redemptions.

2019A Bonds			
Fiscal Year Ending June 30	Principal	Interest ⁽¹⁾	Annual Debt Service ⁽¹⁾

Total			
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⁽¹⁾ Totals may not add due to rounding.

2019B Bonds. The following table sets forth the annualized debt service requirements for the 2019B Bonds, assuming no optional redemptions.

2019B Bonds			
Fiscal Year Ending June 30	Principal	Interest ⁽¹⁾	Annual Debt Service ⁽¹⁾
Total			

(1) Totals may not add due to rounding.

2019C Bonds. The following table sets forth the annualized debt service requirements for the 2019C Bonds, assuming no optional redemptions.

2019C Bonds			
Fiscal Year Ending June 30	Principal	Interest ⁽¹⁾	Annual Debt Service ⁽¹⁾

Total

⁽¹⁾ Totals may not add due to rounding.

BOND INSURANCE

The Authority has applied for policies of municipal bond insurance and debt service reserve fund sureties with respect to each Series of 2019 Bonds. Certain terms of such insurance and sureties, if purchased, will be disclosed in the final Official Statement.

MEASURE M SALES TAX

The Measure M Sales Tax

The Measure M Sales Tax imposed in the County for transportation purposes and administered by LACMTA is in addition to the sales or use tax levied Statewide by the State (the “State Sales Tax”). The current Statewide tax rate is 7.25%. The Measure M Sales Tax is also in addition to (i) a 1/2% Measure R Sales Tax described below under “MEASURE R SALES TAX” below, (ii) a 1/2% sales tax imposed by the Los Angeles County Transportation Commission (the “Commission”), as predecessor to LACMTA,

beginning in 1991, pursuant to Ordinance No. 49 of the Commission known as the “Proposition C Sales Tax” (the “Proposition C Sales Tax”), (iii) a 1/2% sales tax imposed by the Commission, as predecessor to LACMTA, beginning in 1980 and currently imposed by LACMTA pursuant to Ordinance No. 16 of the Commission known as the “Proposition A Sales Tax” (the “Proposition A Sales Tax”) and (iv) sales taxes that apply only within certain cities within the County.

In general, the State Sales Tax applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on storage, use, or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Because the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State.

The Measure M Sales tax is generally imposed upon the same transactions and items that are subject to the State Sales Tax, with generally the same exceptions. Many categories of transactions are exempt for the State Sales Tax and the Measure M Sales Tax. The most important of these exemptions are the sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas and electricity and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from both the State Sales Tax and the Measure M Sales Tax; however, the occasional sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside of the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt both from the State Sales Tax and the Measure M Sales Tax. See “RISK FACTORS—State Sales Tax” herein.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure M Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Measure M Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that would have a material adverse effect on the Measure M Revenues.

Collection of Measure M Sales Tax

Collection of the Measure M Sales Tax is administered by the California Department of Tax and Fee Administration (“CDTFA”). The Taxpayer Transparency and Fairness Act of 2017 restructured the Board of Equalization into three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the Board of Equalization, including, as of July 1, 2017, the Measure M Sales Tax. Pursuant to its procedures, the CDTFA projects receipts of the Measure M Sales Tax on a quarterly basis and remits receipts to the LACMTA each month based on such projection, and thereafter, LACMTA disburses the Measure M Sales Tax to the City. The amount of each monthly advance is based upon the CDTFA’s quarterly projection. During the second month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the Measure M Sales Tax for the previous quarter less administration costs.

Application of the Measure M Sales Tax

The Measure M Ordinance provides for the collection and allocation of revenues as follows (i) 1% for regional rail; (ii) 2% for Metro State of Good Repair; (iii) 2% for Americans with Disabilities Act

(“ADA”) Paratransit for Disabled and LACMTA discounts for seniors and students; (iv) 2% for Metro Active Transportation Program; (v) 5% for LACMTA rail operations; (vi) 17% for highway construction; (vii) 17% for local return, which includes a 1% administration supplement (the “Measure M Local Return”); (viii) 20% for transit operations; and (ix) 35% for transit construction.

The Measure M Ordinance specifies that 17% of the Measure M Sales Tax, which includes a 1% administration supplement to be allocated to incorporated cities within the County (including the City) and to the County for the unincorporated areas each on a per capita basis, which amount will increase to 20% on July 1, 2039. Pledged Measure M Receipts represent a portion of the 17% Measure M Local Return that is allocated to the City. Currently, the CDTFA, after deducting the costs of administering the Measure M Sales Tax, transfers the Measure M Sales Tax to LACMTA, and LACMTA thereafter disburses the Measure M Local Return to the incorporated cities within the County (including the City) and to the County for the unincorporated areas of the County. It is expected that LACMTA will issue bonds secured by Measure M Sales Tax revenues (collectively, the “LACMTA Measure M Bonds”).

With respect to LACMTA’s outstanding bonds secured by the Measure R Sales Tax (collectively, the “LACMTA Measure R Bonds”), CDTFA has agreed to remit all Measure R Sales Tax revenues to the trustee for the LACMTA Measure R Bonds. Such trustee will immediately thereafter disburse the Measure R Local Return to LACMTA for disbursement to the incorporated cities within the County (including the City) and to the County for the unincorporated areas in the County. Prior to the issuance of any LACMTA Measure M Bonds, it is expected that the CDTFA will enter into a similar arrangement with the trustee for the LACMTA Measure M Bonds. The Measure M Local Return will not serve as security for any of the LACMTA Measure M Bonds.

Currently, apportionments of the Measure M Local Return are being made to 88 cities and the County for the unincorporated portions of the County (each, a “Jurisdiction” and collectively, the “Jurisdictions”). The Measure M Local Return allocations to the Jurisdictions are based on the population shares from the projected populations as derived from annual estimates made by the California State Department of Finance. The projected populations are revised annually in the formula allocation procedure established by the LACMTA Board (as defined herein). Before any Jurisdiction can receive any allocation of the Measure M Local Return, such Jurisdiction must sign an assurances and understanding agreement with LACMTA. Measure M Local Return funds are then automatically allocated monthly on a per capita basis to such Jurisdiction. The City has signed an assurances and understanding agreement with LACMTA. The following table lists population figures for the City and the County for the last four completed years and the current calendar year.

CITY OF MONTEBELLO and LOS ANGELES COUNTY
Population Estimates
Calendar Years 2015 through 2019
(as of January 1)

Calendar Year	City	County
2015	64,315	10,155,753
2016	64,289	10,185,851
2017	64,301	10,226,920
2018	64,316	10,254,658
2019	64,247	10,253,716

Source: State Department of Finance, Demographic Research Unit.

Measure M Receipts

Fiscal year 2017-18 was the first year in which the Measure M Receipts were allocated by LACMTA to the City. The following table sets forth the audited amount of Measure M Receipts for the Fiscal Year 2017-18 and the unaudited amount received for fiscal year 2018-19. Projected Measure M Receipts for Fiscal Year 2019-20 are based upon an estimate provided by LACMTA. No assurance can be provided that such estimate will be accurate.

CITY OF MONTEBELLO
MEASURE M RECEIPTS

Fiscal Year	Measure M Receipts ⁽¹⁾	Percent Change from Prior Fiscal Year
2017-18 ⁽²⁾	\$ 675,864	n/a
2018-19 ⁽³⁾	899,272	33.06%
2019-20 ⁽⁴⁾	916,457	1.91

Source: City of Montebello 2018 CAFR and City of Montebello Finance Department.

- (1) 17% of the Measure M Sales Tax is allocated to cities within the County and to the County of Los Angeles for the unincorporated areas on a per capita basis. (2) Amount provided in the Los Angeles County Metropolitan Transportation Authority's City of Montebello Comprehensive Annual Financial Report of its Measure M Local Return Fund for the Year ended June 30, 2018. (3) Unaudited actuals provided by the City Finance Department.
(4) Estimated amount provided by the LACMTA.

The City is unable to predict whether the annual Measure M Receipts will increase or decrease in the future.

SECURITY AND SOURCES OF PAYMENT FOR THE 2019A BONDS

Pledged Measure M Receipts

The Measure M Bonds, including 2019A Bonds, are secured by Pledged Measure M Receipts under the Measure M Indenture that are derived from the Measure M Sales Tax imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State and the Measure M Ordinance. The Measure M Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County. The rate of the tax increases to one percent on July 1, 2039 immediately

upon the expiration of the one-half of one percent tax imposed by Measure R. Collection of the Measure M Sales Tax commenced on July 1, 2017 and does not terminate. The City has pledged the Pledged Measure M Receipts pursuant to the Measure M Pledge Agreement. See “The Measure M Pledge Agreement” below.

Security for the 2019A Bonds

As security for the payment of all amounts owing on the 2019A Bonds, there are irrevocably pledged to the Trustee, all (i) Pledged Measure M Receipts and (ii) all amounts, including proceeds of the 2019A Bonds, held on deposit in the funds and accounts established under the Measure M Indenture relating to the 2019A Bonds (except for amounts held in the Rebate Fund established under the Measure M Indenture), subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Pledged Measure M Receipts and the amounts held under the Measure M Indenture pursuant to the preceding sentence shall immediately be subject to the pledge, and the pledge will constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Authority and all others asserting the rights therein, to the extent set forth, and in accordance with, the Measure M Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act.

Limited Obligation

The Measure M Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Measure M Receipts and any other funds pledged therefor under the Measure M Indenture. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Measure M Receipts and other amounts held under the Measure M Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019A Bonds.

Allocation of Pledged Measure M Receipts

Pursuant to the Measure M Pledge Agreement, all Measure M Receipts will be deposited by the City immediately upon receipt in a special fund established and held by the City for the deposit of such Measure M Receipts, until such time in each Fiscal Year as the amount therein equals the amounts required for the payment of Measure M Bonds in that Fiscal Year.

Under the Measure M Pledge Agreement, the City will irrevocably pledge and assign on a first priority basis all Measure M Receipts transferred to the Trustee as Pledged Measure M Receipts unconditionally and irrevocably for the payment of debt service on the 2019A Bonds and any Additional Measure M Bonds until released from the lien of the Measure M Indenture. Under the Measure M Pledge Agreement, the City is required on the fifth Business Day prior to each Interest Payment Date to transfer to the Trustee, in the amounts specified in the Measure M Indenture, Measure M Receipts for deposit in the Pledged Measure M Receipts Fund established under the Measure M Indenture. Measure M Receipts once deposited in the Pledged Measure M Receipts Fund will become Pledged Measure M Receipts under the Measure M Indenture. Until such time as the Measure M Receipts are transferred to the Trustee and deposited into Pledged Measure M Receipts Fund, the Measure M Receipts are not subject to the lien created by the Measure M Indenture.

So long as any Measure M Bond, including any 2019A Bond, is Outstanding, the Trustee shall, as soon as possible following receipt of any Pledged Measure M Receipts from the City, deposit the Pledged Measure M Receipts in the Pledged Measure M Receipts Fund. The Trustee shall establish, maintain and hold in trust for the benefit of Owners of the Measure M Bonds the following respective funds and accounts and shall apply the Pledged Measure M Receipts in the manner and the order set forth below.

(1) *Interest Fund.* Following deposit of the Pledged Measure M Receipts into the Pledged Measure M Receipts Fund, the Trustee shall transfer therefrom to and deposit into the Interest Fund and thereafter allocate to 2019A Interest Account and any accounts established for any additional Series of Measure M Bonds, as soon as practicable, an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Measure M Bonds that are Current Interest Bonds, until the requisite amount of interest becoming due and payable on all such Outstanding Current Interest Bonds on the next Interest Payment Date is on deposit in such account. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Measure M Bonds as it shall become due and payable (including accrued interest on any Measure M Bonds redeemed prior to maturity pursuant to this Indenture). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable therefrom on the next Interest Payment Date.

(2) *Principal Fund; Principal Account; Sinking Account.* Following deposit of the Pledged Measure M Receipts into the Pledged Measure M Receipts Fund and the transfers provided in (1) above, the Trustee shall transfer from the Pledged Measure M Receipts Fund to and deposit into the Principal Fund and thereafter into the 2019A Principal Account and 2019A Sinking Account as soon as practicable an amount equal to the aggregate amount of principal coming due and payable on the Outstanding Measure M Bonds that are Current Interest Bonds, until the requisite amount principal becoming due and payable on all such Outstanding Current Interest Bonds on the next Interest Payment Date is on deposit in such account. All amounts in the Principal Fund and any account therein shall be used and withdrawn by the Trustee solely for the purpose of paying principal on the Outstanding Measure M Bonds as it shall become due and payable. No deposit need be made into the Principal Fund or an account therein if the amount contained therein is at least equal to the principal to become due and payable therefrom on the next Interest Payment Date. With respect to any Measure M Bonds, all of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Pledged Measure M Receipts are not sufficient to permit the Trustee to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Measure M Bonds that are Serial Bonds plus the Bond Obligation amount of and redemption premium on the applicable Outstanding Measure M Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied by the Trustee on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period. If the Pledged Measure M Receipts are not sufficient to permit the Trustee to deposit in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts for the Measure M Bonds, then payments into all such Sinking Accounts shall be made by the Trustee on a Proportionate Basis, in such proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period for the Measure M Bonds.

(3) 2019A Bond Reserve Fund. Upon the occurrence of any deficiency in the 2019A Bond Reserve Fund, the Trustee, following the transfers described in (1) and (2) above, shall make such deposit to the 2019A Bond Reserve Fund as is required pursuant to the Measure M Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable 2019A Bond Reserve Requirement.

If four Business Days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, any Measure M Bond Reserve Fund with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority covenants and agrees in the Indenture to transfer to the Trustee from any available Measure M Receipts in its possession, and amounts requested and received from the City, the amount of such deficiency on or prior to the principal payment date, Interest Payment Date or mandatory redemption date referenced in such notice.

Any Pledged Measure M Receipts remaining in the Pledged Measure M Receipts Fund after the transfers to Interest Fund, the Principal Fund and 2019A Bond Reserve Fund, as described above, are required to be transferred by the Trustee to the City on the same Business Day, or as soon as practicable thereafter, to be applied by the City for the purposes permitted under the Measure M Ordinance and the Guidelines. All Pledged Measure M Receipts released to the City shall no longer be pledged for the repayment of any Measure M Bonds and shall be released from and no longer subject to the lien created under the Measure M Indenture.

2019A Bond Reserve Fund

A 2019A Bond Reserve Fund for the 2019A Bonds is established under the Measure M Indenture. The 2019A Bond Reserve Fund will be funded at the 2019A Bond Reserve Requirement. The “2019A Bond Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the original par amount of the 2019A Bonds (or if the amount of original issue discount or original issue premium applicable to the 2019A Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2019A Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the 2019A Bonds, and (iii) Maximum Annual Debt Service on the 2019A Bonds.

The Authority may purchase a municipal bond debt service reserve insurance policy (the “2019A Reserve Policy”) to satisfy the Reserve Requirement with respect to the 2019A Bonds. If the Authority decides to purchase the 2019A Reserve Policy, it would be in an amount sufficient to satisfy the 2019A Bond Reserve Requirement and would be deposited with the Trustee in the 2019A Bond Reserve Fund.

All amounts in the 2019A Bond Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2019A Bond Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the 2019A Interest Account, the 2019A Principal Account or Sinking Account relating to the 2019A Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2019A Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2019A Bonds then Outstanding; provided, however, that if funds on deposit in the 2019A Bond Reserve Fund are applied to the defeasance or redemption of a portion of the 2019A Bonds, the amount on deposit in the 2019A Bond Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2019A Bond Reserve Requirement applicable to all 2019A Bonds

Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2019A Bonds.

Amounts in the 2019A Bond Reserve Fund are not available to pay any other Series of Measure M Bonds issued under the Measure M Indenture.

The Measure M Pledge Agreement

Under the Measure M Pledge Agreement, the City covenants to hold the Measure M Receipts in a special fund that has been established and is held by the City until such time in each Fiscal Year as the amount equals all amounts required for the payment of 2019A Bonds and any Additional Measure M Bonds in that Fiscal Year. The City will irrevocably pledge and assign on a first priority basis all Measure M Receipts transferred to the Trustee as Pledged Measure M Receipts unconditionally and irrevocably for the payment of debt service on the 2019A Bonds and any Additional Measure M Bonds until released from the lien of the Indenture. Amounts released from the pledge of the Indenture and disbursed to the City, interest earnings received on such released Measure M Receipts and any other income earned (such as fare revenues, revenue from advertising among other revenue sources) attributable to Measure M Receipts will be deposited into the special fund and then applied for any lawful purposes consistent with the Measure M Ordinance and the Measure M Guidelines.

Under the Measure M Pledge Agreement, the City is required on the fifth Business Day prior to each Interest Payment Date to transfer to the Trustee, in the amounts specified in the Measure M Indenture, Measure M Receipts for deposit in the Measure M Receipts Fund for application as described in “Allocation of Pledged Measure M Receipts” above. The failure to make any portion of such payment by the Interest Payment Date will be an event of default under the Measure M Pledge Agreement. Measure M Receipts once deposited in the Pledged Measure M Receipts Fund will become Pledged Measure M Receipts under the Indenture.

The City has made various representations and covenants under the Measure M Pledge Agreement including the representations and covenants listed below. See also APPENDIX L—FORM OF MEASURE M PLEDGE AGREEMENT for all of the representations and covenants made by the City pursuant to the Measure M Pledge Agreement.

Maintenance of Effort. The City will maintain, at a minimum, the same level of local funding for transportation projects and services at the level that constitutes the maintenance of effort as determined by LACMTA pursuant to the terms of the Measure M Ordinance and the Measure M Guidelines. The City covenants to include in each annual budget amounts sufficient to satisfy its annual maintenance of effort requirement.

Assurances and Understanding Agreement. The City represents that it has entered into an Assurances and Understanding Agreement with LACMTA, and that such Assurances and Understanding Agreement is in full force and effect. The City covenants that it shall comply with terms of the Assurances and Understanding Agreement, as the same may be amended from time to time.

Expenditure Plan. The City covenants that by no later than August 1 of each year, or such other date as may be required, it shall submit an Expenditure Plan to LACMTA.

Expenditure Report. The City covenants that by no later than October 15 of each year, or such other date as may be required, the City shall submit an Expenditure Report to LACMTA.

Audit Requirements; Maintenance of Financial Records. The City covenants to assist LACMTA in conducting an annual financial and compliance audit to verify the City's adherence to the Measure M Guidelines. The audit shall be conducted as part of LACMTA's Consolidated Audit Program. The City will maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in the Measure M Guidelines. The City shall retain such records relating to Measure M Receipts for at least four years following the year of allocation.

Maintenance of Measure M Receipts. The City will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure M Receipts, including but not limited to the Measure M Ordinance and the Measure M Guidelines, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure M Receipts and apply the same as provided in the Measure M Indenture; provided that nothing shall require the City to take any action or expend any City funds (to the extent legally available therefor) to comply with any requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure M Receipts to be received by the City in the next Fiscal Year to be less than 150% of the Annual Debt Service in such Fiscal Year on all Outstanding Measure M Bonds and any other obligations payable from Measure M Receipts as of the date of calculation. For Annual Debt Service attributable to the Fiscal Year 2039-40 (or in the event that the Measure M Ordinance is hereafter modified or amended, such Fiscal Year as specified in the Measure M Ordinance as amended or modified) or any Fiscal Year subsequent to the Fiscal Year 2039-40, for purposes of such calculation, the City, in determining its estimated Measure M Receipts to be received by the City in the next Fiscal Year, shall be permitted to adjust the estimated Measure M Receipts to account for the increase in the Measure M Sales Tax from 1/2% to 1% (or in the event that the Measure M Ordinance is hereafter modified or amended, the estimated Measure M Receipts may be adjusted by the change in the Measure M Sales Tax specified in the Measure M Ordinance as amended or modified), which is scheduled to occur on July 1, 2039.

Expenditure on Eligible Projects. The City covenants to use proceeds of the 2019A Bonds and any Measure M Receipts received by the City only on projects eligible to be funded through the use of Measure M Sales Tax revenues as provided in the Measure M Guidelines.

Additional Bonds under the Measure M Indenture

Subsequent to the issuance of the 2019A Bonds, the Authority may establish one or more additional Series of Measure M Bonds, payable by the Authority from and secured by the pledge of the Measure M Receipts equally and ratably with any other Series of Measure M Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Measure M Bonds of such additional Series so established, in such principal amount as shall be determined by the Authority upon compliance by the Authority with the following provisions of the Indenture and any additional requirements set forth in any applicable Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Measure M Bonds:

- (1) No Event of Default shall have occurred and then be continuing.
- (2) Subject to the provisions of the Measure M Indenture relating to bond reserve funds, if the Supplemental Indenture providing for the issuance of the additional series so requires, either (i) a Bond Reserve Fund is established to provide additional security for that Series of Measure M Bonds or (ii) the balance on deposit in an existing Bond Reserve Fund is increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series and all other Series secured by that Bond Reserve Fund

and then Outstanding, the Supplemental Indenture providing for the issuance of such additional Series of Measure M Bonds shall require deposit of the amount necessary. Such deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series and may be made from the proceeds of the sale of such additional Series or from other funds and may be satisfied in whole or in part through the provision of a Reserve Facility.

(3) The aggregate principal amount of bonds issued under the Measure M Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(4) The Authority shall place on file with the Trustee a certificate of the Authority certifying that for each Bond Year subsequent to the issuance of such additional Series the amount of Measure M Receipts for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series will become Outstanding is equal to 150% of Annual Debt Service on all Outstanding Measure M Bonds and the additional Series of Measure M Bonds then proposed to be issued and any parity obligations payable from Measure M Receipts then outstanding, which certificate shall also set forth the computations upon which such certificate is based. If the Annual Debt Service is attributable to the Fiscal Year 2039-40 (or in the event that the Measure M Ordinance is modified or amended, such Fiscal Year as specified in the Measure M Ordinance as amended or modified) or any Fiscal Year subsequent to the Fiscal Year 2039-40, the Authority is permitted to adjust the Measure M Receipts to account for the increase in the Measure M Sales Tax from 1/2% to 1% (or in the event that the Ordinance is modified or amended, the Measure M Receipts may be adjusted by the change in the Measure M Sales Tax specified in the Measure M Ordinance as amended or modified), which is scheduled to occur on July 1, 2039.

(5) Principal payments of each additional Series of Measure M Bonds shall be due on June 1 in each year in which principal is to be paid, and, if the interest on such Series of Measure M Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year.

In addition to any Additional Measure M Bonds, the Authority may issue refunding Measure M Bonds in accordance with the Indenture. APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE M INDENTURE.

Projected Debt Service Coverage

Set forth below is the estimated debt service coverage of the 2019A Bonds. The below table assumes no increase in the amount of Measure M Receipts from the amount estimated by LACMTA to be allocated to the City for the Fiscal Year 2018-19 as set forth above.

PROJECTED DEBT SERVICE COVERAGE
2019A BONDS

Fiscal Year Ending June 30	2019A Bonds Debt Service*	Measure M Receipts ⁽¹⁾	Coverage*
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⁽¹⁾ Measure M Receipts are based on the estimated amount Measure M Receipts to be allocated to the City by LACMTA in Fiscal Year 2018-19, assuming no growth in such amount. The rate of the Measure M Sales Tax increases to one percent on July 1, 2039 immediately upon the expiration of the Measure R Sales Tax.

* Preliminary; subject to change.

THE MEASURE R SALES TAX

Measure R Sales Tax

The Measure R Sales Tax imposed in the County for transportation purposes and administered by MTA is in addition to the sales or use tax levied Statewide by the State. The current Statewide tax rate is 7.25%. The Measure R Sales Tax is also in addition to: (i) a 0.5% Measure M Sales Tax described under the caption “THE MEASURE M SALES TAX;” (ii) a 0.5% Proposition C Sales Tax (iii) a 0.5% Proposition A Sales Tax” and (iv) sales taxes that apply only within certain cities within the County. The Measure R Sales Tax commenced on July 1, 2009, is administered by LACMTA and will be collected until June 30, 2039.

In general, the State Sales Tax applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Because the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State.

The Measure R Sales Tax is generally imposed upon the same transactions and items that are subject to the sales and use tax levied by the State, with generally the same exceptions. Many categories of transactions are exempt from the State Sales Tax and the Measure R Sales Tax. The most important of these exemptions are sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from both the State Sales Tax and the Measure R Sales Tax; however, the occasional sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt both from the State Sales Tax and the Measure R Sales Tax.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure R Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Measure R Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that would have a material adverse effect on Pledged Measure R Receipts.

Collection and Allocation of Measure R Sales Tax

Collection of the Measure R Sales Tax is administered by the CDTFA. The CDTFA handles most of the taxes and fees previously collected by the Board of Equalization, including the Measure R Sales Tax. Pursuant to its procedures, the CDTFA projects receipts of the Measure R Sales Tax on a quarterly basis and remits receipts to the trustee for the LACMTA Measure R Bonds each month based on such projection. The amount of each monthly advance is based upon the CDTFA’s quarterly projection. During the second month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the Measure R Sales Tax for the previous quarter less administration costs.

The Measure R Ordinance provides for the collection and allocation of revenues as follows: (i) 2% for LACMTA rail capital improvements; (ii) 3% for Metrolink capital improvements; (iii) 5% for rail

operations for new transit projects; (iv) 15% for local return (the “Measure R Local Return”); (v) 20% for bus operations allocated using LACMTA’s formula allocation procedure; (vi) 20% for highway capital projects; and (vii) 35% for specific transit capital projects. The Measure R Receipts constitute the local return portion of such Measure R Sales Tax revenues allocable to the City (as described in clause (iv) in the previous sentence). The CDTFA, after deducting the costs of administering the Measure R Sales Tax, has agreed to remit all Measure R Sales Tax revenues to the trustee for the LACMTA Measure R Bonds. Such trustee will immediately thereafter disburse the Measure R Local Return to LACMTA for disbursement to the incorporated cities within the County (including the City) and to the County for unincorporated areas in the County. The Measure R Local Return does not serve as security for any of the LACMTA Measure R Bonds.

Currently, apportionments of Measure R Local Return are being made to 88 cities and the County for the unincorporated areas. The Measure R Local Return allocations to the Jurisdictions are based on the population shares from the projected populations as derived from annual estimates made by the California State Department of Finance. The projected populations are revised annually in the formula allocation procedure established by the LACMTA Board. Measure R Local Return funds are then automatically allocated monthly on a per capita basis to such Jurisdiction. See “MEASURE M SALES TAX - Application of Measure M Sales Tax” for population estimates for the City and the County for calendar years 2010 through 2019.

The following table sets forth the audited amount of Measure R Receipts for the 2015-18 fiscal years and the unaudited amount received for fiscal year 2018-19. Projected Measure R Receipts for fiscal year 2019-20 are based upon an estimate provided by LACMTA. No assurance can be provided that such estimate will be accurate.

CITY OF MONTEBELLO MEASURE R RECEIPTS

Fiscal Year	Measure R Receipts ⁽¹⁾	Percent Change from Prior Fiscal Year
2014-15	\$ 696,999	n/a
2015-16	716,955	2.86%
2016-17	736,279	2.70
2017-18	762,550	3.57
2018-19 ⁽²⁾	798,516	4.72
2019-20 ⁽³⁾	808,726	1.28

Source: City of Montebello 2015 through 2018 CAFRs and City of Montebello Finance Department.

- (1) 15% of the Measure R Sales Tax is allocated to cities within the County and to the County of Los Angeles for the unincorporated areas on a per capita basis.
- (2) Unaudited Actuals provided by the City.
- (3) Estimated amount provided by the LACMTA.

SECURITY AND SOURCES OF PAYMENT FOR THE 2019B BONDS

Pledged Measure R Receipts

The Measure R Bonds, including 2019B Bonds, are secured by Pledged Measure R Receipts under the Measure R Indenture that are derived from the Measure R Sales Tax imposed in the County pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State and the Measure R Ordinance. The

Measure R Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County. Collection of the Measure R Sales Tax commenced on July 1, 2009 and terminates on June 30, 2039.

Security for the 2019B Bonds

As security for the payment of all amounts owing on the 2019B Bonds, there are irrevocably pledged to the Trustee, all (i) Pledged Measure R Receipts and (ii) all amounts, including proceeds of the 2019B Bonds, held on deposit in the funds and accounts established under the Measure R Indenture relating to the 2019B Bonds (except for amounts held in the Rebate Fund established under the Measure R Indenture), subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Pledged Measure R Receipts and the amounts held under the Measure R Indenture pursuant to the preceding sentence shall immediately be subject to the pledge, and the pledge will constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Authority and all others asserting the rights therein, to the extent set forth, and in accordance with, the Measure R Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act.

Limited Obligation

The Measure R Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Measure R Receipts and any other funds pledged therefor under the Measure R Indenture. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Measure R Receipts and other amounts held under the Measure R Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019B Bonds.

Allocation of Pledged Measure R Receipts

Pursuant to the Measure R Pledge Agreement, all Measure R Receipts will be deposited by the City immediately upon receipt in a special fund established and held by the City for the deposit of such Measure R Receipts, until such time in each Fiscal Year as the amount therein equals the amounts required for the payment of Measure R Bonds in that Fiscal Year.

Under the Measure R Pledge Agreement, the City will irrevocably pledge and assign on a first priority basis all Measure R Receipts transferred to the Trustee as Pledged Measure M Receipts unconditionally and irrevocably for the payment of debt service on the 2019B Bonds and any Additional Measure R Bonds until released from the lien of the Measure R Indenture. Under the Measure R Pledge Agreement, the City is required on the fifth Business Day prior to each Interest Payment Date to transfer to the Trustee, in the amounts specified in the Measure R Indenture, Measure R Receipts for deposit in the Pledged Measure R Receipts Fund established under the Measure R Indenture. Measure R Receipts once deposited in the Pledged Measure R Receipts Fund will become Pledged Measure R Receipts under the Measure R Indenture. Until such time as the Measure R Receipts are transferred to the Trustee and deposited into Pledged Measure R Receipts Fund, the Measure R Receipts are not subject to the lien created by the Measure R Indenture.

So long as any Measure R Bond, including any 2019B Bond, is Outstanding, the Trustee shall, as soon as possible following receipt of any Pledged Measure R Receipts from the City, deposit the Pledged

Measure R Receipts in Pledged Measure R Receipts Fund. The Trustee shall establish, maintain and hold in trust for the benefit of Owners of the Measure R Bonds the following respective funds and accounts and shall apply the Pledged Measure R Receipts in the manner and the order set forth below.

(1) *Interest Fund.* Following deposit of the Pledged Measure R Receipts into the Pledged Measure R Receipts Fund, the Trustee shall transfer therefrom to and deposit into the Interest Fund and thereafter allocate to 2019B Interest Account and any accounts established for any additional Series of Measure R Bonds, as soon as practicable, an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Measure R Bonds that are Current Interest Bonds, until the requisite amount of interest becoming due and payable on all such Outstanding Current Interest Bonds on the next Interest Payment Date is on deposit in such account. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Measure R Bonds as it shall become due and payable (including accrued interest on any Measure R Bonds redeemed prior to maturity pursuant to this Indenture). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable therefrom on the next Interest Payment Date.

(2) *Principal Fund; Principal Account; Sinking Account.* Following deposit of the Pledged Measure R Receipts into the Pledged Measure R Receipts Fund and the transfers provided in (1) above, the Trustee shall transfer from the Pledged Measure R Receipts Fund to and deposit into the Principal Fund and thereafter into the 2019B Principal Account and 2019B Sinking Account as soon as practicable an amount equal to the aggregate amount of principal coming due and payable on the Outstanding Measure R Bonds that are Current Interest Bonds, until the requisite amount of principal becoming due and payable on all such Outstanding Current Interest Bonds on the next Interest Payment Date is on deposit in such account. All amounts in the Principal Fund and any account therein shall be used and withdrawn by the Trustee solely for the purpose of paying principal on the Outstanding Measure R Bonds as it shall become due and payable. No deposit need be made into the Principal Fund or an account therein if the amount contained therein is at least equal to the principal to become due and payable therefrom on the next Interest Payment Date. With respect to any Measure R Bonds, all of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Pledged Measure R Receipts are not sufficient to permit the Trustee to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Measure R Bonds that are Serial Bonds plus the Bond Obligation amount of and redemption premium on the applicable Outstanding Measure R Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied by the Trustee on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period. If the Pledged Measure R Receipts are not sufficient to permit the Trustee to deposit in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts for the Measure R Bonds, then payments into all such Sinking Accounts shall be made by the Trustee on a Proportionate Basis, in such proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period for the Measure R Bonds.

(3) *2019B Bond Reserve Fund.* Upon the occurrence of any deficiency in any 2019B Bond Reserve Fund, the Trustee, following the transfers described in (1) and (2) above, shall make such deposit to such

2019B Bond Reserve Fund as is required pursuant to the Measure R Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable 2019B Bond Reserve Requirement.

If four Business Days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, any Measure R Bond Reserve Fund with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority covenants and agrees in the Indenture to transfer to the Trustee from any available Measure R Receipts in its possession, and amounts requested and received from the City, the amount of such deficiency on or prior to the principal payment date, Interest Payment Date or mandatory redemption date referenced in such notice.

Any Pledged Measure R Receipts remaining in the Pledged Measure R Receipts Fund after the transfers to Interest Fund, the Principal Fund and 2019B Bond Reserve Fund, as described above, are required to be transferred by the Trustee to the City on the same Business Day, or as soon as practicable thereafter, to be applied by the City for the purposes permitted under the Measure R Ordinance and the Guidelines. All Pledged Measure R Receipts released to the City shall no longer be pledged for the repayment of any Bonds and shall be released from and no longer subject to the lien created under the Measure R Indenture.

2019B Bond Reserve Fund

A 2019B Bond Reserve Fund for the 2019B Bonds is established under the Measure R Indenture. The 2019B Bond Reserve Fund will be funded at the 2019B Bond Reserve Requirement. The “2019B Bond Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the original par amount of the 2019B Bonds (or if the amount of original issue discount or original issue premium applicable to the 2019B Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2019B Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the 2019B Bonds, and (iii) Maximum Annual Debt Service on the 2019B Bonds.

The Authority may purchase a municipal bond debt service reserve insurance policy (the “2019B Reserve Policy”) to satisfy the Reserve Requirement with respect to the 2019B Bonds. If the Authority decides to purchase the 2019B Reserve Policy, it would be in an amount sufficient to satisfy the 2019B Bond Reserve Requirement and would be deposited with the Trustee in the 2019B Bond Reserve Fund.

All amounts in the 2019B Bond Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2019B Bond Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the 2019B Interest Account, the 2019B Principal Account or Sinking Account relating to the 2019B Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2019B Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2019B Bonds then Outstanding; provided, however, that if funds on deposit in the 2019B Bond Reserve Fund are applied to the defeasance or redemption of a portion of the 2019B Bonds, the amount on deposit in the 2019B Bond Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2019B Bond Reserve Requirement applicable to all 2019B Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2019B Bonds.

Amounts in the 2019B Bond Reserve Fund are not available to pay any other Series of Measure R Bonds issued under the Measure R Indenture.

The Measure R Pledge Agreement

Under the Measure R Pledge Agreement, the City covenants to hold Measure R Receipts in a special fund that has been established and is held by the City until such time in each Fiscal Year as the amount equals all amounts required for the payment of 2019B Bonds and any Additional Measure R Bonds in that Fiscal Year. The City will irrevocably pledge and assign on a first priority basis all Measure R Receipts transferred to the Trustee as Pledged Measure R Receipts unconditionally and irrevocably for the payment of debt service on the 2019B Bonds and any Additional Measure R Bonds until released from the lien of the Indenture. Amounts released from the pledge of the Indenture and disbursed to the City, interest earnings received on such released Measure R Receipts and any other income earned (such as fare revenues, revenue from advertising among other revenue sources) attributable to Measure R Receipts will be deposited into the special fund and then applied for any lawful purposes consistent with the Measure R Ordinance and the Measure R Guidelines.

Under the Pledge Agreement, the City is required on the fifth Business Day prior to each Interest Payment Date of Transfer to the Trustee, in the amounts specified in the Indenture, Measure R Receipts for deposit in the Measure R Receipts Fund for application as described in “Allocation of Pledged Measure R Receipts” above. The failure to make any portion of such payment by the Interest Payment Date will be an event of default under the Measure R Pledge Agreement. Measure R Receipts once deposited in the Pledged Measure R Receipts Fund will become Pledged Measure R Receipts under the Indenture.

The City has made various representations and covenants under the Measure R Pledge Agreement including the representations and covenants listed below. See also APPENDIX M—FORM OF MEASURE R PLEDGE AGREEMENT for all of the representations and covenants made by the City pursuant to the Measure R Pledge Agreement.

Maintenance of Effort. The City will maintain, at a minimum, the same level of local funding for transportation projects and services at the level that constitutes the maintenance of effort as determined by LACMTA pursuant to the terms of the Measure R Ordinance and the Measure R Guidelines. The City covenants to include in each annual budget amounts sufficient to satisfy its annual maintenance of effort requirement.

Assurances and Understanding Agreement. The City represents that it has entered into an Assurances and Understanding Agreement with LACMTA, and that such Assurances and Understanding Agreement is in full force and effect. The City covenants that it shall comply with terms of the Assurances and Understanding Agreement, as the same may be amended from time to time.

Expenditure Plan. The City covenants that by no later than August 1 of each year, or such other date as may be required, it shall submit an Expenditure Plan to LACMTA.

Expenditure Report. The City covenants that by no later than October 15 of each year, or such other date as may be required, the City shall submit an Expenditure Report to LACMTA.

Audit Requirements; Maintenance of Financial Records. The City covenants to assist LACMTA in conducting an annual financial and compliance audit to verify the City’s adherence to the Measure R Guidelines. The audit shall be conducted as part of LACMTA’s Consolidated Audit Program. The City

will maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in the Measure R Guidelines. The City shall retain such records relating to Measure R Receipts for at least four years following the year of allocation.

Maintenance of Measure R Receipts. The City will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure R Receipts, including but not limited to the Measure R Ordinance and the Measure R Guidelines, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure R Receipts and apply the same as provided in the Measure R Indenture; provided that nothing shall require the City to take any action or expend any City funds (to the extent legally available therefor) to comply with any requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure R Receipts to be received by the City in the next Fiscal Year to be less than 150% of the Annual Debt Service in such Fiscal Year on all Outstanding Measure R Bonds and any other obligations payable from Measure R Receipts then outstanding as of the date of calculation.

Expenditure on Eligible Projects. The City covenants to use proceeds of the 2019B Bonds and any Measure R Receipts received by the City only on projects eligible to be funded through the use of the Measure R Sales Tax revenues as provided in the Measure R Guidelines.

Additional Bonds under the Measure R Indenture

Subsequent to the issuance of the 2019B Bonds, the Authority may establish one or more additional Series of Measure R Bonds, payable by the Authority from and secured by the pledge of the Measure R Receipts equally and ratably with any other Series of Measure R Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Measure R Bonds of such additional Series so established, in such principal amount as shall be determined by the Authority upon compliance by the Authority with the following provisions of the Measure R Indenture and any additional requirements set forth in any applicable Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Measure R Bonds:

(1) No Event of Default under the Measure R Indenture shall have occurred and then be continuing.

(2) Subject to the provisions of the Measure R Indenture relating to bond reserve funds, if the Supplemental Indenture providing for the issuance of the additional series so requires, either (i) a Bond Reserve Fund is established to provide additional security for that Series of Measure R Bonds or (ii) the balance on deposit in an existing Bond Reserve Fund is increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series and all other Series secured by that Bond Reserve Fund and then Outstanding, the Supplemental Indenture providing for the issuance of such additional Series of Measure R Bonds shall require deposit of the amount necessary. Such deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series and may be made from the proceeds of the sale of such additional Series or from other funds and may be satisfied in whole or in part through the provision of a Reserve Facility.

(3) The aggregate principal amount of bonds issued under the Measure R Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(4) The Authority shall place on file with the Trustee a certificate of the Authority certifying that for each Bond Year subsequent to the issuance of such additional Series the amount of Measure R Receipts for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series will become Outstanding is at least equal to 150% of Annual Debt Service on all Outstanding Measure R Bonds and the additional Series of Measure R Bonds then proposed to be issued and any parity obligations payable from Measure R Receipts then outstanding, which certificate shall also set forth the computations upon which such certificate is based.

(5) Principal payments of each additional Series of Measure R Bonds shall be due on June 1 in each year in which principal is to be paid, and, if the interest on such Series of Measure R Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year.

In addition to any Additional Measure R Bonds, the Authority may issue refunding Measure R Bonds in accordance with the Indenture. APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE R INDENTURE.

Projected Debt Service Coverage

Set forth below is the estimated debt service coverage of the 2019B Bonds. The below table assumes no increase in the amount of Measure R Receipts from the amount of Measure R Receipts received by the City from LACMTA in Fiscal Year [2017-18].

PROJECTED DEBT SERVICE COVERAGE 2019B BONDS

Fiscal Year Ending June 30	2019B Bonds Debt Service*	Measure R Receipts ⁽¹⁾	Coverage*
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			

⁽¹⁾ Measure R Receipts are based on the audited amount of Measure R Receipts received by the City and reported in the Los Angeles County Metropolitan Transportation Authority's City of Montebello Annual Financial Report of its Measure R Local Return Fund as of and for the Years ended June 30, 2018 and 2017, assuming no growth in such amount.

* Preliminary; subject to change

THE PROPOSITION C SALES TAX

Proposition C Sales Tax

The Proposition C Sales Tax imposed in the County for transportation purposes and administered by MTA is in addition to the sales or use tax levied Statewide by the State. The current Statewide tax rate is 7.25%. The Proposition C Sales Tax is also in addition to: (i) a 0.5% Measure M Sales Tax described under the caption “THE MEASURE M SALES TAX;” (ii) a 0.5% Measure R Sales Tax described under the caption “THE MEASURE R SALES TAX;” (iii) a 0.5% Proposition A Sales Tax” and (iv) sales taxes that apply only within certain cities within the County. The Proposition C Sales Tax commenced on April 1, 1991, is administered by LACMTA and does not terminate.

In general, the State Sales Tax applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Because the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State.

The Proposition C Sales Tax is generally imposed upon the same transactions and items that are subject to the sales and use tax levied by the State, with generally the same exceptions. Many categories of transactions are exempt from the State Sales Tax and the Proposition C Sales Tax. The most important of these exemptions are sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from both the State Sales Tax and the Proposition C Sales Tax; however, the occasional sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt both from the State Sales Tax and the Proposition C Sales Tax.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Proposition C Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Proposition C Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that would have a material adverse effect on Pledged Proposition C Receipts.

Collection and Allocation of Proposition C Sales Tax

Collection of the Proposition C Sales Tax is administered by the CDTFA. The CDTFA handles most of the taxes and fees previously collected by the Board of Equalization, including the Proposition C Sales Tax. Pursuant to its procedures, the CDTFA projects receipts of the Proposition C Sales Tax on a quarterly basis and remits receipts to the trustee for the LACMTA Proposition C Bonds each month based on such projection. The amount of each monthly advance is based upon the CDTFA’s quarterly projection. During the second month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the Proposition C Sales Tax for the previous quarter less administration costs.

The Proposition C Ordinance provides for the collection and allocation of revenues as follows: (i) 5% for rail and bus security; (ii) 25% for freeways and highways; (iii) 10% for commuter rail; (iv) 20% for local return (the “Proposition C Local Return”); and (v) 40% for discretionary capital projects. The Proposition C Receipts constitute the local return portion of such Proposition C Sales Tax revenues allocable to the City (as described in clause (iv) in the previous sentence). The CDTFA, after deducting the costs of administering the Proposition C Sales Tax, has agreed to remit all Proposition C Sales Tax revenues to the trustee for the LACMTA Proposition C Bonds. Such trustee will immediately thereafter disburse the Proposition C Local Return to LACMTA for disbursement to the incorporated cities within the County (including the City) and to the County for unincorporated areas in the County. The Proposition C Local Return does not serve as security for any of the LACMTA Proposition C Bonds.

Currently, apportionments of Proposition C Local Return are being made to 88 cities and the County for the unincorporated areas. The Proposition C Local Return allocations to the Jurisdictions are based on the population shares from the projected populations as derived from annual estimates made by the California State Department of Finance. The projected populations are revised annually in the formula allocation procedure established by the LACMTA Board. Proposition C Local Return funds are then automatically allocated monthly on a per capita basis to such Jurisdiction. See “PROPOSITION C SALES TAX - Application of Proposition C Sales Tax” for population estimates for the City and the County for calendar years 2010 through 2019.

The following table sets forth the audited amount of Proposition C Receipts for the 2015-18 fiscal years and the unaudited amount received for fiscal year 2018-19. Projected Proposition C Receipts for Fiscal Year 2019-20 are based upon an estimate provided by LACMTA. No assurance can be provided that such estimate will be accurate.

CITY OF MONTEBELLO PROPOSITION C RECEIPTS

Fiscal Year	Proposition C Receipts ⁽¹⁾	Percent Change from Prior Fiscal Year
2014-15	\$ 932,534	n/a
2015-16	960,473	3.00%
2016-17	989,235	2.99
2017-18	1,030,570	4.18
2018-19 ⁽²⁾	1,064,382	3.28
2019-20 ⁽³⁾	1,078,185	1.30

Source: City of Montebello 2015 through 2018 CAFRs and City of Montebello Finance Department.

(1) 15% of the Proposition C Sales Tax is allocated to cities within the County and to the County of Los Angeles for the unincorporated areas on a per capita basis.

(2) Unaudited Actuals provided by the City.

(3) Estimated amount provided by the LACMTA.

SECURITY AND SOURCES OF PAYMENT FOR THE 2019C BONDS

Pledged Proposition C Receipts

The Proposition C Bonds, including 2019C Bonds, are secured by Pledged Proposition C Receipts under the Proposition C Indenture that are derived from the Proposition C Sales Tax imposed in the County

pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State and the Proposition C Ordinance. The Proposition C Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County. Collection of the Proposition C Sales Tax commenced on April 1, 1991 and does not terminate.

Security for the 2019C Bonds

As security for the payment of all amounts owing on the 2019C Bonds, there are irrevocably pledged to the Trustee, all (i) Pledged Proposition C Receipts and (ii) all amounts, including proceeds of the 2019C Bonds, held on deposit in the funds and accounts established under the Proposition C Indenture relating to the 2019C Bonds (except for amounts held in the Rebate Fund established under the Proposition C Indenture), subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Pledged Proposition C Receipts and the amounts held under the Proposition C Indenture pursuant to the preceding sentence shall immediately be subject to the pledge, and the pledge will constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Authority and all others asserting the rights therein, to the extent set forth, and in accordance with, the Proposition C Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act.

Limited Obligation

The Proposition C Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Proposition C Receipts and any other funds pledged therefor under the Proposition C Indenture. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Proposition C Receipts and other amounts held under the Proposition C Indenture, is pledged to the payment of the principal of, redemption price or interest on the 2019C Bonds.

Allocation of Pledged Proposition C Receipts

Pursuant to the Proposition C Pledge Agreement, all Proposition C Receipts will be deposited by the City immediately upon receipt in a special fund established and held by the City for the deposit of such Proposition C Receipts, until such time in each Fiscal Year as the amount therein equals the amounts required for the payment of Proposition C Bonds in that Fiscal Year.

Under the Proposition C Pledge Agreement, the City will irrevocably pledge and assign on a first priority basis all Proposition C Receipts transferred to the Trustee as Pledged Proposition C Receipts unconditionally and irrevocably for the payment of debt service on the 2019C Bonds and any Additional Proposition C Bonds until released from the lien of the Proposition C Indenture. Under the Proposition C Pledge Agreement, the City is required on the fifth Business Day prior to each Interest Payment Date to transfer to the Trustee, in the amounts specified in the Proposition C Indenture, Proposition C Receipts for deposit in the Pledged Proposition C Receipts Fund established under the Proposition C Indenture. Proposition C Receipts once deposited in the Pledged Proposition C Receipts Fund will become Pledged Proposition C Receipts under the Proposition C Indenture. Until such time as the Proposition C Receipts are transferred to the Trustee and deposited into Pledged Proposition C Receipts Fund, the Proposition C Receipts are not subject to the lien created by the Proposition C Indenture.

So long as any Proposition C Bond, including any 2019C Bond, is Outstanding, the Trustee shall, as soon as possible following receipt of any Pledged Proposition C Receipts from the City, deposit the Pledged Proposition C Receipts in Pledged Proposition C Receipts Fund. The Trustee shall establish, maintain and hold in trust for the benefit of Owners of the Proposition C Bonds the following respective funds and accounts and shall apply the Pledged Proposition C Receipts in the manner and the order set forth below.

(1) *Interest Fund.* Following deposit of the Pledged Proposition C Receipts into the Pledged Proposition C Receipts Fund, the Trustee shall transfer therefrom to and deposit into the Interest Fund and thereafter allocate to 2019C Interest Account and any accounts established for any additional Series of Proposition C Bonds, as soon as practicable, an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Proposition C Bonds that are Current Interest Bonds, until the requisite amount of interest becoming due and payable on all such Outstanding Current Interest Bonds on the next Interest Payment Date is on deposit in such account. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Proposition C Bonds as it shall become due and payable (including accrued interest on any Proposition C Bonds redeemed prior to maturity pursuant to this Indenture). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable therefrom on the next Interest Payment Date.

(2) *Principal Fund; Principal Account; Sinking Account.* Following deposit of the Pledged Proposition C Receipts into the Pledged Proposition C Receipts Fund and the transfers provided in (1) above, the Trustee shall transfer from the Pledged Proposition C Receipts Fund to and deposit into the Principal Fund and thereafter into the 2019C Principal Account and 2019C Sinking Account as soon as practicable an amount equal to the aggregate amount of principal coming due and payable on the Outstanding Proposition C Bonds that are Current Interest Bonds, until the requisite amount of principal becoming due and payable on all such Outstanding Current Interest Bonds on the next Interest Payment Date is on deposit in such account. All amounts in the Principal Fund and any account therein shall be used and withdrawn by the Trustee solely for the purpose of paying principal on the Outstanding Proposition C Bonds as it shall become due and payable. No deposit need be made into the Principal Fund or an account therein if the amount contained therein is at least equal to the principal to become due and payable therefrom on the next Interest Payment Date. With respect to any Proposition C Bonds, all of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Pledged Proposition C Receipts are not sufficient to permit the Trustee to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Proposition C Bonds that are Serial Bonds plus the Bond Obligation amount of and redemption premium on the applicable Outstanding Proposition C Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied by the Trustee on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period. If the Pledged Proposition C Receipts are not sufficient to permit the Trustee to deposit in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts for the Proposition C Bonds, then payments into all such Sinking Accounts shall be made by the Trustee on a Proportionate Basis, in such proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then

current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period for the Proposition C Bonds.

(3) 2019C Bond Reserve Fund. Upon the occurrence of any deficiency in any 2019C Bond Reserve Fund, the Trustee, following the transfers described in (1) and (2) above, shall make such deposit to such 2019C Bond Reserve Fund as is required pursuant to the Proposition C Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable 2019C Bond Reserve Requirement.

If four Business Days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, any Proposition C Bond Reserve Fund with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority covenants and agrees in the Indenture to transfer to the Trustee from any available Proposition C Receipts in its possession, and amounts requested and received from the City, the amount of such deficiency on or prior to the principal payment date, Interest Payment Date or mandatory redemption date referenced in such notice.

Any Pledged Proposition C Receipts remaining in the Pledged Proposition C Receipts Fund after the transfers to Interest Fund, the Principal Fund and 2019C Bond Reserve Fund, as described above, are required to be transferred by the Trustee to the City on the same Business Day, or as soon as practicable thereafter, to be applied by the City for the purposes permitted under the Proposition C Ordinance and the Guidelines. All Pledged Proposition C Receipts released to the City shall no longer be pledged for the repayment of any Bonds and shall be released from and no longer subject to the lien created under the Proposition C Indenture.

2019C Bond Reserve Fund

A 2019C Bond Reserve Fund for the 2019C Bonds is established under the Proposition C Indenture. The 2019C Bond Reserve Fund will be funded at the 2019C Bond Reserve Requirement. The “2019C Bond Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the original par amount of the 2019C Bonds (or if the amount of original issue discount or original issue premium applicable to the 2019C Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2019C Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the 2019C Bonds, and (iii) Maximum Annual Debt Service on the 2019C Bonds.

The Authority may purchase a municipal bond debt service reserve insurance policy (the “2019C Reserve Policy”) to satisfy the Reserve Requirement with respect to the 2019C Bonds. If the Authority decides to purchase the 2019C Reserve Policy, it would be in an amount sufficient to satisfy the 2019C Bond Reserve Requirement and would be deposited with the Trustee in the 2019C Bond Reserve Fund.

All amounts in the 2019C Bond Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2019C Bond Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the 2019C Interest Account, the 2019C Principal Account or Sinking Account relating to the 2019C Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2019C Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2019C Bonds then Outstanding; provided, however, that if funds on

deposit in the 2019C Bond Reserve Fund are applied to the defeasance or redemption of a portion of the 2019C Bonds, the amount on deposit in the 2019C Bond Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2019C Bond Reserve Requirement applicable to all 2019C Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2019C Bonds.

Amounts in the 2019C Bond Reserve Fund are not available to pay any other Series of Proposition C Bonds issued under the Proposition C Indenture.

The Proposition C Pledge Agreement

Under the Proposition C Pledge Agreement, the City covenants to hold Proposition C Receipts in a special fund that has been established and is held by the City until such time in each Fiscal Year as the amount equals all amounts required for the payment of 2019C Bonds and any Additional Proposition C Bonds in that Fiscal Year. The City will irrevocably pledge and assign on a first priority basis all Proposition C Receipts transferred to the Trustee as Pledged Proposition C Receipts unconditionally and irrevocably for the payment of debt service on the 2019C Bonds and any Additional Proposition C Bonds until released from the lien of the Indenture. Amounts released from the pledge of the Indenture and disbursed to the City, interest earnings received on such released Proposition C Receipts and any other income earned (such as fare revenues, revenue from advertising among other revenue sources) attributable to Proposition C Receipts will be deposited into the special fund and then applied for any lawful purposes consistent with the Proposition C Ordinance and the Proposition C Guidelines.

Under the Pledge Agreement, the City is required on the fifth Business Day prior to each Interest Payment Date of Transfer to the Trustee, in the amounts specified in the Indenture, Proposition C Receipts for deposit in the Proposition C Receipts Fund for application as described in “Allocation of Pledged Proposition C Receipts” above. The failure to make any portion of such payment by the Interest Payment Date will be an event of default under the Proposition C Pledge Agreement. Proposition C Receipts once deposited in the Pledged Proposition C Receipts Fund will become Pledged Proposition C Receipts under the Indenture.

The City has made various representations and covenants under the Proposition C Pledge Agreement including the representations and covenants listed below. See also APPENDIX N—FORM OF PROPOSITION C PLEDGE AGREEMENT for all of the representations and covenants made by the City pursuant to the Proposition C Pledge Agreement.

Maintenance of Effort. The City will maintain, at a minimum, the same level of local funding for transportation projects and services at the level that constitutes the maintenance of effort as determined by LACMTA pursuant to the terms of the Proposition C Ordinance and the Proposition C Guidelines. The City covenants to include in each annual budget amounts sufficient to satisfy its annual maintenance of effort requirement.

Assurances and Understanding Agreement. The City represents that it has entered into an Assurances and Understanding Agreement with LACMTA, and that such Assurances and Understanding Agreement is in full force and effect. The City covenants that it shall comply with terms of the Assurances and Understanding Agreement, as the same may be amended from time to time.

Expenditure Plan. The City covenants that by no later than August 1 of each year, or such other date as may be required, it shall submit an Expenditure Plan to LACMTA.

Expenditure Report. The City covenants that by no later than October 15 of each year, or such other date as may be required, the City shall submit an Expenditure Report to LACMTA.

Audit Requirements; Maintenance of Financial Records. The City covenants to assist LACMTA in conducting an annual financial and compliance audit to verify the City's adherence to the Proposition C Guidelines. The audit shall be conducted as part of LACMTA's Consolidated Audit Program. The City will maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in the Proposition C Guidelines. The City shall retain such records relating to Proposition C Receipts for at least four years following the year of allocation.

Maintenance of Proposition C Receipts. The City will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Proposition C Receipts, including but not limited to the Proposition C Ordinance and the Proposition C Guidelines, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Proposition C Receipts and apply the same as provided in the Proposition C Indenture; provided that nothing shall require the City to take any action or expend any City funds (to the extent legally available therefor) to comply with any requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Proposition C Receipts to be received by the City in the next Fiscal Year to be less than 150% of the Annual Debt Service in such Fiscal Year on all Outstanding Proposition C Bonds and any other obligations payable from Proposition C Receipts then outstanding as of the date of calculation.

Expenditure on Eligible Projects. The City covenants to use proceeds of the 2019C Bonds and any Proposition C Receipts received by the City only on projects eligible to be funded through the use of the Proposition C Sales Tax revenues as provided in the Proposition C Guidelines.

Additional Bonds under the Proposition C Indenture

Subsequent to the issuance of the 2019C Bonds, the Authority may establish one or more additional Series of Proposition C Bonds, payable by the Authority from and secured by the pledge of the Proposition C Receipts equally and ratably with any other Series of Proposition C Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Proposition C Bonds of such additional Series so established, in such principal amount as shall be determined by the Authority upon compliance by the Authority with the following provisions of the Proposition C Indenture and any additional requirements set forth in any applicable Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Proposition C Bonds:

(1) No Event of Default under the Proposition C Indenture shall have occurred and then be continuing.

(2) Subject to the provisions of the Proposition C Indenture relating to bond reserve funds, if the Supplemental Indenture providing for the issuance of the additional series so requires, either (i) a Bond Reserve Fund is established to provide additional security for that Series of Proposition C Bonds or (ii) the balance on deposit in an existing Bond Reserve Fund is increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series and all other Series secured by that Bond Reserve Fund and then Outstanding, the Supplemental Indenture providing for the issuance of such additional Series of Proposition C Bonds shall require deposit of the amount necessary. Such deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series and may be made from

the proceeds of the sale of such additional Series or from other funds and may be satisfied in whole or in part through the provision of a Reserve Facility.

(3) The aggregate principal amount of bonds issued under the Proposition C Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(4) The Authority shall place on file with the Trustee a certificate of the Authority certifying that for each Bond Year subsequent to the issuance of such additional Series the amount of Proposition C Receipts for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series will become Outstanding is at least equal to 150% of Annual Debt Service on all Outstanding Proposition C Bonds and the additional Series of Proposition C Bonds then proposed to be issued and any parity obligations payable from Proposition C Receipts then outstanding, which certificate shall also set forth the computations upon which such certificate is based.

(5) Principal payments of each additional Series of Proposition C Bonds shall be due on June 1 in each year in which principal is to be paid, and, if the interest on such Series of Proposition C Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year.

In addition to any Additional Proposition C Bonds, the Authority may issue refunding Proposition C Bonds in accordance with the Indenture. **APPENDIX E—SUMMARY OF CERTAIN PROVISIONS OF THE PROPOSITION C INDENTURE.**

Projected Debt Service Coverage

Set forth below is the estimated debt service coverage of the 2019C Bonds. The below table assumes no increase in the amount of Proposition C Receipts from the amount of Proposition C Receipts received by the City from LACMTA in Fiscal Year [2017-18].

PROJECTED DEBT SERVICE COVERAGE 2019C BONDS

Fiscal Year Ending June 30	2019C Bonds Debt Service*	Proposition C Receipts ⁽¹⁾	Coverage*
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			

⁽¹⁾ Proposition C Receipts are based on the audited amount of Proposition C Receipts received by the City and reported in the Los Angeles County Metropolitan Transportation Authority's City of Montebello Annual Financial Report of its Proposition C Local Return Fund as of and for the Years ended June 30, 2018 and 2017, assuming no growth in such amount.

* Preliminary; subject to change

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 *et seq.* of the California Public Utilities Code. LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Commission. As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness (bonded or otherwise), immunities, and exemptions of the Commission and the District, including the Commission's responsibility for planning, engineering, and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County, to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes.

LACMTA is governed by a 14-member Board of Directors (the “LACMTA Board”). The LACMTA Board is composed of the five members of the County of Los Angeles Board of Supervisors, the Mayor of the City of Los Angeles, two public members, and one member of the City Council of the City of Los Angeles, four members who are either a mayor or a member of a city council of a city in the County (other than the City of Los Angeles) and who have been appointed by the Los Angeles County City Selection Committee, and a nonvoting member appointed by the Governor.

The LACMTA Board exclusively exercises and discharges the following powers and responsibilities: (i) establishment of overall goals and objectives; (ii) adoption of the aggregate budget for all of its organizational units; (iii) designation of additional municipal bus operators under criteria enumerated in the California Public Utilities Code; (iv) approval of all final rail corridor selections; (v) final approval of labor contracts covering employees of LACMTA and its organizational units; (vi) establishment of LACMTA's organizational structure; (vii) conducting hearings and setting fares for the operating organizational units; (viii) approval of transportation zones; (ix) approval of any debt instrument with a maturity date exceeding the end of the fiscal year in which it is issued; (x) approval of benefit assessment districts and assessment rates; and (xi) approval of contracts for construction and transit equipment acquisition which exceed \$5,000,000 and making findings in connection with certain procurement decisions.

THE AUTHORITY

The Authority was created by the City and the Montebello Redevelopment Agency (the “Former Agency”) pursuant to a Joint Exercise of Powers Agreement, dated as of September 2, 1997, to assist the City and the Former Agency in financing capital improvement projects. The Former Agency was succeeded by the Successor Agency to the Montebello Community Development Commission (the “Successor Agency”). The Successor Agency was then succeeded by the Parking Authority of the City (the “Parking Authority”) in July, 2014. The members of the City Council serve as the governing board of the Authority. The Joint Exercise of Powers Agreement was entered into pursuant to the Joint Powers Act. The Authority is a separate entity from the City and the Parking Authority.

THE CITY

General

The City of Montebello is situated in eastern Los Angeles County, California. The City encompasses 8.2 square miles and is located 9 miles east of downtown Los Angeles. The City has access to three freeways: the San Gabriel River Freeway (State 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 is a balanced

community with light industry, residential areas, and commercial centers. It 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 City was incorporated as a general law city in 1920. The City operates under the Council-Manager member form of government. The five City Council members, including the Mayor, are elected to four-year terms on alternate slates every two years. The Mayor and the Mayor Pro Tem are selected by the City Council to serve two-year terms. The City Council appoints a City Manager. The population of the City was estimated to be 64,247 as of January 1, 2019.

See APPENDIX B—GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY.

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 in order 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” as a result of their audit must submit a corrective action plan and must then provide written updates every six months thereafter regarding its progress in implementing the corrective action plan. Once satisfactory corrective action has been taken the State Auditor will remove the “high-risk” designation.

The State Auditor released its audit report 2018-802 regarding the City (the “State Audit Report”) on December 11, 2018. The full text of the State Audit Report may be found on the City’s website at: https://cityofmontebello.com/departments/finance/_____.html. The State Audit Report and other information presented on the City’s website is not incorporated by reference as part of this Official Statement.

In releasing the State Audit Report, the State Auditor concluded that the City was a high-risk city because of its significant financial and organizational risks. The State Auditor found, for much of the prior decade, the City struggled to generate sufficient revenues to meet its expenses and as a result, suffered from a structural deficit. Further, the City relied on one-time revenues to balance its budget and its plans to increase revenues and decrease expenditures were not adequate to eliminate its structural deficit. Additionally, the City’s enterprise activities, including a municipal golf course, water utility, and two hotels, posed a significant financial risk to the city’s general fund. Further, the State Auditor found that the City did not competitively bid 10 of 16 agreements it reviewed and did not adequately justify the lack of competitive bidding in most cases. To address these risk factors, the State Auditor developed recommendations for the city to implement, such as exploring alternate uses for its golf course and recommended that the City amend its municipal code to require competitive bidding for most procurements to ensure that Montebello obtains the best value from the services it received. On November 15, 2018, the City responded to the draft State Audit Report. The City’s concerns and disagreements with the State Audit Report are discussed therein and should be read together with the State Audit Report. In summary, the City largely agreed with the conclusions reached in the State Audit report and acknowledged that while it has already taken steps towards improving its fiscal and operation efficiencies, there are many areas the City

still needs to address. The City has since submitted a corrective action plan as well as quarterly progress updates on April 18 and July 10, 2019. The City's quarterly progress updates can be viewed on the City's website referenced above. The quarterly 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 in the value of the 2019 Bonds. See also "RISK FACTORS - Impact of Bankruptcy of the City or the Authority" herein.

RISK FACTORS

Pledged Measure M Receipts

As described under the caption "MEASURE M SALES TAX," the Measure M Sales Tax commenced on July 1, 2017 and, with the exception of the information for Fiscal Year 2017-18 and 2018-19, there is no history of collection or history of allocation of the Measure M Local Return, which is the source of the Pledged Measure M Receipts pledged under the Measure M Pledge Agreement to the payment of the 2019A Bonds. No assurances can be made as to the sufficiency of the Pledged Measure M Receipts to pay the principal of and interest on the 2019A Bonds.

Passive Revenue Source

The payment of the principal of and interest on the 2019A Bonds is secured solely by the pledge of the Pledged Measure M Receipts, the payment of the principal of and interest on the 2019B Bonds is secured solely by the pledge of the Pledged Measure R Receipts, and the payment of the principal of and interest on the 2019C Bonds is secured solely by the pledge of the Pledged Proposition C Receipts, pledged by the City under the respective Pledge Agreements, and certain funds held under the respective Indentures. The City does not have any control over the amount of Measure M Receipts, Measure R Receipts or Proposition C Receipts to be received by the City because Measure M Receipts, Measure R Receipts and Proposition C Receipts constitute revenues of LACMTA derived from a retail transactions and use tax imposed in the County pursuant to the Measure M Ordinance, the Measure R Ordinance and the Proposition C Ordinance, respectively, the amounts of such receipts received by the City are affected by the number of transactions subject to the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax and the revenues generated by the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax, respectively. Moreover, the City has no ability to control, and the City does not have any control over, the collection or distribution procedures related to any State taxes or local retail transactions and use taxes.

There can be no assurance that the Measure M Receipts, the Measure R Receipts or the Proposition C Receipts will be available in the amounts estimated in this Official Statement. A decrease in the Measure M Receipts would adversely affect the amount and/or availability of Pledged Measure M Receipts for the payment of debt service on the 2019A Bonds. A decrease in the Measure R Receipts would adversely affect the amount and/or availability of Pledged Measure R Receipts for the payment of debt service on the 2019B Bonds. Similarly, a decrease in the Proposition C Receipts would adversely affect the amount and/or availability of Pledged Proposition C Receipts for the payment of debt service on the 2019C Bonds. In addition, the City must continuously meet certain requirements set forth in the Measure M Ordinance, the Measure R Ordinance and the Proposition C Ordinance, respectively, in order to be eligible to receive Measure M Receipts, the Measure R Receipts and the Proposition C Receipts, respectively, from

LACMTA and apply the Pledged Measure M Receipts, the Pledged Measure R Receipts and the Pledged Proposition C Receipts, as applicable, to pay principal and interest on the 2019 Bonds. See “Non-Compliance with Guidelines” below.

Non-Compliance with Guidelines

Measure M Guidelines. In connection with the Measure M Ordinance, LACMTA has adopted the Measure M Guidelines. The Measure M Guidelines include a number of provisions that must be complied with by the City to ensure continued eligibility to receive Measure M Sales Tax distributions. Failure to follow these provisions could result in the suspension of distributions of Measure M Sales Tax, the return of such tax to LACMTA or the requirement of the City to replenish its “Measure M Local Return” account with available funds other than Measure M Sales Tax. LACMTA performs annual audits to monitor compliance with the provisions of the Measure M Guidelines.

Under the Measure M Guidelines, the City is required to expend Measure M Sales Tax monies only on those transportation purposes identified in the Measure M Guidelines. If the City is found to have expended funds without LACMTA’s approval, the City will be required to reimburse its Measure M Sales Tax account for the amount of the unapproved expenditures. If LACMTA determines that Measure M Sales Tax was expended on projects that do not meet the Guidelines’ definition of transportation purposes, then the City will be required to reimburse its Measure M Sales Tax account in an amount equal to the non-qualifying expenditures plus interest, and could also face a suspension of disbursements of Measure M Sales Tax for a period of three years. If such a suspension were imposed, the City would not receive any Measure M Sales Tax during the term of the suspension, which may have an adverse impact on the Authority’s ability to pay the principal of and interest on the 2019A Bonds on a timely basis.

In addition, the failure of the City to properly verify that all Measure M Sales Tax related revenue, including Measure M Sales Tax allocations to the City, project generated revenues and interest income, was properly credited to its Measure M Sales Tax account, could result in the suspension of Measure M Sales Tax disbursements until the City has demonstrated to LACMTA that all such Measure M Sales Tax allocable to the City has been credited to the City’s Measure M Sales Tax account. If the City fails to properly credit its Measure M Sales Tax related revenue to its Measure M Sales Tax account, LACMTA could suspend the distribution of Measure M Sales Tax until the City has demonstrated compliance with the Measure M Guidelines. During the duration of any suspension of Measure M Sales Tax disbursements, the City would not be receiving Measure M Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019A Bonds on a timely basis.

The Measure M Guidelines also require the local agencies, including the City, to maintain their individual local commitment of funds for transportation projects and services that was expended prior to the receipt of the Measure M Sales Tax (the “MOE”). If the local agency fails to maintain the MOE, then such local agency will be required to reimburse its account with available funds other than Measure M Sales Tax monies.

The City is required to expend Measure M Sales Tax within five years of the last day of the fiscal year in which such funds were originally allocated or received (subject to certain exceptions). If the City fails to expend the Measure M Sales Tax allocated to the City, the City is required to return the lapsed Measure M Sales Tax, interest income and other earned income on such lapsed amount, to LACMTA for reallocation to the other local agencies based on population. In certain circumstances, the City, with the approval of LACMTA, may be able to obtain additional time beyond the five-year term limit to expend its allocation of Measure M Sales Tax.

The Measure M Guidelines additionally require that the City annually submit an expenditure plan and an expenditure report to LACMTA to remain legally eligible to receive Measure M Sales Tax. If the City fails to submit these items to LACMTA, the City may be determined to be legally ineligible to receive Measure M Sales Tax. During any period when the City is not legally eligible to receive Measure M Sales Tax, the City would not be receiving Measure M Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019A Bonds.

The Measure M Guidelines also gives LACMTA the right to suspend or revoke allocation to local agencies that are found to be in gross violation of the Measure M Guidelines, or repeatedly committing violations, or refusing to take corrective measures. During the duration of any suspension of Measure M Sales Tax disbursements or revocation of Measure M Sales Tax allocation, the City would not be receiving Measure M Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019A Bonds on a timely basis.

Measure R Guidelines. LACMTA has also adopted the Measure R Guidelines. The Measure R Guidelines include a number of provisions that must be complied with by the City to ensure continued eligibility to receive Measure R Sales Tax distributions. Failure to follow these provisions could result in the suspension of distributions of Measure R Sales Tax, the return of such tax to LACMTA or the requirement of the City to replenish its “Measure R Local Return” account with available funds other than Measure R Sales Tax. LACMTA performs annual audits to monitor compliance with the provisions of the Measure R Guidelines.

Under the Measure R Guidelines, the City is required to expend Measure R Sales Tax monies only on those transportation purposes identified in the Measure R Guidelines. If the City is found to have expended funds without LACMTA’s approval, the City will be required to reimburse its Measure R Sales Tax account for the amount of the unapproved expenditures. If LACMTA determines that Measure R Sales Tax was expended on projects that do not meet the Measure R Guidelines’ definition of transportation purposes, then the LACMTA has the right to suspend disbursements of Measure R Sales Tax to the City for a period of three years. If such a suspension were imposed, the City would not receive any Measure R Sales Tax during the term of the suspension, which may have an adverse impact on the Authority’s ability to pay the principal of and interest on the 2019B Bonds on a timely basis.

In addition, the failure of the City to properly verify that all Measure R Sales Tax related revenue, including Measure R Sales Tax allocations to the City, project generated revenues and interest income, was properly credited to its Measure R Sales Tax account, could result in the suspension of Measure R Sales Tax disbursements until the City has demonstrated to LACMTA that all such Measure R Sales Tax allocable to the City has been credited to the City’s Measure R Sales Tax account. If the City fails to properly credit its Measure R Sales Tax related revenue to its Measure R Sales Tax account, LACMTA could suspend the distribution of Measure R Sales Tax until the City has demonstrated compliance with the Measure R Guidelines. During the duration of any suspension of Measure R Sales Tax disbursements, the City would not be receiving Measure R Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019B Bonds on a timely basis.

Like the Measure M Guidelines, the Measure R Guidelines also require the local agencies, including the City, to maintain their MOE. If the local agency fails to maintain the MOE, then such local agency will be required to reimburse its account with available funds other than Measure R Sales Tax monies.

The City is required to expend Measure R Sales Tax within five years of the last day of the fiscal year in which such funds were originally allocated or received (subject to certain exceptions). If the City

fails to expend the Measure R Sales Tax allocated to the City, the City is required to return the lapsed Measure R Sales Tax, interest income and other earned income on such lapsed amount, to LACMTA for reallocation to the other local agencies based on population. In certain circumstances, the City, with the approval of LACMTA, may be able to obtain additional time beyond the five-year term limit to expend its allocation of Measure R Sales Tax.

The Measure R Guidelines additionally require that the City annually submit an expenditure plan and an expenditure report to LACMTA to remain legally eligible to receive Measure R Sales Tax. If the City fails to submit these items to LACMTA, the City may be determined to be legally ineligible to receive Measure R Sales Tax. During any period when the City is not legally eligible to receive Measure R Sales Tax, the City would not be receiving Measure R Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019B Bonds.

The Measure R Guidelines also give LACMTA the right to suspend or revoke allocation to local agencies that are found to be in gross violation of the Measure R Guidelines, or repeatedly committing violations, or refusing to take corrective measures. During the duration of any suspension of Measure R Sales Tax disbursements or revocation of Measure R Sales Tax allocation, the City would not be receiving Measure R Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019B Bonds on a timely basis.

Proposition C Guidelines. LACMTA has also adopted the Proposition C Guidelines. The Proposition C Guidelines include a number of provisions that must be complied with by the City to ensure continued eligibility to receive Proposition C Sales Tax distributions. Failure to follow these provisions could result in the suspension of distributions of Proposition C Sales Tax, the return of such tax to LACMTA or the requirement of the City to replenish its “Proposition C Local Return” account with available funds other than Proposition C Sales Tax. LACMTA performs annual audits to monitor compliance with the provisions of the Proposition C Guidelines.

Under the Proposition C Guidelines, the City is required to expend Proposition C Sales Tax monies only on those transportation purposes identified in the Proposition C Guidelines. If the City is found to have expended funds without LACMTA’s approval, the City will be required to reimburse its Proposition C Sales Tax account for the amount of the unapproved expenditures. If LACMTA determines that Proposition C Sales Tax was expended on projects that do not meet the Proposition C Guidelines’ definition of transportation purposes, then the LACMTA has the right to suspend disbursements of Proposition C Sales Tax to the City for a period of three years. If such a suspension were imposed, the City would not receive any Proposition C Sales Tax during the term of the suspension, which may have an adverse impact on the Authority’s ability to pay the principal of and interest on the 2019C Bonds on a timely basis.

In addition, the failure of the City to properly verify that all Proposition C Sales Tax related revenue, including Proposition C Sales Tax allocations to the City, project generated revenues and interest income, was properly credited to its Proposition C Sales Tax account, could result in the suspension of Proposition C Sales Tax disbursements until the City has demonstrated to LACMTA that all such Proposition C Sales Tax allocable to the City has been credited to the City’s Proposition C Sales Tax account. If the City fails to properly credit its Proposition C Sales Tax related revenue to its Proposition C Sales Tax account, LACMTA could suspend the distribution of Proposition C Sales Tax until the City has demonstrated compliance with the Proposition C Guidelines. During the duration of any suspension of Proposition C Sales Tax disbursements, the City would not be receiving Proposition C Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019C Bonds on a timely basis.

Like the Measure M Guidelines and the Measure R Guidelines, the Proposition C Guidelines also require the local agencies, including the City, to maintain their MOE. If the local agency fails to maintain the MOE, then such local agency will be required to reimburse its account with available funds other than Proposition C Sales Tax monies.

The City is required to expend Proposition C Sales Tax within five years of the last day of the fiscal year in which such funds were originally allocated or received (subject to certain exceptions). If the City fails to expend the Proposition C Sales Tax allocated to the City, the City is required to return the lapsed Proposition C Sales Tax, interest income and other earned income on such lapsed amount, to LACMTA for reallocation to the other local agencies based on population. In certain circumstances, the City, with the approval of LACMTA, may be able to obtain additional time beyond the five-year term limit to expend its allocation of Proposition C Sales Tax.

The Proposition C Guidelines additionally require that the City annually submit an expenditure plan and an expenditure report to LACMTA to remain legally eligible to receive Proposition C Sales Tax. If the City fails to submit these items to LACMTA, the City may be determined to be legally ineligible to receive Proposition C Sales Tax. During any period when the City is not legally eligible to receive Proposition C Sales Tax, the City would not be receiving Proposition C Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019C Bonds.

The Proposition C Guidelines also give LACMTA the right to suspend or revoke allocation to local agencies that are found to be in gross violation of the Proposition C Guidelines, or repeatedly committing violations, or refusing to take corrective measures. During the duration of any suspension of Proposition C Sales Tax disbursements or revocation of Proposition C Sales Tax allocation, the City would not be receiving Proposition C Receipts, which in turn, may affect the ability of the Authority to pay the principal of and interest on the 2019C Bonds on a timely basis.

Allocation of Measure M Revenues, the Measure R Revenues and the Proposition C Revenues

The CDTFA administers the collection of the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax. The CDTFA, after deducting the costs of administering the Measure R Sales Tax, has agreed to remit all Measure R Sales Tax to the trustee for the LACMTA Measure R Bonds. Such trustee will thereafter disburse the Measure R Local Return to LACMTA. The Measure R Local Return does not serve as security for any of LACMTA Measure R Bonds. Amounts constituting the Measure R Local Return are transferred to LACMTA for allocation of the Measure R Local Return to the Jurisdictions as described herein. See “THE MEASURE M SALES TAX,” “THE MEASURE R SALES TAX” and “THE PROPOSITION C SALES TAX.”

There can be no assurances that changes in the foregoing procedures or other actions undertaken or not undertaken by the CDTFA, the trustee for the LACMTA Measure R Bonds, or LACMTA will not adversely affect the City’s receipt of the Pledged Measure M Receipts, the Pledged Measure R Receipts and the Pledged Proposition C Receipts.

Project Eligibility

The projects to be constructed by the City must be designated by LACMTA as qualified projects for purposes of the local streets and roads programs established under the Measure M Ordinance with respect to the 2019A Bonds, under the Measure R Ordinance with respect to the 2019B Bonds and under the Proposition C Ordinance with respect to the 2019C Bonds. Only such Measure M Projects are eligible

to be financed from Measure M Receipts, only such Measure R Projects are eligible to be financed from Measure R Receipts, and only such Proposition C Projects are eligible to be financed from Proposition C Receipts. Although the Projects have been approved by LACMTA as eligible projects under the respective ordinances, there can be no assurance as to the continuing eligibility of such projects.

State Sale Taxes

The Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax are each in addition to the seven and one-quarter percent (7.25%) State Sales Tax. In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property and the statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. The statewide use tax does not apply to cases where the sale of the property is subject to the sales tax, therefore the application of the statewide use tax is generally applied to purchases made outside of the State for use within the State.

The Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax are generally imposed upon the same transactions and items subject to the State Sales Tax, with generally the same exceptions. Several categories of transactions are exempt from the State Sales Tax, the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax. Significant exemptions include: sales of food products for human consumption (this exemption does not include hot prepared foods and food consumed on the premises where purchased), prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity and water when delivering to consumers through mains, lines and pipes. In addition, “occasional sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax, the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax; however, the “occasional sales” exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee at such point, are exempt from the State Sales Tax, the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax.

Action by the State legislature or by voter initiative could change the transactions and items upon which the State Sales Tax, the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax are imposed. Such changes or amendments could have either an adverse or a beneficial effect on the Measure M Sales Tax revenues, the Measure R Sales Tax revenues and the Proposition C Sales Tax revenues. The Authority is not currently aware of any proposed legislative change which would have a material adverse effect on Measure M Sales Tax, the Measure R Sales Tax or the Proposition C Sales Tax. See “RISK FACTORS—Proposition 218.”

Economic, Political, Social and Environmental Conditions

The collection of Measure M Sales Tax, Measure R Sales Tax and Proposition C Sales Tax depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County and the State generally. Prospective investors are encouraged to evaluate current and prospective economic, political, social and environmental conditions as part of an informed investment decision. Changes in economic, political, social or environmental conditions on a local, State, federal or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues,

fluctuations in business production, consumer prices or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism environmental damage and natural disasters. See APPENDIX B—GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY.

Natural Disasters

The occurrence of any natural disaster in or near the boundaries of the City, including, without limitation, fire, earthquake, landslide, high winds, drought or flood, could have an adverse material impact on the economy within the City and/or the County and the generation of Measure M Sales Taxes, Measure R Sales Taxes and Proposition C Sales Taxes.

Whittier Narrows Dam. The Army Corps of Engineers is beginning a \$500-million repair project for the 62-year-old Whittier Narrows Dam (the “Dam”). The Dam, a 56-foot tall earth dam, is located along the Rio Hondo and the San Gabriel Rivers and collects runoff from the uncontrolled drainage areas upstream along with releases into the San Gabriel River from the Santa Fe Dam. The reservoir portion of the Dam, with a capacity of 67,060 acre-feet, is surrounded by the cities of South El Monte (to the north), Industry (to the east), Pico Rivera (to the south), and Montebello (to the south).

The Army Corps of Engineers has determined that the Dam no longer meets federal tolerable-risk guidelines and could fail in the event of a very large, very rare storm, similar to storms which occurred in California between December 1861 and January 1862. If such a storm were to occur, water could flow over the crest of the Dam or seepage could erode the sandy soil underneath it. These types of failures could have catastrophic effects on a number of Southern California communities including the City. In response to these potential dangers, the Army Corps of Engineers has classified the Dam’s repairs as the highest priority of any of the 13 “high risk” dams in the country.

The construction of the repairs to the Dam are scheduled to start in 2021 and the repairs are expected to be completed in 2025. The Army Corps of Engineers has already begun repair work on the Dam’s gates and locks in 2018 and is expected to be complete those repairs by the end of 2019.

The City cannot predict when flood or extreme storm events will occur, when or whether the repairs described above will be completed, whether other mitigation measures will be implemented, or whether FEMA or other funds will be available to the City in the event of a failure of the Dam. Significant flooding in the City as a result of the failure of the Dam could have materially adverse consequences for the City’s finances and operations, including the collection of or the ability to spend the Measure M Receipts, Measure R Receipts and Proposition C Receipts.

Increased Internet Use May Reduce Sales Tax Revenues

The increasing use of the Internet to conduct electronic commerce may affect the levels of the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the Measure M Sales Tax ,the Measure R Sales Tax and the Proposition C Sales Tax. However, the Authority believes that many of these transactions may avoid taxation either through error or deliberate non-reporting and this potentially reduces the amounts of the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax collected. As a result, the more that the Internet is used to conduct electronic commerce, along with the failure to collect

sales taxes on such Internet purchases, the more that the Commission may experience reductions of the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax. On September 23, 2011, Governor Jerry Brown signed into law a settlement with Amazon.com Inc., one of the largest internet retailers in the State. As a result, beginning in September 2012, Amazon started collecting taxes from its on-line sales in the State, to remit to the CDTFA. On June 21, 2018, in the case of *South Dakota v. Wayfair*, the Supreme Court of the United States ruled that state and local governments have the authority to require out-of-state vendors with no local physical presence in a state to collect and remit sales taxes to state and local governments. As of April 1, 2019, retailers located outside of California are required to register with CDTFA, collect the California use tax and pay the tax to CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state, with exceptions for retailers with California sales below certain volume and dollar thresholds. The Authority cannot predict the degree that the collection of the California use tax on such retailers will affect the collection of the Measure M Sales Tax, the Measure R Sales Tax or the Proposition C Sales Tax on a going forward basis.

Proposition 218 and Further Initiatives

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution. Article XIII C requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Authority. The Measure M Sales Tax and the Measure R Sales Tax received the approval of more than two-thirds of the voters as required by Article XIII C. The Proposition C Sales Tax were approved by the voters in 1990, prior to the adoption of Proposition 218. However, Article XIII C also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax in a manner which would prevent the payment of debt service on the 2019 Bonds would violate the Contracts Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, which may affect the Authority’s ability to levy and collect the Measure M Sales Tax, the Measure R Sales Tax and the Proposition C Sales Tax.

Availability of Acceleration as a Remedy Following an Event of Default

The principal and interest on the 2019 Bonds may be subject to acceleration following the occurrence of certain events of default. In general, the remedy of acceleration with respect to the 2019 Bonds will only be available following an event of default related to the bankruptcy or insolvency of the Authority. In the event of a default by the Authority, each Owner of a 2019 Bond will have the rights to exercise the respective remedies, subject to the limitations thereon, as specified in the respective Indenture. See APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE M INDENTURE—Events of Default and Remedies; Acceleration Following Bankruptcy—Related Events, APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE R INDENTURE—Events of Default and Remedies; Acceleration Following Bankruptcy-Related Events and APPENDIX E—

SUMMARY OF CERTAIN PROVISIONS OF THE PROPOSITION C INDENTURE—Events of Default and Remedies; Acceleration Following Bankruptcy-Related Events.

Impact of Bankruptcy of the City or the Authority

The City or the Authority may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the City or the Authority file for bankruptcy, there could be adverse effects on the holders of the 2019 Bonds.

If the Pledged Measure M Receipts, the Pledged Measure R Receipts and the Pledged Proposition C Receipts are “special revenues” under the Bankruptcy Code, the Pledged Measure M Receipts, the Pledged Measure R Receipts and the Pledged Proposition C Receipts collected after the date of the bankruptcy filing should be subject to the liens of the respective Indentures. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Measure M Sales Tax, the Measure R Sales Tax and/or the Proposition C Sales Tax were levied to finance the expenditures authorized by the Measure M Ordinance, the Measure R Ordinance and the Proposition C Ordinance, respectively, which includes a number of projects (collectively referred to herein as the “Expenditure Plan Projects”), and some of these Expenditure Plan Projects are described in broad terms. If a court determined that the Measure M Sales Tax, the Measure R Sales Tax and/or the Proposition C Sales Tax was levied to finance the general purposes of the City or the Authority, rather than specific projects, then Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts, as applicable, would not be special revenues. No assurance can be given that a court would not hold that the Pledged Measure M Receipts, the Pledged Measure R Receipts or the Pledged Proposition C Receipts are not special revenues. Were the Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts determined not to be “special revenues,” then Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts collected after the commencement of a bankruptcy case would likely not be subject to the liens of the Indentures. The holders of the 2019 Bonds may not be able to assert a claim against any property of the City or Authority other than the Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts, as applicable, and were these amounts no longer subject to the liens of the Indentures following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the 2019 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts would be considered to be “derived” from the Expenditure Plan Projects. To the extent that Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts are determined to be both special revenues and derived from the Expenditure Plan Projects, the City or the Authority may be able to use Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts, if applicable, to pay necessary operating expenses of the Expenditure Plan Projects, before the remaining Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts are turned over to the Trustee to pay amounts owed to the holders of the 2019 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the City or the Authority is in bankruptcy, the parties (including the holders of the 2019 Bonds) may be prohibited from taking any action to collect any amount from the City or the Authority or to enforce

any obligation of the City or the Authority, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the 2019 Bonds from funds in the Trustee's possession.

The City or the Authority as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts), which lien could have priority over the lien of the Indenture, or to cause some Pledged Measure M Receipts, Pledged Measure R Receipts and/or Pledged Proposition C Receipts to be released to it, free and clear of liens of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the 2019 Bonds will be adequately protected. The City or the Authority may also be able, without the consent and over the objection of the Trustee and the holders of the 2019 Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indentures and the 2019 Bonds, provided that the bankruptcy court determines that the alterations are "fair and equitable."

There may be delays in payments on the 2019 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City or the Authority that could result in delays or reductions in payments on the 2019 Bonds or result in losses to the holders of the 2019 Bonds. Regardless of any specific adverse determinations in a City or Authority bankruptcy proceeding, the fact of a City or Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2019 Bonds.

Cybersecurity Risks

The Authority, the City, the County and/or LACMTA may each face various cyber security threats, including, but not limited to, hacking, viruses, malware, ransomware and other attacks on their computers and their networks. No assurance can be given that the City's and these other entities' efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City and/or these other entities. Additionally, the Authority is reliant on the Trustee in connection with the administration of the 2019 Bonds. No assurance can be given that the Authority and these other entities will not be adversely affected by cyber threats and attacks in a manner that may affect owners of the 2019 Bonds.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the 2019 Bonds could become includable in federal gross income, possibly from the date of issuance of the 2019 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the 2019 Bonds. Should interest become includable in federal gross income, the 2019 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

FINANCIAL STATEMENTS

The financial statements of the City for the Fiscal Year ended June 30, 2018, included in APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, have been audited by Vasquez & Company, LLP, Glendale, California. Vasquez & Company, LLP was not requested to consent to the inclusion of its reports regarding the City in APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE CITY OF MONTEBELLO FOR THE FISCAL YEAR ENDED JUNE 30, 2018, nor have they undertaken to update

their reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Vasquez & Company, LLP with respect to any event subsequent to the date of their reports. The Authority represents that there has been no material adverse change in financial position of the City since June 30, 2018.

NO LITIGATION

The Authority

The Authority will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Authority seeking to restrain or enjoin the execution, delivery or sale of the 2019 Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the Indenture, the sale thereof, the pledge or application of any moneys or security provided for the payment of the 2019 Bonds, the validity or enforceability of the Indentures, the Pledge Agreements and the other documents executed by the Authority in connection with the 2019 Bonds or the completeness or accuracy of this Official Statement. Neither the creation, organization or existence of the Authority, nor the title of the present members of the Authority to their respective offices is being contested.

The City

The City will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court governmental agency, public board or body, pending of which the City has received service of process or threatened against the City, seeking to restrain or enjoin the execution or delivery of the Pledge Agreements, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City taken with respect to any of the foregoing or that will materially affect the ability of the City to satisfy its obligations under the Pledge Agreements.

TAX MATTERS

General

The delivery of the 2019 Bonds is subject to delivery of the opinions of Bond Counsel, to the effect that interest on the 2019 Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the 2019 Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the 2019 Bonds is also subject to the delivery of the opinions of Bond Counsel, based upon existing provisions of the laws of the State that interest on the 2019 Bonds is exempt from personal income taxes of the State. Forms of Bond Counsel’s anticipated opinions are included as APPENDIX H—FORMS OF OPINIONS OF BOND COUNSEL. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Authority and the City made in certificates of even date with the initial delivery of the 2019 Bonds (the “Tax Certificate”) pertaining to the use, expenditure and investment of the proceeds of the 2019 Bonds and will assume continuing compliance with the provisions of the Indentures by the

Authority subsequent to the issuance of the 2019 Bonds. The Indentures and the Tax Certificates contain covenants by the Authority and the City with respect to, among other matters, the use of the proceeds of the 2019 Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2019 Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2019 Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the 2019 Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should be aware that the ownership of tax-exempt obligations such as the 2019 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the City described above. No ruling has been sought from the Internal Revenue Service (the “Service”) or the State with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel’s opinions are not binding on the Service or the State. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2019 Bonds is commenced, under current procedures, the Service is likely to treat the Authority as the “taxpayer,” and the owners of the 2019 Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2019 Bonds, the Authority may have different or conflicting interests from the owners of the 2019 Bonds. Public awareness of any future audit of the 2019 Bonds could adversely affect the value and liquidity of the 2019 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to owners of the 2019 Bonds of the exclusion of interest on the 2019 Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain 2019 Bonds

The initial public offering of certain of the 2019 Bonds (the “Discount Bonds”) may be less than the amount payable on such 2019 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the 2019A Bonds or the 2019B Bonds, as applicable, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser,

will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the 2019 Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued original issue discount on Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain 2019 Bonds (the “Premium Bonds”) may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the 2019A Bonds or the 2019B Bonds, as applicable, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LEGAL MATTERS

The validity of the 2019 Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority. Complete copies of the proposed forms

of opinions of Bond Counsel are attached hereto as APPENDIX H—FORMS OF OPINIONS OF BOND COUNSEL. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney, for the Authority by Authority Counsel and by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel to the Authority, and for the Underwriter by its counsel Nixon Peabody LLP, Los Angeles, California.

RATINGS

S&P has issued its ratings of “___” with respect to the 2019A Bonds, its rating of “___” with respect to the 2019B Bonds and its rating of “___” with respect to the 2019C Bonds. Such ratings reflect only the views of S&P, and do not constitute a recommendation to buy, sell or hold securities. Any desired explanation of the significance of such rating should be obtained from S&P at the following address: Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000. The Authority has furnished to S&P certain information respecting the 2019 Bonds and the Authority. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The ratings with respect to the 2019 Bonds are subject to revision or withdrawal at any time by S&P, and there is no assurance that the ratings will continue for any period of time or that it will not be lowered or withdrawn. Any reduction or withdrawal of the ratings may have an adverse effect on the market price of the 2019 Bonds.

UNDERWRITING

The 2019A Bonds are being purchased for reoffering by Cabrera Capital Markets, LLC, as underwriter (the “Underwriter”), at a purchase price of \$ _____ (representing \$ _____ aggregate principal amount of the 2019A Bonds, [plus/minus] original issue [premium/discount] of \$ _____, less Underwriter’s discount of \$ _____). The purchase contract relating to the 2019A Bonds provides that the Underwriter will purchase all of the 2019A Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The 2019B Bonds are being purchased for reoffering by the Underwriter at a purchase price of \$ _____ (representing \$ _____ aggregate principal amount of the 2019B Bonds, [plus/minus] original issue [premium/discount] of \$ _____, less Underwriter’s discount of \$ _____). The purchase contract relating to the 2019 Bonds provides that the Underwriter will purchase all of the 2019B Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The 2019C Bonds are being purchased for reoffering by the Underwriter at a purchase price of \$ _____ (representing \$ _____ aggregate principal amount of the 2019C Bonds, [plus/minus] original issue [premium/discount] of \$ _____, less Underwriter’s discount of \$ _____). The purchase contract relating to the 2019 Bonds provides that the Underwriter will purchase all of the 2019C Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The 2019 Bonds may be offered and sold by the Underwriter to certain dealers and others at yields lower than the public offering yield indicated on the inside cover hereof, and such public offering yield may be changed, from time to time, by the Underwriter.

MUNICIPAL ADVISOR

Hilltop Securities, Inc. has served as municipal advisor (the “Municipal Advisor”) to the City and the Authority in connection with the issuance of the 2019 Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2019 Bonds and the Authority will not provide any such information.

The City will covenant for the benefit of the owners and beneficial owners of the 2019 Bonds to provide certain financial information and operating data relating to the City by not later than not later than nine (9) months after the end of each fiscal year (the “Annual Report”), commencing with the fiscal year ending June 30, 2019 and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by _____, as dissemination agent (the “Dissemination Agent”), on behalf of the City, with the Municipal Standards Rulemaking Board (the “MSRB”). The specific nature of the information to be contained in the Annual Report and the notices of certain enumerated events is set forth in the Continuing Disclosure Agreement. See APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT. These covenants are being made in order to assist the Underwriter of the 2019 Bonds in complying with Rule 15c2-12, as amended (the “Rule”) of the U.S. Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

In the last five years, the City [TO BE UPDATED].

ADDITIONAL INFORMATION

The summaries and references contained herein with respect to the Indentures, the Pledge Agreements, the 2019 Bonds, the statutes, agreements and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the 2019 Bonds are qualified in their entirety by reference to the forms thereof.

The execution of this Official Statement by the undersigned Executive Director of the Authority has been duly authorized by the Authority.

MONTEBELLO PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF MONTEBELLO
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MONTEBELLO AND LOS ANGELES COUNTY

The following information concerning Los Angeles County and the City of Montebello is included only for the purpose of supplying general information regarding the County and the area of the City. The 2019 Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and none of the City, the County, the State nor any of their political subdivisions, except for the Authority, is liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix B, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

General Description and Background

Los Angeles County (the “County”) is located in the Southern region of the State of California. It borders 70 miles of coast on the Pacific Ocean and encompasses mountain ranges, valleys, forests, islands, lakes, rivers and desert. It is one of California’s original 27 counties and was established on February 18, 1850. It is one of the nation’s largest counties with 4,084 square miles and has the largest population of any county in the nation - nearly 10 million residents who account more than one quarter of California’s population. As a subdivision of the state, the County is charged with providing numerous services that affect the lives of all residents, including law enforcement, tax collection, public health protection, public social services, elections and flood control.

The County is home to 88 incorporated cities and many unincorporated areas. In between the large desert portions of the county — which make up around 40% of its land area — and the heavily urbanized central and southern portions, sit the San Gabriel Mountains, containing the Angeles National Forest. Los Angeles is a charter county governed by a five-member elected Board of Supervisors. Each member serves alternating four-year terms, and is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff.

The County is the third-largest metropolitan economy in the world, with a Nominal GDP of over \$700 billion—larger than the GDPs of Belgium, Norway, and Taiwan. The County serves as the central trade district for the western United States and the gateway to the Asian economies. The County is one of the most ethnically diverse counties in the U.S. The county seat, the City of Los Angeles, is also California’s most populous city and the nation’s second largest city with about 4 million people.

Population

The following table contains the population of the City, the County and the State of California for the last five years.

CITY OF MONTEBELLO, LOS ANGELES COUNTY AND STATE OF CALIFORNIA

Population
(as of January 1)

Year	City of Montebello	Los Angeles County	State of California
2015	64,315	10,155,753	38,952,462
2016	64,289	10,185,851	39,214,803
2017	64,301	10,226,920	39,504,609
2018	64,316	10,254,658	39,740,508
2019	64,247	10,253,716	39,927,315

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-2019, with 2010 Census Benchmark.

Employment

The following tables summarize historical employment and unemployment for the County, the State of California and the United States:

LOS ANGELES COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2014	Los Angeles County	5,025,900	4,610,800	415,100	8.3%
	California	18,811,400	17,397,100	1,414,300	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015	Los Angeles County	5,011,700	4,674,800	336,900	6.7
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	157,130,000	148,834,000	146,411,000	5.3
2016	Los Angeles County	5,043,300	4,778,800	264,500	5.2
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	148,976,000	4.9
2017	Los Angeles County	5,123,900	4,883,600	240,300	4.7
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018 ⁽²⁾	Los Angeles County	5,136,300	4,896,500	239,800	4.7
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2017, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers in the City

The table below sets forth the principal employers in the City in 2018.

CITY OF MONTEBELLO 2018 Principal Employers

Employer	# of Employees	% of Total
Montebello Unified School District	1,374	4.67%
Beverly Hospital	930	3.16
City of Montebello	487	1.65
Costco	358	1.21
Bimbo Bakery	326	1.10
Macy's	320	1.08
Wilbur Curtis Co	301	1.02
Old Dominion Freight Line	200	.68
Rio Hondo Convalescent Hospital	186	.63
JC Penny	179	.60
Total Top 10	4,661	15.85

Source: City of Montebello 2018 CAFR.

Major Industries in the County

The table below sets forth the principal industries in Los Angeles County in 2018.

LOS ANGELES COUNTY 2018 Principal Industries

Industry	# of Employees	% of Total
Trade, Transportation and Utilities	828,400	16.93%
Educational & Health Services	804,800	16.45
Professional & Business Services	629,100	12.86
Government	594,400	12.15
Leisure & Hospitality	552,200	11.29
Manufacturing	350,400	7.16
Financial Activities	222,200	4.54
Information	211,900	4.33
Other Services	155,300	3.17
Construction	144,300	2.95
Ten Largest Industries	4,493,000	91.83
All Other Industries	399,900	8.17
Total	4,892,900	100.00%

Source: Los Angeles County 2017-18 CAFR.

City General Fund Information

The information in this appendix concerning the City's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this appendix that the principal of and interest on the 2019 Bonds is payable from the general fund of the City.

The 2019 Bonds are limited obligations of the Authority and are payable as to principal of, premium, if any, and interest thereof, exclusively from the Pledged Receipts and any other funds pledged therefor under the Indentures. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge of Pledged Receipts and other amounts held under the Indentures, are pledged to the payment of the principal of, redemption price or interest on the 2019 Bonds.

The following table shows the City's audited General Fund revenues, expenditures and changes in fund balances for fiscal years 2015-16 through 2017-18, unaudited actuals for 2018-19, and budgeted projections for fiscal year 2019-20.

CITY OF MONTEBELLO
GENERAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2015-16 through 2019-20

	FY2015-16 Audited	FY2016-17 Audited	FY2017-18 Audited	FY2018-19 Unaudited ⁽¹⁾	FY2019-20 Budget ⁽²⁾
REVENUES					
Sales taxes	\$ 13,992,347	\$ 13,267,373	\$ 13,118,981	14,031,972	13,146,732
Property taxes	4,927,230	5,094,185	5,208,975	5,676,411	5,967,797
Other taxes	503,173	553,462	585,960	614,486	658,201
Franchise taxes	1,405,229	1,493,956	2,141,450	2,224,088	2,315,184
Licenses and permits	4,733,752	4,374,761	4,452,210	6,220,480	5,137,999
Fines and forfeitures	1,912,729	2,251,384	2,185,022	2,165,922	2,023,693
Investment Income	42,685	29,419	74,742	162,487	179,506
Intergovernmental	5,730,251	5,950,400	6,157,030	6,526,570	6,784,372
Charges for services	6,611,348	6,382,058	6,438,100	6,657,595	6,914,613
Other revenues	2,993,814	959,391	1,153,423	728,696	223,200
Total Revenues	42,852,558	40,356,389	41,515,893	45,008,705	43,351,296
EXPENDITURES					
Current:					
General government	5,415,578	4,869,177	4,976,497	5,501,362	5,422,959
Public safety	32,297,261	31,438,293	31,487,454	29,449,271	30,814,212
Public works	6,824,093	6,812,050	6,778,314	7,871,531	8,946,744
Parks and recreation	3,889,366	3,658,338	3,813,599	3,233,258	4,741,296
Housing and community development	2,212,276	2,058,623	2,006,274	2,029,591	1,784,894
Capital outlay	883,423	183,834	265,903	380,065	0
Interfund charges	(641,466)	130,090	(231,650)	(355,847)	(592,135)
Debt service – Principal	-	-	-	-	-
Debt service – Interest	-	-	-	-	-
Total Expenditures	50,880,531	49,150,405	49,096,391	48,109,232	51,117,970
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,027,973)	(8,794,016)	(7,580,498)	(3,100,527)	(7,766,674)
OTHER FINANCING SOURCES/(USES)					
Other Revenues	-	4,666,731 ⁽³⁾	-	-	-
Transfers in ⁽⁴⁾	8,550,134	9,978,439	12,257,329	6,758,437	5,888,806
Transfers out ⁽⁵⁾	(72,695)	(1,255,867)	(1,381,915)	(704,474)	(962,613)
Total Other Financing Sources	8,477,439	13,389,303	10,875,414	6,053,963	4,926,193
NET CHANGE IN FUND BALANCES	449,466	4,595,287	3,294,916	2,953,436	(2,840,481)
FUND BALANCES – BEGINNING OF YEAR	8,998,132	9,447,598	14,042,885	17,263,384	20,216,820
FUND BALANCES – END OF YEAR	9,447,598	14,042,885	17,337,801	20,216,820	17,376,338

Source: City of Montebello 2016-18 Comprehensive Annual Financial Reports and City of Montebello Finance Department.

(1) Unaudited actuals provided by the City of Montebello Finance Department.

(2) From the City's FY 2019-20 Budget, adopted June 26th, 2019.

(3) Represents unspent bond proceeds from the City's Successor Agency.

(4) Transfers in are mainly from the Pension Overrides Fund. When compared to prior year, the amount of transfer in from retirement fund for fiscal years 2018-19 and 2019-20 is much less primarily due to an accounting change in GASB 75 for the unfunded liability payment, previously charged to each department budget, but now charged directly to the Retirement Fund, hence reducing the amount of transfer needed.

(5) Transfers out are mainly to the Golf Enterprise Fund (all years) and Detention Fund (until FY2017-18).

Debt Management Policy

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the City adopted a debt management policy on September 25, 2019, 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.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF MONTEBELLO Building Permits and Valuation (Dollars in Thousands)

	2014	2015	2016	2017	2018 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 7,517	\$ 9,068	\$ 1,439	\$ 35	\$ 251
New Multi-family	-	2,800	-	5,044	5,956
Res. Alterations/Additions	3,411	3,061	4,539	3,738	4,952
Total Residential	10,928	14,930	5,979	9,682	11,159
Total Nonresidential	12,991	21,347	5,696	9,350	9,558
Total All Building	<u>23,920</u>	<u>36,277</u>	<u>11,676</u>	<u>19,033</u>	<u>20,718</u>
<u>New Dwelling Units:</u>					
Single Family	43	54	6	1	3
Multiple Family	-	29	-	35	72
Total	<u>43</u>	<u>83</u>	<u>6</u>	<u>36</u>	<u>75</u>

LOS ANGELES COUNTY Building Permits and Valuation (Dollars in Thousands)

	2014	2015	2016	2017	2018 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 1,744,290	\$ 1,897,829	\$ 2,162,018	\$ 2,352,614	\$ 2,277,101
New Multi-family	2,290,197	2,843,749	2,774,294	3,257,833	3,222,530
Res. Alterations/Additions	1,474,930	1,641,457	1,639,294	1,757,904	1,941,369
Total Residential	5,509,417	6,383,036	6,575,607	7,368,352	7,441,001
Total Nonresidential	6,657,571	5,645,372	5,287,623	6,037,502	6,694,097
Total All Building	<u>\$12,166,989</u>	<u>\$12,028,408</u>	<u>\$11,863,230</u>	<u>\$13,405,855</u>	<u>14,135,098</u>
<u>New Dwelling Units:</u>					
Single Family	4,358	4,487	4,780	5,456	6,070
Multiple Family	14,349	18,405	15,589	17,023	17,152
Total	<u>18,707</u>	<u>22,892</u>	<u>20,369</u>	<u>22,479</u>	<u>23,222</u>

Source: Construction Industry Research Board: "Building Permit Summary."

(1) Latest available full year data.

Note: Totals may not add due to independent rounding.

Median Household Income

The following table summarizes the total effective buying income and the median household effective buying income for the City, the County, the State of California and the nation for the past five years.

CITY OF MONTEBELLO, LOS ANGELES COUNTY STATE OF CALIFORNIA AND UNITED STATES Median Household Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Montebello	\$ 1,073,575	\$ 42,427
	Los Angeles County	231,719,110	48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Montebello	1,080,410	43,070
	Los Angeles County	243,502,324	50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	City of Montebello	1,140,609	44,962
	Los Angeles County	261,119,300	54,720
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	City of Montebello	1,171,921	46,113
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2019	City of Montebello	1,213,448	48,508
	Los Angeles County	281,835,290	60,174
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: Nielsen, Inc.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE M INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE R INDENTURE

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE PROPOSITION C INDENTURE

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of December 1, 2019, is by and between the CITY OF MONTEBELLO (the “City”) and HILLTOP SECURITIES INC. as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of its \$_____ Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “2019A Bonds”), the \$_____ Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “2019B Bonds”), and its \$_____ Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019C (the “2019C Bonds” and, with the 2019A Bonds and the 2019B Bonds, the “2019 Bonds”). The 2019A Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019 (the “2019A Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The 2019B Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019 (the “2019B Indenture”), by and between the Authority and the Trustee. The 2019C Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019 (the “2019C Indenture” and, with the 2019A Indenture and the 2019B Indenture, the “Indentures”), by and between the Authority and the Trustee. The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indentures, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means the March 31 after the end of the City’s fiscal year.

“*Dissemination Agent*” shall mean, initially, Hilltop Securities Inc. or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the 2019 Bonds.

“*Participating Underwriter*” means Cabrera Capital Markets, LLC, the original underwriter of the 2019 Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2019 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for fiscal year 2018-19 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

[TO BE DETERMINED]

(c) In addition to any of the information expressly required to be provided under this Disclosure Agreement, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. 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 Significant Events with respect to the 2019 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an 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, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or
- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2019 Bonds under the Indentures.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental City has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental City, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental City having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

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 Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2019 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2019 Bonds in the manner provided in the Indentures for amendments to the Indentures with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2019 Bonds.

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

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

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any holder or beneficial owner of the 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indentures, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Section 27 of the Indentures is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indentures. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2019 Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2019 Bonds and shall create no rights in any other person or entity.

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

Date: December 1, 2019

CITY OF MONTEBELLO

By _____
Name _____
Title _____

HILLTOP SECURITIES INC., as Dissemination
Agent

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Montebello Public Financing Authority

Name of Obligor: City of Montebello

Name of Issues: Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A

Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B

Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019C

Date of Issuance: December ____, 2019

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Agreement, dated December __, 2019, furnished by the Obligor in connection with the Issues. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Title _____

cc: Trustee

APPENDIX G

BOOK-ENTRY SYSTEM

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS (AS DEFINED HEREIN).

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond will be issued for each maturity of the 2019 Bonds of each Series, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 an S&P Global Ratings' rating of AA+. The DTC Rules applicable to DTC's Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by reference.

Purchases of the 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in the 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority (or the Trustee on behalf thereof) 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 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of such principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered as described in the Indentures.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

APPENDIX H
FORMS OF OPINIONS OF BOND COUNSEL

2019A Bonds

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

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

\$ _____
Montebello Public Financing Authority
Sales Tax Revenue Bonds
(Limited Tax Bonds) (Measure M),
Series 2019A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of \$ _____ aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “Bonds”) being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and the Bank of New York Mellon Trust Company, N. A., as trustee (the “Trustee”). The Bonds are secured by Pledged Measure M Receipts that are derived from a retail transactions and use tax (the “Measure M Sales Tax”) imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California and the Measure M Ordinance. The “Measure M Ordinance” is Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended. The Measure M Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County until June 30, 2019, after which the rate of the sales tax shall increase to one percent. The “Pledged Measure M Receipts” are Measure M Sales Taxes allocated by LACMTA to the City pursuant to the Measure M Ordinance and pledged to the Bonds under the Indenture and the Pledge Agreement, dated as of December 1, 2019 (the “Pledge Agreement”), by and between the City and the Authority.

As bond counsel, we have reviewed the Ordinance, the Indenture, the Pledge Agreement and certifications of the Authority, the City, the Trustee and others, opinions of counsel to Authority, the City and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding special, limited obligations of the Authority and are payable exclusively from and are secured by a pledge of the Pledged Measure M Receipts and certain amounts held under the Indenture, as provided in the Indenture and the Pledge Agreement, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, the Pledged Measure M Receipts and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof and on the terms and conditions set forth therein and in the Pledge Agreement.

3. The Pledge Agreement has been duly and validly authorized, executed and delivered by the Authority and the City and constitutes the legally valid and binding obligations of the Authority and the City, enforceable against the Authority and the City in accordance with its terms.

4. Under existing law, and assuming compliance with the covenants mentioned below after the date hereof, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 as amended to the date hereof (the "Code") from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof. We are further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Bonds. Pursuant to the Indenture, and in the Tax Exemption Certificate being delivered by the Authority and the City with respect to the Bonds in connection with the issuance of the Bonds, the Authority and the City are making representations relevant to the determination of, and each is undertaking certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of and have relied upon such representations and the present and future compliance by the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal, state or local tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The opinions expressed in paragraphs 1, 2 and 3 above are qualified to the extent the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. Further, the enforceability of the Bonds, the Indenture and the Pledge Agreement are subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification).

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

2019B Bonds

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

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

\$ _____
Montebello Public Financing Authority
Sales Tax Revenue Bonds
(Limited Tax Bonds) (Measure R),
Series 2019B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of \$ _____ aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “Bonds”) being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and the Bank of New York Mellon Trust Company, N. A., as trustee (the “Trustee”). The Bonds are secured by Pledged Measure R Receipts that are derived from a retail transactions and use tax (the “Measure R Sales Tax”) imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California and the Measure R Ordinance. The “Measure R Ordinance” is Ordinance No. 08-01, Traffic Relief and Rail Expansion Ordinance, adopted by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended. The Measure R Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County until June 30, 2039. The “Pledged Measure R Receipts” are Measure R Sales Taxes allocated by LACMTA to the City pursuant to the Measure R Ordinance and pledged to the Bonds under the Indenture and the Pledge Agreement, dated as of December 1, 2019 (the “Pledge Agreement”), by and between the City and the Authority.

As bond counsel, we have reviewed the Ordinance, the Indenture, the Pledge Agreement and certifications of the Authority, the City, the Trustee and others, opinions of counsel to the Authority, the City and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding special, limited obligations of the Authority and are payable exclusively from and are secured by a pledge of the Pledged Measure R Receipts and certain amounts held under the Indenture, as provided in the Indenture and the Pledge Agreement, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, the Pledged Measure R Receipts and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof and on the terms and conditions set forth therein and in the Pledge Agreement.

3. The Pledge Agreement has been duly and validly authorized, executed and delivered by the Authority and the City and constitutes the legally valid and binding obligation of the Authority and the City, enforceable against the Authority and the City in accordance with its terms.

4. Under existing law, and assuming compliance with the covenants mentioned below after the date hereof, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 as amended to the date hereof (the "Code") from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof. We are further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Bonds. Pursuant to the Indenture, and in the Tax Exemption Certificate being delivered by the Authority and the City with respect to the Bonds in connection with the issuance of the Bonds, the Authority and the City are making representations relevant to the determination of, and are undertaking certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of and have relied upon such representations and the present and future compliance by the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal, state or local tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The opinions expressed in paragraphs 1, 2 and 3 above are qualified to the extent the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. Further, the enforceability of the Bonds, the Indenture and the Pledge Agreement are subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible

unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification).

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

2019C Bonds

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

City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

\$ _____
Montebello Public Financing Authority
Sales Tax Revenue Bonds
(Limited Tax Bonds) (Proposition C),
Series 2019C

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of \$ _____ aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019C (the “Bonds”) being issued pursuant to an Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and the Bank of New York Mellon Trust Company, N. A., as trustee (the “Trustee”). The Bonds are secured by Pledged Proposition C Receipts that are derived from a retail transactions and use tax (the “Proposition C Sales Tax”) imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California and the Measure R Ordinance. The “Proposition C Ordinance” is Ordinance No. 49, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) on August 8, 1990, and approved by a majority of the electors voting on such proposition in the November 6, 1990 election, as supplemented and amended. The Proposition C Ordinance imposes a retail transactions and use tax at the rate of one-half of one percent within the County that does not terminate. The “Pledged Proposition C Receipts” are Proposition C Sales Taxes allocated by LACMTA to the City pursuant to the Proposition C Ordinance and pledged to the Bonds under the Indenture and the Pledge Agreement, dated as of December 1, 2019 (the “Pledge Agreement”), by and between the City and the Authority.

As bond counsel, we have reviewed the Ordinance, the Indenture, the Pledge Agreement and certifications of the Authority, the City, the Trustee and others, opinions of counsel to the Authority, the City and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding special, limited obligations of the Authority and are payable exclusively from and are secured by a pledge of the Pledged Proposition C Receipts and certain amounts held under the Indenture, as provided in the Indenture and the Pledge Agreement, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, the Pledged Proposition C Receipts and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof and on the terms and conditions set forth therein and in the Pledge Agreement.

3. The Pledge Agreement has been duly and validly authorized, executed and delivered by the Authority and the City and constitutes the legally valid and binding obligation of the Authority and the City, enforceable against the Authority and the City in accordance with its terms.

4. Under existing law, and assuming compliance with the covenants mentioned below after the date hereof, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 as amended to the date hereof (the "Code") from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof. We are further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Bonds. Pursuant to the Indenture, and in the Tax Exemption Certificate being delivered by the Authority and the City with respect to the Bonds in connection with the issuance of the Bonds, the Authority and the City are making representations relevant to the determination of, and are undertaking certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of and have relied upon such representations and the present and future compliance by the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal, state or local tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The opinions expressed in paragraphs 1, 2 and 3 above are qualified to the extent the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. Further, the enforceability of the Bonds, the Indenture and the Pledge Agreement are subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible

unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification).

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX I
MEASURE M ORDINANCE

APPENDIX J
MEASURE R ORDINANCE

APPENDIX K
PROPOSITION C ORDINANCE

APPENDIX L

FORM OF MEASURE M PLEDGE AGREEMENT

APPENDIX M

FORM OF MEASURE R PLEDGE AGREEMENT

APPENDIX N

FORM OF PROPOSITION C PLEDGE AGREEMENT

\$ _____
**MONTEBELLO PUBLIC FINANCING AUTHORITY
SALES TAX REVENUE BONDS (LIMITED TAX BONDS) (MEASURE M/MEASURE
R/PROPOSITION C)
SERIES 2019A/B/C**

BOND PURCHASE AGREEMENT

_____, 2019

Montebello Public Financing Authority
1600 W. Beverly Boulevard
Montebello, CA 90640

City of Montebello
1600 W. 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 Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M/Measure R/Proposition C), Series 2019A/B/C (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 _____ 1, 20____ (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 City and 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 a principal 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.

The Underwriter has provided to the Authority and the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board, which have been received by the Authority and the City.

Section 2. The Bonds. The Bonds shall be secured by the Pledged Measure M/Measure R/Proposition C Receipts (as defined in the Indenture, dated as of _____ 1, 2019 (the “Indenture”), by and between the Authority and _____, as trustee (the “Trustee”)). The Pledged Measure M/Measure R Receipts/Proposition C Receipts are derived from a retail transactions and use tax (the “Measure M/Measure R/Proposition C Sales Tax”) imposed in the County of Los Angeles (the “County”) pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California (the “State”) and the Measure M/Measure R/Proposition C Ordinance. [The “Measure M Ordinance” is Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended.][The “Measure R Ordinance” is Ordinance No. 08-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended.][The “Proposition C Ordinance” is Ordinance No. 49, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) on August 8, 1990, and approved by at least two-thirds of electors voting on such proposition in the November 6, 1990 election, as supplemented and amended.] The “Pledged Measure M/Measure R/Proposition C Receipts” are Measure M/Measure R/Proposition C Sales Taxes allocated by LACMTA to the City pursuant to the Measure M/Measure R/Proposition C Ordinance and pledged to the Bonds under the Indenture and the Pledge Agreement, dated as of _____ 1, 2019 (the “Pledge Agreement”), by and between the Authority and the City.

The Bonds are being issued to provide funds to (i) finance certain transportation projects of the City, (ii) purchase a surety bond for the Reserve Fund, (iii) purchase a municipal bond insurance policy, and (iv) pay costs of issuance of the Bonds.

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.

The Authority will treat the first price at which 10% of each maturity of the Bonds (the “10% test”), identified as “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined below) has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

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, except as otherwise set forth therein.

The Underwriter confirms that any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

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 third-party 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 _____, 2019 (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 _____, 2019, 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 Norton Rose Fulbright US LLP, Los Angeles, 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 Pledge Agreement, the Indenture 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 to, 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 and general law city 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 Pledge 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) 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.

(h) 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.

(i) 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.

(j) As of the date hereof, the City does not have any material obligations secured by the Pledged Measure M/Measure R/Proposition C Receipts, except as disclosed in the Official Statement.

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 Bonds 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) all resolutions relating to the Bonds adopted by the Authority and certified by an authorized official of the Authority authorizing the execution and delivery of the Bonds, the Authority Documents and the Official Statement;

(ii) all resolutions relating to the Bonds adopted by the City and 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 F 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, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions "INTRODUCTION," "THE 2019 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2019A/B/C BONDS," and "TAX MATTERS," and in "APPENDIX C/D/E – SUMMARY OF CERTAIN PROVISIONS OF THE MEASURE

M/MEASURE R/PROPOSITION C INDENTURE,” “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT” “APPENDIX H – FORMS OF OPINIONS OF BOND COUNSEL” and “APPENDIX L/M/N – FORM OF MEASURE M/MEASURE R/PROPOSITION C PLEDGE AGREEMENT,” and excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the Bonds, the Pledge Agreement, the Indenture, and Bond Counsel’s final opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects as of the date of Closing;

(B) the Purchase Agreement has been duly authorized, executed and delivered by the Authority and the City and is the valid, legal and binding agreement of the Authority and the City enforceable in accordance with its terms, except that the rights and obligations under the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein; and

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(vi) the Official Statement, executed on behalf of the Authority and the City;

(vii) evidence that the Bonds have been rated “_____” 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; and (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;

(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 Pledge 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; and (v) no further consent is required for inclusion of its audited financial statements in the Official Statement;

(x) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and Bond Counsel, of the Office 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) 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;

(D) 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 Pledged Measure M/Measure R/Proposition C Receipts, 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; and

(E) 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.

(xi) an opinion dated the date of Closing and addressed to the Underwriter, the Trustee and the Bond Counsel, of the Office of the City Attorney of the City, to the effect that:

(A) the City is a municipal corporation and a general law city 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) 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;

(D) 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 Pledged Measured M Receipts, or in any way contesting or affecting the validity of the Bonds, the Official Statement or the City Documents; and

(E) 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.

(xii) an opinion of Quint & Thimmig LLP, Larkspur, 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;

(xiii) 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 has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture constitute the valid, legal

and binding obligations of the Trustee 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;

(C) the Trustee has duly authenticated the Bonds upon the order of Authority;

(D) the Trustee's actions in executing and delivering the Indenture are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel's knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(E) 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 or will be required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Indenture; and

(F) 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 Indenture.

(xiv) 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 Indenture;

(B) the Trustee is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture, and assuming due authorization and execution by the other parties thereto, the Indenture is 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) 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

execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Indenture; and

(E) 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 Indenture.

(xv) 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;

(xvi) a copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xvii) the tax and nonarbitrage certificate by the Authority and the City in form and substance to the reasonable satisfaction of Bond Counsel, the Underwriter and Nixon Peabody LLP ("Underwriter's Counsel");

(xviii) an opinion of Underwriter's Counsel in form and substance acceptable to the Underwriter;

(xix) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement, of the City;

(xx) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement, of the Authority;

(xxi) a 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;

(xxii) a letter of approval by the LCMTA; and

(xxiii) 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, 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 for 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 Contract and other Underwriter documents and travel expenses.

The Authority and the City acknowledge that the Underwriter will pay from the underwriter’s expense allocation of the underwriting discount certain fees, including the applicable per bond assessment charged by the California Debt and Investment Advisory Commission.

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, _____, _____, CA _____, Attention: _____. Any notice or communication to be given the Authority under this Purchase Agreement may be given by delivering the same in writing 1600 W. 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 W. 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: _____ p.m.

Accepted:

CITY OF MONTEBELLO

By: _____
Authorized Signatory

Time of Execution: _____ p.m.

Signature Page
\$ _____

Montebello Public Financing Authority
Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M/Measure R/Proposition C)
Series 2019A/B/C

EXHIBIT A
MATURITY SCHEDULE

Maturity Date <u>(June 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>10% Test Used</u>	Hold The Offering Price <u>Rule Used</u>
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EXHIBIT B

\$ _____

**MONTEBELLO PUBLIC FINANCING AUTHORITY
SALES TAX REVENUE BONDS (LIMITED TAX BONDS) (MEASURE M/MEASURE
R/PROPOSITION C)
SERIES 2019A**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Cabrera Capital Markets, LLC (“Cabrera”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of Montebello Public Financing Authority (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Cabrera offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, Cabrera agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Cabrera sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *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.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *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 _____.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Cabrera’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US 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 the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

CABRERA SECURITIES INC.

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT C
FORM OF DISCLOSURE COUNSEL OPINION

_____, 2019

Montebello Public Financing Authority
Montebello, California

City of Montebello
Montebello, California

Cabrera Securities Inc.
Cardiff, California

Re: \$_____ Montebello Public Financing Authority Sales Tax Revenue Bonds
 (Limited Tax Bonds) (Measure M/Measure R/Proposition C), Series 2019A/B/C

Ladies and Gentlemen:

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of December 1, 2019, is by and between the CITY OF MONTEBELLO (the “City”) and HILLTOP SECURITIES INC. as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Montebello Public Financing Authority (the “Authority”) of its \$_____ Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure M), Series 2019A (the “2019A Bonds”), the \$_____ Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Measure R), Series 2019B (the “2019B Bonds”), and its \$_____ Montebello Public Financing Authority Sales Tax Revenue Bonds (Limited Tax Bonds) (Proposition C), Series 2019C (the “2019C Bonds” and, with the 2019A Bonds and the 2019B Bonds, the “2019 Bonds”). The 2019A Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019 (the “2019A Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The 2019B Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019 (the “2019B Indenture”), by and between the Authority and the Trustee. The 2019C Bonds will be issued pursuant to an Indenture, dated as of December 1, 2019 (the “2019C Indenture” and, with the 2019A Indenture and the 2019B Indenture, the “Indentures”), by and between the Authority and the Trustee. The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indentures, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means the March 31 after the end of the City’s fiscal year.

“*Dissemination Agent*” shall mean, initially, Hilltop Securities Inc. or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the 2019 Bonds.

“Participating Underwriter” means Cabrera Capital Markets, LLC, the original underwriter of the 2019 Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“Significant Events” means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2019 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for fiscal year 2018-19 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

[TO BE DETERMINED]

(c) In addition to any of the information expressly required to be provided under this Disclosure Agreement, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. 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 Significant Events with respect to the 2019 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an 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, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2019 Bonds under the Indentures.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental City has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental City, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental City having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

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 Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2019 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2019 Bonds in the manner provided in the Indentures for amendments to the Indentures with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2019 Bonds.

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

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

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any holder or beneficial owner of the 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indentures, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Section 27 of the Indentures is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indentures. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2019 Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2019 Bonds and shall create no rights in any other person or entity.

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

Date: December 1, 2019

CITY OF MONTEBELLO

By _____
Name _____
Title _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Montebello Public Financing Authority

Name of Obligor: City of Montebello

Name of Issues: Montebello Public Financing Authority Sales Tax Revenue Bonds
(Limited Tax Bonds) (Measure M), Series 2019A

Montebello Public Financing Authority Sales Tax Revenue Bonds
(Limited Tax Bonds) (Measure R), Series 2019B

Montebello Public Financing Authority Sales Tax Revenue Bonds
(Limited Tax Bonds) (Proposition C), Series 2019C

Date of Issuance: December __, 2019

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Agreement, dated December __, 2019, furnished by the Obligor in connection with the Issues. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

HILLTOP SECURITIES INC., as
Dissemination Agent

By _____
Title _____

cc: Trustee

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: Robert Mescher, Director of Finance

SUBJECT: Quarterly Financial Report as of September 30, 2019

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council review and accept the report.

BACKGROUND

On June 26, 2019, the City Council adopted the FY19-20 Budget, with an estimated General Fund deficit of \$2.8 million dollars, excluding capital improvement projects. As of September 30, 2019, the budgeted deficit increased to \$4.5 million dollars due to various additional one-time appropriations of Cannabis related expenditures of \$0.6 million and Capital Improvement Projects of approximately \$1 million.

The Finance Department has prepared a first quarter financial report comparing the actual financial results for the quarter ended September 2019 with the FY19-20 Amended Budget. The report is informal; using a cash-basis for most expenditures, such as depreciation and debt service.

The first quarter reflects a short period of time compared to the budget and many expenditures are paid at the very beginning or end of a year. We call these timing differences. Also, the budget was adopted at the end of June and may take several months to fill budgeted employee positions and to start capital projects. Generally, the three months represent 25% of the budget. Therefore, in most cases, favorable revenue results will be higher than 25% and favorable expenditure results will be lower than 25% of the budget.

ANALYSIS**General Fund**

The General Fund is the primary operating fund of the City.

The General Fund total revenues including Transfers-In for the first quarter FY19-20 were approximately \$8.3 million or 16.9% of budget. Generally, the revenue receipts for this period of the fiscal year is lower due to timing of franchise taxes, property tax, property tax residual and vehicle license fees which are received in December and January of each year.

The General Fund total expenditures including Transfers-Out were approximately \$10.7 million or 19.8% of budget due to unfilled budgeted employee positions and capital projects not yet started. Also debt and lease payments are paid in the later quarters.

Retirement Fund

The Retirement Fund is used to account for the property tax pension override revenue and investment income, and the payments to the pension plan. The total revenues for the first quarter were 2.7% of budget mainly due to the property tax revenue received in later quarters. The unfunded actuarial pension liability payment for the first quarter was approximately \$1.8 million which is on track with the budget. There is a slight savings in regular pension expense due to unfilled budgeted employee positions.

Self-Insurance Fund

The Self-Insurance Fund is an internal services fund used to allocate claims and administrative costs to other funds. The revenues of the Self-Insurance Fund are recorded as an insurance expense in the other funds. The Self-Insurance Fund expenditures for the first quarter were 35.5% of budget due to timing of annual insurance premiums payments.

Water Fund

The Water Fund accounts for the revenues and expenditures of the City's water utility. Although Water revenues were lower than prior year due to its biggest customer, the Golf Course, switching to reclaimed water, it is still on track with the Amended Budget. Water Fund expenditures for the first quarter were 16.5% of budget due to timing of expenditures.

Golf Course and Quiet Cannon

The Golf Operating revenues were slightly higher than budget due to newly implemented on-line point of sales system that can sell tee times and the completion of the Home2Suites. Expenditures were lower than budget due to unfilled budgeted employee positions and timing of other expenditures.

Transit

The Transit revenues for the first quarter are on track with the budget. Expenditures were 22% of budget, mainly due to budget savings from unfilled vacant positions.

Hilton Garden Inn

Hilton Garden Inn revenues for the first quarter were within budget. Expenses were 16.4% of budget due to timing of debt service paid in the second quarter.

Home2Suites

Home2Suites revenues for the first quarter well exceeded the budget. Expenses were 13.7% of budget due to timing of debt service paid in the second quarter.

FISCAL IMPACT

There is no fiscal impact associated with this report.

SUMMARY

This first quarter financial report indicates the City is on track with the amended budget in all funds.

ATTACHMENTS

- A. First Quarter Financial Report for Fiscal Year 2019-20

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

SUBJECT: ADOPTION OF RESOLUTION IN SUPPORT OF BALANCED ENERGY SOLUTIONS AND LOCAL CHOICE

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council adopt a Resolution supporting balanced energy solutions and local choice of energy resources and technologies.

BACKGROUND / ANALYSIS

A number of State agencies are increasingly proposing new legislation and regulations intended to eliminate energy choices and mandating solutions to fully electrify homes and businesses in the future. These mandates eliminate local control and customer choice. The proposed Resolution supports a balanced approach to meeting state environmental goals and opposes legislation and policies that would eliminate local choice with regard to building and vehicle energy resources and technologies.

The City of Montebello supports the reduction of greenhouse gas emissions and reducing the effect of climate change on its citizens. The City is taking an active role in supporting State environmental goals and measures that seek to meet or exceed emission reduction regulations. The adoption of this Resolution is a positive step towards communicating Montebello's desire to allow for customer choice in preferred energy solutions for homes and businesses.

The cost associated with electrical appliances and the long term costs to operate these items is greater than gas operated equipment. It is important to recognize that full electrification may be more costly for some residents, particularly the most financially vulnerable within our community. By supporting the recommended Resolution, the City is protecting customer choice, protecting customers from higher energy costs and taking a positive action for a better environment in the future.

FISCAL IMPACT

There is no fiscal impact.

SUMMARY

That the City Council adopt a Resolution supporting balanced energy solutions and local choice of energy resources and technologies.

ATTACHMENTS

Resolution

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO,
CALIFORNIA, IN SUPPORT OF BALANCED ENERGY SOLUTIONS AND
MAINTAINING LOCAL CONTROL OF ENERGY SOLUTIONS**

WHEREAS, California's energy policies are critical to reducing greenhouse gas emissions and reducing the impact of climate change on our citizens; and

WHEREAS, the state legislature and state agencies are increasingly proposing new legislation and regulations eliminating choice of energy by mandating technologies to power buildings and public and private fleets, including transit and long-haul trucking, as a strategy to achieve the state's climate goals; and

WHEREAS, clean, affordable and reliable energy is crucial to the material health, safety and well-being of Montebello residents, particularly the most vulnerable, who live on fixed incomes, including the elderly and working families who are struggling financially; and

WHEREAS, the need for clean, affordable and reliable energy to attract and retain local businesses, create jobs and spur economic development is vital to our City's success in a highly competitive and increasingly regional and global marketplace; and

WHEREAS, Montebello's residents and businesses value local control and the right to choose the policies and investments that most affordably and efficiently enable them to comply with state requirements; and

WHEREAS, building and vehicle technology mandates eliminate local control and customer choice, suppress innovation, reduce reliability and unnecessarily increase costs for Montebello residents and businesses; and

WHEREAS, the City understands that relying on a single energy delivery system unnecessarily increases vulnerabilities to natural and man-made disasters, and that a diversity of energy delivery systems and resources contribute to greater reliability and community resilience; and

WHEREAS, Montebello understands the need to mitigate the impacts of climate change and is committed to doing its part to help the state achieve its climate goals, but requires the flexibility to do so in a manner that best serves the needs of its residents and businesses.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES
HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City supports balanced energy solutions that provide it with the decision-making authority and resources needed to achieve the state's climate goals and supports proposed state legislation and regulation that retains local control by allowing all technologies and energy resources that can power buildings and fuel vehicles, and also meet or exceed emissions reductions regulations.

APPROVED AND ADOPTED THIS 13TH DAY OF NOVEMBER 2019

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

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

I, Irma Barajas, City Clerk of the City of Montebello, do hereby certify that the foregoing City Council Resolution No. _____ was duly and regularly approved and adopted by the City Council of the City of Montebello at their meeting held on the 13TH day of November, 2019, as approved by law by the following vote:

AYES:
NOES:
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the _____ day of _____, 2019.

IRMA BARAJAS, City Clerk

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rene Bobadilla, City Manager

BY: Bob Franco, Director of Human Resources

SUBJECT: Request to Approve CalPERS Resolutions for Paying the Value of the Employer Paid Member Contributions (EPMC)

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council approve the attached nine (9) CalPERS resolutions for paying the value of the employer paid member contributions (EPMC), effective as of January 5, 2020.

BACKGROUND / ANALYSIS

Beginning on July 1, 2018, through a series of Side Letters and Resolutions, the City initiated the continuation of City-paid employee member contributions for CalPERS retirement benefits for its (8) recognized bargaining units and its non-represented employee group while negotiations ensued and progressed. The employees' share at that time was (8%) for non-safety units and (9%) for safety units. The City-paid EPMC benefit applied to CalPERS "Classic" employee members only, and did not apply to PEPRAs employee members who already were required to pick up their full employee share of (6.25%) for PEPRAs Miscellaneous members and (11.25%) for PEPRAs Safety members, and since that time, PEPRAs Safety members contributions has increased to (12.25%).

The City began negotiations with each of its bargaining units in August 2018 and was successful in reaching agreements with all eight (8) bargaining units. The Memorandums of Understanding (MOU) that resulted from those successful negotiations stipulated that each bargaining unit would incrementally pay their full share of their employee member contribution within the terms of the MOUs. The attached Resolutions achieve that.

The attached Resolutions are required by CalPERS for paying and reporting the value of employer paid member contributions. This also includes the non-represented employee group who were not part of the collective bargaining process with the other (8) units.

FISCAL IMPACT

There is no additional fiscal impact for the remainder of FY 2019/2020. In subsequent years, funds will be appropriated through the budget process.

SUMMARY

Approve the attached nine (9) CalPERS resolutions for paying the value of the employer paid member contributions (EPMC) effective as of January 5, 2020.

ATTACHMENTS

1. CalPERS Resolution for Paying the Value of EMPC – Non-Represented Group
2. CalPERS Resolution for Paying the Value of EMPC – MCEA
3. CalPERS Resolution for Paying the Value of EMPC – MFA
4. CalPERS Resolution for Paying the Value of EMPC – MFMA
5. CalPERS Resolution for Paying the Value of EMPC – MMMA
6. CalPERS Resolution for Paying the Value of EMPC – MPMA
7. CalPERS Resolution for Paying the Value of EMPC – MPOA
8. CalPERS Resolution for Paying the Value of EMPC – MSA
9. CalPERS Resolution for Paying the Value of EMPC – SMART-TD

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the NON-REPRESENTED EMPLOYEES (excluding executive management).**
- **This benefit shall consist of paying 4% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

CalPERS ID:
1885224868

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello City Employees' Association (MCEA).**
- **This benefit shall consist of paying 4% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

CalPERS ID:
1885224868

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello Firefighters' Association (MFA).**
- **This benefit shall consist of paying 1% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello, elects to pay and report the value of EMPC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

ATTEST:

Jack Hadjinian, MAYOR

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

CalPERS ID:
1885224868

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello Fire Management Association (MFMA).**
- **This benefit shall consist of paying 1% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello, elects to p and report the value of EMPC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

CalPERS ID:
1885224868

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello Mid-Management (MMMA).**
- **This benefit shall consist of paying 4% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

CalPERS ID:
1885224868

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello Police Management Association (MPMA).**
- **This benefit shall consist of paying 1% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez, City Attorney

CalPERS ID:
1885224868

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello Police Officers' Association (MPOA).**
- **This benefit shall consist of paying 1% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

CalPERS ID:
1885224868

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the Montebello Supervisor's Association (MSA).**
- **This benefit shall consist of paying 4% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

CalPERS ID:
1885224868

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MONTEBELLO FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTION**

WHEREAS, the governing body of the City of Montebello has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Montebello has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Montebello of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Montebello has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees/members of the International Association of Sheet Metal, Air, Rail, Transportation Workers – Transportation Division (SMART-TD).**
- **This benefit shall consist of paying 4% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be January 5, 2020.**

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Montebello elects to pay and report the value of EPMC, as set forth above.

That the City Clerk shall certify to the adoption of this resolution and distribute copies to the Director of Human Resources and the Director of Finance and that the same shall be in full force and effect.

APPROVED AND ADOPTED this 13th day of November 2019

Jack Hadjinian, MAYOR

**CalPERS ID:
1885224868**

ATTEST:

Irma Barajas, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez, City Attorney

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

SUBJECT: Approve the Resolution Establishing Holidays for Employees in the City's Service for Calendar Year 2020

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council approve the Resolution establishing twelve holidays for employees in the City's service for the next calendar year commencing January 1, 2020 to December 31, 2020 in accordance with Section 2.60.340(A) of the City of Montebello's Municipal Code.

BACKGROUND

In accordance with the City of Montebello Municipal Code Section 2.60.340(A), staff presents a Resolution to the City Council each year to establish a holidays schedule to be recognized by the City. The holiday schedule applies to those employees on the traditional vacation, sick, and holiday system.

SUMMARY

The City Council will consider the approval and authorizing the Resolution establishing holidays for employees in the City's service for the next calendar year commencing January 1, 2020 to December 31, 2020. There is no fiscal impact to approve this City holiday resolution for the calendar year 2020.

ATTACHMENT

Resolution to Establish City of Montebello Holidays for Calendar Year 2020.

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MONTEBELLO ESTABLISHING HOLIDAYS
FOR EMPLOYEES IN THE CITY’S SERVICE FOR
CALENDAR YEAR COMMENCING JANUARY 1, 2020
AND ENDING DECEMBER 31, 2020**

**THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES RESOLVE
AS FOLLOWS:**

SECTION 1. That the City Council of the City of Montebello having previously deliberated upon the holidays to be observed by the City of Montebello has determined that the following dates shall be observed holidays for the calendar year commencing January 1, 2020, and ending December 31, 2020, in accordance with Section 2.60.340(A) of the Montebello Municipal Code:

DATE	HOLIDAY
January 1	New Year’s Day
January 20	Martin Luther King Jr. Day
February 17	President’s Day
May 25	Memorial Day
July 4	Independence Day
September 7	Labor Day
November 11	Veterans’ Day
November 26	Thanksgiving Day
Novemer 27	Day After Thanksgiving
December 25	Christmas Day

SECTION 2. That the City Council of the City of Montebello, has determined to grant a total of twelve (12) days of holiday time to those employees on the traditional vacation, sick, and holiday system, in accordance with Section 2.60.340(C) and (E) of the Montebello Municipal Code. The eleventh and twelfth days will be considered floating holidays to be determined by the employees on the traditional vacation, sick, and holiday system.

SECTION 3. That the City Clerk shall certify to the adoption of this resolution and distribute copies to all department heads, and that the same shall be in full force and effect.

ADOPTED and APPROVED this 13th day of November 2019

Jack Hadjinian, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Barajas, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

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

I, Irma Barajas, City Clerk of the City of Montebello, do hereby certify that the foregoing City Council Resolution No. 19- was duly and regularly approved and adopted by the City Council of the City of Montebello at their meeting held on the 13th day of November , 2019, as approved by law by the following vote:

AYES:

NOES:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the _____ day of _____, 2019.

IRMA BARAJAS, City Clerk

CITY OF MONTEBELLO

CITY COUNCIL AGENDA STAFF REPORT

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

SUBJECT: City Hall and Related Administrative Facilities Holiday Closure

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council approve the closure of City Hall and the Recreation and Community Services Administrative Office beginning on Monday, December 23, 2019 and re-open on Monday, January 6, 2020. All other City operations will remain open including Police, Fire and Transportation.

BACKGROUND

On September 26, 2018, the City Council adopted Resolution No. 18-94 establishing a Holiday Schedule observing specific holidays resulting in the closure of City Hall for calendar year 2019. Adopted in Resolution No. 18-94, included Tuesday, December 24, Christmas Eve and Wednesday, December 25, Christmas Day. Under separate City Council action, the 2020 Holiday Schedule is recommending the recognition of observing January 1, 2020, New Year's Day as a City Holiday. City Hall and the Recreation and Community Services Administrative offices operate Monday-Thursday from 7:30 am – 5:30 pm.

This holiday season presents a unique opportunity to incorporate the recognized City holidays that respectively land mid-work week, a Tuesday and Wednesday for Christmas and the following mid-week for New Year's. Historically City staff have used the Christmas/New Year holiday weeks to take time off with their families since there is very low calls for service during this time.

The City Hall has extensive facility repair needs that include roof replacement, floor/tile replacement, interior painting, vent cleaning and other deferred maintenance that can be accomplished with a two-week closure.

Staff met and conferred with all eight bargaining units that support the closure including:

- The Montebello Police Officers' Association (MPOA)
- The Montebello Police Management Association (MPMA)

ITEM #31

- The International Association of Sheet Metal, Air, Rail & Transportation Workers – Transportation Division (SMART-TD)
- The Montebello Supervisors' Association (MSA)
- The Montebello City Employees Association (MCEA)
- The Montebello Mid-Management Association (MMMA)
- The Montebello Firefighter's Association (MFA)
- The Montebello Fire Management Association (MFMA)

Approval of the closure will result in all full-time employees' with traditional vacation, sick, and holiday system each receiving an amount of accrual equal to two days of their regular scheduled hours to be used no later than June 30, 2020.

SUMMARY

The budget impact from this action will be nominal. There will likely be utility savings from having the main city hall buildings shut down for two weeks

CITY OF MONTEBELLO

TO: Honorable Mayor and City Council Members

FROM: René Bobadilla, City Manager

BY: Lillian Guzman, Deputy City Clerk

**SUBJECT: APPOINTMENT OF A REPRESENTATIVE TO THE GREATER
LOS ANGELES COUNTY VECTOR CONTROL DISTRICT**

DATE: November 13, 2019

RECOMMENDATION

It is recommended that the City Council:

- 1) Re-appoint one representative to the Greater Los Angeles County Vector Control District for a 2 year term.

BACKGROUND

The term of the current representative expires on January 6, 2020. Pursuant to Section 2024 of the State Health and Safety Code (SHSC) governing the dates of term of office of members appointed to the Board of Trustees to the Greater Los Angeles County Vector Control District, the City Council may consider reappointing the current trustee for a 2 or 4 year term of office, commencing January 6, 2020. The representative will serve until the expiration of his/her term unless he/she resigns, vacates the office due to absence or is no longer a voter and resident within the City of Montebello.

FISCAL IMPACT

None.

SUMMARY

The term of the current representative, Avik Cordeiro, appointed by the City Council expires on January 6, 2020. It is recommended that the City Council reappoint Avik Cordeiro to serve on the Board of Trustees of the Greater Los Angeles County Vector Control District.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONTEBELLO APPROVING AND ALLOWING CERTAIN CLAIMS AND
DEMANDS**

**THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES
HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1. That the reference is hereby made to that certain
Register of Audited Demand Nos. 1481, consisting of 12 pages, and
including**

Warrant No. 585789 through 586081

**on file in the office of the City Clerk, the same having been audited and
approved by the Controller as required by law.**

**SECTION 2. That the said City Council having examined each such
demand does hereby approve and direct the payment of same, as set forth
in said Register, except the following Warrant No.**

**SECTION 3. That the City Clerk shall certify to the adoption of this
resolution and thence forth and thereafter the same shall be in full force
and effect.**

APPROVED AND ADOPTED THIS 13th DAY OF NOVEMBER, 2019.

JACK HADJINIAN, Mayor

ATTEST:

IRMA BARAJAS, City Clerk



City of Montebello
Register of Demands No. 1481

From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
4331 - General Account					
585789	10/24/2019	\$423.77	SUPPLIES	20350	ALLSTAR FIRE EQUIPMENT INC.
585790	10/24/2019	\$7,003.85	CDBG/HOME CONSULTING SERVICES	38010	ADVANCED AVANT-GARDE CORPORATION
585791	10/24/2019	\$9,859.99	TRANSIT CNG SERVICES	52710	CLEAN ENERGY FUELS
585792	10/24/2019	\$340.00	CONTRACT SERVICES	19300	CARLOS DIAZ/DIAZ WINDOW CLEANING SERVICE
585793	10/24/2019	\$14,900.00	TELEPHONE SYSTEM SUPPORT SERVICES	74240	GLOBAL CTI GROUP, INC.
585794	10/24/2019	\$1,002.89	VEHICLE MAINTENANCE/EXPENSES	69140	HUNTINGTON BEACH MOTORSPORTS, INC.
585795	10/24/2019	\$7,800.00	CONTRACT SERVICES	1612	JCL TRAFFIC SERVICES
585796	10/24/2019	\$3,628.95	HVAC MAINTENANCE	2152	JOHNSON CONTROLS, INC.
585797	10/24/2019	\$70.00	REFUND	2626	SHARON KASNER
585798	10/24/2019	\$100.00	REFUND	74060	ROSE A. LOPEZ
585799	10/24/2019	\$244.58	SUPPLIES	15620	OFFICE DEPOT
585800	10/24/2019	\$200.00	REFUND	2628	SAMUEL SABELLA
585801	10/24/2019	\$9,012.90	WATER MAINTENANCE	14730	SAN GABRIEL VALLEY WATER CO.
585802	10/24/2019	\$3,818.33	WATER MAINTENANCE	14730	SAN GABRIEL VALLEY WATER CO.
585803	10/24/2019	\$4,504.10	WATER MAINTENANCE	14730	SAN GABRIEL VALLEY WATER CO.
585804	10/24/2019	\$4,078.08	WATER MAINTENANCE	14730	SAN GABRIEL VALLEY WATER CO.
585805	10/24/2019	\$310,110.21	MONTEBELLO BLVD IMPROVEMENTS	20770	SEQUEL CONTRACTORS. INC.
585806	10/24/2019	\$120.43	MACHINERY & EQUIPMENTS	1933	STRICTLY TECHNOLOGY LLC.
585807	10/24/2019	\$14,946.00	PARK PLAYGROUND WOOD CHIPS	2611	TURBOSCAPE, INC.
585808	10/24/2019	\$4,700.00	METROLINK LANDSCAPING SERVICES	74850	UNIQUE GENERAL SERVICES
585809	10/24/2019	\$700.00	CONTRACT SERVICES	395	MARIA TERESA VASQUEZ
585810	10/24/2019	\$20,030.00	TREE TRIMMING SERVICES	40860	WEST COAST ARBORISTS, INC.
585811	10/24/2019	\$990.00	CONTRACT SERVICES	11820	ADCO SERVICES, INC.
585812	10/24/2019	\$109.75	SUPPLIES	205	AIRGAS, INC.



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From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
585813	10/24/2019	\$528.00	CONTRACT SERVICES	1749	AMERICAN EAGLE PROTECTIVE SERVICES, INC.
585814	10/24/2019	\$1,064.36	CONTRACT SERVICES	26390	APPLE ONE EMPLOYMENT SERVICES
585815	10/24/2019	\$6,392.00	DUES & SUBSCRIPTIONS	48790	AREA E CIVIL DEFENSE & DISASTER BOARD
585816	10/24/2019	\$500.00	DUES & SUBSCRIPTIONS	49280	AREA E FIRE CHIEFS ASSOCIATION
585817	10/24/2019	\$530.48	TRAVEL & MEETINGS	55010	CLAY THOMAS BARRIO
585818	10/24/2019	\$220.00	SUPPLIES	2620	LARRY BLAUVELT/BLAUVELT SIGNS
585819	10/24/2019	\$250.00	CONTRACT SERVICES	61240	CARD INTEGRATORS CORPORATION
585820	10/24/2019	\$288.00	CONTRACT SERVICES	58240	STATE OF CALIFORNIA-DEPARTMENT OF JUSTICE
585821	10/24/2019	\$41,930.88	WATER PURCHASE	19120	CENTRAL BASIN MUNICIPAL WATER DISTRICT
585822	10/24/2019	\$31.28	SUPPLIES	10000	CLEAN SWEEP SUPPLY CO. INC
585823	10/24/2019	\$751.82	SUPPLIES	2345	COMMERCE HOSE & INDUSTRIAL PRODUCTS
585824	10/24/2019	\$1,165.40	ADVERTISING/PRINTING SERVICES	1354	DAILY JOURNAL CORPORATION
585825	10/24/2019	\$350.00	CONTRACT SERVICES	2615	DAVID RICHARD REGO
585826	10/24/2019	\$34,170.00	REAL ESTATE APPLICATION SOFTWARE	9030	DIGITAL MAP PRODUCTS, INC.
585827	10/24/2019	\$18,230.81	SAFETY GENERATOR REPAIRS	47770	DUTHIE ELECTRIC SERVICE CORPORATION
585828	10/24/2019	\$481.43	SUPPLIES	7610	EWING IRRIGATION PRODUCTS, INC.
585829	10/24/2019	\$55.00	CONTRACT SERVICES	1760	SCOTT FAZEKAS & ASSOCIATES, INC.
585830	10/24/2019	\$30.60	MAIL/ POSTAL EXPENSE	22400	FEDERAL EXPRESS CORPORATION
585831	10/24/2019	\$98,554.56	DIAL A RIDE SERVICES	75950	FIESTA TAXI COOPERATIVE, INC.
585832	10/24/2019	\$10,235.17	HVAC MAINTENANCE SERVICES	2443	FM THOMAS AIR CONDITIONING, INC.
585833	10/24/2019	\$1,800.00	STORM WATER MONITORING	1595	FROG ENVIRONMENTAL, INC
585834	10/24/2019	\$38,940.51	JAIL SERVICES	76070	GEO CORRECTIONS & DETENTION INC.
585835	10/24/2019	\$4,350.00	TELEPHONE SYSTEM SUPPORT SERVICES	74240	GLOBAL CTI GROUP, INC.
585836	10/24/2019	\$1,603.08	SUPPLIES	17430	GOLF SCORECARDS, INC.
585837	10/24/2019	\$618.95	CONTRACT SERVICES	2407	OSCAR HERNANDEZ PLUMBING



City of Montebello
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From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
585838	10/24/2019	\$1,995.00	CONTRACT SERVICES	6690	IRRI-CARE PLUMBING AND BACKFLOW TESTING
585839	10/24/2019	\$1,977.68	LEASE PAYMENT	2405	YALE CHASE EQUIPMENT AND SERVICES , INC.
585840	10/24/2019	\$1,413.45	SUPPLIES	26670	LIFE-ASSIST, INC.
585841	10/24/2019	\$5.00	DUES & SUBSCRIPTIONS	9200	LOS ANGELES COUNTY ASSESSOR OFFICE
585842	10/24/2019	\$150.00	CONTRACT SERVICES	2410	LOS ANGELES COUNTY
585843	10/24/2019	\$200.60	CONTRACT SERVICES	74640	MISSION LINEN SUPPLY
585844	10/24/2019	\$964.37	SUPPLIES	2544	CITY OF MONTEBELLO - RECREATION DEPARTMENT
585845	10/24/2019	\$350.00	CONTRACT SERVICES	26880	SEBASTIAN WATERWORKS, INC.
585846	10/24/2019	\$36,608.61	GRAFFITI REMOVAL SERVICES	35250	NATIONWIDE ENVIRONMENTAL SERVICES
585847	10/24/2019	\$501.63	SUPPLIES	1938	P & R PAPER SUPPLY COMPANY INC.
585848	10/24/2019	\$689.28	CONTRACT SERVICES	42180	PCAM, LLC
585849	10/24/2019	\$530.48	TRAVEL & MEETINGS	34240	ROBERT PORTILLO
585850	10/24/2019	\$70.73	CONTRACT SERVICES	56260	PRUDENTIAL OVERALL SUPPLY
585851	10/24/2019	\$180.68	SUPPLIES	1120	NESTLE WATERS NORTH AMERICA
585852	10/24/2019	\$20,000.00	RED LIGHT CAMERA SERVICES	61050	REDFLEX TRAFFIC SYSTEMS
585853	10/24/2019	\$578.70	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585854	10/24/2019	\$607.64	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585855	10/24/2019	\$11,486.92	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585856	10/24/2019	\$88.28	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585857	10/24/2019	\$84.28	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585858	10/24/2019	\$80.26	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585859	10/24/2019	\$84.28	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585860	10/24/2019	\$80.26	COPIER REPAIR/SERVICES	69730	DE LAGE LANDEN FINANCIAL SERVICES INC./RICOH
585861	10/24/2019	\$17.52	VEHICLE MAINTENANCE/EXPENSES	52940	S & A ENGINE, INC.
585862	10/24/2019	\$70,078.52	FUEL	1059	AMBER RESOURCES LLC/SAWYER PETROLEUM



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585863	10/24/2019	\$82.88	CONTRACT SERVICES	51850	SECURITY SIGNAL DEVICES INC.
585864	10/24/2019	\$5,972.40	STREET BANNERS INSTALLATION	743	SIERRA INSTALLATIONS, INC.
585865	10/24/2019	\$114.97	VEHICLE MAINTENANCE/EXPENSES	1963	SUEZ WTS SERVICES USA, INC.
585866	10/24/2019	\$4,240.00	FIRE TRAINING MANAGEMENT SYSTEM	74560	TARGETSOLUTIONS, LLC.
585867	10/24/2019	\$229.00	CONTRACT SERVICES	4020	TORO NSN
585868	10/24/2019	\$1,500.00	CONTRACT SERVICES	1188	TYLER TECHNOLOGIES, INC.
585869	10/24/2019	\$13,803.32	FIRE NURSE EDUCATOR SERVICES	20070	UC REGENTS
585870	10/24/2019	\$7,993.84	SAFETY BUILDING REPAIR SERVICES	47600	VORTEX INDUSTRIES
585871	10/24/2019	\$7,376.65	WATER PURCHASE	20060	WATER REPLENISHMENT DISTRICT
585872	10/24/2019	\$1,218.50	CONTRACT SERVICES	183	WECK LABORATORIES ENVIRONMENTAL SERVICES, INC.
585873	10/24/2019	\$1,000.00	CONTRACT SERVICES	40860	WEST COAST ARBORISTS, INC.
585874	10/24/2019	\$1,677.54	SUPPLIES	13160	WEST-LITE SUPPLY CO.,INC.
585875	10/24/2019	\$530.48	TRAVEL & MEETINGS	1270	ERIC YAN
585876	10/24/2019	\$7,834.50	CDBG/HOME CONSULTING SERVICES	981	MICHAEL BAKER INTERNATIONAL, INC.
585877	10/29/2019	\$13,323.57	INSURANCE PREMIUMS	55860	AFLAC
585878	10/29/2019	\$697.33	SUPPLIES	62880	AMERICAN EMBLEMATIC, LLC
585879	10/29/2019	\$682.28	UTILITY SERVICES	39550	AT&T
585880	10/29/2019	\$1,753.81	UTILITY SERVICES	39550	AT&T
585881	10/29/2019	\$81.10	UTILITY SERVICES	73760	AT&T TELECONFERENCE SERVICES
585882	10/29/2019	\$250.00	TRAINING	389	FRANCISCO AVILA
585883	10/29/2019	\$4,920.00	ADMIN FEES TAX BONDS	17870	THE BANK OF NEW YORK MELLON
585884	10/29/2019	\$2,765.46	PERMITS AND FEES	2307	CALIFORNIA DEPARTMENT OF
585885	10/29/2019	\$84.90	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
585886	10/29/2019	\$153.84	SUPPLIES	3780	JACOB CASTILLO
585887	10/29/2019	\$268,758.75	GOLF COURSE RECYCLED WATER PROJ	19120	CENTRAL BASIN MUNICIPAL WATER DISTRICT



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585888	10/29/2019	\$165,737.72	TRANSIT CUTAWAY BUS	1461	CREATIVE BUS SALES, INC.
585889	10/29/2019	\$559.05	VEHICLE MAINTENANCE/EXPENSES	950	CUMMINS PACIFIC, LLC
585890	10/29/2019	\$189.00	ADVERTISING/PRINTING SERVICES	1354	DAILY JOURNAL CORPORATION
585891	10/29/2019	\$48,537.44	INSURANCE PREMIUMS	4110	DELTA DENTAL OF CALIFORNIA
585892	10/29/2019	\$789.11	PERMITS AND FEES	31150	DEPARTMENT OF CONSERVATION
585893	10/29/2019	\$220.00	CONTRACT SERVICES	2229	EAGLE PORTABLES INC.
585894	10/29/2019	\$250.00	TRAINING	69390	ANDREW M. FIVECOAT
585895	10/29/2019	\$4,167.00	CONTRACT SERVICES	21260	FLAIR DATA SERVICES, INC.
585896	10/29/2019	\$452.49	UTILITY SERVICES	2467	FUSION CLOUD SERVICES, LLC
585897	10/29/2019	\$782.48	UTILITY SERVICES	2467	FUSION CLOUD SERVICES, LLC
585898	10/29/2019	\$1,037.06	UTILITY SERVICES	2467	FUSION CLOUD SERVICES, LLC
585899	10/29/2019	\$782.48	UTILITY SERVICES	2467	FUSION CLOUD SERVICES, LLC
585900	10/29/2019	\$782.48	UTILITY SERVICES	2467	FUSION CLOUD SERVICES, LLC
585901	10/29/2019	\$205.00	DUES & SUBSCRIPTIONS	11420	GOLF COURSE SUPERINTENDENTS ASSOCIATION
585902	10/29/2019	\$1,710.00	CONTRACT SERVICES	58030	JOHN HELMUTH/REEL SHARP GRINDING
585903	10/29/2019	\$1,977.68	LEASE PAYMENT	2405	JCB FINANCE
585904	10/29/2019	\$59,695.74	TRANSIT BUS TIRE SERVICES	110	MICHELIN NORTH AMERICA, INC
585905	10/29/2019	\$1,208.26	REIMBURSEMENTS	790	CITY OF MONTEBELLO PETTY CASH
585906	10/29/2019	\$10,573.85	VEHICLE MAINTENANCE/EXPENSES	54300	SHAK ENTERPRISES, INC./MONTEBELLO TIRE PROS
585907	10/29/2019	\$1,350.00	CONTRACT SERVICES	42750	PSYCHOLOGICAL CONSULTING ASSOCIATES, INC.
585908	10/29/2019	\$163.44	CONTRACT SERVICES	51460	RIO HONDO COMMUNITY COLLEGE
585909	10/29/2019	\$200.00	TRAINING	121	ROSEMARY SANCHEZ
585910	10/29/2019	\$80.00	CONTRACT SERVICES	1848	SECURITY DESIGN SYSTEMS
585911	10/29/2019	\$256.90	CONTRACT SERVICES	36350	SHRED-IT USA
585912	10/29/2019	\$785.66	VEHICLE MAINTENANCE/EXPENSES	46490	SMOG PUMPS UNLIMITED INC.



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CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
585913	10/29/2019	\$9,048.64	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
585914	10/29/2019	\$28,930.02	FUEL INVENTORY	40520	SOUTHERN CALIFORNIA GAS CO.
585915	10/29/2019	\$448.17	INSURANCE PREMIUMS	1990	STANDARD INSURANCE COMPANY
585916	10/29/2019	\$1,410.00	CONTRACT SERVICES	2256	THE SULLIVAN GROUP OF COURT REPORTERS, INC.
585917	10/29/2019	\$115.00	ADVERTISING/PRINTING SERVICES	6460	TRANSIT TALENT.COM
585918	10/29/2019	\$155.00	SUPPLIES	17180	FERNANDO VALLE
585919	10/29/2019	\$375.00	CONTRACT SERVICES	445	ERIC SERRANO
585920	10/29/2019	\$1,205.55	INSURANCE PREMIUMS	58990	VISION SERVICE PLAN
585921	10/29/2019	\$4,854.84	LEGAL SERVICES	17680	ALVARADOSMITH
585922	10/29/2019	\$74.24	SUPPLIES	2586	AMAZON CAPITAL SERVICES, INC.
585923	10/29/2019	\$3,100.00	CONTRACT SERVICES	40240	ARBITRAGE COMPLIANCE SPECIALISTS, INC
585924	10/29/2019	\$236,254.40	RUBBISH SERVICES	40970	ARAKELIAN ENTERPRISES/ATHENS
585925	10/29/2019	\$70.00	REFUND	2606	RAUL CARBAJAL
585926	10/29/2019	\$60.00	REFUND	2630	JANA CARRASCO
585927	10/29/2019	\$1,102.86	REFUND	2633	KEYSTONE ASSET MANAGEMENT
585928	10/29/2019	\$95.00	REFUND	2631	DAVID MANZANAREZ
585929	10/29/2019	\$1,439.93	SUPPLIES	15620	OFFICE DEPOT
585930	10/29/2019	\$279.55	CONTRACT SERVICES	131	UNITED SITE SERVICES, INC.
585931	10/29/2019	\$24,927.89	FIRE SAFETY GEAR	20350	ALLSTAR FIRE EQUIPMENT INC.
585932	10/29/2019	\$264.00	CONTRACT SERVICES	1287	ALTA LANGUAGE SERVICES, INC.
585933	10/29/2019	\$613.36	CONTRACT SERVICES	26390	APPLE ONE EMPLOYMENT SERVICES
585934	10/29/2019	\$553.36	UTILITY SERVICES	38380	AT&T
585935	10/29/2019	\$5,827.80	UTILITY SERVICES	39550	AT&T
585936	10/29/2019	\$270.00	TRAVEL & MEETINGS	2636	RENE BOBADILLA
585937	10/29/2019	\$47.37	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY



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585938	10/29/2019	\$3,132.00	TRANSIT BUS RADIO MAINTENANCE	49400	U.S. MOBILE WIRELESS
585939	10/29/2019	\$1,663.14	TRAINING	35540	BRAD KELLER
585940	10/29/2019	\$4,160.00	CDBG/HOME CONSULTING SERVICES	981	MICHAEL BAKER INTERNATIONAL, INC.
585941	10/29/2019	\$30,918.24	BUS STOP CLEANING SERVICES	35250	NATIONWIDE ENVIRONMENTAL SERVICES
585942	10/29/2019	\$145,208.32	METROLINK RAILFEEDER SERVICES	42180	PCAM, LLC
585943	10/29/2019	\$31,294.76	FIRE SAFETY VEHICLE MAINTENANCE	2191	PERFORMANCE TRUCK REPAIR INC.
585944	10/29/2019	\$14,328.58	UTILITY SERVICES	14730	SAN GABRIEL VALLEY WATER CO.
585945	10/29/2019	\$1,066.28	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
585946	10/29/2019	\$1.03	UTILITY SERVICES	40520	SOUTHERN CALIFORNIA GAS CO.
585947	10/29/2019	\$500.00	SETTLEMENT AGREEMENT	2635	SPERTUS, LANDES & UMHOFFER LLP
585948	10/29/2019	\$265.00	CONTRACT SERVICES	2639	WILMES, LLC
585949	10/30/2019	\$225.41	SUPPLIES	2586	AMAZON CAPITAL SERVICES, INC.
585950	10/30/2019	\$6,990.90	LEGAL SERVICES	16710	ATKINSON, ANDELSON, LOYA, RUUD & ROMO
585951	10/30/2019	\$50.00	CONTRACT SERVICES	17870	THE BANK OF NEW YORK MELLON
585952	10/30/2019	\$4,346.00	ADVANCED DISABILITY RETIREMENT	2632	JOHN BRECKSHOT
585953	10/30/2019	\$3,962.50	SALES TAX AUDIT SERVICES	46870	HDL COREN & CONE
585954	10/30/2019	\$10,563.62	LEGAL SERVICES	2001	LAW OFFICES OF DAVID J. WEISS
585955	10/30/2019	\$718.60	LEGAL SERVICES	16760	LIEBERT CASSIDY WHITMORE
585956	10/30/2019	\$296.73	CONTRACT SERVICES	4810	LOS ANGELES COUNTY
585957	10/30/2019	\$495.00	CONTRACT SERVICES	26880	SEBASTIAN WATERWORKS, INC./MR. ROOTER
585958	10/30/2019	\$59,150.96	STREET SWEEPING SERVICES	35250	NATIONWIDE ENVIRONMENTAL SERVICES
585959	10/30/2019	\$2,332.00	TREE TRIMMING SERVICES	40860	WEST COAST ARBORISTS, INC.
585960	10/30/2019	\$880.00	CONTRACT SERVICES	328	ANNE L. DONOFRIO/WRITERANNE
585961	10/30/2019	\$268.20	CONTRACT SERVICES	2574	CECILIA ABAD
585962	10/30/2019	\$268.54	TRAVEL & MEETINGS	2640	LAUREN ARRIOLA



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585963	10/30/2019	\$4,044.72	VEHICLE MAINTENANCE/EXPENSES	2540	BATTERY POWER, INC.
585964	10/30/2019	\$2,873.46	PERMITS AND FEES	2307	CALIFORNIA DEPARTMENT OF
585965	10/30/2019	\$538.85	CONTRACT SERVICES	2598	MARIA G. GONZALEZ
585966	10/30/2019	\$4,158.89	BUILDING MAINTENANCE SUPPLIES	48400	HOME DEPOT CREDIT SERVICES
585967	10/30/2019	\$350.00	CONTRACT SERVICES	2015	LIGHTHOUSE SPORTS CENTER, LLC.
585968	10/30/2019	\$523.25	CONTRACT SERVICES	41180	MANUEL NUNEZ
585969	10/30/2019	\$198.25	CONTRACT SERVICES	65000	JOAQUIN B. RENTERIA
585970	10/30/2019	\$156.86	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
585971	10/30/2019	\$186.69	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
585972	10/30/2019	\$631.53	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
585973	10/30/2019	\$156.86	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
585974	10/30/2019	\$842.04	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
585975	10/30/2019	\$136.40	PERMITS AND FEES	28240	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
585976	10/30/2019	\$24,231.10	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
585977	10/30/2019	\$136.80	CONTRACT SERVICES	2365	LETICIA TORRES
585978	10/30/2019	\$35.00	REFUND	2384	ANABEL CASTORENA
585979	10/30/2019	\$8.00	REFUND	2164	SANRATH GOWING
585980	10/30/2019	\$40.00	CARPOOL INCENTIVE	75930	DELFINO RANGEL ZARAGOZA
585981	10/30/2019	\$250.00	REFUND	67	MONTEBELLO FOOTBALL ASSOCIATION
585982	10/31/2019	\$330.00	CONTRACT SERVICES	11820	ADCO SERVICES, INC.
585983	10/31/2019	\$60.00	REFUND	2644	SAMANTHA ALFIERI
585984	10/31/2019	\$1,936.97	SUPPLIES	2586	AMAZON CAPITAL SERVICES, INC.
585985	10/31/2019	\$61.32	ADVERTISING/PRINTING SERVICES	35980	SAEED RADMEHR/ARTE PRINTING
585986	10/31/2019	\$2,834.00	CONTRACT SERVICES	38010	ADVANCED AVANT-GARDE CORPORATION
585987	10/31/2019	\$7,500.00	CONTRACT SERVICES	1237	AZTECA LANDSCAPE



City of Montebello
Register of Demands No. 1481

From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
585988	10/31/2019	\$70.00	REFUND	2643	BERNICE CARRILLO
585989	10/31/2019	\$70.00	REFUND	2645	ROSEMARIE CONTRERAS
585990	10/31/2019	\$60.00	REFUND	2642	TERESA CRUZ
585991	10/31/2019	\$314.63	SUPPLIES	7610	EWING IRRIGATION PRODUCTS,INC.
585992	10/31/2019	\$70.00	REFUND	2646	ALIJAH GUZMAN
585993	10/31/2019	\$5,532.34	POLICE VEHICLE REPAIR	2367	ALFREDO DE JESUS GONZALEZ/JOE'S BODY SHOP
585994	10/31/2019	\$2,628.00	VEHICLE MAINTENANCE/EXPENSES	1625	NATIONWIDE TRANSIT SALES INC.
585995	10/31/2019	\$4,953.06	TRANSIT VEHICLE MAINTENANCE PARTS	60710	THE AFTERMARKET PARTS COMPANY, LLC
585996	10/31/2019	\$30.00	REFUND	1706	RAYLENE PALMA
585997	10/31/2019	\$112.00	REFUND	2641	MARIA VARGAS
585998	10/31/2019	\$2,500.00	AUDIT SERVICES	75020	VASQUEZ & CO.,LLP
585999	10/31/2019	\$1,818.30	VEHICLE MAINTENANCE/EXPENSES	53450	R & O MCINTYRE INC.
586000	10/31/2019	\$4,066.83	VEHICLE MAINTENANCE/EXPENSES	25860	WAYNE HARMEIER INC.
586001	10/31/2019	\$13,797.00	TRANSIT BUS PARTS	288	ZEMARC CORPORATION
586002	10/31/2019	\$2,000.00	CONTRACT SERVICES	1662	A-1 BUILDING & FENCE MATERIAL, INC.
586003	10/31/2019	\$2,916.00	CROSSING GUARD SERVICES	40670	ALL CITY MANAGEMENT SERVICES
586004	10/31/2019	\$235.43	ADVERTISING/PRINTING SERVICES	35980	SAEED RADMEHR/ARTE PRINTING
586005	10/31/2019	\$1,476.65	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
586006	10/31/2019	\$1,000.00	RECREATION SUPPLIES	35660	COSTCO
586007	10/31/2019	\$949.20	CONTRACT SERVICES	1354	DAILY JOURNAL CORPORATION
586008	10/31/2019	\$1,275.00	PEST CONTROL SERVICES	2019	DEWEY SERVICES INCORPORATED
586009	10/31/2019	\$235.19	CONTRACT SERVICES	40920	DIAMOND ENVIRONMENTAL SERVICES
586010	10/31/2019	\$802.50	CONTRACT SERVICES	1847	DODGE DATA AND ANALYTICS LLC
586011	10/31/2019	\$792.60	CONTRACT SERVICES	2152	JOHNSON CONTROLS, INC.
586012	10/31/2019	\$21,850.00	RECYCLING CONSULTING SERVICES	19040	MUNICIPAL CONTRACT ADMINISTRATORS, INC



City of Montebello
Register of Demands No. 1481

From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
586013	10/31/2019	\$3,478.20	TRANSIT GRANTS CONSULTING SERVICES	1200	MOBILITY ADVANCEMENT GROUP
586014	10/31/2019	\$1,300.90	VEHICLE MAINTENANCE/EXPENSES	2480	SOCAL AUTO & TRUCK PARTS, INC.
586015	10/31/2019	\$199.36	SUPPLIES	42210	SAFETY-KLEEN CORP.
586016	10/31/2019	\$2,964.47	UTILITY SERVICES	14730	SAN GABRIEL VALLEY WATER CO.
586017	10/31/2019	\$1,055.75	ADVERTISING/PRINTING SERVICES	2594	THE SAUCE CREATIVE SERVICES CORP.
586018	10/31/2019	\$988.68	CONTRACT SERVICES	36350	SHRED-IT USA
586019	10/31/2019	\$176.49	VEHICLE MAINTENANCE/EXPENSES	716	SOUTH BAY FORD, INC.
586020	10/31/2019	\$280.00	DUES & SUBSCRIPTIONS	41430	THOMSON REUTERS - WEST
586021	10/31/2019	\$8,509.05	VEHICLE MAINTENANCE/EXPENSES	25860	WAYNE HARMEIER INC./WAYNE ELECTRIC
586022	11/05/2019	\$520.13	ADVERTISING/PRINTING SERVICES	35980	SAEED RADMEHR/ARTE PRINTING
586023	11/05/2019	\$91,825.59	FUEL INVENTORY	1059	AMBER RESOURCES LLC/SAWYER PETROLEUM
586024	11/05/2019	\$476.59	CONTRACT SERVICES	51850	SECURITY SIGNAL DEVICES INC.
586025	11/05/2019	\$383.64	ADVERTISING/PRINTING SERVICES	61850	X-IGENT PRINTING INC.
586026	11/06/2019	\$7,500.00	TRAVEL & MEETINGS	2653	MCINTYRE-ST.CLAIR LLC
586027	11/06/2019	\$3,518.72	FUEL	19700	SYNCHRONY BANK/PHILLIPS-76-CONOCO-76
586028	11/06/2019	\$52.56	FUEL	2186	ACEGAS LLC
586029	11/06/2019	\$30.66	ADVERTISING/PRINTING SERVICES	35980	SAEED RADMEHR/ARTE PRINTING
586030	11/06/2019	\$154.77	MACHINERY & EQUIPMENTS	45580	BISHOP SUPPLY COMPANY, INC.
586031	11/06/2019	\$290.77	SUPPLIES	335	FREDRIK JOHNSON/CAL SCHOOL & SPORT
586032	11/06/2019	\$864.00	CONTRACT SERVICES	58240	STATE OF CALIFORNIA-DEPARTMENT OF JUSTICE
586033	11/06/2019	\$21,749.78	GOLF PRO SHOP SERVICES	52070	TOM CAMACHO
586034	11/06/2019	\$543.04	CONTRACT SERVICES	907	CHANDLER'S A/C REFRIGERATION
586035	11/06/2019	\$325.00	CONTRACT SERVICES	34230	PHIL CULBERTSON/COLBY'S TOTAL LAWN CARE
586036	11/06/2019	\$560.00	INCURRED CLAIMS	1643	COMPANY NURSE
586037	11/06/2019	\$4,791.12	ASPHALT	2624	CRAFCO, INC.



City of Montebello
Register of Demands No. 1481

From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
586038	11/06/2019	\$604.80	ADVERTISING/PRINTING SERVICES	1354	DAILY JOURNAL CORPORATION
586039	11/06/2019	\$89.83	VEHICLE MAINTENANCE/EXPENSES	25660	E-Z GO DIVISION OF TEXTRON
586040	11/06/2019	\$250.00	REFUND	2650	BLANCA GONZALES
586041	11/06/2019	\$676,965.25	CONCRETE PAVING BEVERLY BLVD	24820	HARDY & HARPER, INC.
586042	11/06/2019	\$158.73	CONTRACT SERVICES	46870	HDL COREN & CONE
586043	11/06/2019	\$1,689.47	CONTRACT SERVICES	1357	IRON MOUNTAIN INC.
586044	11/06/2019	\$3,710.00	PARKS RESTROOM REPAIR SERVICES	2629	CHRISTIAN ZARATE/J316 BUILDER
586045	11/06/2019	\$250.00	REFUND	2402	JOHN JOSEPH
586046	11/06/2019	\$4,072.74	REFUND	2652	KING OF THE FIELD INC.
586047	11/06/2019	\$8,300.00	PROPERTY APPRAISAL SERVICES	2625	R. P. LAURAIN & ASSOCIATES, INC.
586048	11/06/2019	\$250.00	REFUND	2651	JOSE MATHEW
586049	11/06/2019	\$900.00	HOTEL REVIEW SERVICES	981	MICHAEL BAKER INTERNATIONAL, INC.
586050	11/06/2019	\$1,729.75	CONTRACT SERVICES	1200	MOBILITY ADVANCEMENT GROUP
586051	11/06/2019	\$29.78	VEHICLE MAINTENANCE/EXPENSES	2480	SOCAL AUTO & TRUCK PARTS, INC.
586052	11/06/2019	\$1,857.60	CONTRACT SERVICES	53120	NATIONAL CONSTRUCTION RENTALS
586053	11/06/2019	\$1,712.65	VEHICLE MAINTENANCE/EXPENSES	60710	THE AFTERMARKET PARTS COMPANY, LLC
586054	11/06/2019	\$1,131.34	SUPPLIES	15620	OFFICE DEPOT
586055	11/06/2019	\$511.48	MEDICAL REIMBURSEMENT	42490	LINDA PAYAN
586056	11/06/2019	\$92,323.93	MONTEBELLO WAY TRAFFIC SIGNAL IMPR	76130	PTM GENERAL ENGINEERING SERVICES, INC.
586057	11/06/2019	\$278.22	SUPPLIES	45960	R & R PRODUCTS, INC.
586058	11/06/2019	\$9,314.63	TRAFFIC SIGNAL MAINTENANCE	2361	SIEMENS MOBILITY
586059	11/06/2019	\$1,733.67	MEDICAL REIMBURSEMENT	9340	GEORGE S. SIMONIAN
586060	11/06/2019	\$173.49	SUPPLIES	46490	SMOG PUMPS UNLIMITED INC.
586061	11/06/2019	\$1,205.32	VEHICLE MAINTENANCE/EXPENSES	716	SOUTH BAY FORD, INC.
586062	11/06/2019	\$301.11	SUPPLIES	1933	STRICTLY TECHNOLOGY LLC.



City of Montebello
Register of Demands No. 1481

From Payment Date: 10/17/19 - To Payment Date: 11/6/19

CHECK #	DATE	AMOUNT	ACCOUNT DESCRIPTION	VENDOR #	VENDOR NAME
586063	11/06/2019	\$527.83	MEDICAL REIMBURSEMENT	27300	ROBERT C. TUFANO
586064	11/06/2019	\$4,160.00	CONTRACT SERVICES	74850	UNIQUE GENERAL SERVICES
586065	11/06/2019	\$424.62	SUPPLIES	59290	UNIVAR USA INC.
586066	11/06/2019	\$250.00	REFUND	2649	RAY GUY VALDEZ
586067	11/06/2019	\$40,000.00	AUDIT SERVICES	75020	VASQUEZ & CO.,LLP
586068	11/06/2019	\$4,134.63	UTILITY SERVICES	39550	AT&T
586069	11/06/2019	\$189.31	UTILITY SERVICES	47580	CALIFORNIA WATER SERVICE COMPANY
586070	11/06/2019	\$284.68	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
586071	11/06/2019	\$599.00	UTILITY SERVICES	55830	CHARTER COMMUNICATIONS
586072	11/06/2019	\$85.95	MAIL/ POSTAL EXPENSE	22400	FEDERAL EXPRESS CORPORATION
586073	11/06/2019	\$16,175.71	UTILITY SERVICES	4760	MONTEBELLO LAND & WATER CO.
586074	11/06/2019	\$32.75	UTILITY SERVICES	100	PICO WATER DISTRICT
586075	11/06/2019	\$4,245.60	RECREATION SUMMER FOOD PROGRAM	73870	REVOLUTION FOODS, INC.
586076	11/06/2019	\$200.00	PERMITS AND FEES	2647	JOSHUA REYNA
586077	11/06/2019	\$58,152.66	UTILITY SERVICES	14730	SAN GABRIEL VALLEY WATER CO.
586078	11/06/2019	\$83,681.53	UTILITY SERVICES	45630	SOUTHERN CALIFORNIA EDISON
586079	11/06/2019	\$5,165.62	INSURANCE PREMIUMS	58990	VISION SERVICE PLAN
586080	11/06/2019	\$2,481.79	FUEL	19700	SYNCHRONY BANK/PHILLIPS 76-CONOCO-76
586081	11/06/2019	\$15,000.00	REFUND	2536	RD MONTEBELLO INC.
Total		<u>\$3,444,386.54</u>			

CITY OF MONTEBELLO
1600 WEST BEVERLY BLVD.
MONTEBELLO, CALIFORNIA

SEPTEMBER 11, 2019
WEDNESDAY
5:30 P.M.

MINUTES

THE CITY OF MONTEBELLO CITY COUNCIL MET AT THE ABOVE TIME AND PLACE IN A REGULAR SESSION.

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Mayor Hadjinian called the meeting to order at the hour of 5:53 p.m.
2. **ROLL CALL:** City Clerk I. Barajas
MEMBERS PRESENT: Melendez, Cobos-Cawthorne, Jimenez, Torres, Hadjinian
STAFF PRESENT: City Manager Bobadilla, City Attorney Glasman
3. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:** City Attorney Glasman

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

None.

Mayor Hadjinian recessed the meeting into Closed Session at the hour of 6:01 p.m. to discuss the following items.

CLOSED SESSION - 5:30 P.M.

The City Attorney provided a briefing on the item listed for Closed Session as follows:

4. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Government Code Section 54956.9(d)(2)
One matter
5. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Government Code Section 54956.9(d)(4)
One matter
6. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
Government Code Section 54956.9(d)(1)
City of Montebello v. All Persons Interested, L.A.S.C. Case No. BC713533
7. **CONFERENCE WITH LABOR NEGOTIATORS**
Government Code section 54957.6
Agency designated representative: Rene Bobadilla, City Manager
Employee organization: Montebello Fire Management Association,
Montebello Firefighters Association

Direction was provided to City Attorney on the matters above. No final action, nothing to report.

REGULAR SESSION

8. **INVOCATION** **City Attorney Glasman**
- PLEDGE OF ALLEGIANCE** **Assistant City Manager Arlene Salazar**
9. **PRESENTATIONS**
- A. CECILIA GOMEZ REYEZ –LANDLORD ENGAGEMENT EVENT BY WHITTIER FIRST AIDE**
- B. OATH OF OFFICE – CULTURE & RECREATION COMMISSIONER RANDY BEAS**

10. **STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST**
None.

11. **CORRECTIONS TO THE AGENDA – CITY MANAGER**
None.

12. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** City Attorney Glasman

13. **PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)**

Rosie Vasquez asked about the Athens Lawsuit settlement.

Teresa Romero asked to update marijuana signs at parks to reflect the new law.

Charmetria Marshall spoke on upcoming events and a new club at the LA County Library – Chet Holifield Park.

Avik Corderiro, the City representative for the Vector Control gave statistics on the West Nile virus.

Edwina Garcia expressed her concern regarding the settlement of the Athens lawsuit.

14. **APPROVAL OF AGENDA:** Councilmember Cobos-Cawthorne and Councilmember Torres moved, seconded by Jimenez that all items be approved in a single motion with the exception of Item No. 15, 16, 19, and 20. Such approval will also waive the reading of any ordinance. Motion carried unanimously.

SCHEDULED MATTER

15. **PUBLIC HEARING: AN ORDINANCE TO AMEND MONTEBELLO MUNICIPAL CODE, TITLE 17 FOR CHILDCARE FACILITIES; BODY ART ESTABLISHMENTS; OFF-STREET PARKING**

Director Manuel Mancha reported on the three proposed amendments on the zoning code.

Rosie Vasquez asked if cannabis cultivation will gain space. City Manager Rene Bobadilla assured this item has been approved by the Planning Commission.

Rosa Tamayo asked if the funds would be offset due to this ordinance. City Manager Bobadilla assured her funds would not be offset.

ITEM #34

Councilmember Torres moved, seconded by Councilmember Jimenez that the City Council approve:

- 1) Childcare Facilities to change the maximum children allowed by right from 12 to 15;
- 2) Body Art Establishments to change the distance requirement between body art establishments and sensitive uses from 1,000 feet to 500 feet; and
- 3) Off-Street Parking to reduce the off-street parking requirements for warehouse use from 1 parking space per 500 sq.ft. of floor area to 1 parking space per 1,000 sq.ft. of floor area and manufacturing use from 1 parking space per 500 sq.ft. of floor area to 1 parking space per 750 sq.ft. of floor area.

Motion carried unanimously on a 5-0 roll call vote.

CONSENT MATTERS (13-21)

- 16. APPROVE PLANS AND SPECIFICATIONS FOR C.P. 866 – BEVERLY BOULEVARD STREET IMPROVEMENTS PROJECT FROM 21ST STREET TO HOWARD AVENUE (FY 2018/2019), A PREPARED BY INFRASTRUCTURE ENGINEERS, FIND THE PROJECT CATEGORICALLY EXEMPT PURSUANT TO THE STATE GUIDELINES FOR IMPLEMENTATION OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), PER SECTION 15301, CLASS 1 (EXISTING FACILITIES), AUTHORIZE PUBLIC WORKS DEPARTMENT TO ADVERTISE FOR BIDS AND DESIGNATE OCTOBER 7, 2019, AT 11:10 AM, AS THE BID OPENING DATE**

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve Plans and Specifications for C.P. 866, Beverly Boulevard Street Improvements from 21st Street to Howard Avenue FY 2018/2019, as prepared by Infrastructure Engineers;
- 2) Find the project categorically exempt pursuant to the State Guidelines for Implementation of the California Environmental Quality Act (CEQA), per Section 15301, Class 1 (Existing Facilities);
- 3) Authorize the Public Works Department to advertise for bids and designate October 7, 2019, 11:10 AM as the bid opening date.

Motion carried unanimously on a 5-0 roll call vote.

- 17. ADOPT A RESOLUTION RE-APPOINTING A MEMBER AND ALTERNATE(S) TO THE GOVERNING BOARD OF THE LOS ANGELES GATEWAY REGION INTEGRATED REGIONAL WATER MANAGEMENT JOINT POWERS AUTHORITY**

Councilmember Torres moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve a Resolution re-appointing one primary board member and one alternate board member representing the City of Montebello to the Los Angeles Gateway Region Integrated Regional Water Management Joint Powers Authority.

ITEM #34

Motion carried unanimously on a 5-0 roll call vote.

18. APPROVAL OF FINAL TRACT MAP NO. 74167 FOR PROPERTIES LOCATED AT 909 OAKWOOD STREET

Councilmember Torres moved, seconded by Councilmember Jimenez that the City Council:

- 1) Approve Final Tract Map No. 74167.
- 2) Authorize the City Clerk, City Treasurer, and the City Engineer to execute the certificate on the map showing the City's approval of Final Tract Map No. 74167.

Motion carried unanimously 5-0.

19. APPROPRIATION OF CANNABIS PERMIT FEES FOR PARKS MASTER PLAN AND FACILITIES NEEDS ASSESSMENT

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Jimenez that the City Council:

- 1) Authorize staff to begin the process of updating the City's Parks Master Plan (PMP) and conduct a Facilities Needs Assessment (FNA) by formulating and issuing a Request for Proposals seeking qualified firms to produce the Parks Master Plan and to conduct the Facilities Needs Assessment.
- 2) Authorize the expenditures for the Parks Master Plan and Facilities Needs Assessment for an amount not to exceed \$300,000;
- 3) Approve the attached Resolution appropriating General Fund unassigned balance to fund those expenditures.

Motion carried unanimously 5-0.

20. APPROVAL AND ADOPTION OF THE TRANSPORTATION DEPARTMENT'S TITLE VI PROGRAM

Councilmember Cobos-Cawthorne moved, seconded by Mayor Pro Tem Melendez that the City Council:

- 1) Approve and adopt the Transportation Department's Title VI Program in compliance with new requirements.

Motion carried unanimously 5-0.

21. AUTHORIZE CITY MANAGER TO RETAIN BOND AND DISCLOSURE COUNSEL FOR POTENTIAL BOND ISSUANCES

Councilmember Torres moved, seconded by Councilmember Jimenez that the City Council:

- 1) Authorize the City Manager to execute all documents required to retain Norton Rose Fulbright US LLP as the City's Bond Counsel, for an amount not to exceed \$205,000 and to be paid by bond proceeds;

ITEM #34

- 2) Authorize the City Manager to execute all documents required to retain Quint & Thimmig LLP as the City's Disclosure Counsel, for an amount not to exceed \$95,000 and to be paid by bond proceeds.

Motion carried unanimously 5-0.

22. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED SEPTEMBER 11, 2019

Councilmember Torres moved, seconded by Councilmember Jimenez that the City Council:

- 1) Adopt the proposed resolution approving the Warrant Register dated September 11, 2019.

Motion carried unanimously 5-0.

23. PUBLIC ORALS

None.

COUNCIL ORALS

24. MAYOR PRO TEM MELENDEZ

25. COUNCILMEMBER COBOS-CAWTHORNE

None.

26. COUNCILMEMBER JIMENEZ

- a. Landlord engagement event was not discussed
- b. Día de los Muertos community Altar was not discussed

27. COUNCILMEMBER TORRES

- a. Councilmember spoke on the SB 2 Planning Grants Program funding and advised the City is eligible to receive up to \$125,000 from this fund. Councilmember also asked for a consensus from the council to update move forward to pursue the grant. A consensus was given from council.
- b. Councilmember asked for the status of Disaster Council. City Manager Bobadilla advised our city code is outdated for that form of government however; the city does have an emergency preparedness plan that is state compliant.
- c. Councilmember spoke on establishing recognition program to celebrate city employee longevity. Mayor Hadjinian advised all city employees are given recognition annually during the Holiday Employee Event.
- d. Councilmember spoke on traffic concerns; radar trailer deployment and advised they are taking a look at all the streets in order to be safe.

28. MAYOR HADJINIAN

None.

ADJOURNMENT

Upon motion carried unanimously, Mayor Hadjinian adjourned the meeting in memory of John Guzman at the hour of 8:08 p.m.

APPROVAL OF MINUTES: Upon motion carried unanimously, the minutes of September 11, 2019 were approved as written on November 13, 2019.

IRMA BARAJAS, City Clerk

THE CITY OF MONTEBELLO CITY COUNCIL MET AT THE ABOVE TIME AND PLACE IN A REGULAR SESSION.

- 1. CALL MEETING TO ORDER:** Mayor Hadjinian called the meeting to order at the hour of 5:40 p.m.
- 2. ROLL CALL:** City Clerk I. Barajas
MEMBERS PRESENT: Cobos-Cawthorne, Torres, Melendez, Hadjinian
MEMBERS ABSENT: Jimenez
STAFF PRESENT: City Manager Bobadilla, City Attorney Alvarez-Glasman

Councilmember Melendez moved, seconded by Councilmember Hadjinian to excuse Councilmember Jimenez. Motion carried unanimously on a 4-0 roll call vote of the City Council.

- 3. STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:**
City Attorney Alvarez-Glasman

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

None.

Mayor Hadjinian recessed the meeting into Closed Session at the hour of 5:40 p.m. to discuss the following items. Mayor Hadjinian reconvened the meeting at the hour of 6:30 p.m.

CLOSED SESSION - 5:30 P.M.

The City Attorney provided a briefing on the item listed for Closed Session as follows:

- 4. CONFERENCE WITH LABOR NEGOTIATORS**
Government Code section 54957.6
Agency designated representative: René Bobadilla, City Manager
Employee organization:, Montebello Police Officers Association, Montebello Police Management Association, Montebello Firefighters Association, Montebello Fire Management Association, Montebello Mid-Management Association, Montebello Supervisors Association, Montebello City Employees Association, SMART-TD, Unrepresented Employees

Direction was provided, no final action.
- 5. CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Government Code section 54956.8
Property: 901 Via San Clemente, Montebello, CA
Agency's Negotiator: René Bobadilla, City Manager
Negotiating Party: Transports
Under Negotiation: Price and Terms

Direction was provided, for final action.

REGULAR SESSION

- 6. INVOCATION**

PLEDGE OF ALLEGIANCE

7. PRESENTATIONS

- a. Proclaiming National Fire Prevention Week in Montebello- October 6 - 12, 2019

8. STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST

City Manager Bobadilla stated that Mayor Hadjinian, Mayor Pro Tem Melendez and he attended meetings in Washington D.C. with HUD officials to discuss affordable housing and other issues concerning the City.

Mayor Hadjinian encouraged all to complete census surveys as accurately as possible or the City may lose money if reporting is not complete or correct.

9. CORRECTIONS TO THE AGENDA – CITY MANAGER

None.

10. STATEMENT OF PUBLIC ORAL COMMUNICATIONS: City Attorney Alvarez-Glasman

11. PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS (30 MINUTES)

Edwina Garcia spoke about improvements to her neighbor's property.

Levan Prothero spoke about a drug house on 4th Street.

12. APPROVAL OF AGENDA: Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that all items be approved in a single motion with the exception of any item which a member of the public or City Council has requested to speak upon. Such approval will also waive the reading of any ordinance. Motion carried unanimously. Item No. 19

CONSENT MATTERS (13- 22)

13. COMPLETION OF TRAFFIC STUDIES/STOP WARRANTS

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Approve the various traffic safety improvements as recommended by the Traffic & Safety Commission.

Motion carried unanimously.

14. PREFERENTIAL PARKING DISTRICT DESIGNATION ON VIA CORONA FROM BRADSHAW STREET TO WESTERLY CITY LIMIT

Mayor Pro Tem Melendez stated support of the proposed parking district.

Mayor Pro Tem Melendez moved, seconded by Councilmember Cobos-Cawthorne that the City Council:

- 1) Approve the adoption of Resolution No. 19-117 designating a preferential parking district on Via Corona from Bradshaw Street to westerly City Limit, as recommended by the Traffic and Safety Commission.

Motion carried unanimously.

15. RESOLUTION FOR THE FORMATION AND INCLUSION INTO THE LOWER LOS ANGELES RIVER RECREATION AND PARKS DISTRICT

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Adopt Resolution No. 19-118 supporting the formation and inclusion into the Lower Los Angeles River Recreation and Parks District;
- 2) Direct the City Clerk to file the resolution with Los Angeles County Local Agency Formation Commission; and
- 3) Authorize the City Manager to approve the final District Map on behalf of the City.

Motion carried unanimously.

16. AGREEMENT WITH AVAIL TECHNOLOGIES INC. FOR THE ITS SYSTEMS MAINTENANCE AND SUPPORT OFFER

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Approve software maintenance Agreement No. 3697 with Avail Technologies, Inc. ("Avail") for ongoing Intelligent Transportation System (ITS) System Maintenance and Support for the City's Transportation Departments Fixed Route Passenger Information System. The Contract Agreement shall be for an initial one-year (1-year) term, with options for renewal of up to four (4) one-year terms.

Motion carried unanimously.

17. AWARD A CONTRACT TO PARKING COMPANY OF AMERICA FOR BID NO. 19-41 – METROLINK RAIL FEEDER SHUTTLE SERVICE

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Award a contract, Agreement No. 3698 to Parking Company of America for the Metrolink Rail Feeder Shuttle Service in an amount not to exceed: Year 1 – \$462,519; Year 2 - \$476,366; Year 3 - \$490,671, and if the parties exercise their option to renew thereafter: Year 4 - \$505,359; Year 5 - \$520,506; and Year 6 - \$536,112.

Motion carried unanimously.

18. DISPATCH RELATED EQUIPMENT UPGRADES AND BUDGET APPROPRIATION

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Authorize staff to utilize sole source and cooperative purchasing (piggy-backing) for dispatch related equipment and/or upgrades with Presidio Network Solutions LLC in the amount not to exceed one hundred and one thousand, three hundred eighty-one dollars and 32/100 cents (\$101,381.32) and with Foothill Communications (on behalf of WestNet Inc.) for an amount not to exceed sixty thousand, four hundred seventy-four dollars and 39/100 cents (\$60,474.39); and
- 2) Authorize the City Manager to execute the agreements and/or purchase orders related to the purchases; and

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- 3) Approve Resolution No. 19-119 appropriating General Fund unassigned balance to Account for Outside Contracts (100-85-880-6040.10) to fund these expenditures.

Motion carried unanimously.

19. AUTHORIZE THE ISSUANCE OF PENSION OBLIGATING BONDS AND THE JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH BONDS

Mayor Pro Tem Melendez moved, seconded by Councilmember Cobos-Cawthorne that the City Council:

- 1) Adopt City Council Resolution No. 19-120 entitled, "Resolution of the City Council of the city of Montebello Authorizing the issuance and delivery of Pension Obligation Bonds to refund certain outstanding pension fund obligations of the City to the California Public Employees' Retirement System, Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement, and Authorizing a Validation Action and other matters relating thereto"; and
- 2) Authorize the City to issue Pension Obligation Bonds in an amount not to exceed \$155,000,000.

Motion carried unanimously.

20. MONTHLY INVESTMENT REPORT – AUGUST 2019

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Approve and file the Monthly Investment Report for August 2019.

Motion carried unanimously.

21. PAYMENT OF BILLS: RESOLUTION APPROVING THE CITY/SUCCESSOR AGENCY WARRANT REGISTER OF DEMANDS DATED OCTOBER 9, 2019

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Adopt Resolution No. 19-121 approving the Warrant Register dated October 9, 2019.

Motion carried unanimously.

22. APPROVAL OF MINUTES: AUGUST 28, 2019

Councilmember Cobos-Cawthorne moved, seconded by Councilmember Torres that the City Council:

- 1) Approve said minutes as written.

Motion carried unanimously.

23. PUBLIC ORALS – IF NEEDED

COUNCIL ORALS

24. COUNCILMEMBER COBOS-CAWTHORNE

- a. Proclaiming October Domestic Violence Awareness Month

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- Consensus was reached to prepare a proclamation to declare October as Domestic Violence Awareness Month.
- b. Update on website/webmaster
City Manager Bobadilla stated that staff is working on a software app for the website.

25. COUNCILMEMBER JIMENEZ

None.

26. COUNCILMEMBER TORRES

- a. Communications regarding projects on and along Montebello Boulevard
- b. Coffee with a Councilman on October 16, 6:30 p.m., at Balrog Coffee
Councilman Torres invited all to attend his next “coffee” as noted above.

27. MAYOR PRO TEM MELENDEZ

- a. Census Update
Mayor Pro Tem Melendez spoke about the importance of completing the census forms.
- b. Eco friendly/sustainability initiatives
Mayor Pro Tem Melendez spoke about creating a health friendly environment for community residents, and spoke taking advantage of earth friendly advances in technology and would like to make Montebello a model for other cities. Montebello would procure cleaner more cost effective energy at better rates than Southern California Edison. Mayor Pro Tem Melendez asked for consensus to begin a feasibility study.
- c. Local leaders academy
Mayor Pro Tem Melendez along with Councilmembers Cobos-Cawthorne and Jimenez attended a local leaders conference hosted by USC and Los Angeles County.

Mayor Hadjinian will welcome three archbishops from the Armenian Church to the Armenian Martyrs Monument tomorrow, October 10, 2019 at 9:30 a.m. They are in town for a religious conference. Mayor Hadjinian invited all to attend.

28. MAYOR HADJINIAN

- a. November 13th meeting, Youth Commissioners to shadow council members.
Mayor Hadjinian asked Councilmembers to invite their Youth Commissioners to the November 13, 2019 Council Meeting, to shadow Councilmembers during the Council meeting.

ADJOURNMENT

Upon motion carried unanimously, Mayor Hadjinian adjourned the meeting and asked for a moment of silence in memory of Veteran Larry Sanchez a 1956 Montebello High School graduate and WWII Veteran Carlos Nieto, a Mexican-American actor.

APPROVAL OF MINUTES: Upon motion carried unanimously, the minutes of October 9, 2019, were approved as written on November 13, 2019.