PALMDALE

a place to call home

CITY COUNCIL MEETING
SUCCESSOR AGENCY
PALMDALE FINANCING AUTHORITY
CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
WEDNESDAY, NOVEMBER 1, 2023
5:00 PM
www.cityofpalmdale.org

WELCOME

1. **CALL MEETING TO ORDER**

***Note: All City Council memberships are reflected in their City Council titles.**

2. **ROLL CALL**
   MAYOR BETTENCOURT, MAYOR PRO TEM ALARCÓN, COUNCILMEMBERS BISHOP, LOA, OHLSEN

3. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

4. **PRESENTATIONS**

   4.1 #FightFentanylAV 2023 Youth Challenge Awardees.

   4.2 MISAC Award of Achievement to the City of Palmdale Information Technology Division for their practices that have met or surpassed local government standards.

   4.3 Palmdale Parks and Recreation Master Plan Findings.

Palmdale CA Findings Summary PPT 10.26.23.pdf

PUBLIC COMMENT RULES:

"(California Government Code Section 54954.3).
(a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2 [section omitted].

(b) (1) The legislative body of a local agency may adopt reasonable regulations to ensure that the intent of the subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(2) Notwithstanding paragraph (1), when the legislative body of a local agency limits time for public comment, the legislative body of a local agency shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body of a local agency."

In furtherance of Section 54954.3 of the Brown Act, the public is allotted to speak a total of three (3) minutes on the entirety of the Consent Calendar, with two (2) minutes on Public Hearing, and, if desired, an additional two (2) minutes on items not on the agenda that are within the subject matter jurisdiction of the City Council. As specified in the Brown Act, a speaker utilizing a translator will receive twice the amount of time specified.

5. **PUBLIC COMMENTS:**
CONSENT CALENDAR: Now is the time for public participation on items listed on the Consent Calendar. Each speaker is allotted three (3) minutes total on the entirety of the section.

6. **CONSENT CALENDAR**
All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

6.1 Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This permits reading the title only in lieu of reciting the entire text.)

6.2 Receive and file the monthly and quarterly investment activity reports for September 2023.

1. Staff_Report_-_Investment_Report_SEP_2023.docx
SEPT 2023 _Q1_ City & Successor Investment Report.pdf

6.3 Adopt Resolution No. CC 2023-073, a Resolution of the City Council of the City of Palmdale to transfer unclaimed checks from their respective funds to the general fund pursuant to California Government Code Section 50050-50057.

1. Staff_Report_-_Unclaimed_Checks.docx
2. Resolution No CC 2023-073 Unclaimed Checks.docx
3. Publication FY 2023 Unclaimed checks.docx

6.4 Approve agreement with TruePoint Solutions, LLC to provide long-term support services for Accela, a land use, plan review, permitting, and inspection tracking system for a not-to-exceed amount of $396,000 for a term of three (3) years with the option to extend by two additional terms of one (1) year each.

True Point Staff Report.docx
TruePoint Solutions, LLC A-8569.pdf

6.5 Approve cooperative agreement with the County of Los Angeles, for PN 847A, Arterial Road Rehabilitation Project, for $1,300,000.

PN 847A Road Rehab Staff Report final.docx
Palmdale Blvd_40th St E Co Op Agmt A-8342.pdf

6.6 Approve cooperative agreement with County of Los Angeles for PN 869, Arterial Road Rehabilitation Project, for $850,000.

PN 869 Road Rehab Staff Report final.docx
10th Street West Co Op Agmt No 8349.pdf

6.7 Approve first amendment with U.S. National Corp dba Jimenez Painting Company to increase contract price by $840,000 in an amount not to exceed $1,240,000 for the remainder of the contract term through June 2027.

SR Approve A-7972 US National Corp - Amendment 1.docx
Agreement No. A-7972 US National Corp - Amendment 1_DRAFT.pdf

6.8 Approve Final Parcel Map No. 83940 (located at Rancho Vista Blvd & Town Center Drive).

PM 83940 Approval - Staff Report.docx
PM 83940 Final.pdf

6.9 Approve contract for legal services with Harper & Burns, LLP, including William P. Curley III, appointed as City Attorney.

Staff_Report_Harper_Burns_Agreement_No_A_8599.docx
Agreement for City Attorney Services A-8599 FINAL.pdf

6.10 Approve the minutes from the previous meetings.

CC - October 18, 2023
10 18 2023 Minutes CC.pdf

7. **JOINT PUBLIC HEARING - CITY COUNCIL/PALMDALE FINANCING AUTHORITY**

7.1 Adopt Resolution No. CC 2023-064, a Resolution of the City Council of the City of Palmdale approving proceedings by the Palmdale Financing Authority for the issuance and sale of its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds to finance the acquisition of certain real property and to refinance certain outstanding obligations, approving the form and authorizing execution of related documents and approving related actions; and Adopt Resolution No. PFA 2023-002, a Resolution of the Board of Directors of the Palmdale Financing Authority authorizing the issuance and sale of its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds to finance the acquisition of certain real property and to refinance certain outstanding obligations, approving the form and authorizing execution of related documents and approving related official actions.

PUBLIC COMMENTS: Now is the time for public participation on this item. Each speaker is allotted two (2) minutes.

1. Staff Report Lease Revenue Bonds_Final.docx
2. CityRes 2023-064.docx
3. AuthorityRes 2023-002.docx
4. POS.pdf
5. SFLease.pdf
6. LeaseAgt.pdf
7. EscrowAgt.pdf
8. TermAgt.pdf
9. SubordinationofLease.pdf
10. BPA.pdf
11. Indenture.pdf
12. FeeAgtBCDC.pdf
13. MAAgreement.pdf

Lease Revenue Bond Presentation.pdf

8. **NON-AGENDA PUBLIC COMMENTS*: Now is the time for public participation on items not listed on the agenda. Each speaker is allotted two (2) minutes total on items not listed on the agenda.***

9. **INFORMATIONAL REPORT FROM MAYOR AND / OR COUNCILMEMBERS ON THEIR VARIOUS COMMITTEE MEMBERSHIPS AND MEETINGS ATTENDED AT PUBLIC EXPENSE**

    9.1 Council Reports on Committee Memberships and Meetings Attended at Public Expense.

    Bettencourt Informational Report Oct 2023.docx
    Bishop Informational Report Oct 2023.docx
    LOA Informational Report Oct 2023.docx
    Ohlsen Informational Report Oct 2023.docx

10. **CITY COUNCIL ANNOUNCEMENTS AND REQUESTS**

11. **CITY MANAGER'S REPORT**

12. **ADJOURN meeting to November 15, 2023, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.**

Americans with Disabilities Act (ADA) Accommodations
In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

If you require oral Spanish translation, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

City of Palmdale, California
Parks and Recreation Master Plan

Findings Presentation

BerryDunn

Kimley»Horn
Expect More. Experience Better.

November 2023

Meet The Team

Today's Presenters

Tom Diehl, MS, CPRP

Project Manager
BerryDunn

Pat O'Toole, MS

Project Manager
BerryDunn

Randall Kopff, PLA

Landscape Architect
Kimley-Horn

Project Purpose

- City of Palmdale's first Park and Recreation Master Plan
- Commitment to diversity and inclusion
- Focus on creating a safe and welcoming community
- Improved access to public parks and recreation opportunities
- Utilize community feedback to help develop a long-range vision for the department
- Create a blueprint for developing goals, policies, and guidelines
- Create a roadmap for the future of the Parks and Recreation Department
- Encourage public participation

Strategic Master Planning Process

Strategic Kick Off

- Critical Success Factors
- Key focus areas
- Meeting schedule
- Identification of Key Stakeholders
- Gathering of All Relevant Documents
- Briefing with Decision Makers

4 Stages of Public Engagement

1 Information Gathering

- Needs Assessment
  - Staff
  - Stakeholders
  - Public Meetings
  - Focus Groups
  - Interviews
  - Surveys
  - Online Engagement
- Inventory
  - All Assets
  - All Program Locations
  - Other Providers
- Level of Service Analysis
  - GIS Component-Based Mapping
  - Quality, Quantity, Functionality
- Community Profile
  - Historical & Planning Context
  - Demographics
- Trends

2 Findings & Visioning

- Presentation/Feedback Sessions
  - Staff
  - Stakeholders
  - Decision Makers
- What We Have Discovered
- Key Issues Matrix
- Key Ideas and Themes
- Analysis
  - Programming
  - Operations
  - Maintenance
  - Marketing & Communications
  - Financial Resources

3 Draft Recommendations

- Summary Findings
- Strategies
  - Long-Term Vision
  - Short-Term Action
- Implications
  - Financial
  - Operational
  - Maintenance
- Recommendations
- Action Plan
  - Tasks
  - Timing
  - Costs
- Review & Revisions

4 Final Plan

- Review
  - Staff
  - Public
  - Decision Makers
- Distribute/Post

Implementation

- Action Plan
- Annual Review

BerryDunn

Typically our Strategic/Master Plans include a 5-year focus on operations, 10-year focus on capital, and 20 year strategic vision. Other elements and tools are added as needed for a community-specific plan.

In Person Meetings and Interviews

190 people across nine focus groups, including an English as a second language group, a staff focus group, multiple youth groups, school districts, local business, user groups and several stakeholder meetings

Responses	Years of residency in the City of Palmdale
4%	<5 Years
6%	5 – 9 Years
52%	10 – 19 Years
30%	20+ Years
8%	Not a resident but use services

Strengths

- Staff is responsive, communicates well
- Well maintained, clean, beautiful, safe parks
- Variety of programs
- Sports leagues
- Events
- Youth programs
- Use of volunteers
- Sports facilities
- Senior programs
- Dry Town Water Park
- Desire to build community/bring neighborhoods into the parks
- Facility rich, many parks, specialty facilities
- Participation levels
- Playhouse

How satisfied are you with the overall quality of the existing facilities and services in the following categories?

Would you say they are 5 – Excellent, 4 – Very Good, 3 – Good, 2 – Fair, or 1 – Poor (for each category)

Category	Rating
Parks	3
Athletic Fields (diamond/rectangular)	2
Trails & Walking Paths	2
Indoor Recreation Facilities	3
Special Events	4
Programs & Services provided by the Department	3
Aquatic Facilities & Dry Town Water Park	3
Palmdale Amphitheater & Palmdale Playhouse	4
Park Maintenance & Landscape	3
Park & Facility Safety	3

Priorities

- Improve security/safety
- Trails/connectivity
- Rest/rotate athletic fields
- Maintain what we have
- More indoor facilities – walking track, pickleball, courts, multipurpose rooms, etc. (Recreation Center)
- Economic impact
- Preserve open space
- Shade
- Acquire additional park land
- Develop/plan undeveloped parks
- Restrooms upgrades and add new
- Equitable access to nature
- Increase and upgrade lighting
- Additional parks – neighborhood
- Increase and maintain partnerships
- ADA accessibility

Open and Invitation Survey

4,500 SURVEYS
& 4,500 POSTCARDS MAILED

1

Statistically Valid (Invitation Survey)

Paper surveys were mailed to a systematic random sample of residential addresses in the City Palmdale, with the option to complete online through password protected website (1 response per household). The survey was also available online in Spanish. After initial invites were delivered, additional reminder postcards were sent, and phone calls were made to survey recipients to help encourage responses. In total, 227 invitation surveys were completed, yielding a +/-6.5% Margin of Error (MOE) at a 95% confidence level, indicating a successful statistically valid survey effort. Acceptable margin of error used by most survey researchers usually falls between 4% and 8% at the 95% confidence level.

227 Invitation surveys completed
+/- 6.5% Margin of Error

2

Open Link Survey

In addition to the Invitation Survey, the online survey was later made available to all Palmdale stakeholders in English and Spanish to further strengthen the scope and outreach of the survey effort. This Open Link Survey was promoted through multiple social media posts, email distribution lists, and QR codes were posted at all parks and recreation facilities. Targeted outreach was also done to reach youth in the area.

1,074 Open Link surveys completed

1,301

TOTAL SURVEYS COMPLETED

Ethnicity, Race, and Location

The Invite sample was weighted by ethnicity to better represent the community.

What race do you consider yourself to be? (CHECK ALL THAT APPLY)

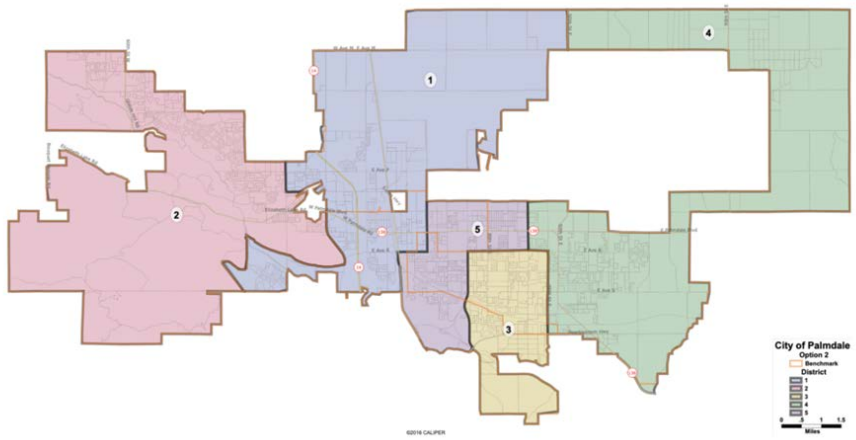
	Invite	Open	Overall
Hispanic or Latino	51%	42%	44%
White	31%	47%	43%
Two or more races	11%	11%	11%
Black or African American	10%	13%	12%
American Indian and Alaska Native	4%	3%	3%
Asian	3%	4%	4%
Middle Eastern or North African	1%	1%	1%
Filipino - American	1%	3%	2%
Native Hawaiian and Pacific Islander	1%	2%	2%
n=	204	607	811

Source: RRC

According to the map below, in which Council District do you live?

	Invite	Open	Overall
District 1	13%	11%	12%
District 2	27%	27%	27%
District 3	19%	11%	13%
District 4	24%	15%	16%
District 5	17%	7%	9%
Not Identified		29%	24%
n=	227	1,074	1,301

Source: RRC



Community Values & Vision

Parks, recreation, trails, and open space opportunities are offered in Palmdale for a variety of purposes and to serve the needs of a diverse population. Please mark the box for how important each of the following purposes in Palmdale is to you and your household.

				Not at all Important	Important	Very Important
Provide a high level of safety and security at facilities	Invite	Avg. 4.7	n=205	4%	6%	81% 91%
	Open	Avg. 4.7	n=610	3%	4%	83% 93%
Ensure parks & recreation opportunities are accessible to all residents (including safe walkable routes, trail connections, and transportation options)	Invite	Avg. 4.5	n=203	4%	9%	70% 87%
	Open	Avg. 4.5	n=615	3%	11%	72% 86%
Ensure facilities and programs are affordable to all residents of Palmdale	Invite	Avg. 4.5	n=206	3%	8%	65% 89%
	Open	Avg. 4.5	n=614	3%	9%	71% 88%
Encourage active lifestyles and promote health, wellness, and fitness	Invite	Avg. 4.5	n=208	5%	10%	67% 86%
	Open	Avg. 4.4	n=618	5%	12%	67% 83%
Ensure environmental sustainability in park design and maintenance practices	Invite	Avg. 4.3	n=205	7%	10%	30% 53% 83%
	Open	Avg. 4.2	n=610	7%	16%	57% 77%
Protect environmental resources and preserve land in its natural state	Invite	Avg. 4.2	n=205	6%	16%	54% 79%
	Open	Avg. 4.1	n=602	10%	17%	54% 73%
Offer cultural events, festivals, and activities to reflect diversity & inclusivity	Invite	Avg. 4.0	n=200	14%	13%	49% 73%
	Open	Avg. 4.0	n=606	16%	16%	52% 68%
Offer activities for residents to meet, socialize, and interact	Invite	Avg. 4.0	n=203	11%	16%	46% 73%
	Open	Avg. 4.1	n=606	8%	21%	49% 71%
Focus on historic preservation	Invite	Avg. 3.8	n=202	12%	29%	36% 60%
	Open	Avg. 3.7	n=604	18%	23%	38% 60%
Other (specify):	Invite	Avg. 4.4	n=24	14% 14%	7%	74% 79%
	Open	Avg. 4.1	n=76	14%	13%	67% 72%

Source: RRC

- Both samples agree that providing a high level of safety and security at facilities is the most important purpose for the City of Palmdale.
- Ensuring parks and recreation opportunities are accessible and affordable to all residents were also rated as highly important.

Satisfaction with Palmdale Parks, Facilities, Programs & Sports Leagues

How satisfied has your household been with the overall quality of Palmdale parks, facilities, programs, and sports leagues you've used in the past 12 months?

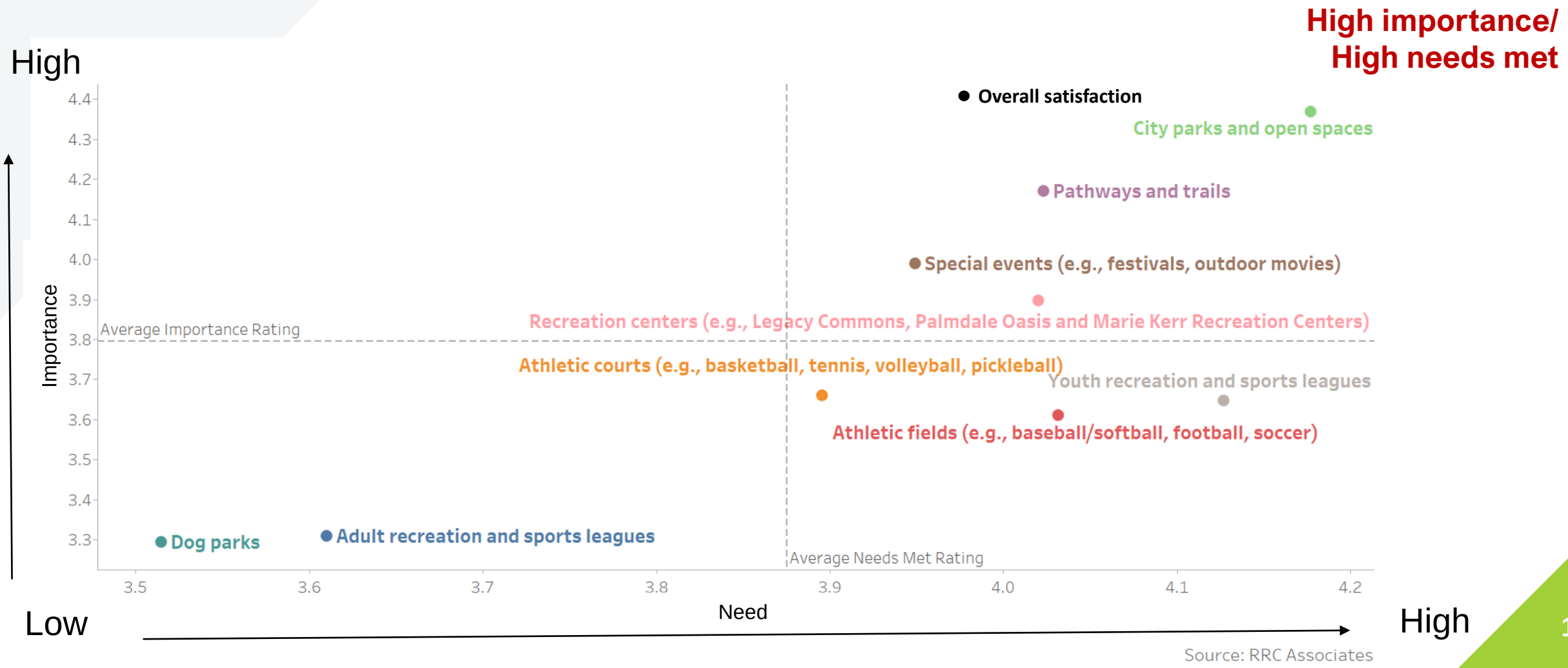
				Not at all Satisfied	Satisfied	Very Satisfied
Palmdale Amphitheater	Invite	Avg. 4.1	n=110	4%	24% 24%	31% 41% 72%
	Open	Avg. 4.1	n=617	8%	17% 17%	30% 45% 75%
Marie Kerr Recreation Center	Invite	Avg. 3.8	n=101	13%	23% 23%	35% 29% 64%
	Open	Avg. 3.8	n=528	11%	26% 26%	29% 33% 63%
Special Events (e.g., Springfest & Egg Hunt, Summer Concerts, Family Movie Nights)	Invite	Avg. 3.8	n=125	14%	24% 24%	28% 34% 62%
	Open	Avg. 3.9	n=652	12%	20% 20%	31% 37% 68%
Palmdale Oasis Recreation Center	Invite	Avg. 3.9	n=86	7% 7%	33% 33%	29% 32% 61%
	Open	Avg. 3.8	n=400	13%	25% 25%	29% 33% 62%
Aquatic Facilities (Courson, McAdam, Palmdale Oasis and Marie Kerr Pools) & DryTown Water Park	Invite	Avg. 3.8	n=132	9%	28% 28%	33% 30% 63%
	Open	Avg. 3.7	n=677	15%	25% 25%	29% 31% 59%
Desert Sands & Marie Kerr Community Buildings	Invite	Avg. 3.7	n=90	7%	32% 32%	37% 24% 61%
	Open	Avg. 3.5	n=449	16%	32% 32%	28% 24% 52%
Parks	Invite	Avg. 3.7	n=178	9%	33% 33%	35% 23% 58%
	Open	Avg. 3.6	n=814	18%	24% 24%	33% 26% 58%
Palmdale Playhouse	Invite	Avg. 3.9	n=77	4%	33% 33%	30% 33% 63%
	Open	Avg. 3.7	n=384	18%	23% 23%	27% 33% 60%
Park Maintenance & Landscape	Invite	Avg. 3.6	n=167	17%	27% 27%	31% 24% 56%
	Open	Avg. 3.6	n=741	16%	26% 26%	29% 28% 58%
Legacy Commons for Active Seniors	Invite	Avg. 3.5	n=64	20%	35% 35%	30% 45%
	Open	Avg. 3.6	n=307	17%	28% 28%	22% 32% 54%
Chris O'Leary & Marie Kerr Skateparks	Invite	Avg. 3.7	n=83	16%	18% 18%	34% 32% 66%
	Open	Avg. 3.5	n=386	20%	30% 30%	26% 25% 51%
Athletic Fields (diamond/rectangular)	Invite	Avg. 3.5	n=99	16%	33% 33%	31% 20% 51%
	Open	Avg. 3.4	n=491	21%	32% 32%	26% 21% 48%
Programs & Sports Leagues at City Facilities	Invite	Avg. 3.5	n=101	22%	26% 26%	28% 24% 52%
	Open	Avg. 3.5	n=544	21%	30% 30%	23% 26% 49%
Trails & Walking Paths	Invite	Avg. 3.6	n=161	17%	22% 22%	34% 26% 61%
	Open	Avg. 3.4	n=673	23%	25% 25%	26% 25% 51%
Park & Facility Safety	Invite	Avg. 3.3	n=139	23%	30% 30%	28% 47%
	Open	Avg. 3.3	n=654	26%	27% 27%	27% 47%

Source: RRC

- Respondents are most satisfied with the Palmdale Amphitheater with an average rating of 4.1 for both samples.
- Respondents are also generally satisfied with both recreation centers and special events.
- Trails and walking paths, and park and facility safety rated lower in terms of satisfaction by both the Invite and Open link samples.

Facilities and Sports Leagues - Importance/Needs Met Matrix - **By Invite Sample**

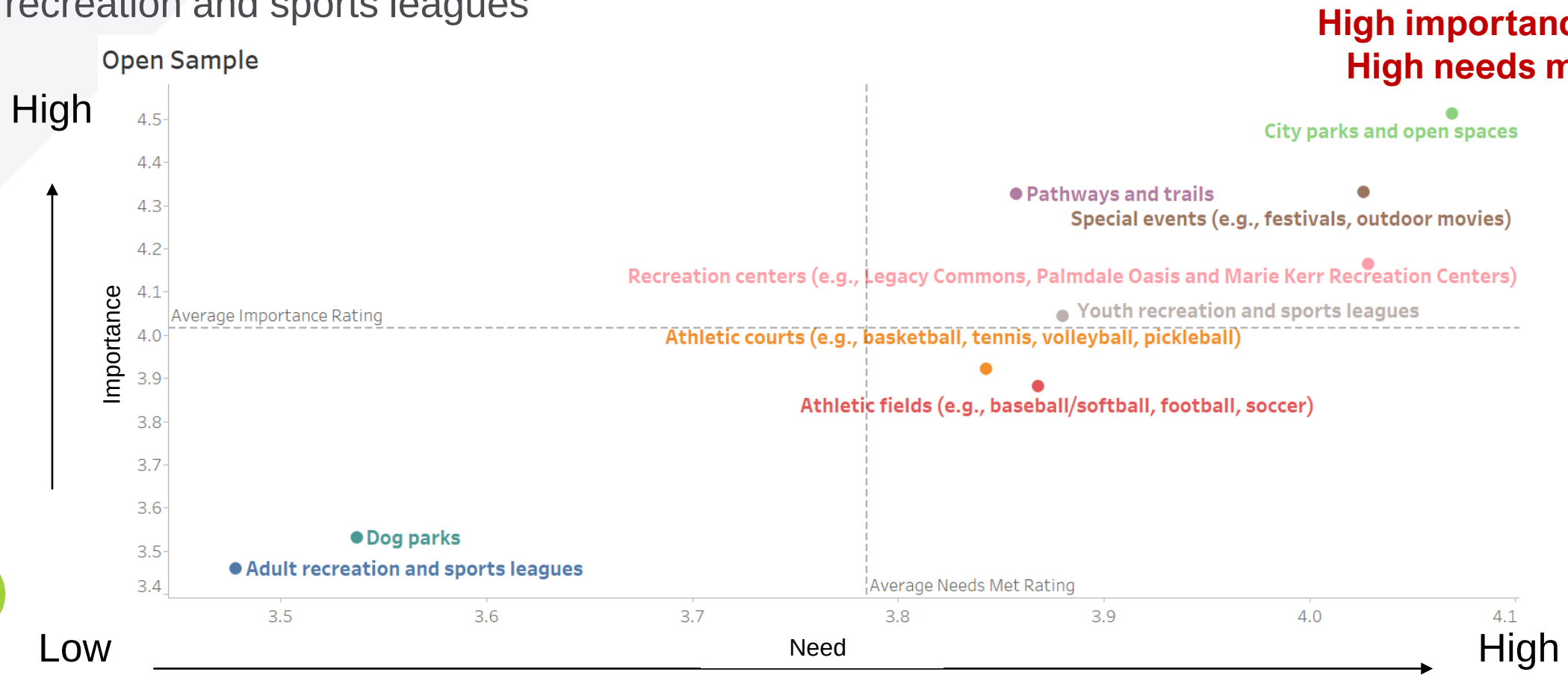
The graph below maps the facilities and sports leagues on the average importance/needs met matrix. None of the categories fell into the high importance/low needs met quadrant, and four categories fell into the high importance/high needs met category, indicating overall satisfaction.



Source: RRC Associates

Facilities and Sports Leagues - Importance/Needs Met Matrix - **By Open Link** Sample

- Five categories fell into the high importance/high needs met quadrant for the Open link:
  - City parks and open spaces, pathways and trails, special events, recreation centers, and youth recreation and sports leagues



Source: RRC Associates

Future Facilities and Parks

Please identify your household's priorities for recreation facilities and parks to be added, expanded or improved upon in Palmdale in the next 5-10 years.

				Very Low Priority	Medium Priority	Very High Priority
Safety/security at parks	Invite	Avg. 4.6	n=203	6%	6%	77% 88%
	Open	Avg. 4.7	n=676	2%	5%	83% 93%
Park amenities (e.g., restrooms, pavilions, lighting, shade)	Invite	Avg. 4.3	n=202	7%	14%	21% 59% 80%
	Open	Avg. 4.6	n=671	4%	6%	18% 72% 90%
Community/neighborhood parks	Invite	Avg. 4.4	n=200	6%	10%	19% 65% 84%
	Open	Avg. 4.5	n=663	4%	10%	19% 68% 86%
Open space/natural areas/trails	Invite	Avg. 4.2	n=202	8%	12%	25% 56% 81%
	Open	Avg. 4.4	n=667	5%	12%	22% 62% 83%
Outdoor event space for festivals/special events	Invite	Avg. 4.0	n=199	12%	19%	23% 45% 69%
	Open	Avg. 4.2	n=660	7%	17%	21% 54% 76%
Aquatic facilities/pools	Invite	Avg. 3.8	n=197	14%	20%	29% 37% 66%
	Open	Avg. 4.1	n=668	12%	14%	56% 74%
Playgrounds	Invite	Avg. 3.8	n=197	16%	21%	21% 42% 63%
	Open	Avg. 4.1	n=672	13%	12%	19% 55% 74%
Palmdale Amphitheater	Invite	Avg. 3.7	n=199	16%	24%	25% 35% 60%
	Open	Avg. 4.0	n=666	11%	19%	20% 50% 70%
Splash pad water features/aquatic facilities	Invite	Avg. 3.5	n=196	22%	21%	26% 31% 57%
	Open	Avg. 3.9	n=668	17%	15%	51% 68%
Palmdale Playhouse	Invite	Avg. 3.5	n=193	21%	28%	21% 31% 51%
	Open	Avg. 3.7	n=655	18%	24%	22% 36% 58%
Outdoor athletic fields for regional tournaments (Sports Complex)	Invite	Avg. 3.4	n=192	22%	27%	23% 28% 51%
	Open	Avg. 3.4	n=653	27%	24%	33% 49%
Rectangular athletic fields (e.g., soccer, football)	Invite	Avg. 3.3	n=192	25%	28%	25% 22% 47%
	Open	Avg. 3.5	n=646	26%	22%	18% 33% 52%
Dog parks	Invite	Avg. 3.0	n=192	25% 39%	20%	25% 42%
	Open	Avg. 3.2	n=650	19% 31%	22%	18% 28% 46%
Hockey/ice skating rink	Invite	Avg. 2.7	n=185	34% 47%	20%	20% 33%
	Open	Avg. 3.1	n=638	24% 37%	18%	30% 45%
Joe Davies Airpark	Invite	Avg. 3.2	n=191	26%	36%	21% 38%
	Open	Avg. 3.2	n=638	18% 30%	27%	19% 24% 43%
Diamond athletic fields (e.g., baseball, softball)	Invite	Avg. 3.0	n=186	18% 32%	33%	20% 35%
	Open	Avg. 3.1	n=636	19% 31%	27%	20% 22% 42%
Skate parks	Invite	Avg. 2.8	n=189	25% 36%	31%	19% 33%
	Open	Avg. 2.9	n=649	27% 40%	25%	20% 36%
Pickleball courts	Invite	Avg. 2.6	n=185	28% 44%	33%	23%
	Open	Avg. 2.8	n=646	28% 42%	27%	18% 31%
Other Facility (specify):	Invite	Avg. 3.8	n=48	19%	19%	49% 62%
	Open	Avg. 3.7	n=171	19% 24%	15%	50% 61%

Source: RRC

- Improving safety and security at parks is the top priority for both samples.
- The categories highlighted on the graph all show higher levels of importance.
- Pickleball courts fell towards the bottom and were rated lowest in terms of priority.

Future Programs and Special Events

Please identify your household's priorities for recreation programs and special events to be added, expanded or improved upon in Palmdale in the next 5-10 years.

				Very Low Priority	Medium Priority	Very High Priority
Special events (e.g., festivals, parades, concerts)	Invite	Avg. 4.0	n=196	11%	17%	72%
	Open	Avg. 4.3	n=639	6%	13%	81%
Outdoor recreation programs (e.g., hiking groups, archery)	Invite	Avg. 4.0	n=191	10%	16%	74%
	Open	Avg. 4.2	n=643	9%	15%	77%
Youth programs (non-sports)	Invite	Avg. 3.9	n=184	17%	14%	69%
	Open	Avg. 4.0	n=635	14%	14%	72%
Swim lessons/aquatic programs	Invite	Avg. 3.8	n=193	16%	17%	67%
	Open	Avg. 4.1	n=649	12%	17%	71%
Youth sports leagues	Invite	Avg. 3.8	n=187	17%	18%	65%
	Open	Avg. 4.0	n=631	16%	12%	72%
Cultural and arts programs (e.g., drawing, painting)	Invite	Avg. 3.9	n=190	13%	20%	67%
	Open	Avg. 4.0	n=638	11%	18%	71%
Youth after-school/summer camps	Invite	Avg. 3.8	n=189	21%	14%	66%
	Open	Avg. 3.9	n=642	16%	14%	70%
Senior programs	Invite	Avg. 4.1	n=189	9%	19%	72%
	Open	Avg. 3.9	n=636	17%	14%	69%
Fitness and wellness programs	Invite	Avg. 4.0	n=196	11%	17%	72%
	Open	Avg. 4.0	n=647	10%	21%	69%
Teen activities	Invite	Avg. 3.8	n=189	20%	15%	65%
	Open	Avg. 3.9	n=636	16%	14%	71%
Environmental education/nature programs	Invite	Avg. 3.8	n=189	12%	24%	63%
	Open	Avg. 3.9	n=640	13%	19%	68%
Dance and performing arts (e.g., ballet, theater)	Invite	Avg. 3.6	n=188	19%	23%	58%
	Open	Avg. 3.9	n=639	15%	20%	64%
Alternative sports (e.g., BMX, skateboard)	Invite	Avg. 3.2	n=184	19%	30%	25%	44%
	Open	Avg. 3.4	n=632	17%	28%	24%	48%
Adult sports leagues	Invite	Avg. 3.2	n=188	28%	30%	43%
	Open	Avg. 3.2	n=616	20%	31%	24%	44%
E-games and E-sports	Invite	Avg. 2.7	n=183	16%	46%	24%	30%
	Open	Avg. 2.8	n=623	44%	23%	33%
Other Program (specify):	Invite	Avg. 4.1	n=21	6%	26%	68%
	Open	Avg. 3.3	n=115	37%	10%	53%

Source: RRC

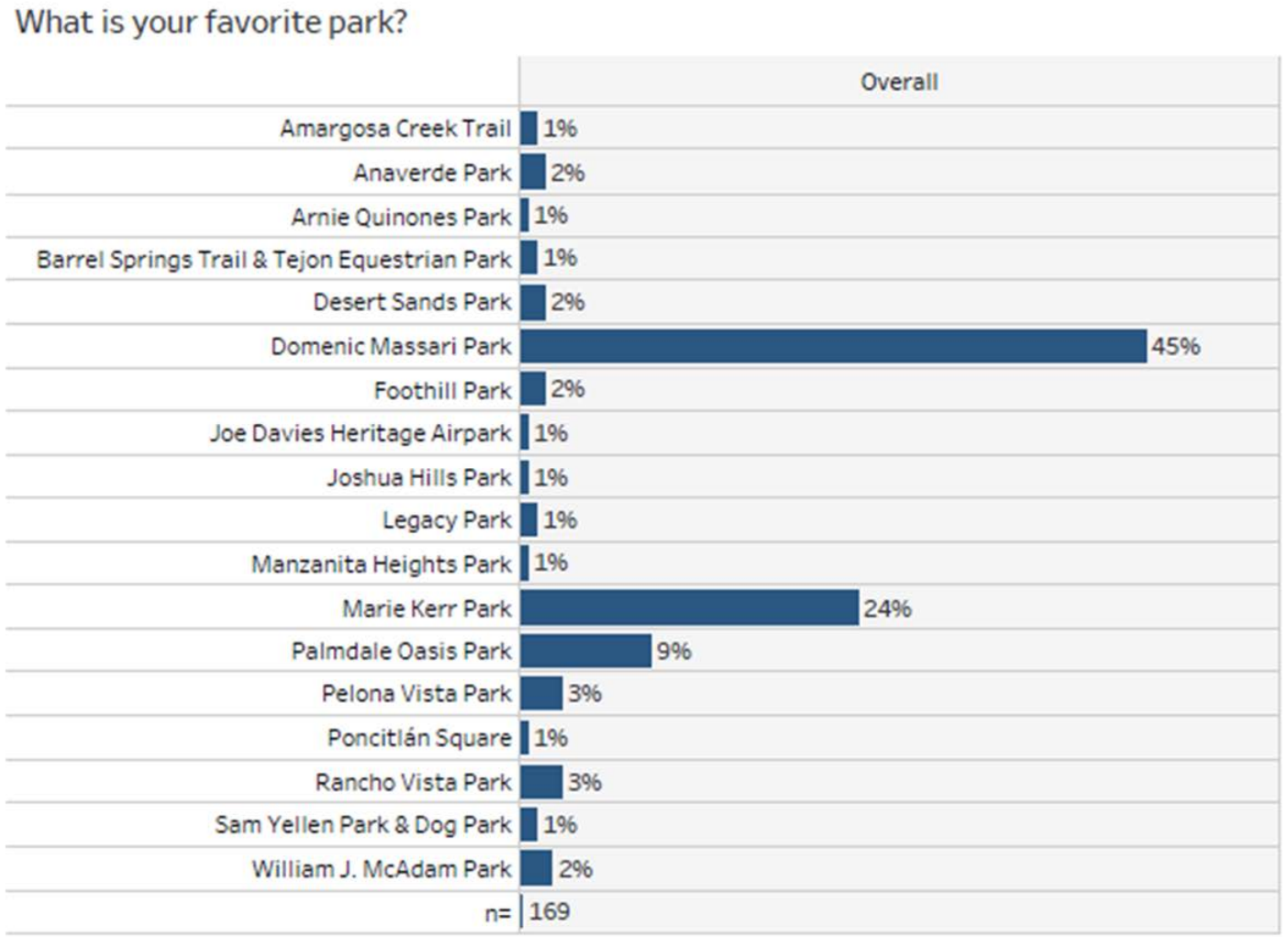
- Special events and outdoor recreation programs are the top future programs and events priorities according to both samples.
- Overall, priorities were rated similarly for both the Invite and Open link.
- E-games and E-sports were rated the lowest in terms of future priorities.

Youth Intercept Survey

Palmdale Parks and Recreation Master Plan Youth Intercept Survey

PALMDALE PARKS & RECREATION

RRC



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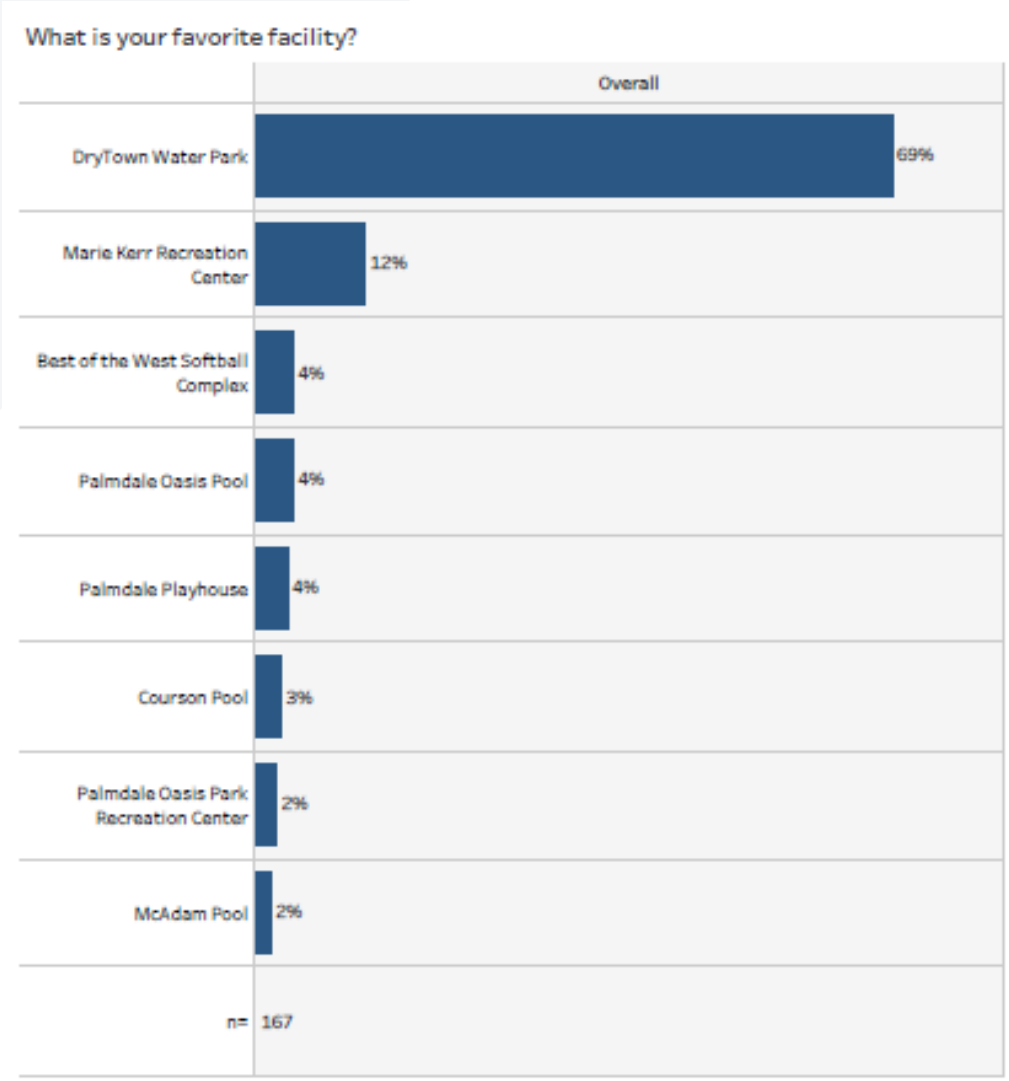
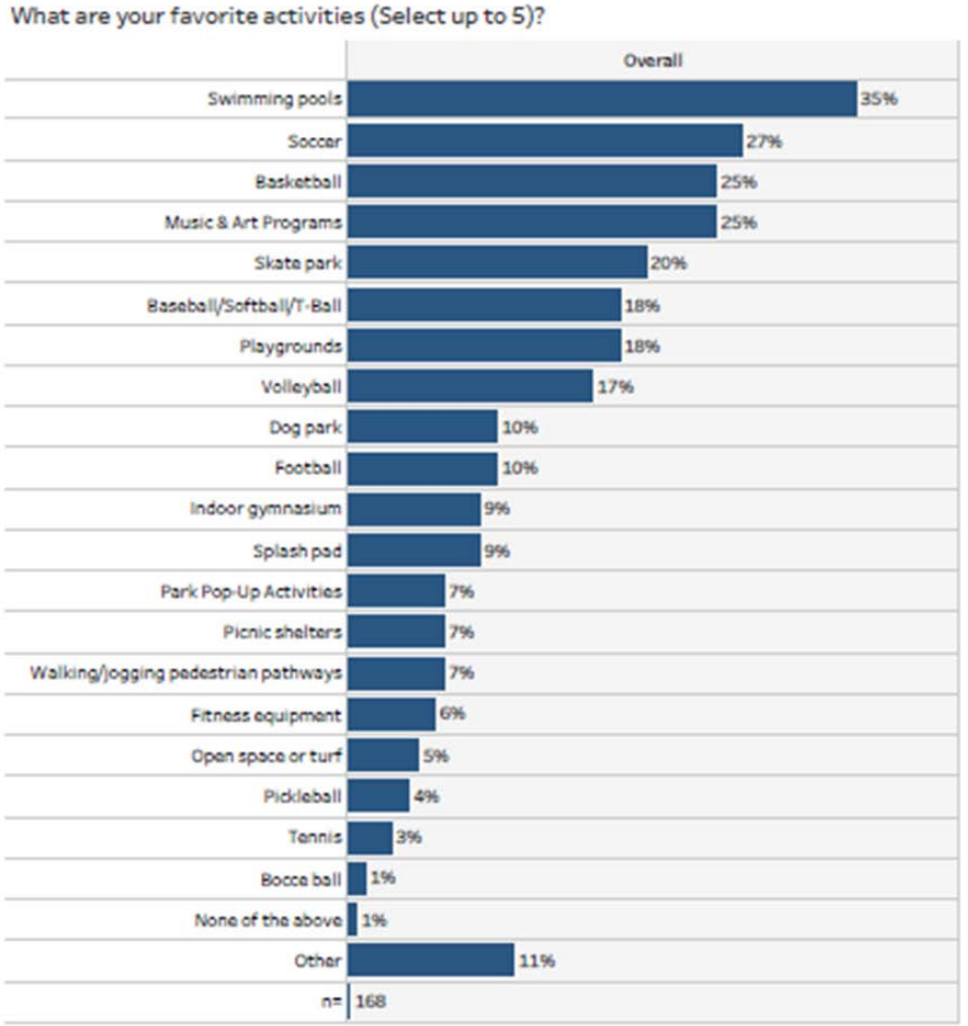
YOUTH SURVEYS COMPLETED

Youth Favorite Facilities and Activities





Inventory and Assessment

In general, the overall impression of the Department's assets are as follows:

22 Developed Parks = 368 acres

Average Age of Parks = 23 years

Additional Neighborhood Parkland = 7 acres

Undeveloped Parkland = 481 acres

Parks are generally well distributed in currently developed areas.
Signage and amenities lack consistency and standardization.
Amenities lack meaningful structural or natural shade.
Maintenance is good and has prolonged the life of amenities.
Amenities appear to have been replaced individually, on an as-needed basis.
Lighting is aging and lacks sufficient photometric coverage.
Newer parks have a uniqueness and individuality.
Turf and fields are in need of grading and irrigation upgrades.
Turf in newer parks is limited to usable spaces and more sensitive to water-usage.

Level of Service Findings

Residents per park:
7,702
NRPA: 2,287

Acres of parkland per 1,000 residents:
2.22
NRPA: 10.8

Residents per playground:
8,069
NRPA: 3,759

Compared to the National Recreation and Park Association (NRPA) 2023:

With future plans for the development of 481 acres:

Acres of parkland per 1,000 residents will increase to:
5.06

Visioning Workshop with Staff

- Key Issues Matrix has been developed and will be reviewed with staff during a visioning workshop

City of Palmdale Parks and Facilities Master Plan		Qualitative Data					Quantitative Data				Consultant's Analysis and Professional Expertise
Key Issues	Key Issue - Rating Scale **a** - priority **b** - need to address **c** - opportunity for improvement **blank** means the issue didn't come up or wasn't addressed	Planning Documents	Staff Input	Public Input	Leadership Summit	Leadership Interviews	Community Survey	Other City Documents	Facility Assessment/LOS	Consultant Team	
High performing organization											
Providing a high level of safety and security at facilities is the most important purpose for the City of Palmdale.				a			a			a	Address concerns related to safety through increased lighting, security presence, and promotion of security efforts
Ensuring parks and recreation opportunities are accessible and affordable to all residents rated as highly important				a			a			a	Promote affordability of programs and facilities reservations
Not all residents are familiar with parks and recreation facilities, programs and services available				b			b			b	Increase promotion of available programs, services, and facilities

Visioning Workshop with Staff

- Recommendations and Goals will be developed

Sample Goals

Sample

Action and Implementation Plan

GOAL 1: CONTINUE TO IMPROVE ORGANIZATIONAL EFFICIENCIES

OBJECTIVE 1.1: Continue to enhance and improve internal and external communication regarding Department activities and services. *(GPR Goal #1 Deliver excellent programs, services, facilities, and communications to meet customer needs)*

Actions	Capital Cost Estimate	Operational Budget Impact	Time frame to Complete
1.1.a Develop a marketing plan for the Department that includes but is not limited to: • Department branding • Wayfinding and signage standards • Town website • Town email newsletter • Activity guide/brochure • Word of mouth • Department email • Increased use of social media • Partnership opportunities	$0	Staff time ($25,000) or $40,000 to hire consultant	Short-term
1.1.b Review and update the marketing plan every five years.	$0	Staff time and direct expense	Ongoing
1.1.c Continue to engage the community in current and future parks and recreation planning efforts.	$0	Staff time	Ongoing

Implementation Guidelines/Strategies

The following is a list of suggestions for successful implementation of the Parks and Recreation Master Plan.

These elements represent the commitment and discipline required to integrate the process into daily operations, now and in the future.

The Parks and Recreation Master Plan becomes the guidepost for the Department. When decisions or responses to the community are needed, the plan becomes the reference point for decision-making and whether new issues or responses to the community are of higher importance than what has been established as existing direction.

The Parks and Recreation Master Plan information should be included as part of the new employee orientation program.

Post the Executive Summary of the plan on the website and track results of addressing the recommendations on the site. This will assist in providing the community with information about the Department's strategic direction and its commitment to results. It might also be helpful to print a color brochure of the Executive Summary to distribute to interested partners and community members to provide a quick snapshot of the plan.

Any questions?

Here's our contact information:

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BerryDunn

Kimley»Horn
Expect More. Experience Better.

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **FINANCE DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE MONTHLY AND QUARTERLY INVESTMENT ACTIVITY REPORTS FOR SEPTEMBER 2023**

ISSUE

Receive and file the monthly and quarterly investment activity reports for September 2023.

RECOMMENDATION

Staff recommends that the City Council receive and file the monthly and quarterly investment activity reports for the City of Palmdale and Successor Agency for September 2023.

BACKGROUND

Pursuant to Section 16 of the City of Palmdale and Successor Agency Investment Policy, the City Treasurer shall prepare and present monthly and quarterly reports on investments to the City Manager/Executive Director and the City Council/Directors. The reports shall detail the type of investment, name of the issuer, purchase date, date of maturity, amount of deposit, and rate of interest. This information shall be provided for all City and Successor Agency pooled investments, as well as for Certificates of Participation, Revenue Bonds, Tax Allocation Bonds, Assessment Districts, and Community Facilities District accounts, which are managed by outside Fiscal Agents.

The monthly and quarterly reports provide a synopsis of the investment activity for the City of Palmdale and Successor Agency. The reports provide information on assets, allocations, average maturities, yields, and book valuations. The interest rates presented are the most current rates available as of the date of this report.

The market values presented for pooled City and Successor Agency investments are based on closing prices for the related investment as of the date of this report. This information was obtained from the Wall Street Journal, Bloomberg Financial Markets, Capital Market Finances, or other reliable sources of market prices.

DISCUSSION

Compliance with Investment Policy

For September, the invested portfolio amount for the City of Palmdale totaled $305,065,778, a decrease of $34,305 from the previous month, and an increase of $17,170,826 in comparison to last year. The monthly decrease is the result of operational expenditures paid during the month.

The par value of Successor Agency's portfolio as of September was $7,915,579. The balance increased by $10,834 from last month due to earned interest during the month.

All investments meet criteria appropriate to Section 8 of the Investment Policy. The portfolios are based on a combination of various investments, including CDs, Corporate Notes, U.S. Treasury Securities, and Government Agency Paper, each adhering to portfolio percentage limitations.

The Finance Division is the custodian for the City and Successor Agency's investment portfolio and follows the three main principles of both entities' investment policies to 1) Investment in financial instruments that mitigate the risk of monetary losses stemming from market fluctuations; 2) Establish and maintain a portfolio that has sufficient liquidity to allow the City and Successor Agency to meet all anticipated cash requirements; and 3) Seek out investment instruments that provide a competitive market rate of return.

Liquidity

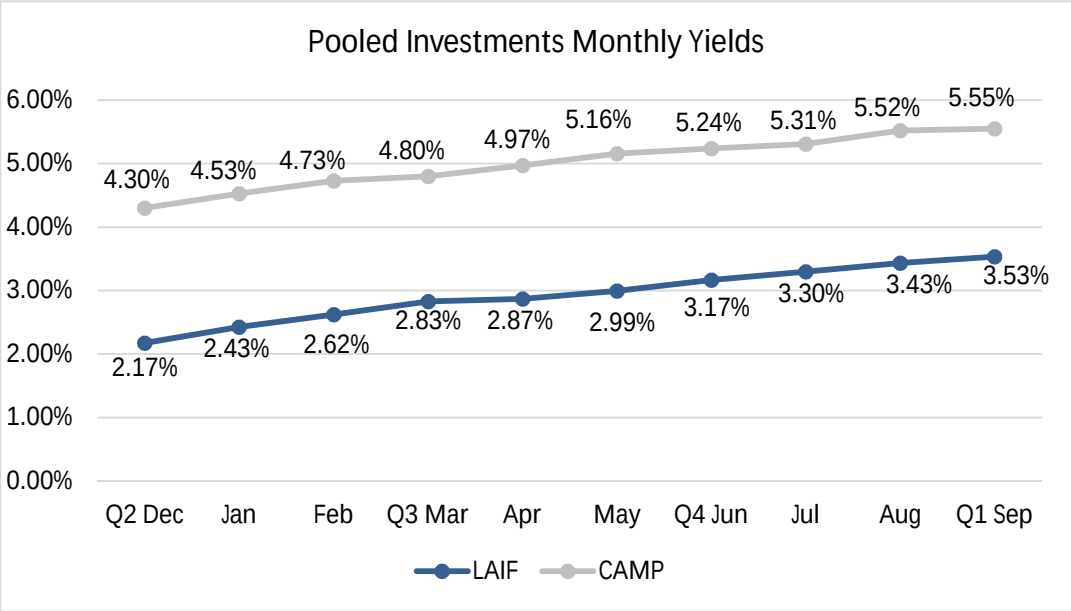
One core approach the Finance Division focuses on is providing liquidity to measure up to the City and Successor Agency's operational requirements. Thus, the Finance Division is currently investing in two pooled funds, Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP). These are intended for daily operational activities and used for economic uncertainties and maintenance needs. The pooled funds provide a higher liquidity ratio to ensure the City and Successor Agency meet cash flow requirements.

The total LAIF balance for the City of Palmdale at the end of September is $132,457,024, with no changes compared to the prior month.

Successor Agency LAIF balance at the end of September was $7,024,790. No changes compared to the prior month.

CAMP's balance for City of Palmdale at the end of September was $262,895 compared to August balance of $261,701. The slight increase is due to interest earned during the month.

The interest rates presented are the most current rates available as of the date of this report. As of September 30, 2023, the interest rates for LAIF and CAMP investments were at 3.534 percent and 5.55 percent, respectively. By comparison, the LAIF and CAMP interest rates at the end of August were at 3.434 percent and 5.52 percent. Both rates have slightly increased within this month. This time last year, LAIF and CAMP rates were at 1.513 percent and 2.61, respectively.



The chart above shows both the Local Agency Investment Fund and California Asset Management Program's average monthly yields beginning December 2022 through September 2023.

We anticipate that rates will remain consistent, increasing only in small percentages in the upcoming months, considering the history in the past year and the current state of the economy. The difference between the performance of the two funds is partly due to the varying pool characteristics. CAMP's portfolio composition is much more subject to market volatility, resulting in performance variation.

Diversity

The Finance Division aims to diversify the investment portfolios to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

The City of Palmdale and Successor Agency's investment portfolios remain strongly diversified. The monthly and quarterly reports include all investments held by both entities and current book values as of September 30, 2023.

It is anticipated that both the City of Palmdale and Successor Agency will have sufficient sums of money to meet its expenditure requirements for the next six months. The

Finance Division will continue to monitor current economic conditions and the impact on interest rates.

Attached are summaries of the investments in the City of Palmdale and Successor Agency's books as of September 30, 2023.

FISCAL IMPACT

There is no fiscal impact associated with the recommended actions for this report.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Gohar Avetisyan, Senior Financial Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, Interim City Attorney

ATTACHMENTS

1. Monthly and Quarterly Reports on City of Palmdale Investments
2. Monthly and Quarterly Report on Successor Agency Investments

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023

CITY OF PALMDALE INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	FDIC Number	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
U.S. TREASURY SECURITIES					Yield			
05-31-19	04-30-24	CITY	9128286R6 U.S. Treasury Note		2.03	5,000,000.00	5,051,650.00	4,870,312.50
03-19-21	12-31-25	CITY	9128285T3 U.S. Treasury Note		2.63	3,000,000.00	3,260,634.36	2,856,570.00
05-11-21	02-28-26	CITY	9128286F2 U.S. Treasury Note		0.66	3,000,000.00	3,261,331.50	2,843,100.00
05-11-21	12-31-24	CITY	9128283P3 U.S. Treasury Note		0.40	3,000,000.00	3,200,040.56	2,872,020.00
06-04-21	12-31-23	CITY	912828V23 U.S. Treasury Note		0.20	4,000,000.00	4,210,026.50	3,940,320.00
07-12-21	12-31-23	CITY	9128285U0 U.S. Treasury Note		2.63	5,000,000.00	5,289,959.94	4,934,950.00
07-12-21	12-31-25	CITY	9128285T3 U.S. Treasury Note		2.63	5,000,000.00	5,451,958.35	4,760,950.00
07-12-21	12-31-23	CITY	912828V23 U.S. Treasury Note		2.25	5,000,000.00	5,244,161.50	4,925,400.00
12-17-21	12-15-23	CITY	91282CBA8 U.S. Treasury Note		0.56	10,000,000.00	9,913,130.25	9,772,300.00
12-17-21	12-15-24	CITY	91282CDN8 U.S. Treasury Note (UBS)		0.85	10,000,000.00	10,045,505.25	9,410,200.00
12-22-21	12-15-23	CITY	91282CBA8 U.S. Treasury Note		0.56	5,000,000.00	4,957,270.88	4,886,150.00
12-22-21	12-15-24	CITY	91282CDN8 U.S. Treasury Note		0.88	5,000,000.00	5,018,208.38	4,705,100.00
12-20-21	12-15-24	CITY	91282CDN8 U.S. Treasury Note (Stifel)		1.00	5,000,000.00	5,017,187.50	4,705,078.10
03-08-23	03-31-26	CITY	9128286L9 U.S. Treasury Note (UBS)		2.25	3,200,000.00	3,029,330.80	3,010,496.00
			TOTAL U.S. TREASURY SECURITIES			$ 71,200,000.00	$ 72,950,395.77	$ 68,492,946.60
GOVERNMENT AGENCY PAPER								
06-10-20	06-16-25	CITY	3133ELK37 Federal Farm Credit		0.78	5,000,000.00	5,000,000.00	4,604,401.25
08-07-20	05-06-24	CITY	3133EL2X1 Federal Farm Credit		0.42	2,000,000.00	2,000,000.00	1,914,808.08
08-27-20	11-27-24	CITY	3134GWNG7 Freddie Mac Domestic		0.50	2,000,000.00	2,000,000.00	1,867,580.54
04-01-21	04-01-25	CITY	3133EMUP5 Fed Farm Credit		0.71	5,000,000.00	5,000,000.00	4,629,334.75
05-11-21	09-04-25	CITY	3133EJYM5 FFCB Bond		0.59	1,000,000.00	1,103,275.25	963,220.00
05-11-21	09-04-25	CITY	3133EJYM5 FFCB Bond 0.57		0.57	2,000,000.00	2,208,460.00	1,926,440.00
06-04-21	11-07-25	CITY	3135G06G3 Fannie Mae		0.55	3,000,000.00	2,993,675.25	2,718,300.00
06-04-21	08-01-24	CITY	3130AMHH8 FHLB NOTE		0.41	4,000,000.00	4,000,000.00	3,784,890.08
06-07-21	06-07-24	CITY	3130AMQR6 FHLB NOTE		0.35	3,000,000.00	3,000,000.00	2,857,869.93
06-30-21	12-30-25	CITY	3130AMRQ7 FHLB NOTE		0.88	3,000,000.00	3,000,000.00	2,724,400.26
07-29-21	04-29-26	CITY	3130AN5C0 FHLB NOTE		1.05	4,000,000.00	4,010,455.13	3,606,160.00
12-17-21	11-12-25	CITY	3134GXBM5 FHLMC Note		1.15	1,150,000.00	1,125,785.50	1,036,575.50
12-17-21	12-30-24	CITY	3130AQDY6 FHLB		1.00	6,750,000.00	6,750,000.00	6,327,843.39
12-17-21	06-23-25	CITY	3133ENHW3 FFCB		1.17	10,000,000.00	10,000,000.00	9,275,883.70
12-20-21	07-30-25	CITY	3136G4ZP1 FANNIE MAE		0.65	3,500,000.00	3,444,175.00	3,203,308.12
12-20-21	09-24-25	CITY	3134GWUG9 FREDDIE MAC		0.57	10,000,000.00	9,806,600.00	9,088,861.70
12-21-21	12-22-26	CITY	3133ENJC5 FFCB		1.29	5,000,000.00	5,000,000.00	4,487,676.35
01-14-22	01-14-25	CITY	3130AQEA7 FHLB		1.05	7,000,000.00	7,000,000.00	6,561,152.22
06-29-22	08-12-25	CITY	3133EL3P7 Federal Farm Credit Bank		3.34	1,810,000.00	1,660,349.20	1,650,002.84
06-29-22	03-28-25	CITY	3130A5DH9 Federal Home Loan Bank		3.34	1,950,000.00	1,937,715.00	1,873,133.09
06-24-22	02-26-27	CITY	3130AL5A8 Federal Home Loan Bank		3.33	5,000,000.00	4,479,000.00	4,355,784.25
08-17-22	10-27-26	CITY	3134GW4C7 Freddie Mac Global Unsecured		0.80	5,000,000.00	4,539,500.00	4,429,309.65
01-06-23	02-25-27	CITY	3130AQRH8 Federal Home Loan Bank		4.38	5,000,000.00	4,590,638.89	4,571,978.55
01-06-23	04-19-27	CITY	3130ARHJ3 Federal Home Loan Bank		4.38	5,000,000.00	4,801,354.86	4,742,725.40
05-18-23	05-18-27	CITY	3133EPKC8 Federal Farm Credit Bank Unsec		5.39	5,000,000.00	5,000,000.00	4,949,700.35
06-05-23	05-30-28	CITY	3133EPLE3 Federal Farm Credit Bond		4.67	2,815,000.00	2,822,746.50	2,753,942.65
			TOTAL GOVERNMENT AGENCY PAPER			$ 108,975,000.00	$ 107,273,730.58	$ 100,905,282.65
CORPORATE NOTES								
5/17/2023	3/1/2026	CITY	30231GAT9 EXXON MOBIL CORPORATION		3.04	$1,000,000	$982,084	955,987.20
5/17/2023	3/2/2026	CITY	194162AQ6 COLGATE-PALMOLIVE CO GLOBAL		4.80	$1,000,000	$1,035,553	1,003,302.97
5/17/2023	1/26/2026	CITY	742718FY0 PROCTER & GAMBLE CO/THE GLOGAL		4.10	$1,000,000	$1,018,472	987,613.50
			TOTAL CORPORATE BONDS			$3,000,000	$3,036,109	$ 2,946,903.67

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023

STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND							
09-01-84	n/a	CITY ACCOUNT	98-19-620	0.78	53,219,293.97	53,219,293.97	53,219,293.97
06/23/08	n/a	PCA ACCOUNT	40-19-060	0.78	56,228,187.21	56,228,187.21	56,228,187.21
	n/a	ARPA ACCOUNT	19-19-004	0.78	23,009,543.23	23,009,543.23	23,009,543.23
			TOTAL LAIF ACCOUNTS		$ 132,457,024.41	$ 132,457,024.41	$ 132,457,024.41
CAMP- CALIFORNIA ASSET MANAGEMENT PROGRAM							
6080-01	n/a	CITY ACCOUNT	6080-01	0.30	262,895.14	262,895.14	262,895.14
			TOTAL CAMP ACCOUNTS		$ 262,895.14	$ 262,895.14	$ 262,895.14
UBS FINANCIAL SERVICES							
n/a	n/a	CITY ACCOUNT		0.00	725.87	725.87	725.87
			TOTAL UBS FINANCIAL SERVICES ACCOUNTS		$ 725.87	$ 725.87	$ 725.87
			TOTAL CITY INVESTMENTS		$ 315,895,645.42	$ 315,980,880.88	$ 305,065,778.34

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023

LIBRARY INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND					
11-20-84	n/a	LIBRARY	16-19-012	0.78	12,779.53
		TOTAL LIBRARY INVESTMENTS			$ 12,779.53

FISCAL AGENT CASH

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
BOND PROCEEDS					
SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
05-10-95	n/a	BOND	95421220	0.35	111.32
05-10-95	n/a	IMPROVEMENT	95421222	0.10	161,774.83
City Held Cash	(Fund 736-114000)	($255,912.67)			
		TOTAL SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1			$ 161,886.15
BOND PROCEEDS					
RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
04-06-95	n/a	RESERVE-SEN	95420880	n/a	0.00
04-06-95	n/a	IMPV-ACQUI	95420884	0.01	2,699,443.42
04-06-95	n/a	BOND	95420887	0.15	0.15
City Held Cash	(Fund 738-114000)	($1,000,675.82)			
		TOTAL RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1			$ 2,699,443.57
BOND PROCEEDS					
ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
08-01-19	n/a	SP TAX - B BOND	242969000	0.00	10.36
08-01-19	n/a	RESERVE	242969003	0.00	722,968.90
08-01-19	n/a	SP TAX - REFUNDING BC	242969004	0.01	15,150.35
City Held Cash	(Fund 734-114000)	$1,773,665.72			
		TOTAL ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1			$ 738,129.61
City Held Cash	(Fund 735-114000)	$1,330,451.36			
		TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER)			$ -
BOND PROCEEDS					
2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
	n/a	SPEC TRB SER A/B	251009000	0.01	18,509.22
	n/a	RESERVE FUND	251009001	0.01	641,710.29
City Held Cash					
		TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021			$ 660,219.51
BOND PROCEEDS					
2006-1 Godde Hill Estate Sewer Improvements LOIB					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
11-08-06	n/a	REDEMPTION FUND	106844000	0.01	63,608.59
11-08-06	n/a	ADM EXP	106844002	0.01	1,664.69
11-08-06	n/a	RESERVE FUND	106844003	0.01	91,411.48
City Held Cash	(Fund 739-114000)	$145,437.61			
		TOTAL 2006-1 Godde Hill Estate Sewer Improvements LOIB			$ 156,684.76

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023

FISCAL AGENT CASH

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
BOND PROCEEDS					
2012 PFA $8.7M LEASE REVENUE BONDS					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
12-19-12	n/a	REVENUE FD	201546000	0.00	1,564.79
12-19-12	n/a	INTEREST ACCOUNT	201546001	n/a	0.00
12-19-12	n/a	PRINCIPAL ACCOUNT	201546002	n/a	0.00
		TOTAL 2012 PFA $8.7M LEASE REVENUE BONDS			$ 1,564.79
2013 HA PALMDALE TRANSIT VILLAGE HOMES LLC ESCROW					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
10-11-13	n/a	ESCROW FUND	206455000	0.00	2,979,525.30
		TOTAL 2013 HA TRANSIT VILLAGE HOMES ESCROW			$ 2,979,525.30
2015 HA DEBT SERVICE RESERVE					
Fiscal Agent: Bank of America					
11-19-15	n/a	DEBT SVC RESERVE	1257964992	0.08	39,744.58
		TOTAL 2015 HA DEBT SERVICE RESERVE			$ 39,744.58
PARS RESTRICTED CASH FOR PENSION STABILIZATION TRUST FUND					
05-23-18	n/a	CITY	104790895775 Public Agency Retirement Services	2.60	7,930,334.46
		TOTAL PARS PENSION TRUST FUND			$ 7,930,334.46
BOND PROCEEDS					
2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
09-03-15	n/a	BOND FUND	277067000	0.00	96,550.58
09-03-15	n/a	INTEREST ACCT	277067001	0.01	6.95
09-03-15	n/a	BOND RESERVE	277067003	0.00	281,019.72
09-03-15	n/a	REPAIR & REPLACE FUN	277067004	0.00	1,238,500.56
		TOTAL 2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS			$ 1,616,077.81
BOND PROCEEDS					
2017 PFA $17.4M LEASE REVENUE BONDS					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
04-05-17	n/a	REVENUE FUND	271128000	0.00	0.19
04-05-17	n/a	PRINCIPAL ACCT	271128002	n/a	0.00
		TOTAL 2017 PFA $17.4M LEASE REVENUE BONDS			$ 0.19
	Total City Held Cash (XXX-114000)		$1,992,966.20		
		GRAND TOTAL - FISCAL AGENT CASH			$ 16,323,391.22

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand			$	8,558,391
Pooled Cash Investments				
City:	$	297,448,246		
Insur Fund:		$7,617,532	$	305,065,778
Library Investments				$12,780
Subtotal			$	313,636,949
City/AD/CFD/PCA/PFA/HA Fiscal Agent Cash			$	16,323,391
Grand total			$	329,960,340

The interest rate quoted on LAIF, AIM, and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF & AIM interest rates are as of September 30, 2023.

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023
CITY OF PALMDALE

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF), CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP), & UBS FINANCIAL SERVICES
September 30, 2023

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
CITY ACCOUNT 98-19-620				
Beginning Balance				$ 53,219,293.97
Subtotal	$ -	$ -	$ -	$ 53,219,293.97
PCA ACCOUNT 40-19-060				
Beginning Balance				$ 56,228,187.21
Subtotal	$ -	$ -	$ -	$ 56,228,187.21
LIBRARY ACCOUNT 16-19-012				
Beginning Balance				$ 12,779.53
Subtotal	$ -	$ -	$ -	$ 12,779.53
ARPA ACCOUNT 19-19-004				
Beginning Balance				$ 23,009,543.23
Subtotal	$ -	$ -	$ -	$ 23,009,543.23
CAMP - CALIFORNIA ASSET MANAGEMENT PROGRAM				
Beginning Balance				$ 261,701.77
09/30/23			$ 1,193.37	
Subtotal	$ -	$ -	$ 1,193.37	$ 262,895.14
UBS Financial Services				
Beginning Balance				$ 38,224.84
09/30/23		$ (82,800.00)	$ 45,301.03	
Subtotal	$ -	$ (82,800.00)	$ 45,301.03	$ 725.87
Total	$ -	$ (82,800.00)	$ 46,494.40	$ 132,733,424.95

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023
CITY OF PALMDALE

POOLED CASH - INVESTMENTS MATURED OR CALLED

September 30, 2023

TN = US Treasury
FP = Federal Paper
CD = Certificate of Deposi
C = Call
M = Maturity
CB = Corporate Bond

ISSUER	PURCHASE DATE	MATURITY DATE	FACE VALUE REDEEMED		INTEREST RECEIVED	NET FUNDS	INVESTED AMOUNT	GAIN/ (LOSS)
				M		$ -		$0.00
				M		$ -		-
				M		$ -		-
				M		$ -		-
				M		$ -		-
				M		$ -		-
			$ -		$ -	$ -	$ -	$0.00

Total Number of Transactions: 0

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
SEPTEMBER 30, 2023
CITY OF PALMDALE

POOLED CASH - INVESTMENTS PURCHASED

September 30, 2023

TN = US Treasury
FP = Federal Paper
CD = Certificate of Deposit
CN = Corporate Notes

ISSUER	PURCHASE DATE	MATURITY DATE	FACE VALUE	PREMIUM / (DISCOUNT)	PURCHASE PRICE	ACCRUED INTEREST PURCHASED	NET PURCHASE	Yield
							$ -	
				-			$ -	
				-			$ -	
				-			$ -	
				-			$ -	
				-				
			$ -	$ -	$ -	$ -	$ -	

Total Number of Transactions: 0

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
September 30, 2023

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	INVESTED AMOUNT	TOTAL
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND						
09-01-84	n/a	SA ACCOUNT	65-19-035	0.78	7,024,789.94	
						$ 7,024,789.94

FISCAL AGENT CASH

BOND PROCEEDS						
CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						
Fiscal Agent: U.S. Bank National Association						
08-20-02	n/a	RESERVE FUND	94460700	2.54	536,313.65	
08-20-02	n/a	INTEREST ACCT	94460701	0.04	15,205.99	
08-20-02	n/a	PRINCIPAL ACCT	94460702	0.04	255.18	
TOTAL CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						$ 551,774.82
BOND PROCEEDS						
2016 SA $31.5M Tax Allocation Refunding Bonds Series A						
Fiscal Agent: U.S. Bank National Association (fka First Trust)						
04-26-16	n/a	DEBT SERVICE	245113000	0.00	5.84	
04-26-16	n/a	INTEREST ACCT	245113001	N/A	0.00	
TOTAL 2016 SA $31.5M Tax Allocation Refunding Bonds Series A						$ 5.84
GRAND TOTAL - FISCAL AGENT CASH						$551,781

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand	$	339,008
Pooled Cash Investments	$	7,024,790
Successor Agency Fiscal Agent Cash	$	551,781
Grand total	$	7,915,579

* The interest rate quoted on LAIF and Fiscal Agent/Trustee accounts is the most current rate available. LAIF interest rates are as of September 30, 2023.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF)
September 30, 2023

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
SA ACCOUNT 65-19-035				
Beginning Balance				$ 7,024,789.94
Subtotal	$ -	$ -	$ -	$ 7,024,789.94

PORTFOLIO REVIEW AND ANALYSIS

City of Palmdale

Palmdale, CA

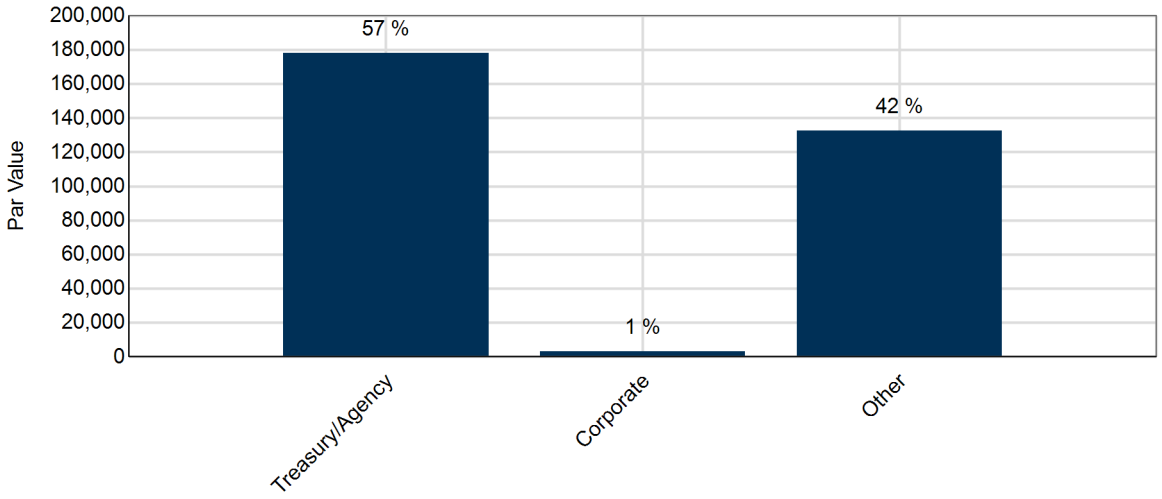
As of Date: 09/30/2023 | Pricing as of: 09/29/2023 | Date of Analysis: 10/05/2023

Account Executive: Bill Blackwill

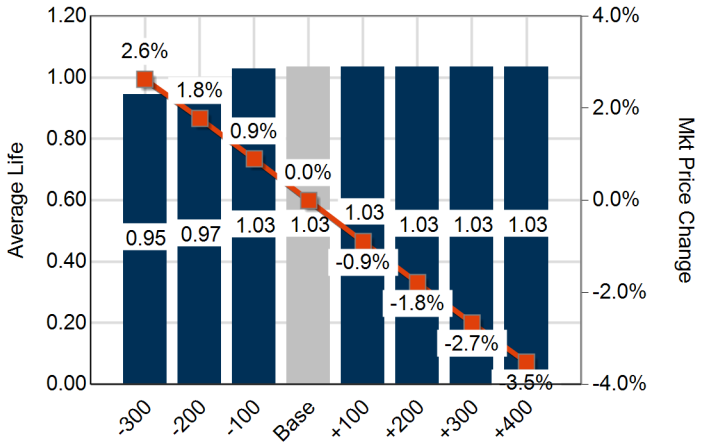
Portfolio Overview

Book Value	313,945
# Securities	46
Average Size (Book)	6,825
Yield at Book	1.18
Market Yield	3.33
$ Gain/Loss	-10,108
% Gain/Loss	-3.2%
Average Life	1.03
Average Life +300bps	1.03
% Price Change +100bps	-0.90
% Price Change +300bps	-2.67
Effective Duration	0.90
Effective Convexity	0.00
AFS / HTM%	100% / 0%
Fixed / Floating	100% / 0%
ESG/Green Par (000's)	$0 / $0

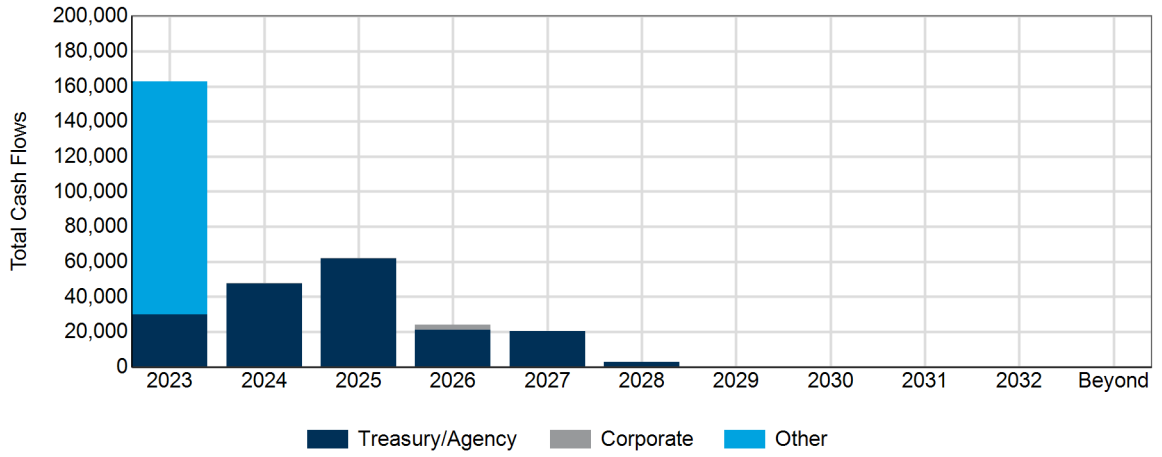
Sector Allocation



Average Life vs Price Sensitivity



Annual Projected Cash Flows By Sector



Historical Portfolio Overview

	09/30/2023	06/30/2023	03/31/2023	12/31/2022
Book Value	313,945	331,875	305,771	277,592
Yield at Book	1.18	1.16	1.11	1.07
Yield at Book (+100)	1.18	1.16	1.11	1.07
Yield at Book (+300)	1.18	1.16	1.11	1.07
Yield at Book (-100)	1.18	1.16	1.11	1.07
WAL	1.03	1.11	1.22	1.29
WAL (+100)	1.03	1.12	1.22	1.29
WAL (+300)	1.03	1.12	1.22	1.29
WAL (-100)	1.03	1.05	1.22	1.29
% Price Change (+100)	-0.9%	-1.0%	-1.1%	-1.2%
% Price Change (+300)	-2.7%	-3.0%	-3.2%	-3.4%
% Price Change (-100)	0.9%	1.0%	1.1%	1.2%
Effective Duration	0.90	1.02	1.08	1.16
Effective Convexity	0.00	-0.01	0.00	0.01
$ Gain/Loss	-10,108	-11,011	-9,844	-11,062
% Gain/Loss	-3.2%	-3.3%	-3.2%	-4.0%
$ Gain/Loss (+300)	-18,209	-20,696	-19,338	-20,086
Principal Cash Flow 2 yrs out	81%	77%	73%	73%
Principal Cash Flow 2 yrs out (+100)	81%	77%	73%	73%
Principal Cash Flow 2 yrs out (+300)	81%	77%	73%	73%
Principal Cash Flow 2 yrs out (-100)	81%	79%	73%	73%

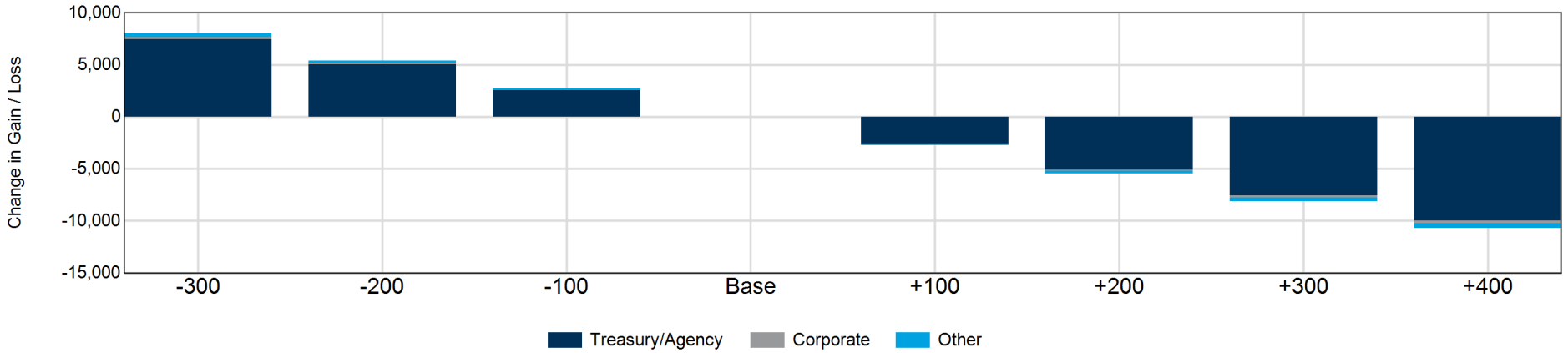
Portfolio Sector Summary

Sector	Portfolio %	Par Value	Cpn	Maturity	Book Value	Yield @Bk	Market Value	Yield	% Price Change -100	% Price Change +100	% Price Change +300	Gain/(Loss) $	Gain/(Loss) %	Effective WAL	Effective Dur	Effective Cvx	AFS %
Treasury (14)	22.7%	71,200	1.53	1.0 yrs	71,200	1.53	68,960	5.30	0.9	-0.9	-2.7	-2,240	-3.1%	0.99	0.93	0.02	100 %
Agency Bullet (3)	1.9%	6,000	1.76	2.0 yrs	6,000	1.76	5,613	5.12	2.0	-1.9	-5.5	-387	-6.4%	2.02	1.92	0.06	100 %
Callable Agency (22)	32.2%	101,025	1.34	2.2 yrs	101,025	1.34	93,619	5.33	1.9	-1.9	-5.8	-7,406	-7.3%	2.21	1.92	-0.02	100 %
Treasury/Agency (39)	56.8%	178,225	1.43	1.7 yrs	178,225	1.43	168,193	5.31	1.5	-1.5	-4.5	-10,032	-5.6%	1.72	1.52	0.00	100 %
Industrial (3)	1.0%	3,000	3.98	2.4 yrs	3,000	3.98	2,925	5.11	2.2	-2.2	-6.4	-76	-2.5%	2.39	2.20	0.07	100 %
Corporate (3)	1.0%	3,000	3.98	2.4 yrs	3,000	3.98	2,925	5.11	2.2	-2.2	-6.4	-76	-2.5%	2.39	2.20	0.07	100 %
Cash & Other (4)	42.3%	132,720	0.78	0.1 yrs	132,720	0.78	132,720	0.78	0.1	-0.1	-0.3	0	0.0%	0.08	0.09	0.00	100 %
Other (4)	42.3%	132,720	0.78	0.1 yrs	132,720	0.78	132,720	0.78	0.1	-0.1	-0.3	0	0.0%	0.08	0.09	0.00	100 %
Total (46)	100.0%	313,945	1.18	1.0 yrs	313,945	1.18	303,837	3.33	0.9	-0.9	-2.7	-10,108	-3.2%	1.03	0.90	0.00	100 %

Shocked Analysis

	-300	-200	-100	Base	+100	+200	+300
Par Value	313,945	313,945	313,945	313,945	313,945	313,945	313,945
Book Value	313,945	313,945	313,945	313,945	313,945	313,945	313,945
Market Value	311,820	309,246	306,570	303,837	301,100	298,392	295,736
Gain/(Loss)	-2,125	-4,698	-7,375	-10,108	-12,845	-15,553	-18,209
Gain/(Loss) %	-0.7%	-1.5%	-2.4%	-3.2%	-4.1%	-5.0%	-5.8%
Gain/(Loss) % - Chg from Base	2.6%	1.8%	0.9%	0.0%	-0.9%	-1.8%	-2.7%
Book Price	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Yield at Book	1.18	1.18	1.18	1.18	1.18	1.18	1.18
Market Price	99.32	98.50	97.65	96.78	95.91	95.05	94.20
Market Yield	0.33	1.32	2.35	3.33	4.32	5.31	6.31
WAL	0.95	0.97	1.03	1.03	1.03	1.03	1.03

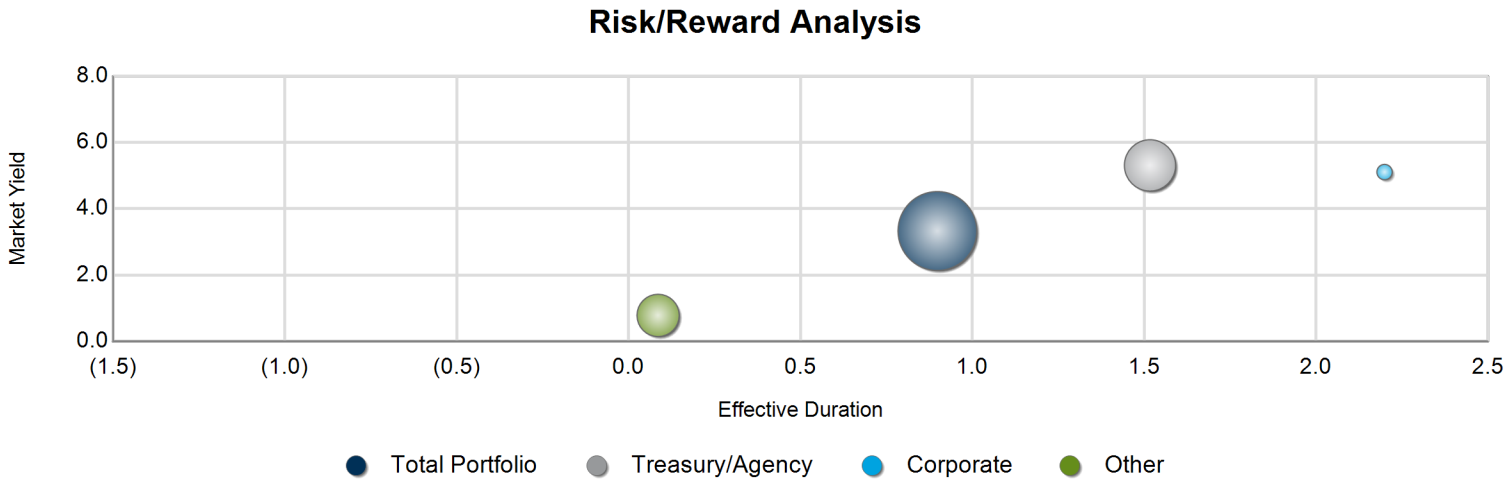
Change in Gain/Loss by Rate Shock Scenario



Price Risk & Market Value Change by Sector

	AFS						HTM					
	% Change in Market Value from Level					Eff	% Change in Market Value from Level					Eff
Sector	-100	Mkt Value	+100	+200	+300	Dur	-100	Mkt Value	+100	+200	+300	Dur
Treasury/Agency	1.5%	168,193	-1.5%	-3.0%	-4.5%	1.5%						
Corporate	2.2%	2,925	-2.2%	-4.3%	-6.4%	2.2%						
Other	0.1%	132,720	-0.1%	-0.2%	-0.3%	0.1%						
Total	0.9%	303,837	-0.9%	-1.8%	-2.7%	0.9%						
Scenario Market Val	306,570	303,837	301,100	298,392	295,736							
Scenario Gain/Loss	-7,375	-10,108	-12,845	-15,553	-18,209							

Total Portfolio (AFS + HTM):	
% Change in Market Val from Level	
-200 bps	1.8%
-100 bps	0.9%
Level Market Val	303,837
+100 bps	-0.9%
+200 bps	-1.8%
+300 bps	-2.7%
+400 bps	-3.5%
Effective Duration	*0.90*
Effective Convexity	0.00



Peer Group Comparison

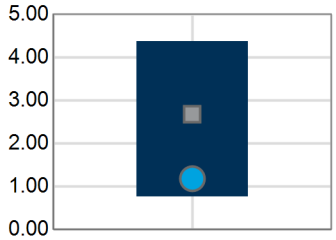
Peer	As of Date	Book Value	G/L %	Yield @Bk	Average Life			% Price Change			Effective		UST	Fix		Fix	Flt	Agy	Sm	Prv			CD &	%	%
					Base	-100	+300	-100	+100	+300	Dur	Cvx	Agy	MBS	ARM	CMO	CMO	CMBS	Bus.	Label	Muni	Corp	Oth	Fixed	AFS
1	07/23	364,347	-4.9	3.21	2.7	2.7	2.7	2.5	-2.4	-7.1	2.5	0.1	76%	0%	0%	0%	0%	0%	0%	0%	0%	24%	0%	100%	100%
2	06/23	249,414	-3.3	0.76	0.8	0.8	0.8	0.7	-0.7	-2.1	0.7	0.0	88%	0%	0%	0%	0%	0%	0%	0%	12%	0%	0%	100%	100%
3	06/23	400,408	-4.0	2.17	1.6	1.3	1.6	1.3	-1.3	-4.0	1.3	-0.1	81%	0%	0%	0%	0%	0%	0%	0%	11%	0%	7%	100%	100%
4	08/23	221,851	-4.4	2.94	2.7	2.7	2.7	2.5	-2.4	-7.1	2.5	0.0	64%	0%	0%	0%	0%	0%	0%	0%	25%	0%	12%	100%	100%
5	09/23	208,015	-6.3	2.72	2.1	2.0	2.1	1.9	-1.9	-5.5	1.9	0.0	61%	0%	0%	0%	0%	0%	0%	0%	12%	20%	7%	100%	100%
6	07/23	186,337	-9.0	2.33	4.5	4.5	4.5	4.0	-3.8	-10.9	3.9	0.2	56%	2%	0%	0%	0%	2%	0%	0%	28%	13%	0%	100%	100%
7	06/23	183,951	-5.7	2.04	2.2	2.0	2.4	1.7	-1.8	-5.7	1.8	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
8	08/23	153,618	-3.4	4.22	2.8	2.6	3.2	2.2	-2.2	-6.6	2.2	0.0	2%	5%	11%	12%	1%	8%	0%	0%	26%	36%	0%	74%	100%
9	08/23	128,157	-3.5	3.19	1.5	1.3	1.5	1.1	-1.2	-3.6	1.1	0.0	40%	0%	0%	0%	0%	0%	0%	0%	32%	4%	24%	100%	18%
10	08/23	114,741	-4.7	2.03	2.3	2.1	2.4	2.0	-2.0	-6.0	2.0	0.0	71%	0%	0%	0%	0%	1%	0%	0%	0%	0%	29%	100%	100%
11	07/23	528,290	-2.8	3.54	2.2	2.0	2.3	1.6	-1.8	-5.4	1.7	-0.1	85%	0%	0%	0%	0%	0%	0%	0%	15%	0%	0%	98%	100%
12	06/23	88,499	-5.5	2.81	3.0	2.7	3.1	2.6	-2.7	-7.9	2.6	-0.1	80%	0%	0%	0%	0%	0%	0%	0%	0%	11%	8%	98%	100%
13	08/23	88,390	-5.8	2.06	2.2	2.1	2.2	1.8	-1.8	-5.6	1.8	-0.1	73%	0%	0%	0%	0%	0%	0%	0%	2%	0%	25%	100%	100%
14	09/23	58,320	-5.8	2.23	2.4	2.3	2.4	2.2	-2.1	-6.2	2.1	0.1	74%	0%	0%	0%	0%	0%	0%	0%	24%	0%	2%	100%	100%
15	08/23	55,896	-2.2	4.37	2.5	2.0	2.7	1.5	-1.7	-5.7	1.6	-0.3	61%	0%	0%	0%	0%	0%	0%	0%	0%	0%	39%	100%	100%
16	07/23	54,722	-1.4	3.36	2.0	1.9	2.0	1.7	-1.7	-5.2	1.7	0.0	73%	0%	0%	0%	0%	0%	0%	0%	4%	2%	21%	100%	100%
17	09/23	53,019	-6.5	2.72	2.6	2.6	2.6	2.2	-2.3	-6.7	2.3	0.0	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
18	06/23	52,037	-1.5	2.76	0.7	0.5	0.7	0.6	-0.6	-1.8	0.6	0.0	62%	0%	0%	0%	0%	0%	0%	0%	18%	0%	20%	100%	100%
19	08/23	51,609	-7.3	2.22	2.9	2.8	3.0	2.3	-2.4	-7.3	2.3	-0.1	75%	0%	0%	0%	0%	0%	0%	0%	2%	0%	24%	100%	100%
20	09/23	581,576	-5.6	1.97	2.5	2.4	2.5	2.2	-2.2	-6.4	2.2	0.0	63%	0%	0%	0%	0%	0%	0%	0%	37%	0%	0%	100%	100%
21	08/23	46,166	-2.8	4.21	2.0	1.6	2.0	1.4	-1.5	-4.6	1.5	-0.1	46%	0%	0%	0%	0%	1%	0%	0%	1%	8%	44%	100%	100%
22	09/23	38,036	-5.2	2.22	1.7	1.6	1.7	1.5	-1.5	-4.5	1.5	0.0	37%	0%	0%	0%	0%	0%	0%	0%	34%	0%	28%	100%	100%
23	09/23	37,429	-2.3	3.09	1.2	1.2	1.2	1.1	-1.1	-3.2	1.1	0.0	24%	0%	0%	0%	0%	0%	0%	0%	31%	2%	43%	100%	100%
24	09/23	36,570	-9.3	1.15	2.6	2.6	2.6	2.4	-2.3	-6.8	2.4	0.1	98%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	100%	100%
25	06/23	32,547	-5.8	2.60	2.5	2.3	2.5	2.0	-2.1	-6.2	2.0	-0.1	23%	0%	0%	0%	0%	0%	0%	0%	0%	0%	77%	100%	100%
Avg		160,558	-4.8	2.68	2.2	2.1	2.3	1.9	-1.9	-5.7	1.9	0.0	65%	0%	0%	0%	0%	0%	0%	0%	13%	5%	17%	99%	97%
Port		313,945	-3.2	1.18	1.0	1.0	1.0	0.9	-0.9	-2.7	0.9	0.0	57%	0%	0%	0%	0%	0%	0%	0%	0%	1%	42%	100%	100%
Diff		153,387	1.5	-1.50	-1.2	-1.1	-1.3	-1.0	1.0	3.0	-1.0	0.0	-8%	0%	0%	0%	0%	0%	0%	0%	-13%	-4%	26%	1%	3%

* Peer group includes Public Entitys that have received portfolio analysis from Stifel in the last three months with the closest portfolio book values.

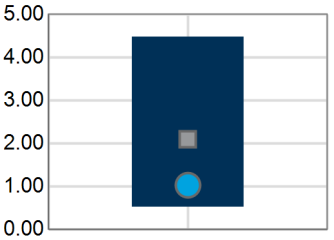
Summary Peer Comparison

Yield and Average Life Peer Comparison

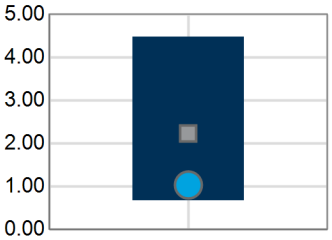
Yield at Book



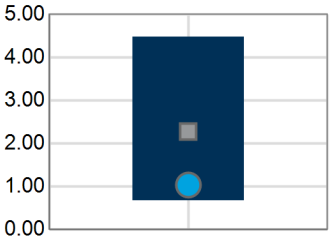
Down 100 Avg Life



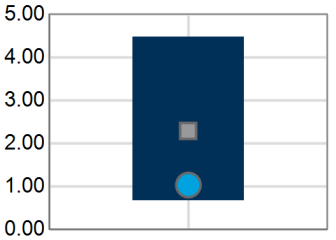
Base Avg Life



Up 100 Avg Life

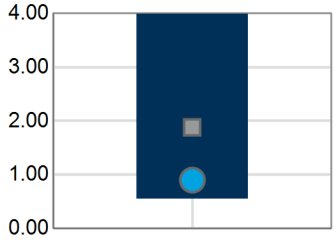


Up 300 Avg Life

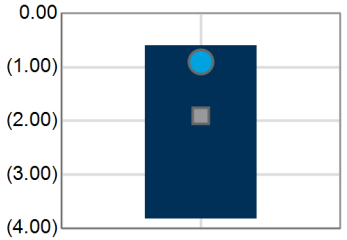


Price Risk Peer Comparison

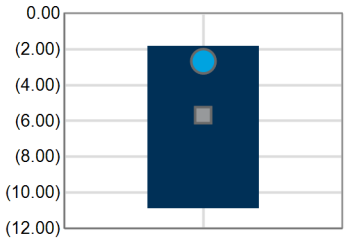
Down 100 Px Chg



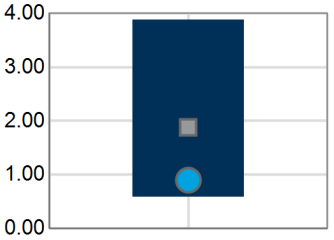
Up 100 Px Chg



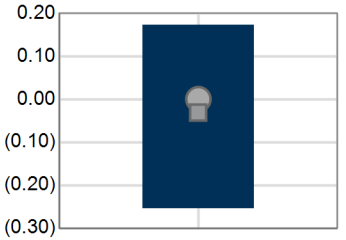
Up 300 Px Chg



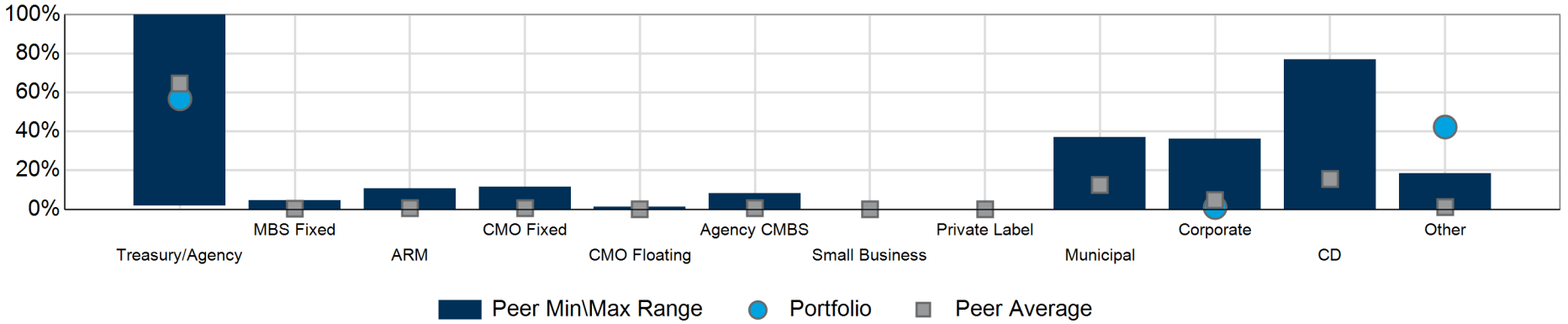
Effective Duration



Effective Convexity



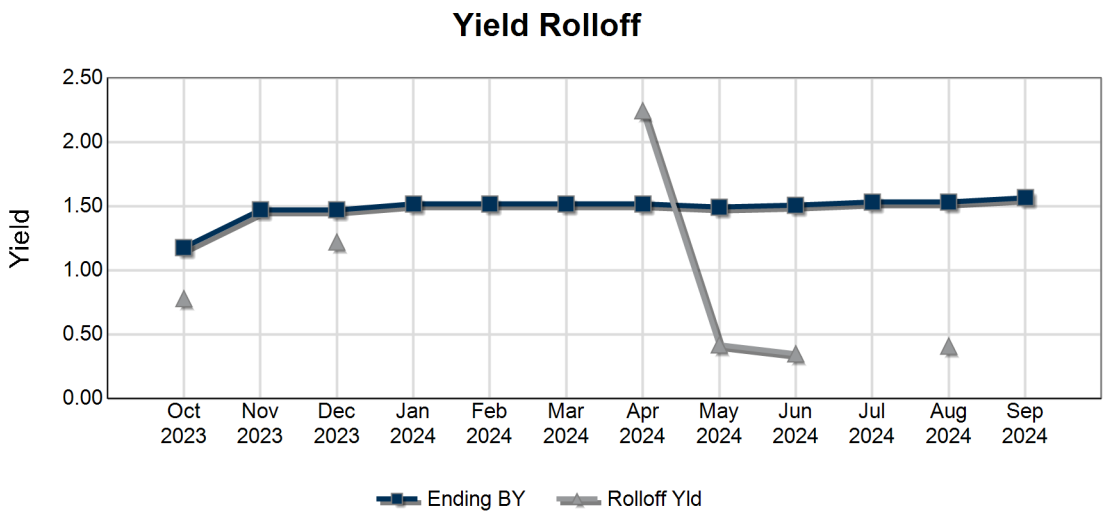
Porfolio vs. Peer Allocations



Each box contains the range of your peer group, the top and bottom of the boxes being the max and min. The gray box is the avg. of your peers within the range and the blue dot represents your position.

Cash Flow and Rolloff Yield - Next 12 Months

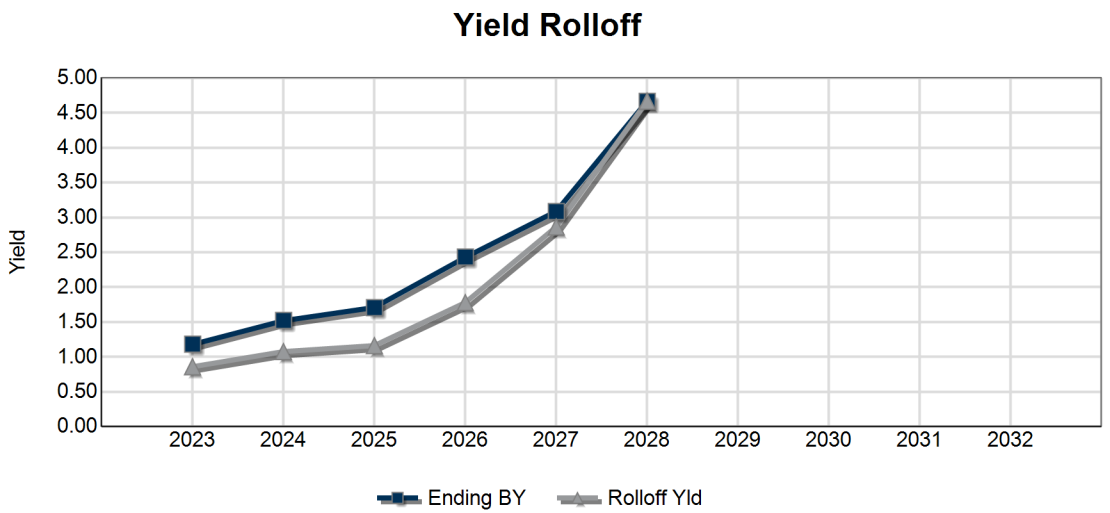
Yield Rolloff				
Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Oct 2023	1.18	132,720	0.78	1.47
Nov 2023	1.47	0		1.47
Dec 2023	1.47	29,000	1.22	1.52
Jan 2024	1.52	0		1.52
Feb 2024	1.52	0		1.52
Mar 2024	1.52	0		1.52
Apr 2024	1.52	5,000	2.25	1.49
May 2024	1.49	2,000	0.42	1.51
Jun 2024	1.51	3,000	0.35	1.53
Jul 2024	1.53	0		1.53
Aug 2024	1.53	4,000	0.41	1.57
Sep 2024	1.57	0		1.57



Shocked Principal and Interest Cash Flow Analysis							
Year	-300	-200	-100	Base	+100	+200	+300
Oct 2023	138,108	138,108	133,004	133,004	133,004	133,004	133,004
Nov 2023	81	81	216	216	216	216	216
Dec 2023	29,587	29,587	29,587	29,587	29,587	29,587	29,587
Jan 2024	69	69	69	69	69	69	69
Feb 2024	120	120	120	120	120	120	120
Mar 2024	149	149	149	149	149	149	149
Apr 2024	5,194	5,194	5,194	5,194	5,194	5,194	5,194
May 2024	2,081	2,081	2,216	2,216	2,216	2,216	2,216
Jun 2024	3,409	3,409	3,409	3,409	3,409	3,409	3,409
Jul 2024	69	69	69	69	69	69	69
Aug 2024	4,123	4,123	4,123	4,123	4,123	4,123	4,123
Sep 2024	149	149	149	149	149	149	149

Cash Flow and Rolloff Yield - Next 10 Years

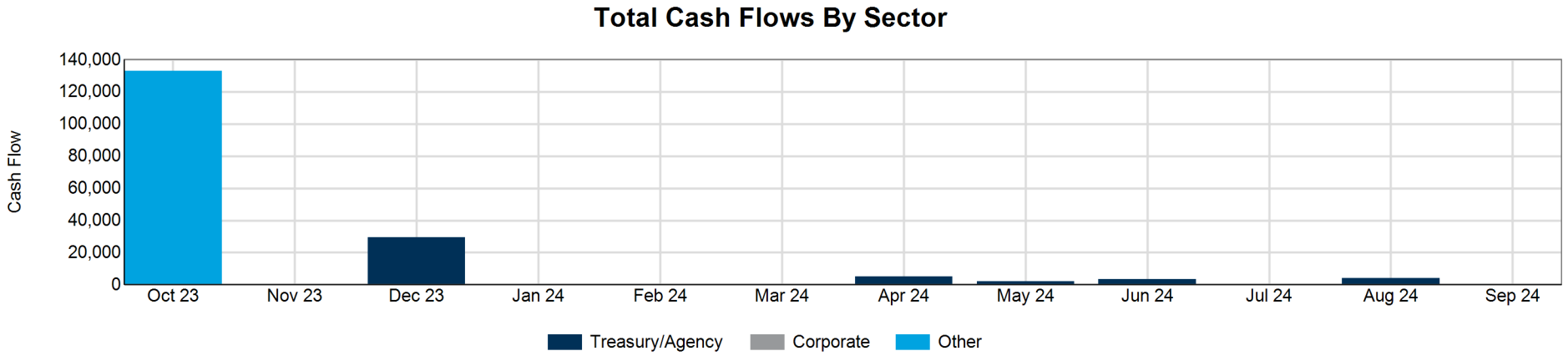
Yield Rolloff				
Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2023	1.18	161,720	0.86	1.52
2024	1.52	45,750	1.08	1.71
2025	1.71	60,460	1.16	2.43
2026	2.43	23,200	1.78	3.09
2027	3.09	20,000	2.87	4.67
2028	4.67	2,815	4.67	
2029				
2030				
2031				
2032				



Shocked Principal and Interest Cash Flow Analysis							
Year	-300	-200	-100	Base	+100	+200	+300
2023	167,776	167,776	162,807	162,807	162,807	162,807	162,807
2024	47,725	47,725	47,995	47,995	47,995	47,995	47,995
2025	65,646	61,879	62,148	62,148	62,148	62,148	62,148
2026	22,747	23,894	24,163	24,163	24,163	24,163	24,163
2027	15,112	18,087	20,328	20,418	20,418	20,418	20,418
2028	0	0	2,881	2,881	2,881	2,881	2,881

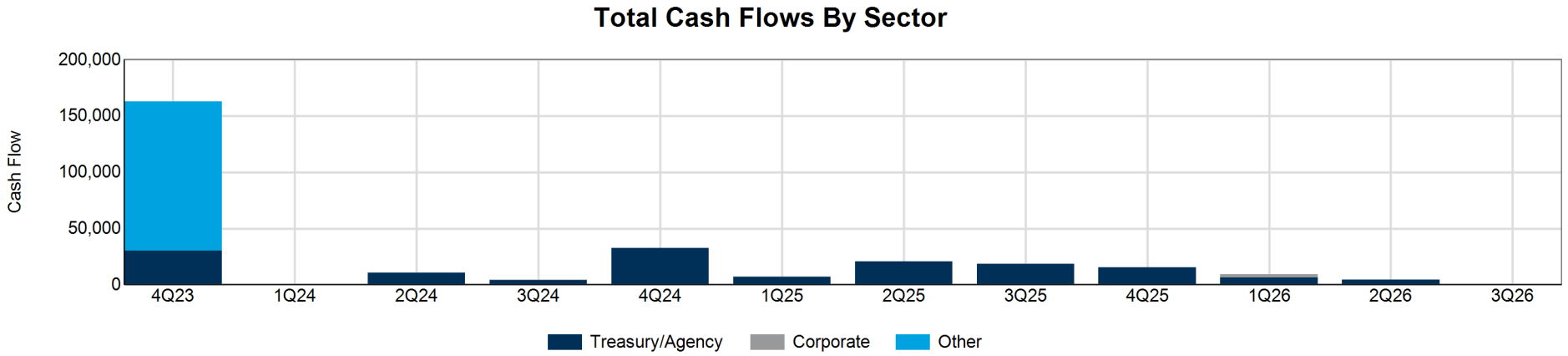
Sector Cash Flow - Next 12 Months

		Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Bk Yld Chg
Treasury/Agency	Cash Flow	195	216	29,587	48	120	110	5,194	2,216	3,409	48	4,123	110	
	End BY	1.43	1.43	1.47	1.47	1.47	1.47	1.44	1.46	1.48	1.48	1.51	1.51	0.08
Corporate	Cash Flow	0	0	0	21	0	39	0	0	0	21	0	39	
	End BY	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	0.00
Other	Cash Flow	132,809												
	End BY													
Total	Cash Flow	133,004	216	29,587	69	120	149	5,194	2,216	3,409	69	4,123	149	
	End BY	1.47	1.47	1.52	1.52	1.52	1.52	1.49	1.51	1.53	1.53	1.57	1.57	0.09



Sector Cash Flow - Next 3 Years

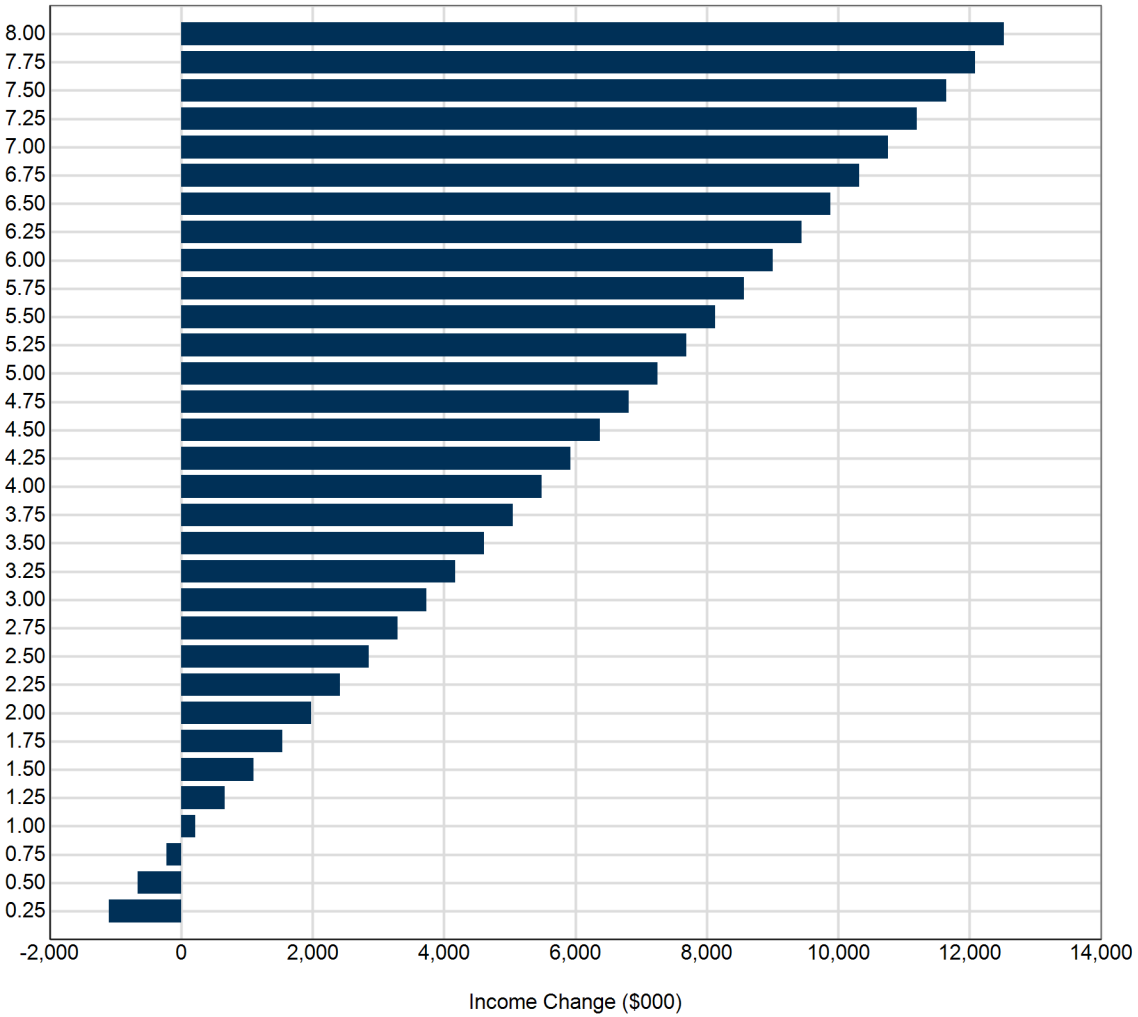
		4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	Bk Yld Chg
Treasury/Agency	Cash Flow	29,998	278	10,819	4,280	32,498	7,273	20,578	18,546	15,632	6,346	4,353	73	
	End BY	1.47	1.47	1.48	1.51	1.64	1.69	1.88	2.16	2.32	2.31	2.47	2.47	1.00
Corporate	Cash Flow	0	60	0	60	0	60	0	60	0	3,060			
	End BY	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98				
Other	Cash Flow	132,809												
	End BY													
Total	Cash Flow	162,807	337	10,819	4,340	32,498	7,332	20,578	18,606	15,632	9,406	4,353	73	
	End BY	1.52	1.52	1.53	1.57	1.71	1.76	1.96	2.25	2.43	2.31	2.47	2.47	0.95



Gap Analysis - Potential Income Impact of Principal Reinvestment

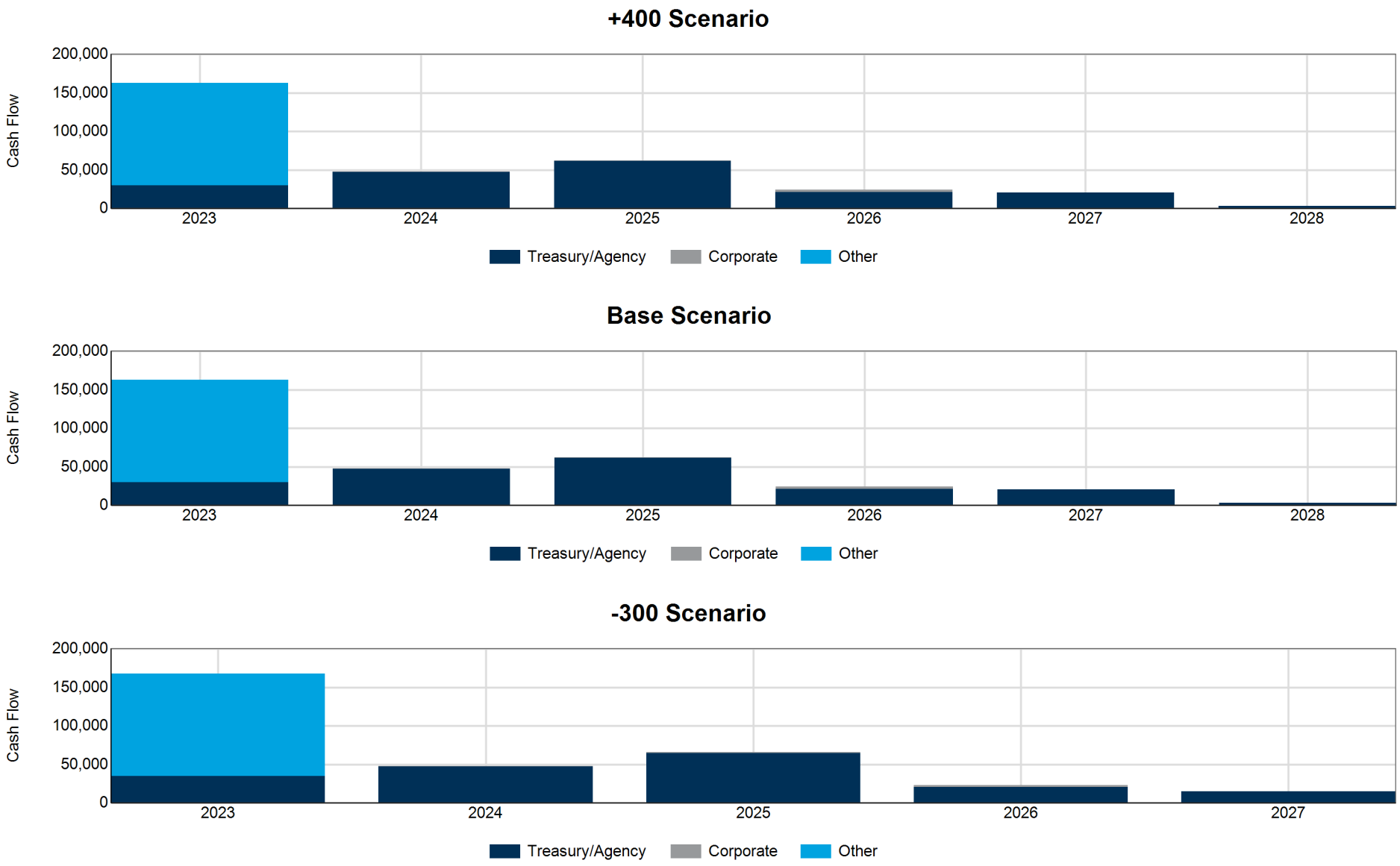
Principal Maturing(12 Mo.Horizon): $175,720
Current Yield at Book of Principal Maturing: 0.87%
Est. Annual Income at Current Yield at Book: $1,537

Estimated Impact on Income at Various Reinvestment Yields

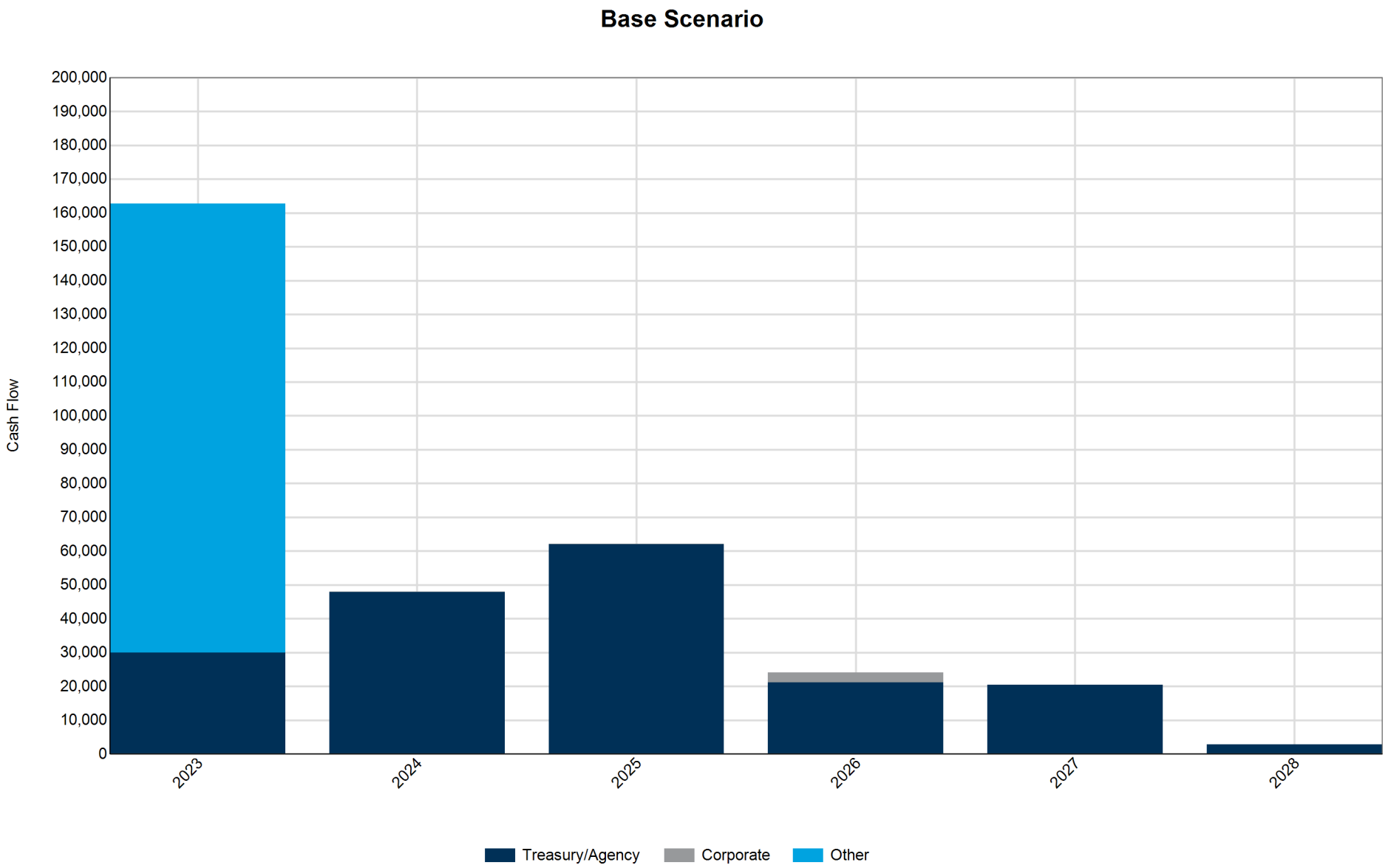


Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference from Current Book	Resulting Yield at Book
0.25	439	-1,098	0.83
0.50	879	-659	0.97
0.75	1,318	-220	1.11
1.00	1,757	220	1.25
1.25	2,196	659	1.39
1.50	2,636	1,098	1.53
1.75	3,075	1,538	1.67
2.00	3,514	1,977	1.81
2.25	3,954	2,416	1.95
2.50	4,393	2,856	2.09
2.75	4,832	3,295	2.23
3.00	5,272	3,734	2.37
3.25	5,711	4,173	2.51
3.50	6,150	4,613	2.65
3.75	6,589	5,052	2.79
4.00	7,029	5,491	2.93
4.25	7,468	5,931	3.07
4.50	7,907	6,370	3.21
4.75	8,347	6,809	3.35
5.00	8,786	7,249	3.49
5.25	9,225	7,688	3.63
5.50	9,665	8,127	3.77
5.75	10,104	8,566	3.91
6.00	10,543	9,006	4.05
6.25	10,982	9,445	4.19
6.50	11,422	9,884	4.33
6.75	11,861	10,324	4.47
7.00	12,300	10,763	4.61
7.25	12,740	11,202	4.75
7.50	13,179	11,642	4.89
7.75	13,618	12,081	5.03
8.00	14,058	12,520	5.17

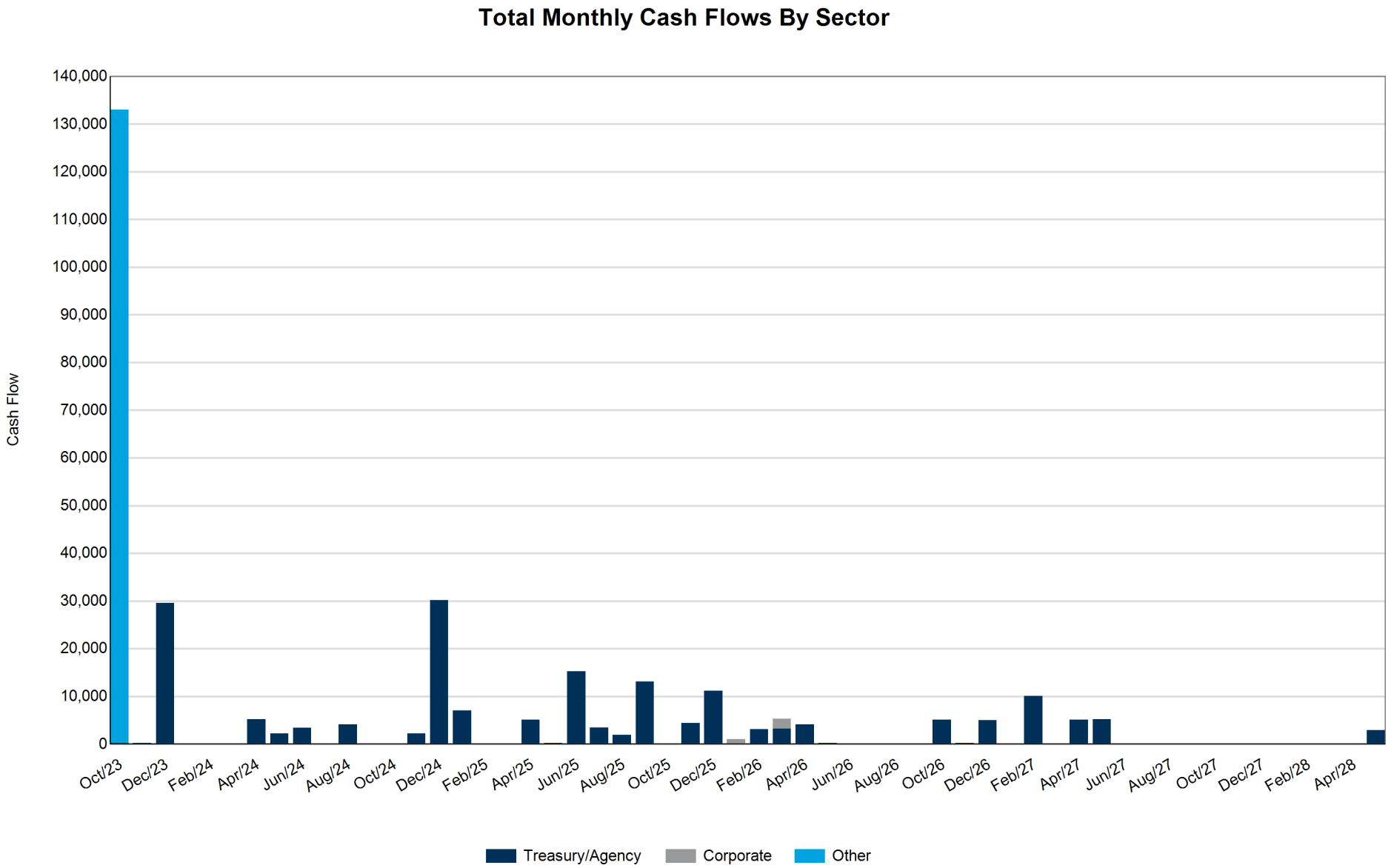
Shocked Cash Flows By Sector - Next 10 Years



Cash Flows By Sector - Next 30 Years

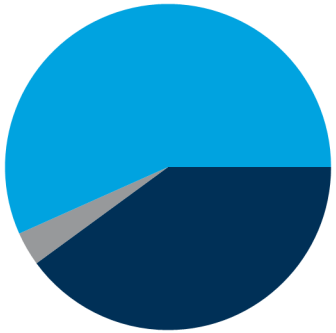


Cash Flow Projection By Month - Next 5 Years



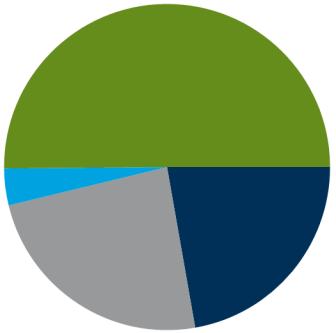
Agency - Summary

Subsector



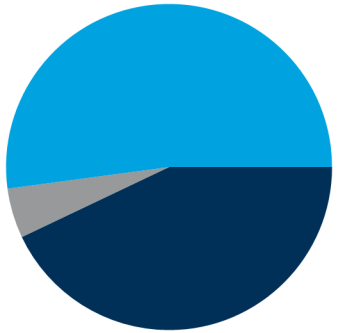
Treasury (40%)
Callable Agency (57%)
Agency Bullet (3%)

Issuer



FFCB (22%)
FNMA (4%)
Other (50%)
FHLB (24%)

Call Type

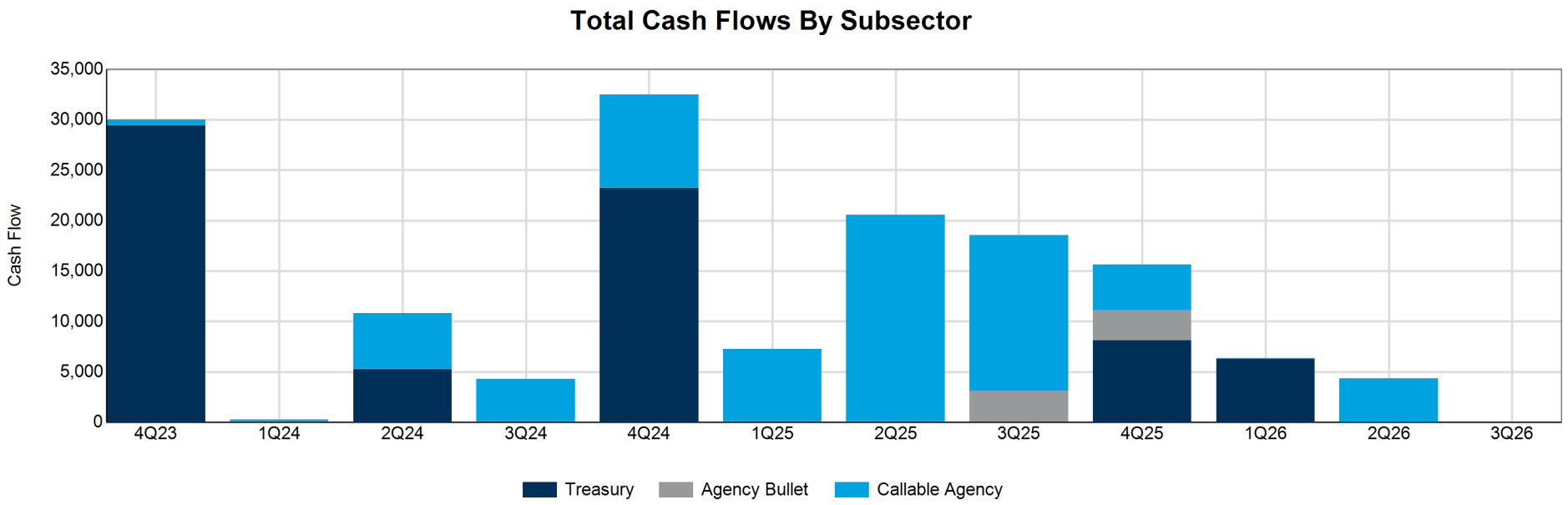


Anytime (43%)
Quarterly (52%)
Monthly (5%)

Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Bk Price Bk Value	Yield @Bk	Mkt Price Mkt Value	Mkt Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	% Px Δ -100 +300	Dur Base	Cvx Base	AFS %
				1.0 yrs	100.00		96.85		-2,240	-3.1%	0.99	0.9	0.93	0.02	
Treasury (14)	39.9%	71,200	1.53		71,200	1.53	68,960	5.30	-4,113	-5.8%	0.99	-2.7			100.0%
				2.0 yrs	100.00		93.56		-387	-6.4%	2.02	2.0	1.92	0.06	
Agency Bullet (3)	3.4%	6,000	1.76		6,000	1.76	5,613	5.12	-697	-11.6%	2.02	-5.5			100.0%
				2.2 yrs	100.00		92.67		-7,406	-7.3%	2.21	1.9	1.92	-0.02	
Callable Agency (22)	56.7%	101,025	1.34	0.1 yrs	101,025	1.34	93,619	5.33	-12,798	-12.7%	2.21	-5.8			100.0%
				1.7 yrs	100.00		94.37		-10,032	-5.6%	1.72	1.5	1.52	0.00	
Total (39)	100.0%	178,225	1.43	0.1 yrs	178,225	1.43	168,193	5.31	-17,608	-9.9%	1.72	-4.5			100.0%

Agency - Sector Cash Flow and Yield Rolloff - Next 3 Years

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	Bk Yld Chg
Cash Flow	29,998	278	10,819	4,280	32,498	7,273	20,578	18,546	15,632	6,346	4,353	73	
End BY	1.47	1.47	1.48	1.51	1.64	1.69	1.88	2.16	2.32	2.31	2.47	2.47	1.00
Cash Flow	29,998	278	10,819	4,280	32,498	7,273	20,578	18,546	15,632	6,346	4,353	73	
End BY	1.47	1.47	1.48	1.51	1.64	1.69	1.88	2.16	2.32	2.31	2.47	2.47	1.00



Shocked Agency Projected Call Schedule

	Callable Agency Rate Shock Analysis – Projected Par Value Redeemed at NEXT Call Date – Monthly								
	-100	-75	-50	-25	0	25	50	75	100
Sep 23	-	-	-	-	-	-	-	-	-
Oct 23	-	-	-	-	-	-	-	-	-
Nov 23	-	-	-	-	-	-	-	-	-
Dec 23	-	-	-	-	-	-	-	-	-
Jan 24	-	-	-	-	-	-	-	-	-
Feb 24	-	-	-	-	-	-	-	-	-
Mar 24	-	-	-	-	-	-	-	-	-
Apr 24	-	-	-	-	-	-	-	-	-
May 24	-	-	-	-	-	-	-	-	-
Jun 24	-	-	-	-	-	-	-	-	-
Jul 24	-	-	-	-	-	-	-	-	-
Aug 24	-	-	-	-	-	-	-	-	-

	Callable Agency Rate Shock Analysis – Projected Par Value Redeemed at NEXT Call Date – Quarterly								
	-100	-75	-50	-25	0	25	50	75	100
3Q23	-	-	-	-	-	-	-	-	-
4Q23	-	-	-	-	-	-	-	-	-
1Q24	-	-	-	-	-	-	-	-	-
2Q24	-	-	-	-	-	-	-	-	-
3Q24	-	-	-	-	-	-	-	-	-
4Q24	-	-	-	-	-	-	-	-	-
1Q25	-	-	-	-	-	-	-	-	-
2Q25	-	-	-	-	-	-	-	-	-
3Q25	-	-	-	-	-	-	-	-	-
4Q25	-	-	-	-	-	-	-	-	-
1Q26	-	-	-	-	-	-	-	-	-
2Q26	-	-	-	-	-	-	-	-	-
3Q26	-	-	-	-	-	-	-	-	-
4Q26	-	-	-	-	-	-	-	-	-
1Q27	-	-	-	-	-	-	-	-	-
2Q27	-	-	-	-	-	-	-	-	-

Shocked Agency Projected Call Schedule - Next 12 Months

	-300	-200	-100	Base	+100	+200	+300
Sep 23	-	-	-	-	-	-	-
Oct 23	5,000	5,000	-	-	-	-	-
Nov 23	-	-	-	-	-	-	-
Dec 23	-	-	-	-	-	-	-
Jan 24	-	-	-	-	-	-	-
Feb 24	-	-	-	-	-	-	-
Mar 24	-	-	-	-	-	-	-
Apr 24	-	-	-	-	-	-	-
May 24	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Jun 24	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Jul 24	-	-	-	-	-	-	-
Aug 24	4,000	4,000	4,000	4,000	4,000	4,000	4,000

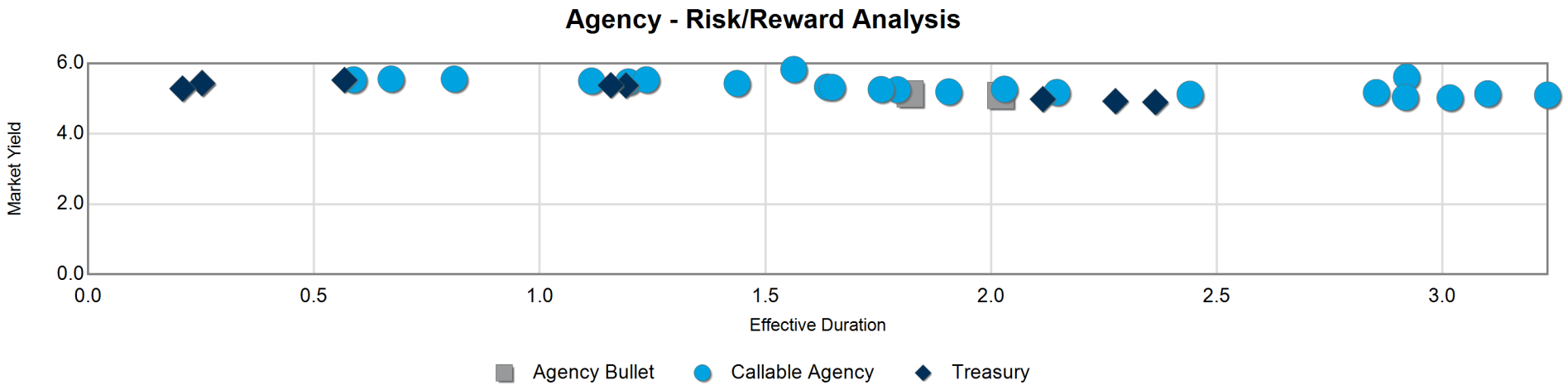
Agency Projected Call Report - CUSIP Level

Sec No.	CUSIP	Issuer	Cpn	Cpn Type	Maturity	Par Value	Next Call	Call Type	Mkt Price	Gain/ Loss	Projected Shocked Call Dates						
											-300	-200	-100	Base	+100	+200	+300
11	3133EL2X1	FFCB	0.42	Fixed	05/06/24	2,000	10/13/23	Anytime	97.020	-60	05/24	05/24	05/24	05/24	05/24	05/24	05/24
12	3130AMQR6	FHLB	0.35	Fixed	06/07/24	3,000	12/07/23	Quarterly	96.540	-104	06/24	06/24	06/24	06/24	06/24	06/24	06/24
13	3130AMHH8	FHLB	0.41	Fixed	08/01/24	4,000	12/01/23	Quarterly	95.850	-166	08/24	08/24	08/24	08/24	08/24	08/24	08/24
14	3134GWNG7	FHLMC	0.50	Fixed	11/27/24	2,000	11/27/23	Quarterly	94.460	-111	11/24	11/24	11/24	11/24	11/24	11/24	11/24
19	3130AQDY6	FHLB	1.00	Fixed	12/30/24	6,750	10/13/23	Anytime	94.660	-360	12/24	12/24	12/24	12/24	12/24	12/24	12/24
20	3130AQEA7	FHLB	1.05	Fixed	01/14/25	7,000	10/14/23	Quarterly	94.490	-386	01/25	01/25	01/25	01/25	01/25	01/25	01/25
21	3133EMUP5	FFCB	0.71	Fixed	04/01/25	5,000	10/13/23	Anytime	93.270	-337	04/25	04/25	04/25	04/25	04/25	04/25	04/25
23	3133ELK37	FFCB	0.78	Fixed	06/16/25	5,000	10/13/23	Anytime	92.650	-368	06/25	06/25	06/25	06/25	06/25	06/25	06/25
24	3133ENHW3	FFCB	1.17	Fixed	06/23/25	10,000	10/13/23	Anytime	93.220	-678	06/25	06/25	06/25	06/25	06/25	06/25	06/25
25	3136G4ZP1	FNMA	0.65	Fixed	07/30/25	3,500	10/30/23	Quarterly	92.040	-279	07/25	07/25	07/25	07/25	07/25	07/25	07/25
26	3133EL3P7	FFCB	0.53	Fixed	08/12/25	1,810	10/13/23	Anytime	91.700	-150	08/25	08/25	08/25	08/25	08/25	08/25	08/25
29	3134GWUG9	FHLMC	0.57	Fixed	09/24/25	10,000	12/24/23	Quarterly	91.390	-861	09/25	09/25	09/25	09/25	09/25	09/25	09/25
31	3134GXBM5	FHLMC	0.60	Fixed	11/12/25	1,150	11/12/23	Quarterly	90.760	-106	11/25	11/25	11/25	11/25	11/25	11/25	11/25
34	3130AMRQ7	FHLB	0.88	Fixed	12/30/25	3,000	12/30/23	Quarterly	90.970	-271	12/25	12/25	12/25	12/25	12/25	12/25	12/25
40	3130AN5C0	FHLB	1.05	Fixed	04/29/26	4,000	10/29/23	Quarterly	90.260	-390	04/26	04/26	04/26	04/26	04/26	04/26	04/26
42	3134GW4C7	FHLMC	0.80	Fixed	10/27/26	5,000	10/27/23	Quarterly	88.060	-597	10/26	10/26	10/26	10/26	10/26	10/26	10/26
44	3133ENJC5	FFCB	1.29	Fixed	12/22/26	5,000	12/22/23	Anytime	89.000	-550	12/26	12/26	12/26	12/26	12/26	12/26	12/26
22	3133EPKC8	FFCB	5.39	Fixed	05/18/27	5,000	10/13/23	Anytime	98.570	-72	10/23	10/23	01/27	05/27	05/27	05/27	05/27
45	3130AQRH8	FHLB	2.00	Fixed	02/25/27	5,000	11/25/23	Quarterly	90.310	-485	02/27	02/27	02/27	02/27	02/27	02/27	02/27
46	3130AL5A8	FHLB	0.90	Fixed	02/26/27	5,000	11/26/23	Quarterly	87.010	-650	02/27	02/27	02/27	02/27	02/27	02/27	02/27
41	3130ARHJ3	FHLB	3.18	Fixed	04/19/27	5,000	10/19/23	Monthly	93.590	-321	01/27	04/27	04/27	04/27	04/27	04/27	04/27
43	3133EPLE3	FFCB	4.67	Fixed	05/30/28	2,815	05/30/25	Anytime	96.160	-108	06/25	10/27	05/28	05/28	05/28	05/28	05/28

Agency Projected Call Report - CUSIP Level

Sec No.	CUSIP	Issuer	Cpn	Cpn Type	Maturity	Par Value	Next Call	Call Type	Mkt Price	Gain/ Loss	Projected Shocked Call Dates						
											-300	-200	-100	Base	+100	+200	+300
			1.34			101,025			92.669	-7,406							

Agency - Risk/Reward Analysis



Top 5 Market Yields

CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3133EPKC8	FFCB 5.39 05/18/27	Callable Agency	4,929	5.83%	1.56	-7.0
3133EPLE3	FFCB 4.67 05/30/28	Callable Agency	2,707	5.62%	2.92	-10.1
3130AMQR6	FHLB 0.35 06/07/24	Callable Agency	2,896	5.56%	0.67	-2.0
3130AMHH8	FHLB 0.41 08/01/24	Callable Agency	3,834	5.56%	0.81	-2.4
3133EL2X1	FFCB 0.42 05/06/24	Callable Agency	1,940	5.54%	0.59	-1.7

Bottom 5 Market Yields

CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
9128286L9	T 2 1/4 03/31/26	Treasury	3,003	4.90%	2.36	-6.7
9128286F2	T 2 1/2 02/28/26	Treasury	2,836	4.93%	2.28	-6.5
9128285T3	T 2 5/8 12/31/25	Treasury	2,851	4.99%	2.11	-6.1
9128285T3	T 2 5/8 12/31/25	Treasury	4,752	4.99%	2.11	-6.1
3133ENJC5	FFCB 1.29 12/22/26	Callable Agency	4,450	5.02%	3.02	-8.7

Top 5 Price Volatility (% price change +300)

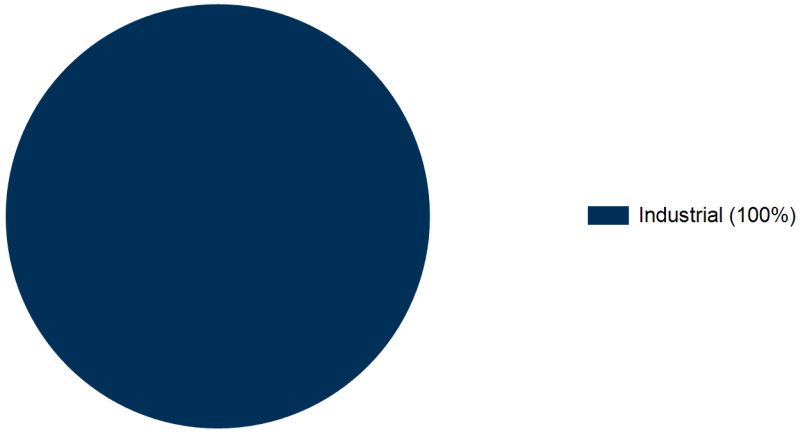
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3133EPLE3	FFCB 4.67 05/30/28	Callable Agency	2,707	5.62%	2.92	-10.1
3130AL5A8	FHLB 0.9 02/26/27	Callable Agency	4,351	5.10%	3.23	-9.2
3130AQRH8	FHLB 2 02/25/27	Callable Agency	4,516	5.14%	3.10	-9.0
3130ARHJ3	FHLB 3.175 04/19/27	Callable Agency	4,680	5.17%	2.85	-8.9
3133ENJC5	FFCB 1.29 12/22/26	Callable Agency	4,450	5.02%	3.02	-8.7

Next 5 Projected Redemptions

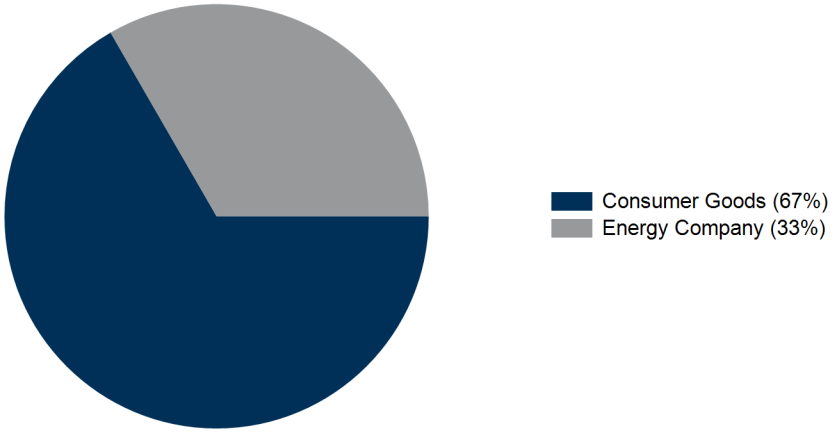
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	Mat/Call
912828V23	T 2 1/4 12/31/23	Treasury	3,969	5.44%	0.25	12/01/23
9128285U0	T 2 5/8 12/31/23	Treasury	4,966	5.44%	0.25	12/01/23
912828V23	T 2 1/4 12/31/23	Treasury	4,961	5.44%	0.25	12/01/23
91282CBA8	T 0 1/8 12/15/23	Treasury	9,894	5.28%	0.21	12/01/23
91282CBA8	T 0 1/8 12/15/23	Treasury	4,947	5.28%	0.21	12/01/23

Corporate - Summary

Sector Allocation



Industry Allocation



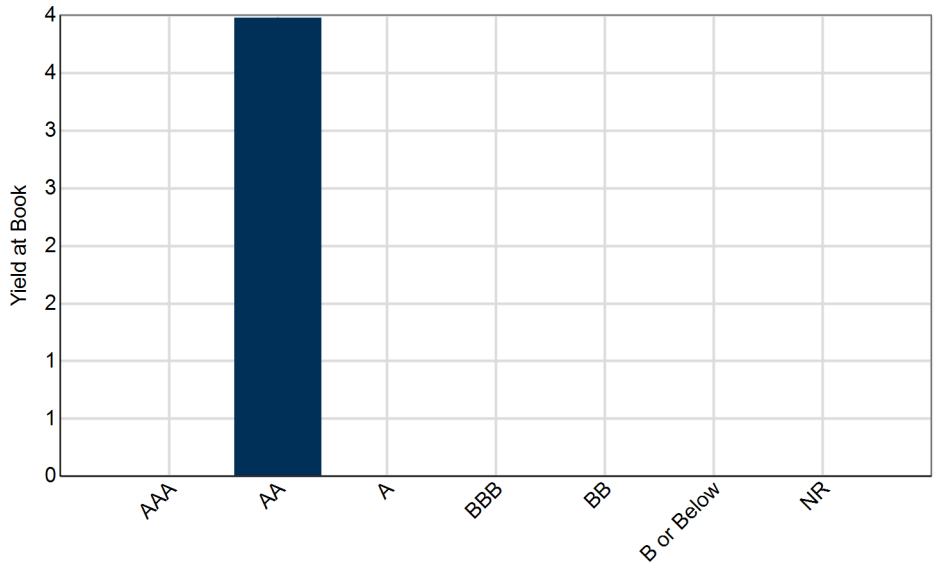
Subsector	Sector %	Par Value	Cpn	Maturity	Moody's S&P	Bk Price Bk Value	Yield @Bk	Mkt Price Mkt Value	Mkt Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	% Px Δ -100 +300	Dur Base	Cvx Base	AFS %
					Aa2	100.00		97.48		-76	-2.5%	2.39	2.2	2.20	0.07	
Industrial (3)	100.0%	3,000	3.98	2.4 yrs	AA-	3,000	3.98	2,925	5.11	-261	-8.7%	2.39	-6.4			100.0%
					Aa2	100.00		97.48		-76	-2.5%	2.39	2.2	2.20	0.07	
Total (3)	100.0%	3,000	3.98	2.4 yrs	AA-	3,000	3.98	2,925	5.11	-261	-8.7%	2.39	-6.4			100.0%

Corporate - Rating Summary

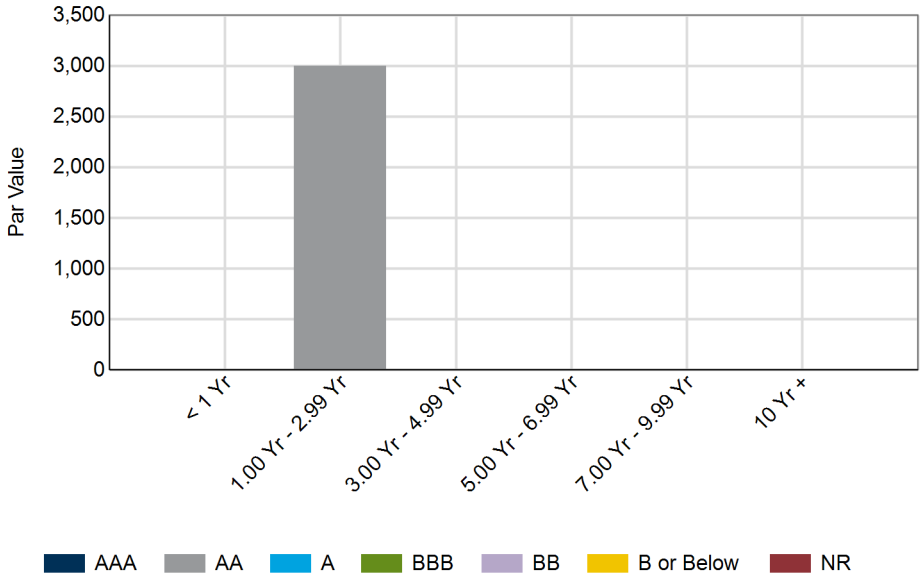
Combined Rating Summary				
Combined Rating	% Balance	Par Value	Yield at Book	Eff. Duration
AAA	-	-	-	-
AA	100.0%	3,000	3.98	2.20
A	-	-	-	-
BBB	-	-	-	-
BB	-	-	-	-
B or Below	-	-	-	-
NR	-	-	-	-

Maturity Summary				
Maturity Range	% Balance	Par Value	Yield at Book	Combined Rating
< 1 Yr	-	-	-	-
1.00 Yr - 2.99 Yr	100.0%	3,000	3.98	AA
3.00 Yr - 4.99 Yr	-	-	-	-
5.00 Yr - 6.99 Yr	-	-	-	-
7.00 Yr - 9.99 Yr	-	-	-	-
10 Yr +	-	-	-	-

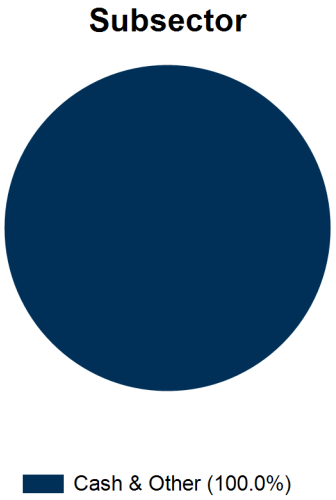
Yield at Book by Combined Rating

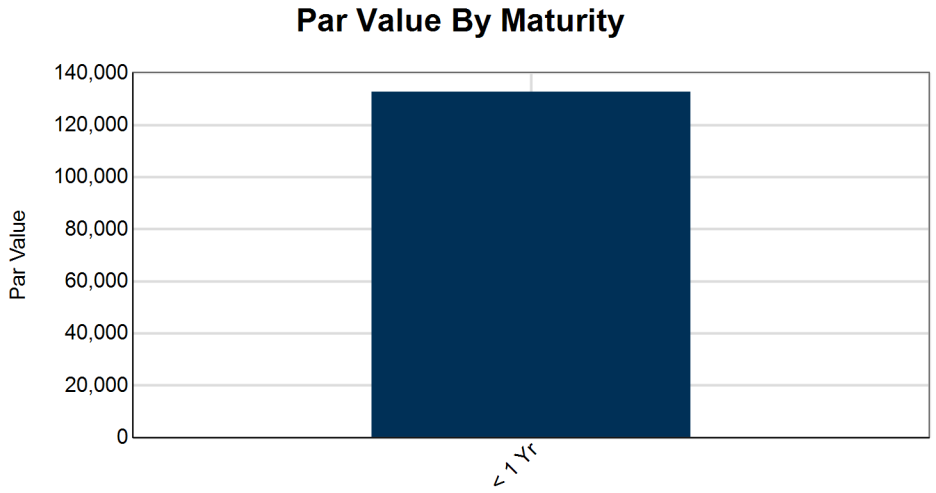


Combined Rating Distribution By Maturity



Other - Summary





Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Bk Price Bk Value	Yield @Bk	Mkt Price Mkt Value	Mkt Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	Px Chg -100 +300	Dur Base	Cvx Base	AFS %
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.09	0.00	
Cash & Other (4)	100.0%	132,720	0.78		132,720	0.78	132,720	0.78	-340	-0.3%	0.08	-0.3			100.0%
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.09	0.00	
Total (4)	100.0%	132,720	0.78		132,720	0.78	132,720	0.78	-340	-0.3%	0.08	-0.3			100.0%

Portfolio Considerations

Sector	Cnt	Cpn	Maturity	Par Value	Book Price	Market Price	Gain/ (Loss)	Yield @ Book	WAL	Eff. Dur	Historical CPR 1 Mo.	Historical CPR 3 Mo.	Historical CPR Life	Proj. CPR Life	Loan Count
Yield at Book < 2%	29	0.80	0.8 yrs	258,930	100.00	96.78	-8,348	0.80	0.8	0.77					
Treasury	5	0.63	0.8 yrs	35,000	100.00	96.65	-1,171	0.62	0.8	0.74					
Agency Bullet	1	0.50	2.1 yrs	3,000	100.00	90.96	-271	0.50	2.1	2.02					
Callable Agency	19	0.90	2.0 yrs	88,210	100.00	92.17	-6,906	0.90	2.0	1.86					
Cash & Other	4	0.78	0.1 yrs	132,720	100.00	100.00	0	0.78	0.1	0.09					

Key Portfolio Sorts

Top 10 Up 300 Market Value Changes (%)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
3133EPLE3	Callable Agency	FFCB 4.67 05/30/28	4.67	05/30/28	2,815	100.00	96.16	-108	4.669	4.67	-10.12	-274	-382	2.92	AFS
3130AL5A8	Callable Agency	FHLB 0.9 02/26/27	0.90	02/26/27	5,000	100.00	87.01	-650	0.900	3.41	-9.17	-399	-1,049	3.23	AFS
3130AQRH8	Callable Agency	FHLB 2 02/25/27	2.00	02/25/27	5,000	100.00	90.31	-485	2.000	3.40	-8.97	-405	-889	3.10	AFS
3130ARHJ3	Callable Agency	FHLB 3.175 04/19/27	3.18	04/19/27	5,000	100.00	93.59	-321	3.175	3.55	-8.90	-417	-737	2.85	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	89.00	-550	1.290	3.23	-8.65	-385	-935	3.02	AFS
3134GW4C7	Callable Agency	FHLMC 0.8 10/27/26	0.80	10/27/26	5,000	100.00	88.06	-597	0.800	3.08	-8.33	-367	-964	2.92	AFS
3133EPKC8	Callable Agency	FFCB 5.39 05/18/27	5.39	05/18/27	5,000	100.00	98.57	-72	5.388	3.63	-7.04	-347	-418	1.56	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	90.26	-390	1.050	2.58	-7.03	-254	-643	2.44	AFS
9128286L9	Treasury	T 2 1/4 03/31/26	2.25	03/31/26	3,200	100.00	93.83	-197	2.249	2.50	-6.75	-203	-400	2.36	AFS
9128286F2	Treasury	T 2 1/2 02/28/26	2.50	02/28/26	3,000	100.00	94.53	-164	2.500	2.42	-6.52	-185	-349	2.28	AFS
			2.32		43,015	100.00	91.79	-3,532	2.320	3.26	-8.19	-3,234	-6,767	2.68	

Top 10 Up 300 Market Value Changes ($)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	10,000	100.00	91.39	-861	0.570	1.98	-5.49	-501	-1,362	1.91	AFS
3133ENHW3	Callable Agency	FFCB 1.17 06/23/25	1.17	06/23/25	10,000	100.00	93.22	-678	1.170	1.73	-4.78	-446	-1,124	1.65	AFS
3130ARHJ3	Callable Agency	FHLB 3.175 04/19/27	3.18	04/19/27	5,000	100.00	93.59	-321	3.175	3.55	-8.90	-417	-737	2.85	AFS
3130AQRH8	Callable Agency	FHLB 2 02/25/27	2.00	02/25/27	5,000	100.00	90.31	-485	2.000	3.40	-8.97	-405	-889	3.10	AFS
3130AL5A8	Callable Agency	FHLB 0.9 02/26/27	0.90	02/26/27	5,000	100.00	87.01	-650	0.900	3.41	-9.17	-399	-1,049	3.23	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	89.00	-550	1.290	3.23	-8.65	-385	-935	3.02	AFS
3134GW4C7	Callable Agency	FHLMC 0.8 10/27/26	0.80	10/27/26	5,000	100.00	88.06	-597	0.800	3.08	-8.33	-367	-964	2.92	AFS
3133EPKC8	Callable Agency	FFCB 5.39 05/18/27	5.39	05/18/27	5,000	100.00	98.57	-72	5.388	3.63	-7.04	-347	-418	1.56	AFS
91282CDN8	Treasury	T 1 12/15/24	1.00	12/15/24	10,000	100.00	94.94	-506	1.000	1.21	-3.38	-321	-827	1.16	AFS
9128285T3	Treasury	T 2 5/8 12/31/25	2.63	12/31/25	5,000	100.00	95.03	-249	2.624	2.25	-6.10	-290	-538	2.11	AFS
			1.67		65,000	100.00	92.36	-4,967	1.666	2.49	-6.46	-3,877	-8,843	2.15	

Key Portfolio Sorts

Top 10 Marked to Market Up 300 Loss Positions

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	10,000	100.00	91.39	-861	0.570	1.98	-5.49	-501	-1,362	1.91	AFS
3133ENHW3	Callable Agency	FFCB 1.17 06/23/25	1.17	06/23/25	10,000	100.00	93.22	-678	1.170	1.73	-4.78	-446	-1,124	1.65	AFS
3130AL5A8	Callable Agency	FHLB 0.9 02/26/27	0.90	02/26/27	5,000	100.00	87.01	-650	0.900	3.41	-9.17	-399	-1,049	3.23	AFS
3134GW4C7	Callable Agency	FHLMC 0.8 10/27/26	0.80	10/27/26	5,000	100.00	88.06	-597	0.800	3.08	-8.33	-367	-964	2.92	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	89.00	-550	1.290	3.23	-8.65	-385	-935	3.02	AFS
3130AQRH8	Callable Agency	FHLB 2 02/25/27	2.00	02/25/27	5,000	100.00	90.31	-485	2.000	3.40	-8.97	-405	-889	3.10	AFS
91282CDN8	Treasury	T 1 12/15/24	1.00	12/15/24	10,000	100.00	94.94	-506	1.000	1.21	-3.38	-321	-827	1.16	AFS
3130ARHJ3	Callable Agency	FHLB 3.175 04/19/27	3.18	04/19/27	5,000	100.00	93.59	-321	3.175	3.55	-8.90	-417	-737	2.85	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	90.26	-390	1.050	2.58	-7.03	-254	-643	2.44	AFS
3130AQEA7	Callable Agency	FHLB 1.05 01/14/25	1.05	01/14/25	7,000	100.00	94.49	-386	1.050	1.29	-3.60	-238	-624	1.24	AFS
			1.21		66,000	100.00	91.79	-5,422	1.209	2.30	-6.16	-3,732	-9,154	2.12	

Top 10 Average Life Extension Up 300bps

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	% Px Δ +300	Eff. Dur	WAL	WAL +300	Chg in WAL	INT
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	10,000	100.00	91.39	-861	0.570	-5.49	1.91	1.98	1.98	0.00	AFS
3133ENHW3	Callable Agency	FFCB 1.17 06/23/25	1.17	06/23/25	10,000	100.00	93.22	-678	1.170	-4.78	1.65	1.73	1.73	0.00	AFS
3130AL5A8	Callable Agency	FHLB 0.9 02/26/27	0.90	02/26/27	5,000	100.00	87.01	-650	0.900	-9.17	3.23	3.41	3.41	0.00	AFS
3134GW4C7	Callable Agency	FHLMC 0.8 10/27/26	0.80	10/27/26	5,000	100.00	88.06	-597	0.800	-8.33	2.92	3.08	3.08	0.00	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	89.00	-550	1.290	-8.65	3.02	3.23	3.23	0.00	AFS
3130AQRH8	Callable Agency	FHLB 2 02/25/27	2.00	02/25/27	5,000	100.00	90.31	-485	2.000	-8.97	3.10	3.40	3.40	0.00	AFS
91282CDN8	Treasury	T 1 12/15/24	1.00	12/15/24	10,000	100.00	94.94	-506	1.000	-3.38	1.16	1.21	1.21	0.00	AFS
3130ARHJ3	Callable Agency	FHLB 3.175 04/19/27	3.18	04/19/27	5,000	100.00	93.59	-321	3.175	-8.90	2.85	3.55	3.55	0.00	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	90.26	-390	1.050	-7.03	2.44	2.58	2.58	0.00	AFS
3130AQEA7	Callable Agency	FHLB 1.05 01/14/25	1.05	01/14/25	7,000	100.00	94.49	-386	1.050	-3.60	1.24	1.29	1.29	0.00	AFS
			1.21		66,000	100.00	91.79	-5,422	1.209	-6.16	2.12	2.30	2.30	0.00	

Agency - CUSIP Detail

CUSIP / Security Description	Ticker	Par	Cpn Type / Coupon	Next Call Dt / Call Type	Step Date / Step Cpn	Maturity Proj. / Final	Book Price / Value	Book Yield	Market Price / Value	Market bp⟶call / Yield	Gain/(Loss) % / $	% Px Δ -100 / +300	Eff. Dur / Cvx	ESG/Gr Intent
91282CBA8			Fixed			12/23	100.00		98.94		-1.1%	0.2	0.21	
T 0 1/8 12/15/23	T	10,000	0.125			12/15/23	10,000	0.12	9,894	5.28	-106	-0.6	0.00	AFS
91282CBA8			Fixed			12/23	100.00		98.94		-1.1%	0.2	0.21	
T 0 1/8 12/15/23	T	5,000	0.125			12/15/23	5,000	0.12	4,947	5.28	-53	-0.6	0.00	AFS
9128285U0			Fixed			12/23	100.00		99.31		-0.7%	0.3	0.25	
T 2 5/8 12/31/23	T	5,000	2.625			12/31/23	5,000	2.64	4,966	5.44	-35	-0.8	0.00	AFS
912828V23			Fixed			12/23	100.00		99.22		-0.8%	0.3	0.25	
T 2 1/4 12/31/23	T	5,000	2.250			12/31/23	5,000	2.26	4,961	5.44	-39	-0.8	0.00	AFS
912828V23			Fixed			12/23	100.00		99.22		-0.8%	0.3	0.25	
T 2 1/4 12/31/23	T	4,000	2.250			12/31/23	4,000	2.26	3,969	5.44	-31	-0.8	0.00	AFS
9128286R6			Fixed			04/24	100.00		98.14		-1.9%	0.6	0.57	
T 2 1/4 04/30/24	T	5,000	2.250			04/30/24	5,000	2.25	4,907	5.53	-93	-1.7	0.01	AFS
91282CDN8			Fixed			12/24	100.00		94.94		-5.1%	1.2	1.16	
T 1 12/15/24	T	5,000	1.000			12/15/24	5,000	1.00	4,747	5.38	-253	-3.4	0.02	AFS
91282CDN8			Fixed			12/24	100.00		94.94		-5.1%	1.2	1.16	
T 1 12/15/24	T	5,000	1.000			12/15/24	5,000	1.00	4,747	5.38	-253	-3.4	0.02	AFS
91282CDN8			Fixed			12/24	100.00		94.94		-5.1%	1.2	1.16	
T 1 12/15/24	T	10,000	1.000			12/15/24	10,000	1.00	9,494	5.38	-506	-3.4	0.02	AFS
9128283P3			Fixed			12/24	100.00		96.27		-3.7%	1.2	1.19	
T 2 1/4 12/31/24	T	3,000	2.250			12/31/24	3,000	2.25	2,888	5.38	-112	-3.5	0.03	AFS
9128286F2			Fixed			02/26	100.00		94.53		-5.5%	2.3	2.28	
T 2 1/2 02/28/26	T	3,000	2.500			02/28/26	3,000	2.50	2,836	4.93	-164	-6.5	0.07	AFS
9128286L9			Fixed			03/26	100.00		93.83		-6.2%	2.4	2.36	
T 2 1/4 03/31/26	T	3,200	2.250			03/31/26	3,200	2.25	3,003	4.90	-197	-6.7	0.08	AFS
9128285T3			Fixed			12/25	100.00		95.03		-5.0%	2.2	2.11	
T 2 5/8 12/31/25	T	5,000	2.625			12/31/25	5,000	2.62	4,752	4.99	-249	-6.1	0.07	AFS
9128285T3			Fixed			12/25	100.00		95.03		-5.0%	2.2	2.11	
T 2 5/8 12/31/25	T	3,000	2.625			12/31/25	3,000	2.62	2,851	4.99	-149	-6.1	0.07	AFS
Treasury							100.00		96.85		-3.1%	0.9	0.93	
		71,200	1.530				71,200	1.53	68,960	5.30	-2,240	-2.7	0.02	
3133EJYM5			Fixed			09/25	100.00		96.15		-3.9%	1.9	1.82	
FFCB 3.02 09/04/25	FFCB	1,000	3.020			09/04/25	1,000	3.02	962	5.14	-39	-5.3	0.05	AFS
3133EJYM5			Fixed			09/25	100.00		96.15		-3.9%	1.9	1.82	
FFCB 3.02 09/04/25	FFCB	2,000	3.020			09/04/25	2,000	3.02	1,923	5.14	-77	-5.3	0.05	AFS
3135G06G3			Fixed			11/25	100.00		90.96		-9.0%	2.1	2.02	
FNMA 0 1/2 11/07/25	FNMA	3,000	0.500			11/07/25	3,000	0.50	2,729	5.09	-271	-5.8	0.06	AFS
Agency Bullet							100.00		93.56		-6.4%	2.0	1.92	
		6,000	1.760				6,000	1.76	5,613	5.12	-387	-5.5	0.06	
3130AMRQ7			Fixed	12/30/23		12/25	100.00		90.97	-554	-9.0%	2.2	2.15	
FHLB 0 7/8 12/30/25	FHLB	3,000	0.875	Quarterly		12/30/25	3,000	0.87	2,729	5.18	-271	-6.2	0.06	AFS

Agency - CUSIP Detail

CUSIP / Security Description	Ticker	Par	Cpn Type / Coupon	Next Call Dt / Call Type	Step Date / Step Cpn	Maturity Proj. / Final	Book Price / Value	Book Yield	Market Price / Value	Market bp⟶call / Yield	Gain/(Loss) % / $	% Px Δ -100 / +300	Eff. Dur / Cvx	ESG/Gr Intent
3134GXBM5			Fixed	11/12/23		11/25	100.00		90.76	-590	-9.2%	2.1	2.03	
FHLMC 0.6 11/12/25	FHLMC	1,150	0.600	Quarterly		11/12/25	1,150	0.60	1,044	5.27	-106	-5.8	0.05	AFS
3134GWUG9			Fixed	12/24/23		09/25	100.00		91.39	-564	-8.6%	1.9	1.91	
FHLMC 0.57 09/24/25	FHLMC	10,000	0.570	Quarterly		09/24/25	10,000	0.57	9,139	5.19	-861	-5.5	0.05	AFS
3130AN5C0			Fixed	10/29/23		04/26	100.00		90.26	-533	-9.7%	2.5	2.44	
FHLB 1.05 04/29/26	FHLB	4,000	1.050	Quarterly		04/29/26	4,000	1.05	3,610	5.13	-390	-7.0	0.06	AFS
3130ARHJ3			Fixed	10/19/23		04/27	100.00		93.59	-354	-6.4%	2.7	2.85	
FHLB 3.175 04/19/27	FHLB	5,000	3.175	Monthly		04/19/27	5,000	3.17	4,680	5.17	-321	-8.9	-0.24	AFS
3134GW4C7			Fixed	10/27/23		10/26	100.00		88.06	-565	-11.9%	3.0	2.92	
FHLMC 0.8 10/27/26	FHLMC	5,000	0.800	Quarterly		10/27/26	5,000	0.80	4,403	5.04	-597	-8.3	0.09	AFS
3133EPLE3			Fixed	05/30/25		05/28	100.00		96.16	-155	-3.8%	2.7	2.92	
FFCB 4.67 05/30/28	FFCB	2,815	4.670	Anytime		05/30/28	2,815	4.67	2,707	5.62	-108	-10.1	-0.46	AFS
3133ENJC5			Fixed	12/22/23		12/26	100.00		89.00	-528	-11.0%	3.0	3.02	
FFCB 1.29 12/22/26	FFCB	5,000	1.290	Anytime		12/22/26	5,000	1.29	4,450	5.02	-550	-8.7	0.07	AFS
3130AQRH8			Fixed	11/25/23		02/27	100.00		90.31	-466	-9.7%	3.1	3.10	
FHLB 2 02/25/27	FHLB	5,000	2.000	Quarterly		02/25/27	5,000	2.00	4,516	5.14	-485	-9.0	-0.01	AFS
3130AL5A8			Fixed	11/26/23		02/27	100.00		87.01	-575	-13.0%	3.3	3.23	
FHLB 0.9 02/26/27	FHLB	5,000	0.900	Quarterly		02/26/27	5,000	0.90	4,351	5.10	-650	-9.2	0.09	AFS
3130AQDY6			Fixed	10/13/23		12/24	100.00		94.66	-532	-5.3%	1.2	1.20	
FHLB 1 12/30/24	FHLB	6,750	1.000	Anytime		12/30/24	6,750	1.00	6,390	5.48	-360	-3.5	0.02	AFS
3130AQEA7			Fixed	10/14/23		01/25	100.00		94.49	-518	-5.5%	1.3	1.24	
FHLB 1.05 01/14/25	FHLB	7,000	1.050	Quarterly		01/14/25	7,000	1.05	6,614	5.54	-386	-3.6	0.03	AFS
3133EMUP5			Fixed	10/13/23		04/25	100.00		93.27	-570	-6.7%	1.5	1.44	
FFCB 0.71 04/01/25	FFCB	5,000	0.710	Anytime		04/01/25	5,000	0.71	4,664	5.43	-337	-4.2	0.03	AFS
3133EPKC8			Fixed	10/13/23		05/27	100.00		98.57	-136	-1.4%	1.2	1.56	
FFCB 5.39 05/18/27	FFCB	5,000	5.390	Anytime		05/18/27	5,000	5.39	4,929	5.83	-72	-7.0	-0.58	AFS
3133ELK37			Fixed	10/13/23		06/25	100.00		92.65	-559	-7.4%	1.7	1.64	
FFCB 0.78 06/16/25	FFCB	5,000	0.780	Anytime		06/16/25	5,000	0.78	4,633	5.33	-368	-4.7	0.04	AFS
3133ENHW3			Fixed	10/13/23		06/25	100.00		93.22	-516	-6.8%	1.7	1.65	
FFCB 1.17 06/23/25	FFCB	10,000	1.170	Anytime		06/23/25	10,000	1.17	9,322	5.32	-678	-4.8	0.04	AFS
3136G4ZP1			Fixed	10/30/23		07/25	100.00		92.04	-573	-8.0%	1.8	1.76	
FNMA 0.65 07/30/25	FNMA	3,500	0.650	Quarterly		07/30/25	3,500	0.65	3,221	5.26	-279	-5.1	0.05	AFS
3133EL3P7			Fixed	10/13/23		08/25	100.00		91.70	-586	-8.3%	1.8	1.79	
FFCB 0.53 08/12/25	FFCB	1,810	0.530	Anytime		08/12/25	1,810	0.53	1,660	5.26	-150	-5.2	0.05	AFS
3133EL2X1			Fixed	10/13/23		05/24	100.00		97.02	-552	-3.0%	0.6	0.59	
FFCB 0.42 05/06/24	FFCB	2,000	0.420	Anytime		05/06/24	2,000	0.42	1,940	5.54	-60	-1.7	0.01	AFS
3130AMQR6			Fixed	12/07/23		06/24	100.00		96.54	-556	-3.5%	0.7	0.67	
FHLB 0.35 06/07/24	FHLB	3,000	0.350	Quarterly		06/07/24	3,000	0.35	2,896	5.56	-104	-2.0	0.01	AFS
3130AMHH8			Fixed	12/01/23		08/24	100.00		95.85	-563	-4.2%	0.8	0.81	
FHLB 0.41 08/01/24	FHLB	4,000	0.410	Quarterly		08/01/24	4,000	0.41	3,834	5.56	-166	-2.4	0.01	AFS

Agency - CUSIP Detail

CUSIP / Security Description	Ticker	Par	Cpn Type / Coupon	Next Call Dt / Call Type	Step Date / Step Cpn	Maturity Proj. / Final	Book Price / Value	Book Yield	Market Price / Value	Market bp⟶ call / Yield	Gain/(Loss) % / $	% Px Δ -100 / +300	Eff. Dur / Cvx	ESG/Gr Intent
3134GWNG7			Fixed	11/27/23		11/24	100.00		94.46	-559	-5.5%	1.1	1.11	
FHLMC 0 1/2 11/27/24	FHLMC	2,000	0.500	Quarterly		11/27/24	2,000	0.50	1,889	5.50	-111	-3.2	0.02	AFS
Callable Agency							100.00		92.67		-7.3%	1.9	1.92	
		101,025	1.338				101,025	1.34	93,619	5.33	-7,406	-5.8	-0.02	
Total							100.00		94.37		-5.6%	1.5	1.52	
		178,225	1.429				178,225	1.43	168,193	5.31	-10,032	-4.5	0.00	

Corporate - CUSIP Detail

CUSIP Security Description	Sector Subsector	Par Value	Cpn	Maturity	Index Margin	Moody's S&P	Bk Price Bk Value	Yield @Bk	Mkt Price Mkt Value	Mkt Yield	Gain/(Loss) % $	% Px Δ -100 +300	Eff. Dur Cvx	ESG/Gr Intent
742718FY0	Industrial					AA-	100.00		97.81		-2.2%	2.2	2.15	
PG 4.1 01/26/26	Consumer Goods	1,000	4.100	01/26/26		Aa3	1,000	4.10	978	5.11	-22	-6.2	0.07	AFS
30231GAT9	Industrial					AA-	100.00		95.12		-4.9%	2.2	2.21	
XOM 3.043 03/01/26	Energy Company	1,000	3.043	03/01/26		Aa2	1,000	3.04	951	5.21	-49	-6.4	0.05	AFS
194162AQ6	Industrial					AA-	100.00		99.52		-0.5%	2.3	2.23	
CL 4.8 03/02/26	Consumer Goods	1,000	4.800	03/02/26		Aa3	1,000	4.80	995	5.01	-5	-6.4	0.07	AFS
Industrial						AA-	100.00		97.48		-2.5%	2.2	2.20	
		3,000	3.981			Aa2	3,000	3.98	2,925	5.11	-76	-6.4	0.07	
Total						AA-	100.00		97.48		-2.5%	2.2	2.20	
		3,000	3.981			Aa2	3,000	3.98	2,925	5.11	-76	-6.4	0.07	

Other - CUSIP Detail

CUSIP	Ticker	Par Value	Coupon Type Rate	Step Date Rate	Proj.Mat. Final Mat.	Bk Price Bk Value	Yield @ Bk	Mkt Price Mkt Value	Mkt Yield	Gain/(Loss) % $	% Px Δ -100 +300	Effective Dur Cvx	ESG/Gr Intent
			Fixed		10/23	100.00		100.00		0.0%	0.1	0.09	
PLMDLCAMP		263	0.300		10/31/23	263	0.30	263	0.30	0	-0.3	0.00	AFS
			Fixed		10/23	100.00		100.00		0.0%	0.1	0.09	
PLMDLLAIF		23,010	0.780		10/31/23	23,010	0.78	23,010	0.78	0	-0.3	0.00	AFS
			Fixed		10/23	100.00		100.00		0.0%	0.1	0.09	
PLMDLLAIF		53,219	0.780		10/31/23	53,219	0.78	53,219	0.78	0	-0.3	0.00	AFS
			Fixed		10/23	100.00		100.00		0.0%	0.1	0.09	
PLMDLLAIF		56,228	0.780		10/31/23	56,228	0.78	56,228	0.78	0	-0.3	0.00	AFS
						100.00		100.00		0.0%	0.1	0.09	
Cash & Other		132,720	0.779			132,720	0.78	132,720	0.78	0	-0.3	0.00	
						100.00		100.00		0.0%	0.1	0.09	
Total		132,720	0.779			132,720	0.78	132,720	0.78	0	-0.3	0.00	

Shocked CUSIP Analysis

CUSIP / Description	Par Value / Coupon / Maturity	-300 $ Amt Δ / Mkt Px	-300 % Px Δ / Mkt Yld / WAL	-200 $ Amt Δ / Mkt Px	-200 % Px Δ / Mkt Yld / WAL	-100 $ Amt Δ / Mkt Px	-100 % Px Δ / Mkt Yld / WAL	Base $ Amt Δ / Mkt Px / Dur	Base % Px Δ / Mkt Yld / WAL	+100 $ Amt Δ / Mkt Px	+100 % Px Δ / Mkt Yld / WAL	+200 $ Amt Δ / Mkt Px	+200 % Px Δ / Mkt Yld / WAL	+300 $ Amt Δ / Mkt Px	+300 % Px Δ / Mkt Yld / WAL
	2,000	35	1.80%	23	1.19%	11	0.59%	0	0.00%	-11	-0.59%	-23	-1.16%	-34	-1.74%
3133EL2X1	0.42	98.76	2.51	98.18	3.52	97.59	4.53	97.02	5.54	96.45	6.55	95.89	7.55	95.34	8.56
FFCB 0.42 05/06/24	05/06/2024		0.60		0.60		0.60	0.59	0.60		0.60		0.60		0.60
	1,810	91	5.49%	61	3.66%	30	1.82%	0	0.00%	-29	-1.77%	-58	-3.49%	-86	-5.17%
3133EL3P7	0.53	96.73	2.33	95.06	3.28	93.37	4.27	91.70	5.26	90.08	6.24	88.50	7.23	86.96	8.21
FFCB 0.53 08/12/25	08/12/2025		1.87		1.87		1.87	1.79	1.87		1.87		1.87		1.87
	5,000	206	4.41%	137	2.94%	68	1.46%	0	0.00%	-66	-1.43%	-131	-2.82%	-195	-4.18%
3133EMUP5	0.71	97.39	2.49	96.01	3.45	94.63	4.44	93.27	5.43	91.94	6.42	90.64	7.41	89.37	8.38
FFCB 0.71 04/01/25	04/01/2025		1.50		1.50		1.50	1.44	1.50		1.50		1.50		1.50
	5,000	231	4.99%	155	3.34%	77	1.66%	0	0.00%	-75	-1.62%	-148	-3.20%	-220	-4.74%
3133ELK37	0.78	97.28	2.41	95.75	3.36	94.19	4.34	92.65	5.33	91.15	6.32	89.68	7.30	88.26	8.28
FFCB 0.78 06/16/25	06/16/2025		1.71		1.71		1.71	1.64	1.71		1.71		1.71		1.71
	10,000	461	4.95%	312	3.34%	156	1.67%	0	0.00%	-152	-1.63%	-301	-3.23%	-446	-4.78%
3133ENHW3	1.17	97.83	2.46	96.34	3.37	94.78	4.34	93.22	5.32	91.70	6.31	90.21	7.29	88.76	8.27
FFCB 1.17 06/23/25	06/23/2025		1.73		1.73		1.73	1.65	1.73		1.73		1.73		1.73
	5,000	390	8.77%	269	6.04%	136	3.05%	0	0.00%	-133	-2.99%	-261	-5.87%	-385	-8.65%
3133ENJC5	1.29	96.80	2.32	94.38	3.13	91.71	4.05	89.00	5.02	86.34	6.01	83.77	6.99	81.30	7.97
FFCB 1.29 12/22/26	12/22/2026		3.23		3.23		3.23	3.02	3.23		3.23		3.23		3.23
	1,000	55	5.71%	36	3.75%	18	1.85%	0	0.00%	-17	-1.80%	-34	-3.55%	-50	-5.25%
3133EJYM5	3.02	101.64	2.14	99.76	3.15	97.93	4.15	96.15	5.14	94.42	6.13	92.74	7.12	91.10	8.10
FFCB 3.02 09/04/25	09/04/2025		1.93		1.93		1.93	1.82	1.93		1.93		1.93		1.93
	2,000	110	5.71%	72	3.75%	36	1.85%	0	0.00%	-35	-1.80%	-68	-3.55%	-101	-5.25%
3133EJYM5	3.02	101.64	2.14	99.76	3.15	97.93	4.15	96.15	5.14	94.42	6.13	92.74	7.12	91.10	8.10
FFCB 3.02 09/04/25	09/04/2025		1.93		1.93		1.93	1.82	1.93		1.93		1.93		1.93
	2,815	187	6.89%	135	4.97%	74	2.73%	0	0.00%	-86	-3.18%	-179	-6.62%	-274	-10.12%
3133EPLE3	4.67	102.79	3.02	100.94	4.42	98.78	4.96	96.16	5.62	93.11	6.40	89.80	7.29	86.43	8.23
FFCB 4.67 05/30/28	05/30/2028		1.75		4.08		4.67	2.92	4.67		4.67		4.67		4.67
	5,000	78	1.58%	75	1.53%	60	1.21%	0	0.00%	-95	-1.92%	-214	-4.35%	-347	-7.04%
3133EPKC8	5.39	100.13	-1.07	100.08	1.50	99.76	5.47	98.57	5.83	96.68	6.43	94.28	7.20	91.63	8.09
FFCB 5.39 05/18/27	05/18/2027		0.02		0.02		3.30	1.56	3.63		3.63		3.63		3.63
	3,000	176	6.46%	119	4.36%	59	2.18%	0	0.00%	-58	-2.12%	-114	-4.18%	-169	-6.18%
3130AMRQ7	0.88	96.85	2.32	94.94	3.22	92.95	4.19	90.97	5.18	89.04	6.17	87.17	7.15	85.35	8.13
FHLB 0 7/8 12/30/25	12/30/2025		2.25		2.25		2.25	2.15	2.25		2.25		2.25		2.25
	3,000	60	2.06%	39	1.36%	20	0.68%	0	0.00%	-19	-0.67%	-38	-1.33%	-57	-1.97%
3130AMQR6	0.35	98.52	2.53	97.85	3.54	97.19	4.55	96.54	5.56	95.90	6.56	95.26	7.57	94.63	8.57
FHLB 0.35 06/07/24	06/07/2024		0.69		0.69		0.69	0.67	0.69		0.69		0.69		0.69

Shocked CUSIP Analysis

CUSIP Description	Par Value Coupon Maturity	-300 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	-200 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	-100 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	Base $ Amt Δ Mkt Px Dur	 % Px Δ Mkt Yld WAL	+100 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	+200 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	+300 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL
	4,000	96	2.49%	63	1.65%	31	0.82%	0	0.00%	-31	-0.81%	-61	-1.60%	-91	-2.38%
3130AMHH8	0.41	98.24	2.55	97.43	3.55	96.63	4.56	95.85	5.56	95.08	6.56	94.32	7.55	93.57	8.54
FHLB 0.41 08/01/24	08/01/2024		0.84		0.84		0.84	0.81	0.84		0.84		0.84		0.84
	5,000	423	9.73%	286	6.58%	143	3.28%	0	0.00%	-138	-3.18%	-271	-6.24%	-399	-9.17%
3130AL5A8	0.90	95.47	2.29	92.74	3.17	89.86	4.12	87.01	5.10	84.24	6.09	81.58	7.08	79.03	8.06
FHLB 0.9 02/26/27	02/26/2027		3.41		3.41		3.41	3.23	3.41		3.41		3.41		3.41
	6,750	233	3.65%	156	2.44%	77	1.21%	0	0.00%	-76	-1.19%	-150	-2.35%	-223	-3.49%
3130AQDY6	1.00	98.11	2.54	96.97	3.50	95.81	4.49	94.66	5.48	93.54	6.46	92.44	7.45	91.36	8.43
FHLB 1 12/30/24	12/30/2024		1.25		1.25		1.25	1.20	1.25		1.25		1.25		1.25
	7,000	250	3.78%	167	2.52%	83	1.25%	0	0.00%	-81	-1.23%	-160	-2.43%	-238	-3.60%
3130AQEA7	1.05	98.06	2.59	96.87	3.55	95.67	4.54	94.49	5.54	93.33	6.53	92.20	7.51	91.09	8.49
FHLB 1.05 01/14/25	01/14/2025		1.29		1.29		1.29	1.24	1.29		1.29		1.29		1.29
	4,000	263	7.29%	179	4.95%	89	2.48%	0	0.00%	-87	-2.42%	-172	-4.76%	-254	-7.03%
3130AN5C0	1.05	96.84	2.32	94.73	3.19	92.50	4.15	90.26	5.13	88.08	6.11	85.96	7.10	83.92	8.08
FHLB 1.05 04/29/26	04/29/2026		2.58		2.58		2.58	2.44	2.58		2.58		2.58		2.58
	5,000	383	8.47%	271	6.01%	140	3.09%	0	0.00%	-139	-3.08%	-275	-6.08%	-405	-8.97%
3130AQRH8	2.00	97.96	2.63	95.74	3.33	93.10	4.20	90.31	5.14	87.52	6.12	84.82	7.10	82.21	8.08
FHLB 2 02/25/27	02/25/2027		3.40		3.40		3.40	3.10	3.40		3.40		3.40		3.40
	5,000	302	6.45%	233	4.98%	128	2.74%	0	0.00%	-139	-2.97%	-279	-5.97%	-417	-8.90%
3130ARHJ3	3.18	99.63	3.29	98.25	3.70	96.15	4.35	93.59	5.17	90.81	6.09	88.00	7.05	85.26	8.02
FHLB 3.175 04/19/27	04/19/2027		3.30		3.55		3.55	2.85	3.55		3.55		3.55		3.55
	2,000	65	3.44%	43	2.28%	21	1.13%	0	0.00%	-21	-1.10%	-41	-2.19%	-61	-3.24%
3134GWNG7	0.50	97.71	2.52	96.61	3.51	95.52	4.51	94.46	5.50	93.42	6.49	92.40	7.48	91.40	8.45
FHLMC 0 1/2 11/27/24	11/27/2024		1.16		1.16		1.16	1.11	1.16		1.16		1.16		1.16
	10,000	532	5.82%	356	3.89%	176	1.93%	0	0.00%	-172	-1.88%	-339	-3.71%	-501	-5.49%
3134GWUG9	0.57	96.71	2.27	94.95	3.22	93.15	4.20	91.39	5.19	89.67	6.18	88.00	7.17	86.38	8.15
FHLMC 0.57 09/24/25	09/24/2025		1.98		1.98		1.98	1.91	1.98		1.98		1.98		1.98
	1,150	65	6.22%	43	4.16%	22	2.06%	0	0.00%	-21	-2.01%	-41	-3.95%	-61	-5.85%
3134GXBM5	0.60	96.40	2.35	94.53	3.29	92.63	4.28	90.76	5.27	88.94	6.26	87.17	7.25	85.45	8.23
FHLMC 0.6 11/12/25	11/12/2025		2.12		2.12		2.12	2.03	2.12		2.12		2.12		2.12
	5,000	388	8.81%	262	5.96%	131	2.97%	0	0.00%	-127	-2.88%	-249	-5.66%	-367	-8.33%
3134GW4C7	0.80	95.81	2.22	93.31	3.10	90.67	4.06	88.06	5.04	85.52	6.03	83.08	7.01	80.72	8.00
FHLMC 0.8 10/27/26	10/27/2026		3.08		3.08		3.08	2.92	3.08		3.08		3.08		3.08
	3,000	174	6.36%	114	4.18%	56	2.06%	0	0.00%	-54	-2.00%	-107	-3.93%	-159	-5.82%
3135G06G3	0.50	96.75	2.09	94.76	3.09	92.83	4.09	90.96	5.09	89.14	6.08	87.38	7.06	85.67	8.04
FNMA 0 1/2 11/07/25	11/07/2025		2.10		2.10		2.10	2.02	2.10		2.10		2.10		2.10

Shocked CUSIP Analysis

CUSIP Description	Par Value Coupon Maturity	-300 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	-200 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	-100 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	Base $ Amt Δ Mkt Px Dur	 % Px Δ Mkt Yld WAL	+100 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	+200 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL	+300 $ Amt Δ Mkt Px	 % Px Δ Mkt Yld WAL
	3,500	173	5.36%	116	3.59%	57	1.78%	0	0.00%	-56	-1.74%	-110	-3.43%	-163	-5.07%
3136G4ZP1	0.65	96.98	2.34	95.34	3.29	93.68	4.27	92.04	5.26	90.44	6.25	88.89	7.23	87.37	8.21
FNMA 0.65 07/30/25	07/30/2025		1.83		1.83		1.83	1.76	1.83		1.83		1.83		1.83
	5,000	31	0.63%	21	0.42%	10	0.21%	0	0.00%	-10	-0.21%	-21	-0.42%	-31	-0.62%
91282CBA8	0.13	99.56	2.24	99.35	3.25	99.15	4.27	98.94	5.28	98.73	6.30	98.53	7.32	98.32	8.33
T 0 1/8 12/15/23	12/15/2023		0.21		0.21		0.21	0.21	0.21		0.21		0.21		0.21
	10,000	62	0.63%	41	0.42%	21	0.21%	0	0.00%	-21	-0.21%	-41	-0.42%	-62	-0.62%
91282CBA8	0.13	99.56	2.24	99.35	3.25	99.15	4.27	98.94	5.28	98.73	6.30	98.53	7.32	98.32	8.33
T 0 1/8 12/15/23	12/15/2023		0.21		0.21		0.21	0.21	0.21		0.21		0.21		0.21
	10,000	342	3.60%	225	2.37%	111	1.17%	0	0.00%	-109	-1.15%	-216	-2.27%	-321	-3.38%
91282CDN8	1.00	98.36	2.39	97.19	3.39	96.05	4.39	94.94	5.38	93.85	6.37	92.78	7.35	91.73	8.33
T 1 12/15/24	12/15/2024		1.21		1.21		1.21	1.16	1.21		1.21		1.21		1.21
	5,000	171	3.60%	113	2.37%	56	1.17%	0	0.00%	-55	-1.15%	-108	-2.27%	-160	-3.38%
91282CDN8	1.00	98.36	2.39	97.19	3.39	96.05	4.39	94.94	5.38	93.85	6.37	92.78	7.35	91.73	8.33
T 1 12/15/24	12/15/2024		1.21		1.21		1.21	1.16	1.21		1.21		1.21		1.21
	5,000	171	3.60%	113	2.37%	56	1.17%	0	0.00%	-55	-1.15%	-108	-2.27%	-160	-3.38%
91282CDN8	1.00	98.36	2.39	97.19	3.39	96.05	4.39	94.94	5.38	93.85	6.37	92.78	7.35	91.73	8.33
T 1 12/15/24	12/15/2024		1.21		1.21		1.21	1.16	1.21		1.21		1.21		1.21
	3,000	204	7.19%	134	4.71%	66	2.32%	0	0.00%	-64	-2.24%	-125	-4.42%	-185	-6.52%
9128286F2	2.50	101.33	1.93	98.99	2.94	96.72	3.93	94.53	4.93	92.41	5.91	90.36	6.90	88.37	7.88
T 2 1/2 02/28/26	02/28/2026		2.42		2.42		2.42	2.28	2.42		2.42		2.42		2.42
	3,200	224	7.47%	147	4.89%	72	2.40%	0	0.00%	-70	-2.32%	-137	-4.57%	-203	-6.75%
9128286L9	2.25	100.84	1.91	98.42	2.91	96.09	3.91	93.83	4.90	91.65	5.89	89.54	6.87	87.50	7.85
T 2 1/4 03/31/26	03/31/2026		2.50		2.50		2.50	2.36	2.50		2.50		2.50		2.50
	5,000	86	1.75%	57	1.16%	28	0.58%	0	0.00%	-28	-0.57%	-56	-1.13%	-83	-1.69%
9128286R6	2.25	99.86	2.49	99.28	3.51	98.71	4.52	98.14	5.53	97.58	6.54	97.03	7.55	96.48	8.55
T 2 1/4 04/30/24	04/30/2024		0.58		0.58		0.58	0.57	0.58		0.58		0.58		0.58
	4,000	30	0.77%	20	0.51%	10	0.25%	0	0.00%	-10	-0.25%	-20	-0.50%	-30	-0.75%
912828V23	2.25	99.98	2.34	99.73	3.37	99.47	4.40	99.22	5.44	98.97	6.47	98.72	7.51	98.47	8.56
T 2 1/4 12/31/23	12/31/2023		0.25		0.25		0.25	0.25	0.25		0.25		0.25		0.25
	5,000	38	0.77%	25	0.51%	13	0.25%	0	0.00%	-13	-0.25%	-25	-0.50%	-37	-0.75%
912828V23	2.25	99.98	2.34	99.73	3.37	99.47	4.40	99.22	5.44	98.97	6.47	98.72	7.51	98.47	8.56
T 2 1/4 12/31/23	12/31/2023		0.25		0.25		0.25	0.25	0.25		0.25		0.25		0.25
	3,000	107	3.71%	71	2.45%	35	1.21%	0	0.00%	-34	-1.19%	-68	-2.35%	-101	-3.48%
9128283P3	2.25	99.85	2.38	98.63	3.38	97.44	4.38	96.27	5.38	95.13	6.37	94.01	7.35	92.92	8.33
T 2 1/4 12/31/24	12/31/2024		1.25		1.25		1.25	1.19	1.25		1.25		1.25		1.25

Shocked CUSIP Analysis

CUSIP / Description	Par Value / Coupon / Maturity	-300 $ Amt Δ Mkt Px	-300 % Px Δ Mkt Yld	-300 WAL	-200 $ Amt Δ Mkt Px	-200 % Px Δ Mkt Yld	-200 WAL	-100 $ Amt Δ Mkt Px	-100 % Px Δ Mkt Yld	-100 WAL	Base $ Amt Δ Mkt Px	Base % Px Δ Mkt Yld	Base Dur / WAL	+100 $ Amt Δ Mkt Px	+100 % Px Δ Mkt Yld	+100 WAL	+200 $ Amt Δ Mkt Px	+200 % Px Δ Mkt Yld	+200 WAL	+300 $ Amt Δ Mkt Px	+300 % Px Δ Mkt Yld	+300 WAL
	5,000	38	0.77%		25	0.51%		13	0.25%		0	0.00%		-13	-0.25%		-25	-0.50%		-38	-0.76%	
9128285U0	2.63	100.07	2.35		99.82	3.38		99.56	4.41		99.31	5.44		99.06	6.48		98.81	7.52		98.56	8.56	
T 2 5/8 12/31/23	12/31/2023		0.25			0.25			0.25		0.25	0.25			0.25			0.25			0.25	
	5,000	318	6.70%		209	4.40%		103	2.16%		0	0.00%		-100	-2.10%		-196	-4.13%		-290	-6.10%	
9128285T3	2.63	101.40	1.99		99.21	2.99		97.09	3.99		95.03	4.99		93.04	5.98		91.11	6.96		89.23	7.94	
T 2 5/8 12/31/25	12/31/2025		2.25			2.25			2.25		2.11	2.25			2.25			2.25			2.25	
	3,000	191	6.70%		125	4.40%		62	2.16%		0	0.00%		-60	-2.10%		-118	-4.13%		-174	-6.10%	
9128285T3	2.63	101.40	1.99		99.21	2.99		97.09	3.99		95.03	4.99		93.04	5.98		91.11	6.96		89.23	7.94	
T 2 5/8 12/31/25	12/31/2025		2.25			2.25			2.25		2.11	2.25			2.25			2.25			2.25	
Treasury/Agency	178,225	7,439	4.42%		5,049	3.00%		2,553	1.52%		0	0.00%		-2,559	-1.52%		-5,092	-3.03%		-7,575	-4.50%	
	1.43	98.54	2.28		97.20	3.28		95.80	4.34		94.37	5.31		92.93	6.29		91.51	7.28		90.12	8.27	
			1.56			1.61			1.71		1.52	1.72			1.72			1.72			1.72	
	1,000	70	7.06%		46	4.63%		23	2.28%		0	0.00%		-22	-2.20%		-43	-4.34%		-64	-6.40%	
194162AQ6	4.80	106.55	2.02		104.13	3.02		101.79	4.02		99.52	5.01		97.33	6.00		95.20	6.98		93.15	7.96	
CL 4.8 03/02/26	03/02/2026		2.42			2.42			2.42		2.23	2.42			2.42			2.42			2.42	
	1,000	67	6.83%		44	4.48%		22	2.20%		0	0.00%		-21	-2.13%		-41	-4.20%		-61	-6.21%	
742718FY0	4.10	104.49	2.11		102.19	3.11		99.96	4.11		97.81	5.11		95.72	6.10		93.70	7.09		91.74	8.07	
PG 4.1 01/26/26	01/26/2026		2.32			2.32			2.32		2.15	2.32			2.32			2.32			2.32	
	1,000	64	6.77%		43	4.49%		21	2.24%		0	0.00%		-21	-2.20%		-41	-4.35%		-61	-6.44%	
30231GAT9	3.04	101.56	2.30		99.39	3.31		97.25	4.25		95.12	5.21		93.03	6.19		90.98	7.17		88.99	8.15	
XOM 3.043 03/01/26	03/01/2026		2.17			2.42			2.42		2.21	2.42			2.42			2.42			2.42	
Corporate	3,000	201	6.89%		133	4.53%		65	2.24%		0	0.00%		-64	-2.18%		-126	-4.30%		-186	-6.35%	
	3.98	104.20	2.14		101.90	3.14		99.67	4.13		97.48	5.11		95.36	6.10		93.29	7.08		91.29	8.06	
			2.30			2.39			2.39		2.20	2.39			2.39			2.39			2.39	
	263	1	0.26%		0	0.17%		0	0.09%		0	0.00%		0	-0.09%		0	-0.17%		-1	-0.26%	
PLMDLCAMP	0.30	100.26	-2.77		100.17	-1.75		100.09	-0.73		100.00	0.30		99.91	1.33		99.83	2.37		99.74	3.41	
CAMP	10/31/2023		0.08			0.08			0.08		0.09	0.08			0.08			0.08			0.08	
	53,219	137	0.26%		91	0.17%		46	0.09%		0	0.00%		-46	-0.09%		-91	-0.17%		-137	-0.26%	
PLMDLLAIF	0.78	100.26	-2.30		100.17	-1.28		100.09	-0.25		100.00	0.78		99.91	1.82		99.83	2.86		99.74	3.90	
LAIF	10/31/2023		0.08			0.08			0.08		0.09	0.08			0.08			0.08			0.08	
	56,228	145	0.26%		97	0.17%		48	0.09%		0	0.00%		-48	-0.09%		-96	-0.17%		-144	-0.26%	
PLMDLLAIF	0.78	100.26	-2.30		100.17	-1.28		100.09	-0.25		100.00	0.78		99.91	1.82		99.83	2.86		99.74	3.90	
LAIF	10/31/2023		0.08			0.08			0.08		0.09	0.08			0.08			0.08			0.08	
	23,010	59	0.26%		40	0.17%		20	0.09%		0	0.00%		-20	-0.09%		-39	-0.17%		-59	-0.26%	
PLMDLLAIF	0.78	100.26	-2.30		100.17	-1.28		100.09	-0.25		100.00	0.78		99.91	1.82		99.83	2.86		99.74	3.90	
LAIF	10/31/2023		0.08			0.08			0.08		0.09	0.08			0.08			0.08			0.08	

Shocked CUSIP Analysis

		-300		-200		-100		Base		+100		+200		+300	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
Other	132,720	342	0.26%	228	0.17%	114	0.09%	0	0.00%	-114	-0.09%	-227	-0.17%	-340	-0.26%
	0.78	100.26	-2.30	100.17	-1.28	100.09	-0.25	100.00	0.78	99.91	1.82	99.83	2.85	99.74	3.90
			0.08		0.08		0.08	0.09	0.08		0.08		0.08		0.08
Total	313,945	7,983	2.63%	5,410	1.78%	2,733	0.90%	0	0.00%	-2,737	-0.90%	-5,445	-1.79%	-8,101	-2.67%
	1.18	99.32	0.33	98.50	1.32	97.65	2.35	96.78	3.33	95.91	4.32	95.05	5.31	94.20	6.31
	1		0.95		0.97		1.03	0.90	1.03		1.03		1.03		1.03

Portfolio Changes

Partial Buy6/2023-9/2023

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
PLMDLCAMP	Other	CAMP	10/31/2023	0.30	262,895	100.00	AFS	Same CUSIP buys

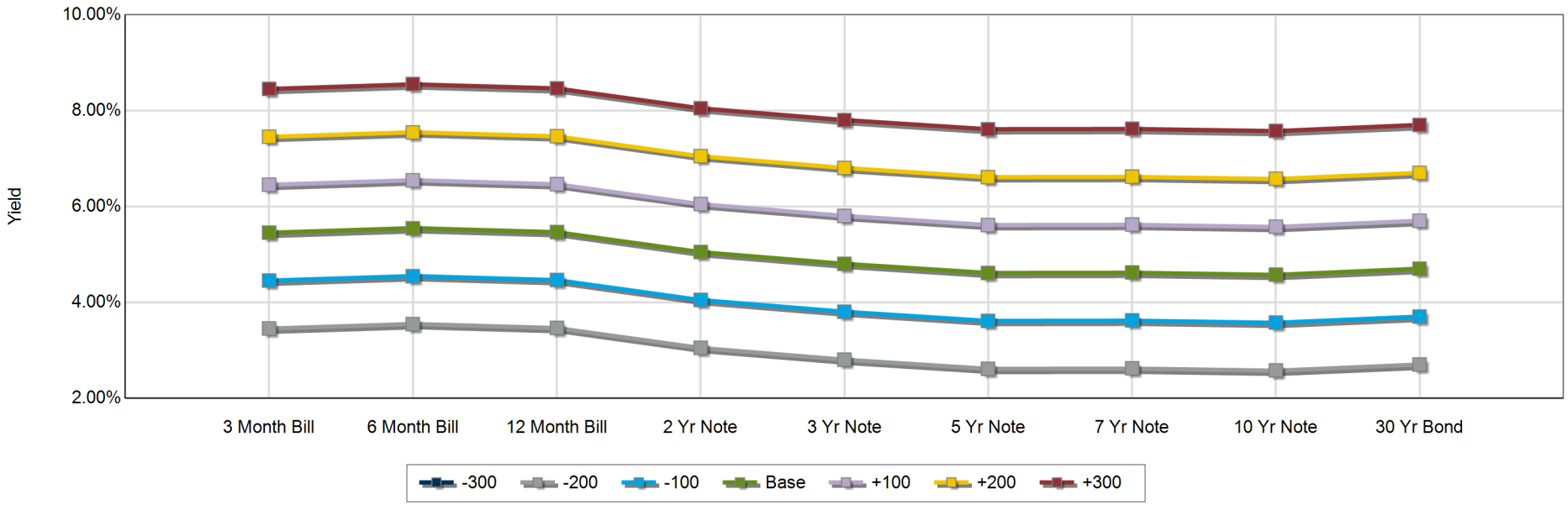
Securities Sold/Redeemed 6/2023-9/2023

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
3130A5DH9	AGY	FHLB 2.000 05/18/20 CALd	05/18/2020	2.00	1,950,000	100.00	AFS	Called
PLMDLLAIF	Other	LAIF	10/31/2023	0.78	132,457,024	100.00	AFS	Partial Sale

Shocked Assumptions

	Scenarios						
	Down 300	Down 200	Down 100	Base	Up 100	Up 200	Up 300
Shift Amount	-300	-200	-100	0	100	200	300
Curve Slope Change	0	0	0	0	0	0	0
Shock Horizon	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate
Curve Type	Static	Static	Static	Static	Static	Static	Static
Valuation Date	2023-09-30	2023-09-30	2023-09-30	2023-09-30	2023-09-30	2023-09-30	2023-09-30

Yield Curve Scenarios



Report Assumptions

Assumptions

• Calculation Engine	The Yield Book © and ZM Financial
• Cash Flow Model	The Yield Book ©
• Curve Date	Same as Portfolio As Of Date
• Curve Type Used	Swap Curve
• Curve Shape	Immediate Sustained Parallel Shocks
• Price Shock Methodology	Constant OAS for fixed rate securities; immediate market shift for floating rate securities
• Horizon Period	Immediate Time Horizon
• Reinvestment Rate	3 Month T-Bill
• Cost of Funds	1.00%
• Tax Rate	21.0%

Additional Information

Rolloff Yield - Rolloff Yield is the weighted average yield of the cashflows (maturities, calls and paydowns) that roll off during the noted time period. Ending Yield at Book is the weighted average yield of the remaining securities at the noted time period.

Shocked Scenarios - All shocked scenarios are instant and parallel and assume a sustained rate cycle from that point on. LIBOR OAS is held constant in order to generate shocked market scenarios and The Yieldbook was used to generate the projected cash flows. In shocked scenarios, 0.01% is considered the floor.

Bonds Likely to be Called - The page identifies all callable agencies which will either be called or mature in the next 12 months in any of the shocked scenarios. The methodology used to determine the call assumes a small internal margin to account for the "cost to call."

Municipals - For taxable institutions, the above tax rate detailed - along with TEFRA adjustments for BQs - is used to calculate TEY unless otherwise input. Ratings are a blend of Moody's and Standard & Poors.

Duration - Duration in the shocked detail section is generated by Yield Book.

Original Face - If original face was not supplied, original face was estimated by dividing current face by current factor.

Yields- All yields are Yield to Projected Scenario. (Assumes 100% of The Yield Book prepayment model).

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PORTFOLIO REVIEW AND ANALYSIS

City of Palmdale - Successor Agency

Palmdale, CA

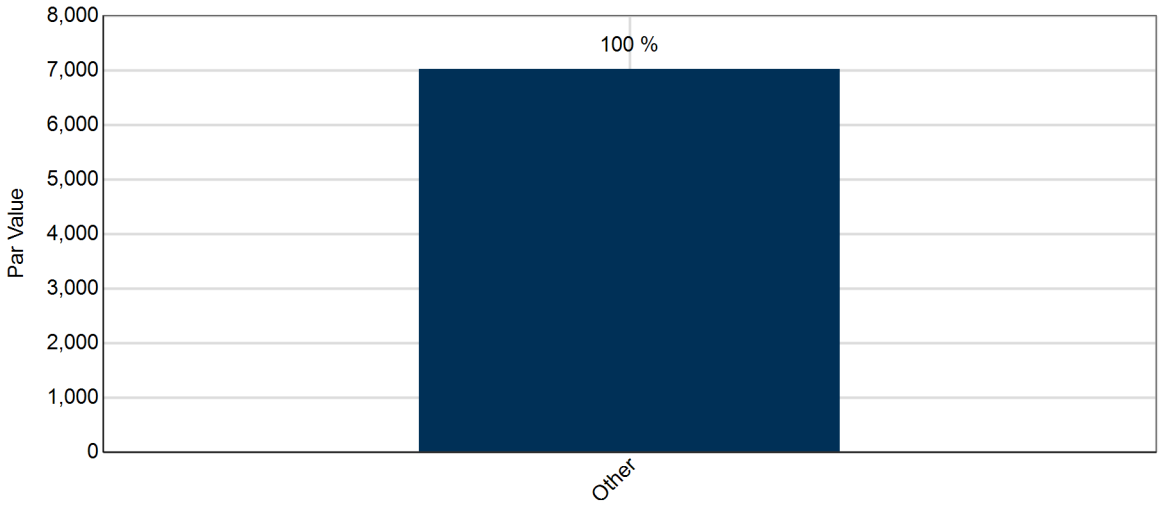
As of Date: 09/30/2023 | Pricing as of: 09/29/2023 | Date of Analysis: 10/05/2023

Account Executive: Bill Blackwill

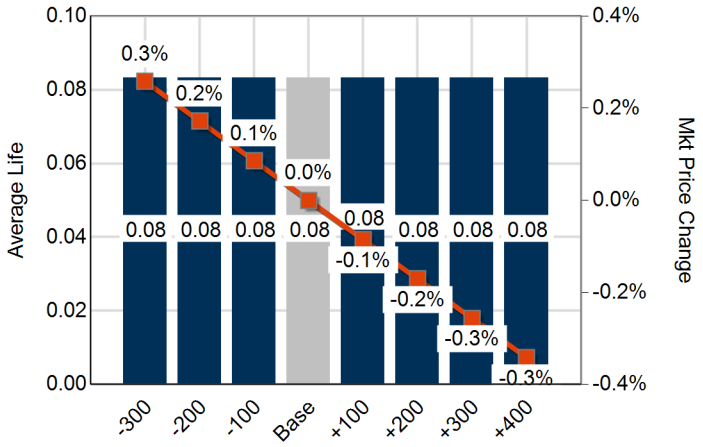
Portfolio Overview

Book Value	7,025
# Securities	1
Average Size (Book)	7,025
Yield at Book	0.78
Market Yield	0.78
$ Gain/Loss	0
% Gain/Loss	0.0%
Average Life	0.08
Average Life +300bps	0.08
% Price Change +100bps	-0.09
% Price Change +300bps	-0.26
Effective Duration	0.09
Effective Convexity	0.00
AFS / HTM%	100% / 0%
Fixed / Floating	100% / 0%
ESG/Green Par (000's)	$0 / $0

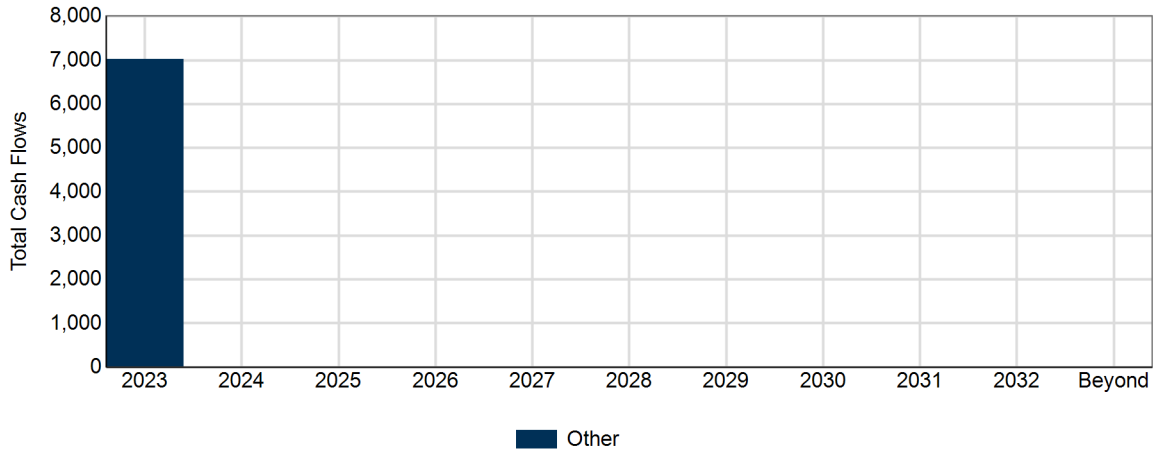
Sector Allocation



Average Life vs Price Sensitivity



Annual Projected Cash Flows By Sector



Historical Portfolio Overview

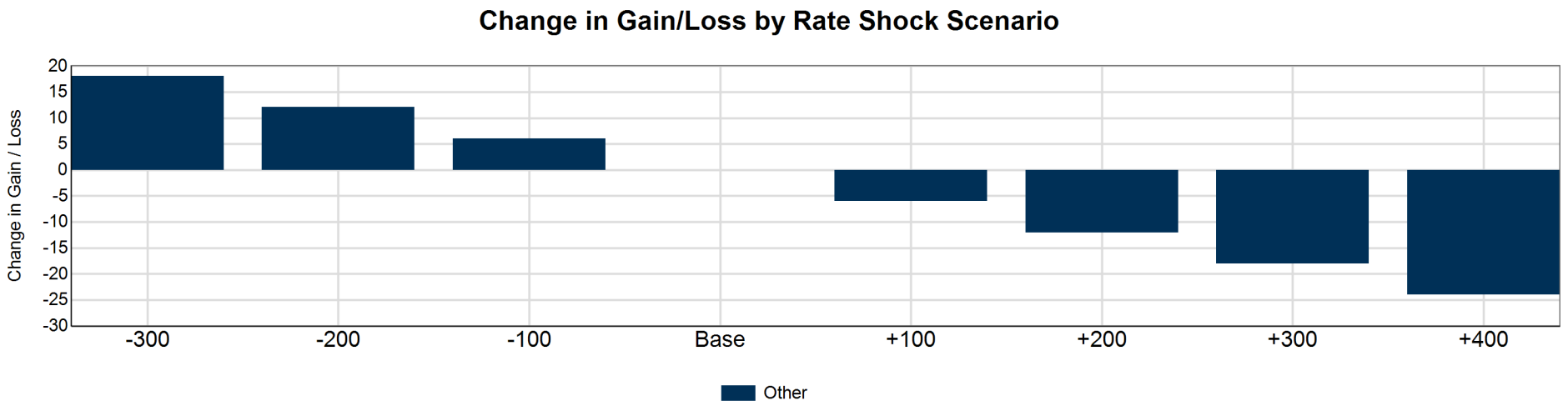
	09/30/2023	06/30/2023	03/31/2023	12/31/2022
Book Value	7,025	12,989	4,459	4,433
Yield at Book	0.78	0.78	0.78	0.78
Yield at Book (+100)	0.78	0.78	0.78	0.78
Yield at Book (+300)	0.78	0.78	0.78	0.78
Yield at Book (-100)	0.78	0.78	0.78	0.78
WAL	0.08	0.08	0.08	0.01
WAL (+100)	0.08	0.08	0.08	0.01
WAL (+300)	0.08	0.08	0.08	0.01
WAL (-100)	0.08	0.08	0.08	0.01
% Price Change (+100)	-0.1%	-0.1%	-0.1%	0.0%
% Price Change (+300)	-0.3%	-0.3%	-0.2%	0.0%
% Price Change (-100)	0.1%	0.1%	0.1%	0.0%
Effective Duration	0.09	0.09	0.08	0.01
Effective Convexity	0.00	0.00	0.00	0.00
$ Gain/Loss	0	0	0	0
% Gain/Loss	0.0%	0.0%	0.0%	0.0%
$ Gain/Loss (+300)	-18	-33	-11	-1
Principal Cash Flow 2 yrs out	100%	100%	100%	100%
Principal Cash Flow 2 yrs out (+100)	100%	100%	100%	100%
Principal Cash Flow 2 yrs out (+300)	100%	100%	100%	100%
Principal Cash Flow 2 yrs out (-100)	100%	100%	100%	100%

Portfolio Sector Summary

Sector	Portfolio %	Par Value	Cpn	Maturity	Book Value	Yield @Bk	Market Value	Yield	% Price Change -100	% Price Change +100	% Price Change +300	Gain/(Loss) $	Gain/(Loss) %	Effective WAL	Effective Dur	Effective Cvx	AFS %
Cash & Other (1)	100.0%	7,025	0.78	0.1 yrs	7,025	0.78	7,025	0.78	0.1	-0.1	-0.3	0	0.0%	0.08	0.09	0.00	100 %
Other (1)	100.0%	7,025	0.78	0.1 yrs	7,025	0.78	7,025	0.78	0.1	-0.1	-0.3	0	0.0%	0.08	0.09	0.00	100 %
Total (1)	100.0%	7,025	0.78	0.1 yrs	7,025	0.78	7,025	0.78	0.1	-0.1	-0.3	0	0.0%	0.08	0.09	0.00	100 %

Shocked Analysis

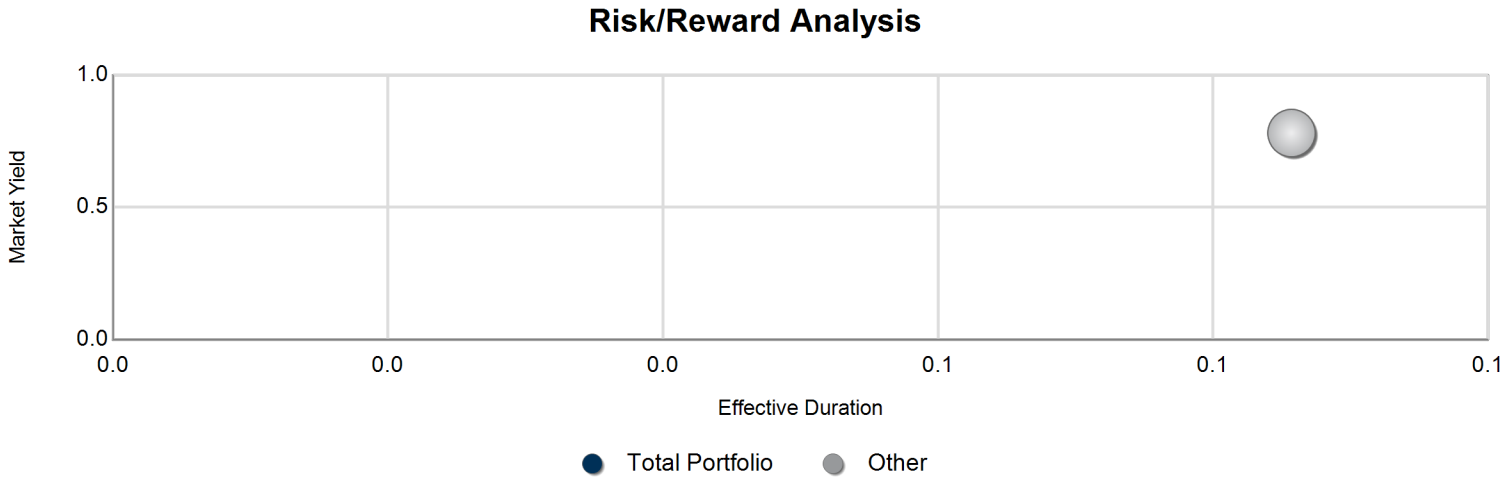
	-300	-200	-100	Base	+100	+200	+300
Par Value	7,025	7,025	7,025	7,025	7,025	7,025	7,025
Book Value	7,025	7,025	7,025	7,025	7,025	7,025	7,025
Market Value	7,043	7,037	7,031	7,025	7,019	7,013	7,007
Gain/(Loss)	18	12	6	0	-6	-12	-18
Gain/(Loss) %	0.3%	0.2%	0.1%	0.0%	-0.1%	-0.2%	-0.3%
Gain/(Loss) % - Chg from Base	0.3%	0.2%	0.1%	0.0%	-0.1%	-0.2%	-0.3%
Book Price	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Yield at Book	0.78	0.78	0.78	0.78	0.78	0.78	0.78
Market Price	100.26	100.17	100.09	100.00	99.91	99.83	99.74
Market Yield	-2.30	-1.28	-0.25	0.78	1.82	2.86	3.90
WAL	0.08	0.08	0.08	0.08	0.08	0.08	0.08



Price Risk & Market Value Change by Sector

	AFS						HTM					
	% Change in Market Value from Level					Eff	% Change in Market Value from Level					Eff
Sector	-100	Mkt Value	+100	+200	+300	Dur	-100	Mkt Value	+100	+200	+300	Dur
Other	0.1%	7,025	-0.1%	-0.2%	-0.3%	0.1%						
Total	0.1%	7,025	-0.1%	-0.2%	-0.3%	0.1%						
Scenario Market Val	7,031	7,025	7,019	7,013	7,007							
Scenario Gain/Loss	6	0	-6	-12	-18							

Total Portfolio (AFS + HTM):	
% Change in Market Val from Level	
-200 bps	0.2%
-100 bps	0.1%
Level Market Val	7,025
+100 bps	-0.1%
+200 bps	-0.2%
+300 bps	-0.3%
+400 bps	-0.3%
Effective Duration	*0.09*
Effective Convexity	0.00



Peer Group Comparison

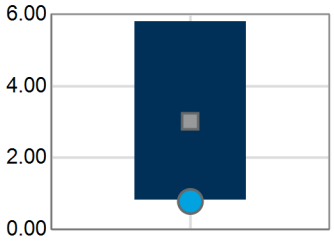
Peer	As of Date	Book Value	G/L %	Yield @Bk	Average Life Base	Average Life -100	Average Life +300	% Price Change -100	% Price Change +100	% Price Change +300	Effective Dur	Effective Cvx	UST Agy	Fix MBS	ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD & Oth	% Fixed	% AFS
1	06/23	7,185	-8.1	2.55	3.9	3.9	3.9	3.2	-3.1	-8.8	3.2	0.1	0%	16%	0%	15%	0%	0%	0%	0%	0%	0%	69%	100%	100%
2	07/23	7,206	-7.1	2.61	3.1	3.0	3.3	2.9	-2.8	-8.3	2.8	0.1	24%	0%	0%	0%	0%	7%	0%	0%	0%	0%	69%	100%	100%
3	09/23	8,000	-9.9	1.25	2.6	2.6	2.6	2.5	-2.4	-7.1	2.5	0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
4	07/23	5,999	-1.0	3.18	0.5	0.5	0.5	0.5	-0.5	-1.5	0.5	0.0	92%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	100%	100%
5	07/23	8,216	-7.1	2.52	3.3	3.3	3.3	3.0	-3.0	-8.6	3.0	0.1	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%	50%	100%	100%
6	07/23	8,759	-9.5	1.68	3.2	3.2	3.2	3.0	-2.9	-8.4	2.9	0.1	34%	0%	0%	0%	0%	0%	0%	0%	0%	0%	66%	100%	100%
7	08/23	8,760	0.2	5.80	2.3	2.3	2.3	2.1	-2.1	-6.1	2.1	0.1	35%	0%	0%	0%	0%	0%	0%	0%	65%	0%	0%	100%	100%
8	09/23	4,542	-9.2	0.83	2.3	2.3	2.3	2.2	-2.1	-6.2	2.2	0.1	94%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	100%	100%
9	08/23	9,738	-13.8	3.74	7.4	7.3	7.5	4.6	-4.5	-13.2	4.5	0.0	7%	0%	0%	0%	0%	0%	0%	0%	75%	3%	15%	100%	100%
10	08/23	10,665	-3.6	3.86	2.6	2.6	2.6	2.4	-2.3	-6.6	2.3	0.1	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%
11	06/23	2,000	-1.0	4.66	1.4	1.3	1.4	1.3	-1.3	-3.7	1.3	0.0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%
12	08/23	12,702	-1.3	3.82	1.4	1.0	1.4	0.9	-1.0	-3.3	1.0	-0.1	49%	0%	0%	0%	0%	0%	0%	0%	0%	0%	51%	100%	100%
13	08/23	16,782	-7.5	1.56	2.4	2.4	2.4	2.2	-2.2	-6.3	2.2	0.1	0%	0%	0%	0%	0%	0%	0%	0%	44%	29%	27%	100%	100%
14	07/23	17,639	-1.6	4.02	2.3	2.3	2.3	2.2	-2.1	-6.1	2.1	0.0	63%	0%	0%	0%	0%	0%	0%	0%	37%	0%	0%	100%	100%
15	07/23	20,284	-0.7	4.65	0.9	0.9	1.0	0.9	-0.9	-2.7	0.9	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
16	06/23	32,547	-5.8	2.60	2.5	2.3	2.5	2.0	-2.1	-6.2	2.0	-0.1	23%	0%	0%	0%	0%	0%	0%	0%	0%	0%	77%	100%	100%
17	09/23	36,570	-9.3	1.15	2.6	2.6	2.6	2.4	-2.3	-6.8	2.4	0.1	98%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	100%	100%
18	09/23	37,429	-2.3	3.09	1.2	1.2	1.2	1.1	-1.1	-3.2	1.1	0.0	24%	0%	0%	0%	0%	0%	0%	0%	31%	2%	43%	100%	100%
19	09/23	38,036	-5.2	2.22	1.7	1.6	1.7	1.5	-1.5	-4.5	1.5	0.0	37%	0%	0%	0%	0%	0%	0%	0%	34%	0%	28%	100%	100%
20	08/23	46,166	-2.8	4.21	2.0	1.6	2.0	1.4	-1.5	-4.6	1.5	-0.1	46%	0%	0%	0%	0%	1%	0%	0%	1%	8%	44%	100%	100%
21	08/23	51,609	-7.3	2.22	2.9	2.8	3.0	2.3	-2.4	-7.3	2.3	-0.1	75%	0%	0%	0%	0%	0%	0%	0%	2%	0%	24%	100%	100%
22	06/23	52,037	-1.5	2.76	0.7	0.5	0.7	0.6	-0.6	-1.8	0.6	0.0	62%	0%	0%	0%	0%	0%	0%	0%	18%	0%	20%	100%	100%
23	09/23	53,019	-6.5	2.72	2.6	2.6	2.6	2.2	-2.3	-6.7	2.3	0.0	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
24	07/23	54,722	-1.4	3.36	2.0	1.9	2.0	1.7	-1.7	-5.2	1.7	0.0	73%	0%	0%	0%	0%	0%	0%	0%	4%	2%	21%	100%	100%
25	08/23	55,896	-2.2	4.37	2.5	2.0	2.7	1.5	-1.7	-5.7	1.6	-0.3	61%	0%	0%	0%	0%	0%	0%	0%	0%	0%	39%	100%	100%
Avg		24,260	-5.0	3.02	2.4	2.3	2.4	2.0	-2.0	-6.0	2.0	0.0	50%	1%	0%	1%	0%	0%	0%	0%	12%	2%	34%	100%	100%
Port		7,025	0.0	0.78	0.1	0.1	0.1	0.1	-0.1	-0.3	0.1	0.0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%
Diff		-17,236	5.0	-2.24	-2.3	-2.2	-2.4	-1.9	1.9	5.7	-1.9	0.0	-50%	-1%	0%	-1%	0%	0%	0%	0%	-12%	-2%	66%	0%	0%

* Peer group includes Public Entitys that have received portfolio analysis from Stifel in the last three months with the closest portfolio book values.

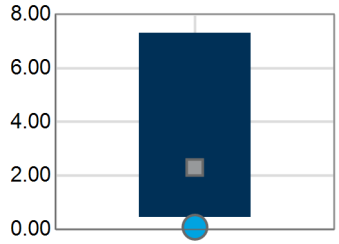
Summary Peer Comparison

Yield and Average Life Peer Comparison

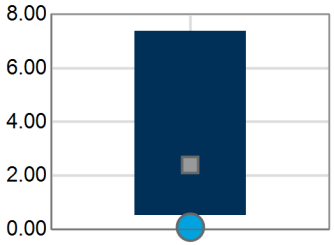
Yield at Book



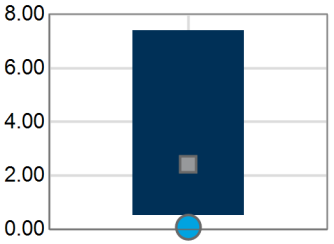
Down 100 Avg Life



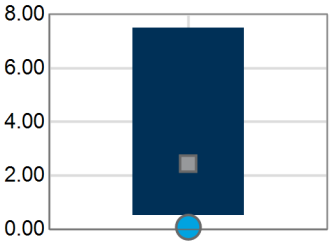
Base Avg Life



Up 100 Avg Life

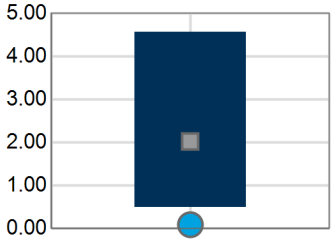


Up 300 Avg Life

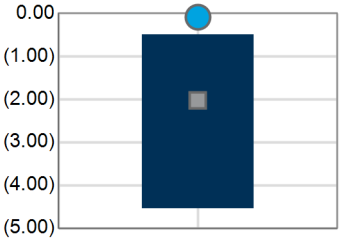


Price Risk Peer Comparison

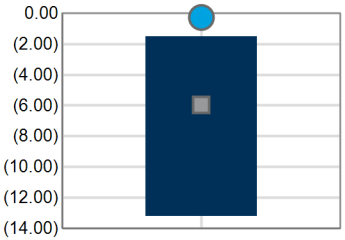
Down 100 Px Chg



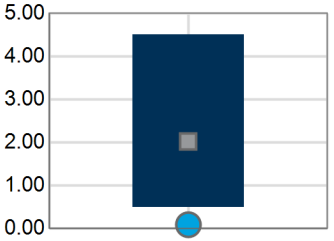
Up 100 Px Chg



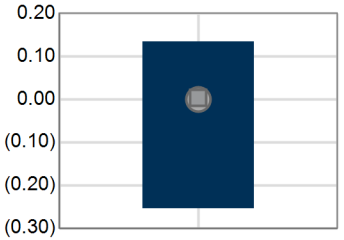
Up 300 Px Chg



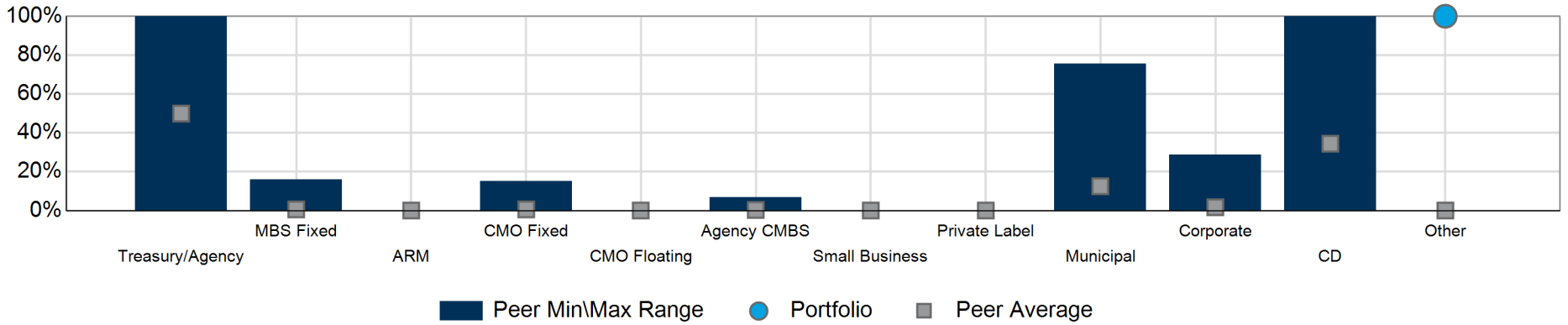
Effective Duration



Effective Convexity



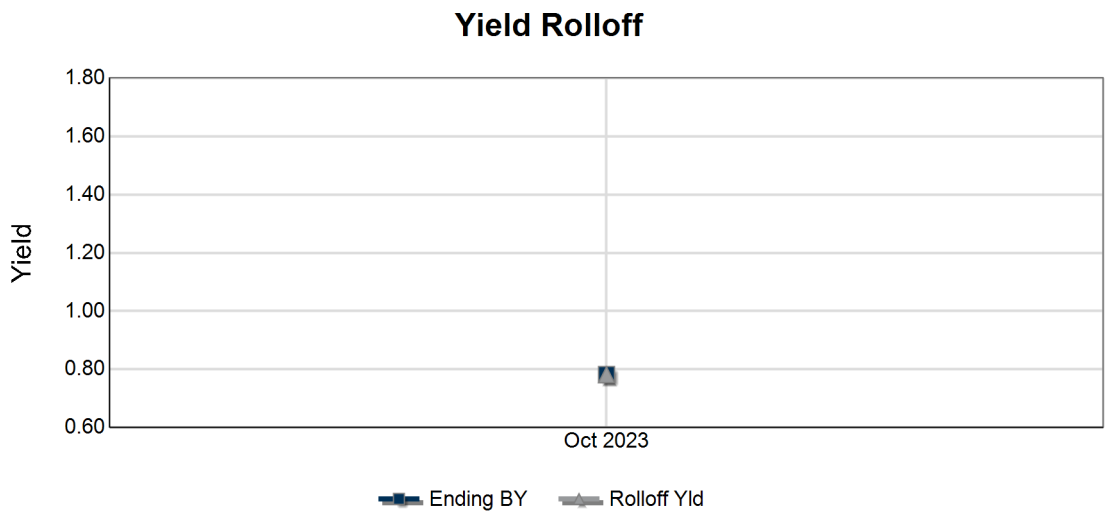
Porfolio vs. Peer Allocations



Each box contains the range of your peer group, the top and bottom of the boxes being the max and min. The gray box is the avg. of your peers within the range and the blue dot represents your position.

Cash Flow and Rolloff Yield - Next 12 Months

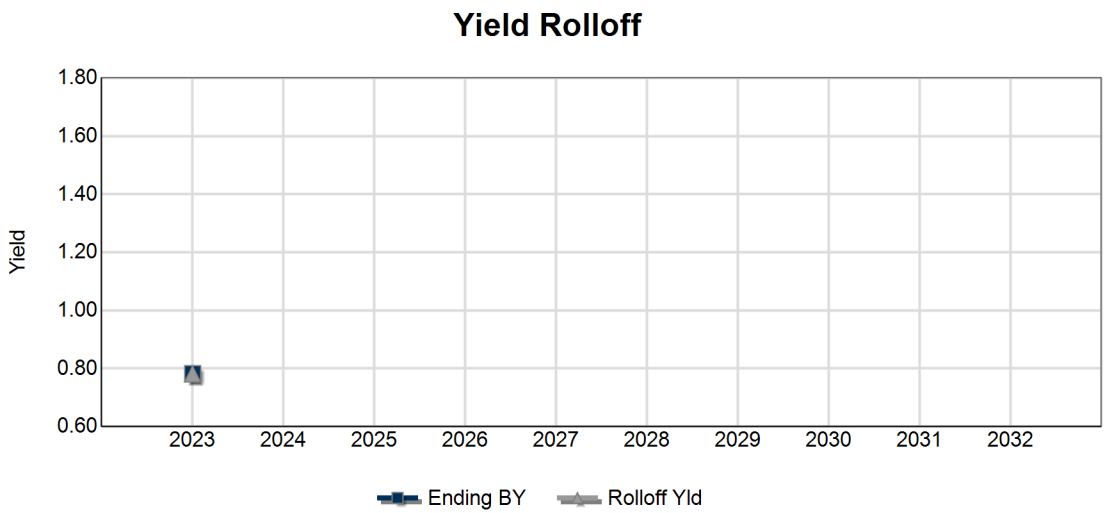
Yield Rolloff				
Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Oct 2023	0.78	7,025	0.78	



Shocked Principal and Interest Cash Flow Analysis							
Year	-300	-200	-100	Base	+100	+200	+300
Oct 2023	7,030	7,030	7,030	7,030	7,030	7,030	7,030

Cash Flow and Rolloff Yield - Next 10 Years

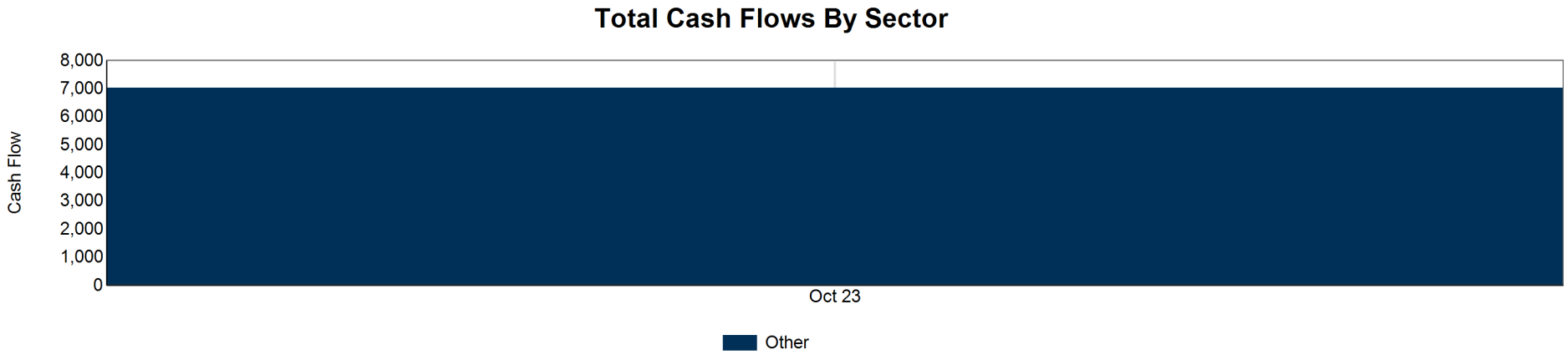
Yield Rolloff				
Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2023	0.78	7,025	0.78	
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				



Shocked Principal and Interest Cash Flow Analysis							
Year	-300	-200	-100	Base	+100	+200	+300
2023	7,030	7,030	7,030	7,030	7,030	7,030	7,030

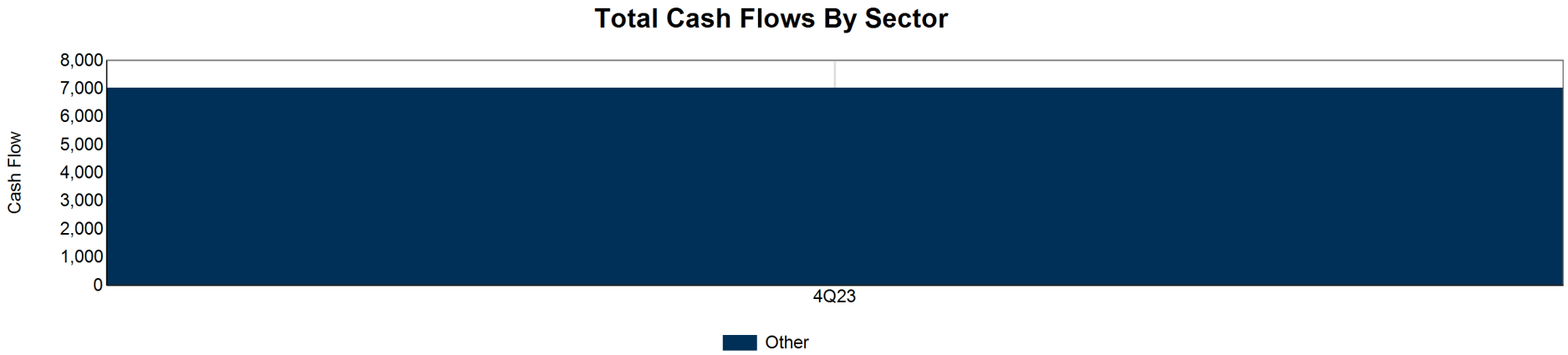
Sector Cash Flow - Next 12 Months

		Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Bk Yld Chg
Other	Cash Flow End BY	7,030												
Total	Cash Flow End BY	7,030												



Sector Cash Flow - Next 3 Years

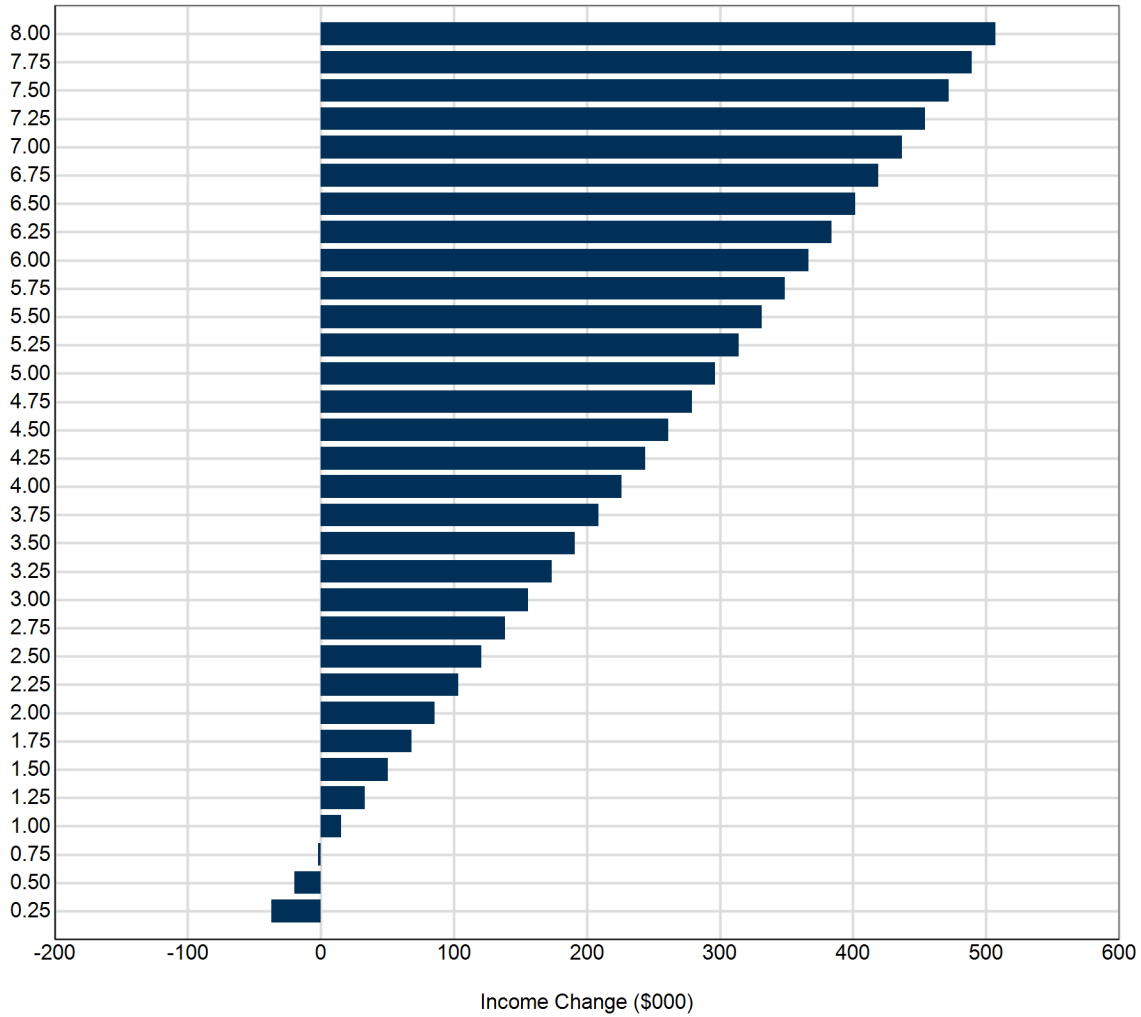
		4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	Bk Yld Chg
Other	Cash Flow End BY	7,030												
Total	Cash Flow End BY	7,030												



Gap Analysis - Potential Income Impact of Principal Reinvestment

Principal Maturing(12 Mo.Horizon): $7,025
Current Yield at Book of Principal Maturing: 0.78%
Est. Annual Income at Current Yield at Book: $55

Estimated Impact on Income at Various Reinvestment Yields



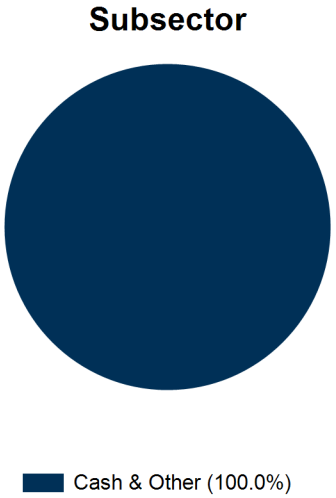
Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference from Current Book	Resulting Yield at Book
0.25	18	-37	0.25
0.50	35	-20	0.50
0.75	53	-2	0.75
1.00	70	15	1.00
1.25	88	33	1.25
1.50	105	50	1.50
1.75	123	68	1.75
2.00	140	86	2.00
2.25	158	103	2.25
2.50	176	121	2.50
2.75	193	138	2.75
3.00	211	156	3.00
3.25	228	173	3.25
3.50	246	191	3.50
3.75	263	209	3.75
4.00	281	226	4.00
4.25	299	244	4.25
4.50	316	261	4.50
4.75	334	279	4.75
5.00	351	296	5.00
5.25	369	314	5.25
5.50	386	331	5.50
5.75	404	349	5.75
6.00	421	367	6.00
6.25	439	384	6.25
6.50	457	402	6.50
6.75	474	419	6.75
7.00	492	437	7.00
7.25	509	454	7.25
7.50	527	472	7.50
7.75	544	490	7.75
8.00	562	507	8.00

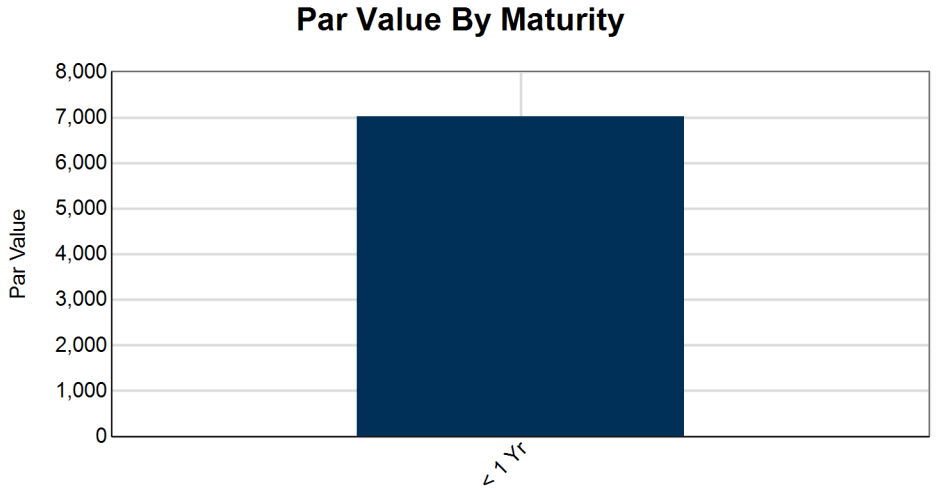
Shocked Cash Flows By Sector - Next 10 Years

Cash Flows By Sector - Next 30 Years

Cash Flow Projection By Month - Next 5 Years

Other - Summary





Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Bk Price Bk Value	Yield @Bk	Mkt Price Mkt Value	Mkt Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	Px Chg -100 +300	Dur Base	Cvx Base	AFS %
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.09	0.00	
Cash & Other (1)	100.0%	7,025	0.78		7,025	0.78	7,025	0.78	-18	-0.3%	0.08	-0.3			100.0%
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.09	0.00	
Total (1)	100.0%	7,025	0.78		7,025	0.78	7,025	0.78	-18	-0.3%	0.08	-0.3			100.0%

Portfolio Considerations

Sector	Cnt	Cpn	Maturity	Par Value	Book Price	Market Price	Gain/ (Loss)	Yield @ Book	WAL	Eff. Dur	Historical CPR 1 Mo.	Historical CPR 3 Mo.	Historical CPR Life	Proj. CPR Life	Loan Count
Yield at Book < 2%	1	0.78	0.1 yrs	7,025	100.00	100.00	0	0.78	0.1	0.09					
Cash & Other	1	0.78	0.1 yrs	7,025	100.00	100.00	0	0.78	0.1	0.09					

Key Portfolio Sorts

Top 10 Up 300 Market Value Changes (%)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	10/31/23	7,025	100.00	100.00	0	0.781	0.08	-0.26	-18	-18	0.09	AFS
			0.78		7,025	100.00	100.00	0	0.781	0.08	-0.26	-18	-18	0.09	

Top 10 Up 300 Market Value Changes ($)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	10/31/23	7,025	100.00	100.00	0	0.781	0.08	-0.26	-18	-18	0.09	AFS
			0.78		7,025	100.00	100.00	0	0.781	0.08	-0.26	-18	-18	0.09	

Key Portfolio Sorts

Top 10 Marked to Market Up 300 Loss Positions

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	10/31/23	7,025	100.00	100.00	0	0.781	0.08	-0.26	-18	-18	0.09	AFS
			0.78		7,025	100.00	100.00	0	0.781	0.08	-0.26	-18	-18	0.09	

Top 10 Average Life Extension Up 300bps

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Yield @ Book	% Px Δ +300	Eff. Dur	WAL	WAL +300	Chg in WAL	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	10/31/23	7,025	100.00	100.00	0	0.781	-0.26	0.09	0.08	0.08	0.00	AFS
			0.78		7,025	100.00	100.00	0	0.781	-0.26	0.09	0.08	0.08	0.00	

Other - CUSIP Detail

CUSIP	Ticker	Par Value	Coupon Type Rate	Step Date Rate	Proj.Mat. Final Mat.	Bk Price Bk Value	Yield @ Bk	Mkt Price Mkt Value	Mkt Yield	Gain/(Loss) % $	% Px Δ -100 +300	Effective Dur Cvx	ESG/Gr Intent
			Fixed		10/23	100.00		100.00		0.0%	0.1	0.09	
PLMDLLAIF		7,025	0.780		10/31/23	7,025	0.78	7,025	0.78	0	-0.3	0.00	AFS
						100.00		100.00		0.0%	0.1	0.09	
Cash & Other		7,025	0.780			7,025	0.78	7,025	0.78	0	-0.3	0.00	
						100.00		100.00		0.0%	0.1	0.09	
Total		7,025	0.780			7,025	0.78	7,025	0.78	0	-0.3	0.00	

Shocked CUSIP Analysis

		-300		-200		-100		Base		+100		+200		+300	
CUSIP	Par Value	$ Amt Δ	% Px Δ	$ Amt Δ	% Px Δ	$ Amt Δ	% Px Δ	$ Amt Δ	% Px Δ	$ Amt Δ	% Px Δ	$ Amt Δ	% Px Δ	$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
	7,025	18	0.26%	12	0.17%	6	0.09%	0	0.00%	-6	-0.09%	-12	-0.17%	-18	-0.26%
PLMDLLAIF	0.78	100.26	-2.30	100.17	-1.28	100.09	-0.25	100.00	0.78	99.91	1.82	99.83	2.86	99.74	3.90
LAIF	10/31/2023		0.08		0.08		0.08	0.09	0.08		0.08		0.08		0.08
Other	7,025	18	0.26%	12	0.17%	6	0.09%	0	0.00%	-6	-0.09%	-12	-0.17%	-18	-0.26%
	0.78	100.26	-2.30	100.17	-1.28	100.09	-0.25	100.00	0.78	99.91	1.82	99.83	2.86	99.74	3.90
			0.08		0.08		0.08	0.09	0.08		0.08		0.08		0.08
Total	7,025	18	0.26%	12	0.17%	6	0.09%	0	0.00%	-6	-0.09%	-12	-0.17%	-18	-0.26%
	0.78	100.26	-2.30	100.17	-1.28	100.09	-0.25	100.00	0.78	99.91	1.82	99.83	2.86	99.74	3.90
	0		0.08		0.08		0.08	0.09	0.08		0.08		0.08		0.08

Portfolio Changes

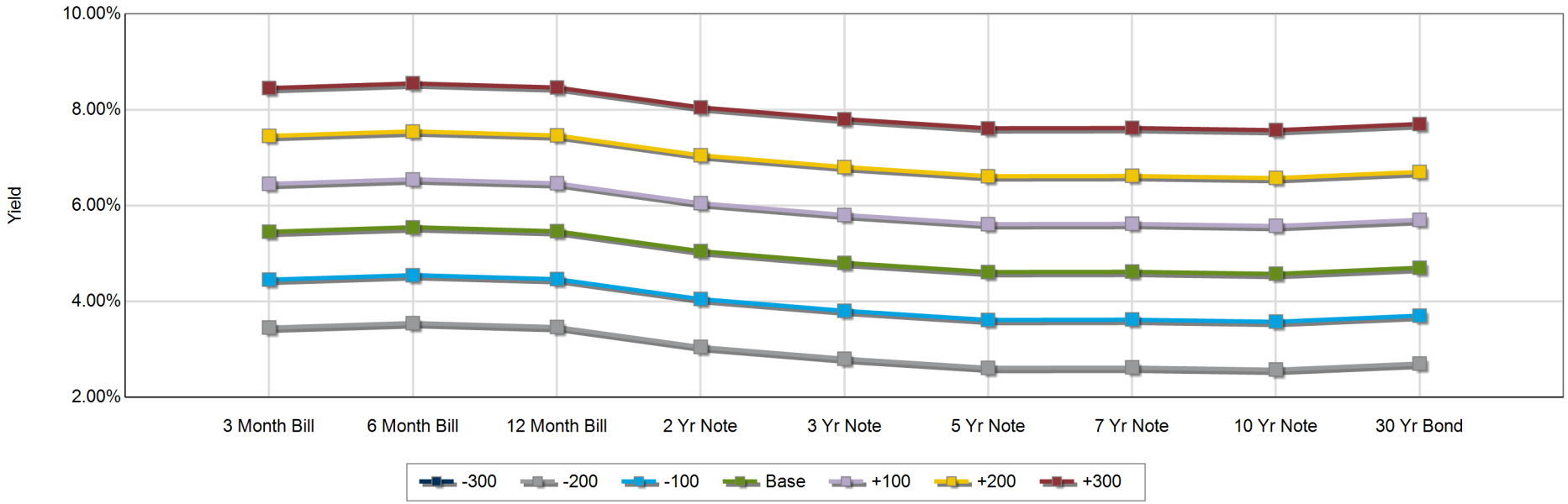
Securities Sold/Redeemed 6/2023-9/2023

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
PLMDLLAIF	Other	LAIF	10/31/2023	0.78	7,024,790	100.00	AFS	Partial Sale

Shocked Assumptions

	Scenarios						
	Down 300	Down 200	Down 100	Base	Up 100	Up 200	Up 300
Shift Amount	-300	-200	-100	0	100	200	300
Curve Slope Change	0	0	0	0	0	0	0
Shock Horizon	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate
Curve Type	Static	Static	Static	Static	Static	Static	Static
Valuation Date	2023-09-30	2023-09-30	2023-09-30	2023-09-30	2023-09-30	2023-09-30	2023-09-30

Yield Curve Scenarios



Report Assumptions

Assumptions

• Calculation Engine	The Yield Book © and ZM Financial
• Cash Flow Model	The Yield Book ©
• Curve Date	Same as Portfolio As Of Date
• Curve Type Used	Swap Curve
• Curve Shape	Immediate Sustained Parallel Shocks
• Price Shock Methodology	Constant OAS for fixed rate securities; immediate market shift for floating rate securities
• Horizon Period	Immediate Time Horizon
• Reinvestment Rate	3 Month T-Bill
• Cost of Funds	1.00%
• Tax Rate	21.0%

Additional Information

Rolloff Yield - Rolloff Yield is the weighted average yield of the cashflows (maturities, calls and paydowns) that roll off during the noted time period. Ending Yield at Book is the weighted average yield of the remaining securities at the noted time period.

Shocked Scenarios - All shocked scenarios are instant and parallel and assume a sustained rate cycle from that point on. LIBOR OAS is held constant in order to generate shocked market scenarios and The Yieldbook was used to generate the projected cash flows. In shocked scenarios, 0.01% is considered the floor.

Bonds Likely to be Called - The page identifies all callable agencies which will either be called or mature in the next 12 months in any of the shocked scenarios. The methodology used to determine the call assumes a small internal margin to account for the "cost to call."

Municipals - For taxable institutions, the above tax rate detailed - along with TEFRA adjustments for BQs - is used to calculate TEY unless otherwise input. Ratings are a blend of Moody's and Standard & Poors.

Duration - Duration in the shocked detail section is generated by Yield Book.

Original Face - If original face was not supplied, original face was estimated by dividing current face by current factor.

Yields- All yields are Yield to Projected Scenario. (Assumes 100% of The Yield Book prepayment model).

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City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **FINANCE DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2023-073, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO TRANSFER UNCLAIMED CHECKS FROM THEIR RESPECTIVE FUNDS TO THE GENERAL FUND PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50050-50057**

ISSUE

Adopt Resolution No. CC 2023-073, a Resolution of the City Council of the City of Palmdale to transfer unclaimed checks from their respective funds to the general fund pursuant to California Government Code Section 50050-50057.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2023-073, a Resolution of the City Council of the City of Palmdale to transfer unclaimed checks from their respective funds to the general fund pursuant to California Government Code Section 50050-50057.

BACKGROUND

Section 50050-50057 of the California Government Code states that “Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three-year period, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency. At the expiration of the three-year period, money representing restitution collected on behalf of victims shall be deposited into the Restitution Fund or used by the local agency for purposes of victim services.

DISCUSSION

The City Treasurer desires to follow the guidelines set by California Government Code Section 50053 and the policy set forth by this department in relation to this section.

Section 50053 states “When any such money becomes the property of a local agency and is in a special fund, the legislative body may transfer it to the general fund.” The total combined number of unclaimed checks for the three-year period ending June 30, 2023, is $9,375.91.

FISCAL IMPACT

The total combined number of unclaimed checks for the three-year period ending June 30, 2023, is $9,375.91. This is the maximum amount that can be transferred to the General Fund.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City’s long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Gohar Avetisyan, Senior Financial Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, Interim City Attorney

ATTACHMENTS

1. Resolution No. CC 2023-073
2. Public Notice - List of Unclaimed Checks

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2023-073

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO TRANSFER UNCLAIMED CHECKS FROM THEIR RESPECTIVE FUNDS TO THE GENERAL FUND PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50050-50057.

WHEREAS, the attached list of checks has been outstanding and unclaimed in Special Funds for more than three years.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. In accordance with California Government Code Section 50050-50057, the unclaimed checks on the attached list in the total amount of $9,375.91, shall be transferred from the respective funds to the General Fund's cash account.

SECTION 2. The City Clerk shall certify to the adoption of this resolution.

PASSED, **APPROVED** and **ADOPTED** this 1st day of November 2023.

APPROVED AS TO FORM:

_____
Laura Bettencourt, Mayor

ATTEST:

_____
William P. Curley
Interim City Attorney

_____
Rochelle Scott, Acting City Clerk

I, Rochelle Scott, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 1st day of November 2023 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____

_____
Rochelle Scott, Acting City Clerk

CITY OF PALMDALE
38300 N. Sierra Highway
Palmdale, CA 93550

Notice is hereby given that the City of Palmdale is holding funds for the following persons. If said funds are not claimed by October 31, 2023, forty-five (45) days hence, these funds will become the property of the City of Palmdale in accordance with California Government Code Section 50050-52.

The said funds may be released to the depositor, their heir, beneficiary, or duly appointed representative provided a claim form has been completed with the necessary information. The information needed is as follows:

- Name, address, telephone number, and social security number (or FEIN).
- Amount of claim.
- Proof of identity such as copy of driver's license, social security card or birth certificate.
- Grounds on which claim is founded.

The Unclaimed Money Claim Form is available at the City of Palmdale Finance Department, located at 38300 North Sierra Highway, Suite D, Palmdale, California.

Persons with funds on deposit for over three (3) years are:

NAME	AMOUNT	FUND
ANNE AMBROSE	$ 277.59	GENERAL
ENTERPRISE ELEMENTARY	$ 960.00	GENERAL
DAVID ULRICH	$ 115.00	GENERAL
ROXANA MARTINEZ	$ 149.62	GENERAL
PLATINUM REPAIR, INC	$ 23.44	GENERAL
ATS COMMUNICATIONS	$ 631.25	GENERAL
PROCARE HOSPICE	$ 401.00	GENERAL
TERRIE ZAYAS	$ 50.00	GENERAL
DAVID WU	$ 167.02	GENERAL
IGLESIA DEL DIOS VIVIO COLUMNA Y APOYO	$ 325.00	GENERAL
SAPPHIRE ZAMIN, LLC	$ 15.35	GENERAL
WANG PROFESSIONAL CORPORATION	$ 30.00	GENERAL
MATTHEW ROUSE	$ 125.00	GENERAL
MADD	$ 401.00	GENERAL
FREEDOM FOREVER	$ 150.33	GENERAL
MARIA CHAU	$ 40.00	GENERAL
RMCA	$ 2,015.00	GENERAL
AHTARI BONNER	$ 20.00	GENERAL
EMMY ESCOBAR	$ 66.00	GENERAL

DAISY ESPITIA	$	12.75	GENERAL
FABIOLA FARNETTI	$	66.00	GENERAL
VERONICA GARCIA	$	107.00	GENERAL
DAVID GRACIANO	$	21.25	GENERAL
MARIA GUERRA	$	12.75	GENERAL
LOLA JOYNER	$	20.00	GENERAL
MONIQUE MORENO	$	66.00	GENERAL
MARIA ESTRADA	$	40.00	GENERAL
MARIA CHAU	$	40.00	GENERAL
MATTHEW ALCURAN	$	286.62	GENERAL
GUSTAVO CORTES	$	40.00	GENERAL
ANNECHIA HEASTIE	$	20.00	GENERAL
YENY GARCIA	$	10.00	GENERAL
YENY GARCIA	$	10.00	GENERAL
GOLDEN STATE LABOR COMPLIANCE, LLC	$	1,657.00	GENERAL
JOHNSON, RAVEN	$	35.17	PAYROLL
BURNS, ALEXANDRA R	$	22.82	PAYROLL
CAMPIANI, STEPHANY	$	45.18	PAYROLL
CEKALOVICH, CHEYENNE	$	66.01	PAYROLL
IRVING, ROBERT M	$	16.79	PAYROLL
KELLY, SALLY	$	37.57	PAYROLL
CLARK, MATTHEW	$	31.53	PAYROLL
COORAY NAWALAGE, OSHINI	$	74.52	PAYROLL
JIMENEZ, DALLEN	$	5.82	PAYROLL
SCHUMACHER, CRYSTAL	$	25.34	PAYROLL
CLARK, KEVIN	$	181.61	PAYROLL
MORALES, ALEXANDER	$	54.73	PAYROLL
SALAZAR, JEZEL	$	171.97	PAYROLL
BURGESS, JEREMY	$	2.37	PAYROLL
MC CALL, JERRICO	$	65.71	PAYROLL
LAWSON, TYICEE	$	857.06	PAYROLL
JURADO, ROGELIO	$	266.32	PAYROLL
JURADO, ROGELIO	$	142.04	PAYROLL
WELTON, ALYSSA	$	42.61	PAYROLL

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **FINANCE DEPARTMENT**

INFORMATION TECHNOLOGY DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH TRUE POINT SOLUTIONS, LLC TO PROVIDE LONG-TERM SUPPORT SERVICES FOR ACCELA LAND USE, PLAN REVIEW, PERMITTING, AND INSPECTION TRACKING SYSTEM FOR A NOT-TO-EXCEED AMOUNT OF $396,000 FOR A TERM OF THREE (3) YEARS WITH THE OPTION TO EXTEND BY TWO ADDITIONAL TERMS OF ONE (1) YEAR EACH**

ISSUE

Approve Agreement with TruePoint Solutions, LLC to provide long-term support services for Accela land use, plan review, permitting, and inspection tracking system for a not-to-exceed amount of $396,000 for a term of three (3) years with the option to extend by two additional terms of one (1) year each.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement A-8569 with TruePoint Solutions, LLC, to provide long-term support services for Accela land use, plan review, permitting, and inspection tracking system for a not-to-exceed amount of $396,000 for a term of three (3) years with the option to extend by two additional terms of one (1) year each; and

2. Authorize the City Manager or her designee to execute Agreement A-8569 with TruePoint Solutions, LLC., including any non-substantive changes.

BACKGROUND

In an effort to streamline and improve the City's ability to process, review, and track online permit applications and payments, the City partnered with TruePoint, LLC, in December 2021 to implement Accela, a Land Use, Plan Review, Permitting, and Inspection Tracking System. The software was successfully launched in July 2023, and staff have worked with TruePoint Solutions to provide support and training to both internal and external users. The existing agreement included implementation services and support services and is set to expire in December 2023.

DISCUSSION

The Accela Land Use, Permitting, and Tracking system was launched in July 2023, and is no longer in the implementation phase; however, ongoing support is needed to ensure the system's long-term stability and success. This will help guarantee the best experience for our staff, contractors, and members of the public who rely on this application daily.

TruePoint will not only provide technical support but also conduct periodic training and refresher courses for both new and existing staff members. This will help them stay updated with all the latest changes and features in Accela. The requested funds will cover 2,400 hours of various support from now until November 1, 2026. The City will only be charged for the hours it utilizes, and there are no penalties if the total budget allocation of $396,000 is not used.

SCOPE OF WORK

* Misc. configuration changes as requested.
* Scripting for business process automation.
* Remote and on-site trainings as needed.
* Fee configuration and enhancements.
* Phone support and issue resolution.
* Report development and support.
* Version upgrade support testing.
* ACA support and enhancements.
* Electronic plan review support.
* Custom integration support.
* On-site support as needed.
* Accela mobile support.

	HOURS	COST
Year 1 / Average of 150 hours per month		
Total Cost – Year 2023-2024 (8 months)	1200	$198,000
Year 1-2 / Average of 60 hours per month		
Total Cost – FY 2024-2025	720	$118,800
Year 2-3 / Average of 30 hours per month		
Total Cost – FY 2025-2026	360	$59,400
Year 3 - Average of 30 hours per month		
Total Cost – FY 2026-2027 (4 months)	120	$19,800
TOTAL COST	**2400**	**$ 396,000**

FISCAL IMPACT

$198,000; Funds are budgeted and available in the I.T. Internal Service Fund Software budget for FY 2023-24. Subsequent years will be allocated through the annual budget process.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community viability.

A. Seek innovative, cost-effective, customer-focused methods of service delivery.
B. Implement and administer environmentally sustainable programs.

Prepared by:	Rene Montano, IT Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, Interim City Attorney

ATTACHMENTS

Agreement: Agreement A-8569

AGREEMENT NO. A-8569
CONTRACT FOR SERVICES
BETWEEN THE CITY OF PALMDALE AND TRUEPOINT SOLUTIONS, LLC

This CONTRACT for services ("Contract" herein) is made and entered into by and between the City of Palmdale, a public body corporate and politic, (hereinafter called "CITY"), and TRUEPOINT SOLUTIONS, LLC, a California Limited Liability Corporation, (hereinafter called "CONTRACTOR"). This Contract shall become effective on the date of the last signatory.

RECITALS

WHEREAS, CONTRACTOR represents that CONTRACTOR has the expertise and is qualified to perform the services described in this Contract.

NOW THEREFORE, CITY and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1 CITY PROJECT MANAGER

To provide the services required by this Contract, CONTRACTOR shall act under the authority and approval of Stuart Thompson Director/designee, who shall oversee this Contract, the work performed by CONTRACTOR, assist CONTRACTOR with any necessary information, audit billings, and approve payments. The CONTRACTOR shall channel all contacts and requests through the City project manager.

2 DESCRIPTION OF WORK

2.1 CONTRACTOR shall provide the following services in a manner satisfactory to CITY:

This service will provide day-to-day as needed or on-call support for the Accela products. 2,400 hours of support.
* Scripting for business process automation.
* Misc. configuration changes as requested.
* Remote and on-site trainings as needed.
* Fee configuration and enhancements.
* Phone Support and issue resolution.
* Report development and support.
* Version upgrade support testing.
* ACA support and enhancements.
* Electronic plan review support.
* Custom integration support.
* On-site support as needed.
* Accela mobile support.
* Accela GIS support.

2.2 CONTRACTOR shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

2.3 CONTRACTOR shall not accept any change of scope, or change in contract provisions, to this Contract unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

2.4 CONTRACTOR shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the CONTRACTOR as applicable to this contract.

2.5 All work supplied under this Contract shall be fully guaranteed by CONTRACTOR for a minimum period of n/a days from the date of acceptance by CITY. Any defects of design, workmanship, or materials that would result in non-compliance with the Contract specifications shall be fully corrected by CONTRACTOR (including parts and labor) without cost to CITY. The written warranty shall be included with the delivered products to the using Department.

2.6 CITY shall provide to CONTRACTOR, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

3 CONTRACTOR'S KEY PERSONNEL

3.1 **Key Staff.** CITY reserves the right to review and approve CONTRACTOR'S staff including all subcontractors to be assigned to any project by CONTRACTOR during the term of this Contract.

This Contract has been awarded to CONTRACTOR based partially on the key personnel proposed to perform the services required herein. CONTRACTOR shall not change nor substitute any of these key staff for work on this Contract without prior written approval by CITY.

CONTRACTOR's Team and Key Personnel are as follows:

Keith Hobday - Project Director
Christine Cannon - Consultant

This Services Contract has been awarded to CONTRACTOR based on its representation that those personnel and subcontractors submitted as part of its bid and listed above will perform the portions of the work listed above.

CONTRACTOR shall not deviate nor substitute any of these team members without prior written approval by CITY.

3.2 **Subcontractors.** During the performance of the Agreement, CONTRACTOR may engage such additional SUBCONTRACTORS as may be required for the timely

completion of this Agreement. In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Agreement rests with CONTRACTOR.

CONTRACTOR shall not enter into any Subcontract under this Contract for the performance of this Contract without the advance written approval of CITY. The subcontract shall incorporate by reference the terms and conditions of this Contract.

3.3 **Direct Responsibility.** All services required under this Contract shall be performed by CONTRACTOR, or under CONTRACTOR's direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

3.3.1 CONTRACTOR shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Contract, and compliance with all reasonable performance standards established by CITY.

3.3.2 CONTRACTOR shall be responsible for payment of all CONTRACTOR's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

3.3.3 CONTRACTOR shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONTRACTOR's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

4 CONTRACT TERM

The term of this Contract is THREE (3) YEAR, commencing on the effective date, with CITY reserving the option to extend the agreement for TWO additional terms of one year each.

5 ACCEPTANCE AND DOCUMENTATION

Each task shall be reviewed and approved by the Contract Project Manager to determine acceptable completion.

5.1 **Records**. The CONTRACTOR shall retain and shall contractually require each SUBCONTRACTOR to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract.

5.2 **Property of CITY.** All materials, including reports, computer programs and other deliverables, supplied or created under this Contract are the sole property of CITY. CONTRACTOR is not entitled to a patent or copyright on those materials and

may not transfer the patent or copyright to anyone else. CONTRACTOR shall not use or release these materials without the prior written consent of CITY.

5.3 **Products.** All equipment, materials, parts, and other components incorporated in the work or services performed pursuant to this Contract shall be new, or the latest model and of the most suitable grade for the purpose intended. All work shall be performed in a skilled and workmanlike manner.

6 PRICE

CITY shall pay to CONTRACTOR an amount not to exceed Three hundred, ninety six thousand dollars ($396000.00) for the completion of all the work and services described in Section 2, which sum shall include all costs or expenses incurred by CONTRACTOR, payable as follows:

Billed as support is used. Net 45.

6.1 An application for payment form must be submitted to CITY which shall include the following: a clear, detailed invoice reflecting work being billed for, a summary sheet showing percentage of work completed to date, amount/percent billed to date and current status of all tasks within a project; any/all backup documentation supporting the above items. Work schedule updates must also be included with the payment requests.

6.2 CONTRACTOR shall maintain adequate records and shall permit inspection and audit by CITY of CONTRACTOR's charges under this Contract. CONTRACTOR shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by CONTRACTOR for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event CONTRACTOR shall retain its records for the time required by such laws.

6.3 **Payment.** A separate invoice shall be issued for each shipment of material or service performed, and no payment will be issued prior to receipt of material and/or completion of specified services and receipt of a correct invoice.

7 TAXES

7.1 CONTRACTOR shall pay all sales, consumer, use, and other similar taxes required to be paid by CONTRACTOR in accordance with state and local laws.

7.2 CONTRACTOR is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by CONTRACTOR or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

7.3 CONTRACTOR shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

7.4 When equipment, materials or supplies generally taxable to CONTRACTOR are eligible for a tax exemption due to the nature of the work, CONTRACTOR shall assist the City in applying for and obtaining such tax credits and exemptions, which shall be paid or credited to the City.

8 PATENT FEES AND ROYALTIES

CONTRACTOR shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, program, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, program, product or device is specified in the contract documents for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. CONTRACTOR shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, program, product or device not specified in the contract documents, and shall defend all such claims in connection with any alleged infringement of such rights.

9 INDEMNIFICATION

To the fullest extent permitted by law, CONTRACTOR and any subcontractors working on its behalf agree to indemnify CITY, its officers, employees, agents and elected and appointed boards (hereinafter “Indemnified Parties”) for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of or is in any way connected with the performance of any work under this agreement, including any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of CONTRACTOR, or its subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONTRACTOR and, as applicable, any subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. CONTRACTOR shall ensure that the contract of any subcontractor working under this agreement contain an indemnity agreement, requiring the subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONTRACTOR shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any

breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement.

10 INSURANCE

10.1 CONTRACTOR, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 10.8, must be reviewed and accepted by the City Attorney**.

10.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability -- $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

10.1.2 Commercial General Liability

- $2,000,000.00 limit on a per occurrence basis
- $5,000,000.00 general aggregate limit

10.1.3 Commercial Automobile Liability

- $2,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

10.1.4 Cyber Liability*

- $2,000,000 limit on a per occurrence basis

10.1.5 Professional Liability (including Tech Errors & Omissions)*

- $5,000,000 limit on a per occurrence basis

10.2 All of CONTRACTOR's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty (30) calendar days prior to termination, cancellation, or reduction of coverage in the policy.

10.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificates shall state: "The City of Palmdale, Successor Agency to the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Housing Authority, Industrial Development Authority,

Airport Authority, their officers, agents, employees and volunteers are named as additional insured".

B. "Severability of Interest" Clause.

10.4 Promptly upon execution of this Contract, and prior to commencement of any work, CONTRACTOR shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONTRACTOR has the required coverage and showing the required named insured. Within five (5) days of written request from CITY, CONTRACTOR shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

10.5 The requirements as to the types and limits of insurance to be maintained by CONTRACTOR are not intended to and shall not in any manner limit or qualify CONTRACTOR's liabilities and obligations under this Contract.

10.6 Any policy or policies of insurance that CONTRACTOR elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

10.7 All insurance coverage must be maintained throughout the duration of this Contract.

10.8 Acceptable Proof of Insurance:

10.8.1 ACORD Certificate of Insurance listing all coverage, limits, deductibles and insured; and endorsements for all applicable coverage if agent has authority to issue it; or additional insured Form CG20100704 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

10.8.2 Binders of insurance for all coverage. Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and a corresponding Certificate of Insurance listing all insurers and coverage must be submitted to the City Attorney.

10.8.3 *When professional (E&O) liability and/or cyber liability coverage is provided on a "claims made basis", CONTRACTOR will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONTRACTOR, or its officers, employees or agents during the time this Agreement was in effect.

10.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONTRACTOR fails to maintain the required

insurance for any period of time or fails to comply with any of the insurance requirements listed above.

10.10 CONTRACTOR shall require any and all subcontractors working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors working on behalf of CONTRACTOR shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be CONTRACTOR's sole risk. CONTRACTOR's insurance requirements in Section 10 will not be impacted and/or limited by such deviation.

11 TERMINATION WITHOUT CAUSE

City reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONTRACTOR shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. CONTRACTOR shall also surrender to CITY all finished or unfinished documents, processes, programs and other supplies and materials, which shall be City’s property. As compensation in full for services performed to the date of such termination, the CONTRACTOR shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

12 TERMINATION FOR CAUSE

If CITY determines that CONTRACTOR has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any other respect to satisfactorily perform the services specified in this Contract, CITY shall give written notice to CONTRACTOR specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for CITY’s dissatisfaction and suggest corrective measures. If, after thirty days, CONTRACTOR has failed to implement appropriate corrective measures, CITY may elect to terminate this Contract in whole or in part.

12.1 In the event CITY terminates this Contract, in whole or in part, for cause, CITY may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

12.2 CONTRACTOR shall provide all finished or unfinished documents, data, studies, software, drawings, programs, processes, maps, photographs, reports, etc., prepared by CONTRACTOR within fifteen (15) working days after notice of termination. Upon such termination, CONTRACTOR shall be paid an amount equal to the value of the services provided and work performed as of the date of termination, taking into consideration the costs associated with hiring another CONTRACTOR to

complete the services. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete documents when such are delivered to CITY, and to authorized reimbursement expenses. The above is in addition to any other remedies available by law or equity to CITY.

12.3 If, after notice of termination of the Contract under the provisions of this Section 12, it is determined, for any reason, that CONTRACTOR was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 11.

13 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONTRACTOR arising out of or relating to this Contract or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

14 OWNERSHIP OF PRODUCT

All product, data, documents, programs and software including, but not limited to, research, field notes, investigations, analysis, studies, processes, software, instructions for use and other manuals, whether complete or incomplete, which are prepared or produced in the performance of this Contract are to be, and remain the property of CITY and shall be delivered to or left with CITY upon the completion or termination of this Agreement. CONTRACTOR shall furnish CITY, upon its request, originals and reproducible and electronic copies of product, data reports, studies and of all other documents listed above. Electronic copies shall be provided in an unprotected format which allows CITY to copy, reproduce and makes changes as CITY deems necessary.

15 DELEGATION AND ASSIGNMENT

15.1 CONTRACTOR shall not delegate or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to CONTRACTOR from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval.

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

16 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

16.1 In performance of this Contract, CONTRACTOR shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status. CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status . Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

16.2 The provisions of subsection 16.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONTRACTOR for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONTRACTOR and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk’s Office.

17 FINANCIAL INTEREST CERTIFICATION

17.1 CONTRACTOR warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in CONTRACTOR’s firm.

17.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

18 CONFLICT OF INTEREST

18.1 CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause CONTRACTOR to be “financial interested” (as

provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

18.2 CONTRACTOR shall not employ any City official or employee to perform any work required pursuant to this Contract.

18.3 To the extent required by the City Manager or his designee, CONTRACTOR shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

19 COMPLIANCE WITH LAW

19.1 CONTRACTOR shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to work in the United States. If CONTRACTOR uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONTRACTOR.

19.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

20 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

21 ENTIRE AGREEMENT AND AMENDMENTS

21.1 This Contract is the complete Agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

21.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by CONTRACTOR hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

21.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party’s right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

22 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, 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.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

Ronda Perez
City Manager

Stuart Thompson
Signed: 10/19/2023

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Hwy., Suite D
Palmdale, CA 93550

APPROVE AS TO FORM:

William Patrick Curley III
Signed: 10/19/2023

William P. Curley, III
Interim City Attorney

ATTEST:

Roxanne Faber
Acting City Clerk

TRUEPOINT SOLUTIONS, LLC:

Kent Johnson
Signed: 10/19/2023

Kent Johnson
Chief Executive Officer

ADDRESS FOR NOTICE:
TRUEPOINT SOLUTIONS, LLC
3262 Penryn Rd., Suite 100-B
Loomis, CA 95650

---------- INTERNAL USE ONLY ----------

- ■Certificate(s) and Endorsement(s) attached
- ■Confirmed business name on contract with certificate(s)
- ■Attached Agreement Checklist and met all requirements

Record of Signing

For
Name
Title

Stuart Thompson

Signed on 2023-10-19 17:35:54 GMT

Secured by Concord™
DocumentID: MWI0MjNlMWItZj
SigningID: ZDFlYThlNGEtMT
Signing date: 10/19/2023
IP Address: 206.171.111.149
Email: sthompson@cityofpalmdale.org

For
Name
Title

Kent Johnson

Signed on 2023-10-19 18:17:52 GMT

Secured by Concord™
DocumentID: MWI0MjNlMWItZj
SigningID: MTdhYzIwNGUtNj
Signing date: 10/19/2023
IP Address: 72.235.20.126
Email: kjohnson@truepointsolutions.com

For
Name
Title

William Patrick Curley III

Signed on 2023-10-19 20:58:03 GMT

Secured by Concord™
DocumentID: MWI0MjNlMWItZj
SigningID: MWE5ZmU2ODMtMj
Signing date: 10/19/2023
IP Address: 107.131.11.226
Email: wcurley@harperburns.com

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Signed with www.concordnow.com

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1 AND 4**

SUBJECT: **APPROVE COOPERATIVE AGREEMENT WITH COUNTY OF LOS ANGELES FOR PN 847A, ARTERIAL ROAD REHABILITATION PROJECT, FOR $1,300,000**

ISSUE

Approve cooperative agreement with the County of Los Angeles for PN 847A, Arterial Road Rehabilitation Project, for $1,300,000.

RECOMMENDATION

Staff recommends that the City Council:

A. Approve cooperative agreement with the County of Los Angeles for PN 847A, Arterial Road Rehabilitation Project, for $1,300,000; and,

B. Authorize the City Manager or her designee to execute Cooperative Agreement No. A-8342 with the County of Los Angeles, including non-substantive changes.

BACKGROUND

The City and Los Angeles County have shared jurisdiction along Palmdale Blvd. from 50th St. East to 75th St. East and 40th St. East from Ave. N to Ave. N-8. Project No. 847A, Arterial Road Rehabilitation Project estimated cost is Seven Million Eight Hundred Thousand Dollars ($7,800,000). The City's share is to be Six Million Five Hundred Thousand Dollars ($6,500,000), and the County's share is to be One Million Three Hundred Thousand Dollars ($1,300,000). It is anticipated this project will go out to bid in Dec. 2023, and construction will start in late Spring 2024. It will take approximately 45 working days from the date the City issues the Notice to Proceed and is projected to be completed by the end of Summer 2024.

DISCUSSION

To achieve the most effective results, the City and County propose to design and construct improvements on Palmdale Blvd. from 50th St. East to 75th St. East, which consists of full-depth reclamation with cement stabilization. This method consists of pulverizing the existing hot mix asphalt layer and the underlying material, adding cement, compacting it to create a six or nine-inch layer, and overlaying it with a new hot mix

asphalt. For 40th St. East from Ave. N to Ave. N-8, the improvements will be to remove the existing roadway surface and base and reconstruct a new roadway to the existing pavement edges.

FISCAL IMPACT

The project is funded in Account S0025, Street Resurfacing Program for this project. The County will reimburse their portion at the end of the project.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

B. Seek innovative, cost-effective, customer-focused methods of service delivery.
C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William Curley III, Interim City Attorney

ATTACHMENTS

Cooperative Agreement No. A-8342

Agreement No X-0000

AGREEMENT

THIS AGREEMENT is made and entered into by and between the CITY OF PALMDALE, a Charter City in the County of Los Angeles (hereinafter referred to as CITY), and the COUNTY OF LOS ANGELES, a political subdivision of the State of California (hereinafter referred to as COUNTY):

WITNESSETH

WHEREAS, Palmdale Boulevard is designated as a major arterial in the Circulation Element of the CITY'S General Plan and a major highway on the COUNTY'S Master Plan of Highways and 40th Street East is designated as secondary arterial in the Circulation Element of the CITY'S General Plan and a local street on the COUNTY'S Master Plan of Highways; and

WHEREAS, CITY and COUNTY propose to design and construct improvements on Palmdale Boulevard from 691 feet east of 50th Street East to 75th Street East, the improvements to be is to perform a full depth reclamation with cement stabilization, consisting of pulverizing the existing hot mix asphalt layer along with underlying material, adding cement, compacting it to create a six or nine inch layer, and overlaying it with a new hot mix asphalt; and

WHEREAS, CITY and COUNTY propose to design and construct improvements on 40th Street East from Avenue N to Avenue N-8, the improvements to be removing the existing roadway surface and base; reconstructing the roadway to existing edges of pavement; and

WHEREAS, improvements for Palmdale Boulevard and 40th Street East shall hereinafter be referred to as PROJECT; and

WHEREAS, PROJECT is within the geographical boundaries of and jurisdictionally shared between CITY and COUNTY and broken-down into segments in accordance with the following table: and

Segment	Scope of Work	Thomas Guide	Length (feet)	Jurisdiction Share
Palmdale Boulevard from 691 feet east of 50th Street East to 60th Street East	Roadway Improvements	4197-A7;B7;C7;D7	6027	Palmdale (100 percent)
Palmdale Boulevard from 60th Street East to 75th Street East	Roadway Improvements	4197-E7;F7	7920	County (50 percent) Palmdale (50 percent)

40th Street East from Avenue N to Avenue N-4	Roadway Improvements	4196-H1	1320	Palmdale (100 percent)
40th Street East from Avenue N-4 to Avenue N-8	Roadway Improvements	4196-H1	1320	County (50 percent) Palmdale (50 percent)

WHEREAS, PROJECT is of general interest to CITY and COUNTY; and

WHEREAS, CITY is willing to perform or cause to be performed the PRELIMINARY ENGINEERING, solicitation of construction bids and award of construction contract, and CONSTRUCTION ADMINISTRATION for PROJECT; and

WHEREAS, the COST OF PROJECT includes the costs of PRELIMINARY ENGINEERING, COST OF CONSTRUCTION CONTRACT, and costs of CONSTRUCTION ADMINISTRATION as more fully set forth herein; and

WHEREAS, COST OF PROJECT is currently estimated to be Seven Million Eight Hundred Thousand and 00/100 Dollars ($7,800,000.00) with the CITY'S share estimated to be Six Million Five Hundred Thousand and 00/100 Dollars ($6,500,000.00), and the COUNTY'S share estimated to be One Million Three Hundred Thousand and 00/100 Dollars ($1,300,000.00); and

WHEREAS, CITY and COUNTY, are willing to finance their respective shares of COST OF PROJECT within their JURISDICTIONS; and

WHEREAS, such a proposal is authorized and provided for by the provisions of sections 6500 and 23004 et seq. of the Government Code and sections 1685 and 1803 of the California Streets and Highways Code.

NOW, THEREFORE, in consideration of the mutual benefits to be delivered by CITY and COUNTY and of the promises herein contained, it is hereby agreed as follows:

1) DEFINITIONS:

   a. JURISDICTION as referred to in this AGREEMENT shall be defined as the respective portions of Palmdale Boulevard from 60th Street East to 75th Street East and 40th Street East from Avenue N-4 to Avenue N-8, within geographical boundaries of CITY and COUNTY as mentioned in this AGREEMENT.

   b. PRELIMINARY ENGINEERING as referred to in this AGREEMENT shall consist of environmental findings and approvals/permits; design survey; soils report; traffic index and geotechnical investigation; preparation of

plans, specifications, and cost estimates; right-of-way engineering; utility engineering; and all other necessary work prior to advertising of PROJECT for construction bids.

c. COST OF CONSTRUCTION CONTRACT as referred to in this AGREEMENT shall consist of the total of all payments to the construction contractor(s) for PROJECT, the total of all payments to utility companies or contractor(s) for the relocation of facilities necessary for the construction of PROJECT, and the cost of any additional unforeseen work that is necessary for the construction of PROJECT.

d. CONSTRUCTION ADMINISTRATION as referred to in this AGREEMENT shall consist of construction contracts administration , construction management , construction inspection, materials testing, construction survey, traffic detour, signing and striping, construction engineering, utility relocation and coordination matters, changes and modifications for plans and specifications for PROJECT necessitated by unforeseen or unforeseeable field conditions encountered during construction of PROJECT, construction contingencies, and all other necessary work after advertising of PROJECT for construction bids to cause PROJECT to be constructed in accordance with said plans and specifications approved by CITY and COUNTY.

e. COST OF PROJECT as referred to in this AGREEMENT shall consist of the COST OF CONSTRUCTION CONTRACT and costs of PRELIMINARY ENGINEERING, CONSTRUCTION ADMINISTRATION; right-of-way acquisition and clearance matters; and all other work necessary to complete PROJECT in accordance with the approved plans and specifications and shall include currently effective percentages added to total salaries, wages, and equipment costs to cover overhead, administration, and depreciation in connection with any or all of the aforementioned items.

f. ACCEPTANCE OF CONSTRUCTION as referred to in this AGREEMENT shall consist of final inspection and acceptance by COUNTY that the roadway improvements within COUNTY'S JURISDICTION have been constructed to COUNTY'S satisfaction.

g. COMPLETION OF PROJECT as referred to in this AGREEMENT shall be defined as the date of ACCEPTANCE OF CONSTRUCTION of PROJECT by CITY and COUNTY and an electronic notification to COUNTY'S Head of the Permit Section., Ms. Imelda Ng, at (626) 458-4940 or

ing@dpw.lacounty.gov, or her designee or successor, that the improvements within COUNTY'S JURISDICTION are completed.

2) CITY AGREES:

a. To perform or cause to be performed the PRELIMINARY ENGINEERING, CONSTRUCTION ADMINISTRATION, and all other work necessary to complete PROJECT.

b. To finance CITY'S jurisdictional share of COST OF PROJECT, currently estimated to be Six Million Five Hundred Thousand and 00/100 Dollars ($6,500,000.00), the actual amount of which is to be determined pursuant to Section (4) a.

c. To accept COUNTY'S deposit of One Million Three Hundred Thousand and 00/100 Dollars ($1,300,000.00), which is COUNTY'S estimated jurisdictional share of COST OF PROJECT, the actual amount of which will be determined pursuant to Sections (2) l. and (4) a.

d. To obtain COUNTY'S approval of plans for PROJECT prior to solicitation for construction bids, and to obtain COUNTY'S approval for any material revisions to the plans and for any additional work that CITY proposes to complete in COUNTY'S JURISDICTION as part of PROJECT.

e. To apply and obtain a road encroachment permit in EPIC-LA by accessing website https://epicla.lacounty.gov/SelfService/#/home and completing the permit application for the encroaching work, including the contractor's information, license number, and a certificate of liability insurance with the additional insured endorsement naming COUNTY as additional insured at no cost to CITY, to construct those portions of PROJECT within COUNTY'S JURISDICTION. CITY may satisfy the foregoing insurance requirements through self-insurance and by requiring any and all construction contractors on PROJECT to indemnify, defend, hold harmless, and name COUNTY as an additional insured.

f. To advertise PROJECT for construction bids, to award and administer the CONSTRUCTION CONTRACT, to do all things necessary and proper to complete PROJECT.

g. To act as COUNTY'S attorney-in-fact for the purpose of implementing PROJECT within COUNTY'S JURISDICTION and in all things necessary and proper to complete PROJECT.

h. To comply with all applicable federal, State, and local laws, rules, and ordinances in the performance of this AGREEMENT.

i. To ensure that COUNTY and all officers, employees, and agents of COUNTY are named as additional insured parties under the construction contractor's Commercial General Liability and automobile insurance policies for all work in connection with PROJECT, including coverage for ongoing operations and completed operations.

j. To furnish COUNTY within one hundred twenty (120) calendar days after final payment to contractor a final accounting of the actual COST OF PROJECT, including an itemization of actual unit cost and actual quantities for PROJECT within COUNTY JURISDICTION.

k. To be financially responsible for disposal and/or mitigation measures, if necessary, should any hazardous materials, chemicals, or contaminants be encountered during construction of PROJECT within CITY'S JURISDICTION.

l. To provide as-built plans to COUNTY upon COMPLETION OF PROJECT.

m. Upon COMPLETION OF PROJECT to maintain in good condition and at CITY'S expense all improvements constructed as part of PROJECT within CITY'S JURISDICTION.

3) COUNTY AGREES:

a. To review and approve PRELIMINARY ENGINEERING prepared by CITY for PROJECT.

b. To finance COUNTY'S jurisdictional share of COST OF PROJECT, currently estimated to be One Million Three Hundred Thousand and 00/100 Dollars ($1,300,000.00), the actual amount of which will be determined pursuant to Section (2) j. and (4) a.

c. To deposit with the CITY, following execution of this AGREEMENT and upon demand by CITY, sufficient COUNTY funds to finance COUNTY'S share of COST OF PROJECT, currently estimated to be One Million Three Hundred Thousand and 00/100 Dollars ($1,300,000.00). Said demand will consist of a billing invoice prepared by CITY.

d. To appoint CITY as COUNTY'S attorney-in-fact for the purpose of representing COUNTY in all negotiations pertaining to the advertisement of PROJECT for construction bids, award, and administration of the construction contract, and in all things necessary and proper to complete PROJECT.

e. Upon receipt of permit application in accordance with Section (2) e. of this AGREEMENT and the required documents from CITY and COUNTY'S approval of construction plans for PROJECT to issue CITY a no-fee permit(s) authorizing CITY to construct those portions of the PROJECT within COUNTY'S JURISDICTION.

f. In addition to the permits(s) set forth in Section (3) e. above to grant CITY any temporary right of way or license to use property that COUNTY owns or has an easement for which is necessary for the construction of PROJECT at no cost to CITY and to the extent not already provided by law.

g. To cooperate with CITY in conducting negotiations with and, where appropriate, to issue notices to public utility organizations and owners of substructure and overhead facilities regarding the relocation, removal, operation, and maintenance of all surface and underground utilities and facilities, structures, and transportation services that interfere with the proposed construction. Where utilities have been installed in COUNTY streets or on COUNTY property, COUNTY will provide the necessary right of way for the relocation of those utilities and facilities that interfere with the construction of PROJECT. COUNTY will take all necessary steps to grant, transfer, or assign all prior rights over the utility companies and owners of substructure and overhead facilities to CITY when necessary to construct, complete, and maintain PROJECT or to appoint CITY as its attorney-in-fact to exercise such prior rights.

h. To be financially responsible for disposal and/or mitigation measures, if necessary, should any hazardous materials, chemicals, or contaminants be encountered during construction of PROJECT within COUNTY'S JURISDICTION.

i. Upon receipt of an electronic notification of COMPLETION OF PROJECT, to maintain at COUNTY'S expense, all improvements constructed as part of the PROJECT within COUNTY'S JURISDICTION.

4) IT IS MUTUALLY UNDERSTOOD AND AGREED AS FOLLOWS:

a. The final accounting of the actual COST OF PROJECT, shall allocate said total cost between CITY and COUNTY based on the location of the improvements and/or work done. Thus, the cost of all work or improvements, including all engineering, administration, and all other costs incidental to PROJECT work, located within CITY'S JURISDICTION shall be borne by CITY. Such cost constitutes CITY'S jurisdictional share of COST OF PROJECT. The cost of all work or improvements, including all engineering, administration, and all other costs incidental to PROJECT work, located within COUNTY'S JURISDICTION shall be borne by COUNTY. Such costs constitute COUNTY'S jurisdictional share of COST OF PROJECT.

b. That if at final accounting COUNTY'S jurisdictional share of COST OF PROJECT exceeds COUNTY'S deposit, as set forth in Section (3) c., County shall, upon review and approval of final accounting invoice as described in Section (4) c. below, pay to CITY the additional amount upon demand. Said demand shall consist of a billing invoice prepared by CITY. Conversely, if the COUNTY share of COST OF PROJECT is less than the said deposit, CITY shall refund the difference from COUNTY'S deposit.

c. COUNTY shall review the final accounting invoice prepared by CITY and report in writing any discrepancies to CITY within sixty (60) calendar days after the date of said invoice. Undisputed charges shall be paid by COUNTY to CITY within sixty (60) calendar days after the date of said invoice. CITY shall review all disputed charges and submit a written justification detailing the basis for those charges within sixty (60) calendar days of receipt of COUNTY'S written report. COUNTY shall then make payment of the previously disputed charges or submit justification for nonpayment within sixty (60) calendar days after the date of CITY'S written justification.

d. During construction of PROJECT, CITY shall furnish an inspector or other representative to perform the functions of an inspector. COUNTY may also furnish, at no cost to CITY, an inspector or other representative to inspect construction of PROJECT within COUNTY'S JURISDICTION. Said inspectors shall cooperate and consult with each other, but the orders of CITY inspector to the contractors or any other person in charge of construction shall prevail and be final.

e. This AGREEMENT may be amended or modified only by mutual written consent of CITY and COUNTY. Amendments, modifications, and termination of a nonmaterial nature may be made by the mutual written consent of the parties' Directors of Public Works or their delegates.

f. Any correspondence, communication, or contact concerning this AGREEMENT shall be directed to the following:

CITY: Lynn Glidden
Director of Public Works
City of Palmdale
38250 Sierra Highway
Palmdale, CA 93550

COUNTY: Mark Pestrella
Director of Public Works
Los Angeles County
Department of Public Works
P.O. Box 1460
Alhambra, CA 91802-1460

g. Other than as provided below, neither COUNTY nor any officer or employee of COUNTY shall be responsible, directly or indirectly, for any damage or liability occurring by reason of any acts or omission on the part of CITY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of CITY under this AGREEMENT. It is also understood and agreed that, pursuant to Government Code, section 895.4, CITY shall fully indemnify, defend, and hold COUNTY harmless from any liability imposed for injury (as defined by Government Code section 810.8) occurring by reason of any acts or omissions on the part of CITY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of CITY under this AGREEMENT.

h. Neither County nor any officer or employee of COUNTY shall be responsible, directly or indirectly for damage or liability arising from or attributable to the presence, transport, arrangement, or release of any hazardous materials, chemicals, or contaminants present at or streaming from PROJECT within CITY'S JURISDICTION or arising from acts or omissions on the part of CITY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of CITY under this AGREEMENT, including liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as it has been and thereafter may be amended, and the California Health and Safety Code. It is understood and agreed

pursuant to Government Code, section 895.4, CITY shall fully indemnify, defend, and hold COUNTY harmless from any such damage, liability, or claim. In addition to being an agreement enforceable under the laws of the State of California, the foregoing indemnity is intended by the parties to be an agreement pursuant sections 9607, subdivision (e) and section 107, subdivision (e) of CERCLA, as amended, and section 25364 of the California Health and Safety Code.

i. Other than as provided below, neither CITY nor any officer or employee of CITY shall be responsible for any damage or liability accruing by reason of any act or omissions on the part of COUNTY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of COUNTY under this AGREEMENT. It is also understood and agreed that, pursuant to Government Code, section 895.4. COUNTY shall fully indemnify, defend, and hold CITY harmless from any liability imposed for injury (as defined by Government Code, section 810.8) occurring by reason of any acts or omissions on the part of COUNTY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of COUNTY under this AGREEMENT.

j. Neither CITY nor any officer or employee of CITY shall be responsible, directly or indirectly, for damage or liability arising from or attributable to the presence or alleged presence, transport, arrangement, or release of any hazardous materials, chemicals, or contaminants present oat or stemming from the PROJECT within COUNTY'S JURISDICTION or arising from acts or omissions on the part of COUNTY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of COUNTY under this AGREEMENT, including liability under CERCLA, as amended and the California Health and Safety Code. It is understood and agreed pursuant to Government Code, section 895.4 COUNTY shall fully indemnify, defend, and hold CITY harmless from any such damage, liability, or claim. In addition to being an agreement enforceable under the laws of the State of California, the foregoing indemnity is intended by the parties to be an agreement pursuant to 42 U.S.C. sections 9607, subdivision (e) and, 107 (e) of CERCLA, as amended, and section 25364 of the California Health and Safety Code.

k. The provisions of this AGREEMENT shall supersede and control over any provisions inconsistent herewith in the Assumption of Liability Agreement 32073 between CITY and COUNTY adopted by the Los Angeles County Board of Supervisors on December 27, 1977.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their respective officers, duly authorized by the CITY OF PALMDALE on _____, 2023, and by the LOS ANGELES COUNTY on _____, 2023.

LOS ANGELES COUNTY

By _____
Chair, Board of Supervisors

ATTEST:

CELIA ZAVALA
Executive Officer of the
Board of Supervisors of the
Los Angeles County

By _____
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Deputy

CITY OF PALMDALE

By _____
Mayor

ATTEST:

By _____
City Clerk

APPROVED AS TO FORM:

By _____
City Attorney

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1**

SUBJECT: **APPROVE COOPERATIVE AGREEMENT WITH COUNTY OF LOS ANGELES FOR PN 869, ARTERIAL ROAD REHABILITATION PROJECT FOR $850,000**

ISSUE

Approve cooperative agreement with the County of Los Angeles for PN 869, Arterial Road Rehabilitation Project, for $850,000.

RECOMMENDATION

Staff recommends that the City Council:

A. Approve cooperative agreement with the County of Los Angeles for PN 869, Arterial Road Rehabilitation Project for $850,000; and,

B. Authorize the City Manager or her designee to execute Cooperative Agreement No. A-8349 with the County of Los Angeles, including non-substantive changes.

BACKGROUND

The City and Los Angeles County have shared jurisdiction along Elizabeth Lake Road from 10th St. West to Yucca Tree Street. Project No. 869, Arterial Road Rehabilitation Project estimated cost is One Million Seven Hundred Thousand ($1,700,000). The City's share is to be Eight Hundred Fifty Thousand Dollars ($850,000), and the County's share is to be Eight Hundred Fifty Thousand Dollars ($850,000). It is anticipated this project will go out to bid in Dec. 2023, and construction will start in late Spring 2024. It will take approximately 45 working days from the date the City issues the Notice to Proceed and is projected to be completed by the end of Summer 2024.

DISCUSSION

To achieve the most effective results, the City and County propose to design and construct improvements on 10th St. West from Elizabeth Lake Road to Yucca Tree St., consisting of removing the existing roadway surface and base, reconstructing the roadway to existing edges of pavement, building a composite pavement section of 7.5 inches of crushed aggregate base (CAB); 4.5 inches of PG70-10 hot mix asphalt concrete

(HMA) with an overlay of 1.5 inches of Polymer Modified Asphalt Concrete (PMAC); signing and striping; and traffic loop restoration.

FISCAL IMPACT

The project is funded in Account S0025, Street Resurfacing Program. There are sufficient funds in this account for this project. The County will reimburse their portion at the end of the project.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

B. Seek innovative, cost-effective, customer-focused methods of service delivery.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William Curley III, Interim City Attorney

ATTACHMENTS

Cooperative Agreement No. A-8349

Agreement No X-0000

AGREEMENT

THIS AGREEMENT is made and entered into by and between the CITY OF PALMDALE, a Charter City in the County of Los Angeles (hereinafter referred to as CITY), and the COUNTY OF LOS ANGELES, a political subdivision of the State of California (hereinafter referred to as COUNTY):

WITNESSETH

WHEREAS, 10th Street West is designated as a regional roadway in the Circulation Element of the CITY'S General plan and a proposed expressway roadway on the COUNTY'S Master Plan of Highways; and

WHEREAS, CITY and COUNTY propose to design and construct improvements on 10th Street West from Elizabeth Lake Road to Yucca Tree Street, consisting of removing the existing roadway surface and base; reconstructing the roadway to existing edges of pavement, building a composite pavement section of 7.5 inch of crushed aggregate base (CAB), and 4.5 inch of PG70-10, hot mix asphalt concrete (HMA) with an overlay of 1.5 inches of Polymer Modified Asphalt Concrete (PMAC); signing and striping; and traffic loop restoration; and

WHEREAS, improvements for 10th Street West shall hereinafter be referred to as PROJECT; and

WHEREAS, PROJECT is within the geographical boundaries of and jurisdictionally shared between CITY and COUNTY and broken-down into one segment in accordance with the following table: and

Segment	Scope of Work	Thomas Guide	Length (feet)	Jurisdiction Share
10th Street West from Elizabeth Lake Road to Yucca Tree Street	Roadway Improvements	4195-G6; G7	1073	County (50 percent) Palmdale (50 percent)

WHEREAS, PROJECT is of general interest to CITY and COUNTY; and

WHEREAS, CITY is willing to perform or cause to be performed the PRELIMINARY ENGINEERING, solicitation of construction bids and award of construction contract, and CONSTRUCTION ADMINISTRATION for PROJECT; and

WHEREAS, the COST OF PROJECT includes the costs of PRELIMINARY ENGINEERING, COST OF CONSTRUCTION CONTRACT, and costs of CONSTRUCTION ADMINISTRATION as more fully set forth herein; and

WHEREAS, COST OF PROJECT is currently estimated to be One Million Seven Hundred Thousand and 00/100 Dollars ($1,700,000.00) with the CITY's share estimated

to be Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00), and the COUNTY'S share estimated to be Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00)

WHEREAS, CITY and COUNTY, are willing to finance their respective shares of COST OF PROJECT within their JURISDICTIONS; and

WHEREAS, such a proposal is authorized and provided for by the provisions of Section 6500 and 23004 et seq. of the Government Code and Sections 1685 and 1803 of the California Streets and Highways Code.

NOW, THEREFORE, in consideration of the mutual benefits to be delivered by CITY and COUNTY and of the promises herein contained, it is hereby agreed as follows:

1) DEFINITIONS:

   a. JURISDICTION as referred to in this AGREEMENT shall be defined as the respective portions of 10th Street West from Elizabeth Lake Road to Yucca Tree Street, within geographical boundaries of CITY and COUNTY as mentioned in this AGREEMENT.

   b. PRELIMINARY ENGINEERING as referred to in this AGREEMENT shall consist of environmental findings and approvals/permits; design survey; soils report; traffic index and geotechnical investigation; preparation of plans, specifications, and cost estimates; right-of-way engineering; utility engineering; and all other necessary work prior to advertising of PROJECT for construction bids.

   c. COST OF CONSTRUCTION CONTRACT as referred to in this AGREEMENT shall consist of the total of all payments to the construction contractor(s) for PROJECT, the total of all payments to utility companies or contractor(s) for the relocation of facilities necessary for the construction of PROJECT, and the cost of any additional unforeseen work that is necessary for the construction of PROJECT.

   d. CONSTRUCTION ADMINISTRATION as referred to in this AGREEMENT shall consist of construction contracts administration , construction management , construction inspection, materials testing, construction survey, traffic detour, signing and striping, construction engineering, utility relocation and coordination matters, changes and modifications for plans and specifications for PROJECT necessitated by unforeseen or unforeseeable field conditions encountered during construction of PROJECT, construction contingencies, and all other necessary work after advertising of PROJECT for construction bids to cause PROJECT to be

constructed in accordance with said plans and specifications approved by CITY and COUNTY.

e. COST OF PROJECT as referred to in this AGREEMENT shall consist of the COST OF CONSTRUCTION CONTRACT and cost of PRELIMINARY ENGINEERING, CONSTRUCTION ADMINISTRATION; right-of-way acquisition and clearance matters; and all other work necessary to complete PROJECT in accordance with the approved plans and specifications and shall include currently effective percentages added to total salaries, wages, and equipment costs to cover overhead, administration, and depreciation in connection with any or all of the aforementioned items.

f. ACCEPTANCE OF CONSTRUCTION as referred to in this AGREEMENT shall consist of final inspection and acceptance by COUNTY that the roadway improvements within COUNTY'S JURISDICTION have been constructed to COUNTY'S satisfaction.

g. COMPLETION OF PROJECT as referred to in this AGREEMENT shall be defined as the date of ACCEPTANCE OF CONSTRUCTION of PROJECT by CITY and COUNTY and an electronic notification to COUNTY'S Head of the Permit Section., Ms. Imelda Ng, at (626) 458-4940 or ing@dpw.lacounty.gov, or her designee or successor, that the improvements within COUNTY'S JURISDICTION are completed.

2) CITY AGREES:

a. To perform or cause to be performed the PRELIMINARY ENGINERRING CONSTRUCTION ADMINISTRATION, and all other work necessary to complete PROJECT.

b. To finance CITY'S jurisdictional share of COST OF PROJECT, currently estimated to be Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00), the actual amount of which is to be determined pursuant to Section (4) a.

c. To accept COUNTY'S deposit of Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00), which is COUNTY'S estimated jurisdictional share of COST OF PROJECT, the actual amount of which will be determined pursuant to Sections (2) l and (4) a.

d. To obtain COUNTY'S approval of plans for PROJECT prior to solicitation for construction bids, and to obtain COUNTY'S approval for any material

revisions to the plans and for any additional work that CITY proposes to complete in COUNTY'S JURISDICTION as part of PROJECT.

e. To apply and obtain a road encroachment permit in EPIC-LA by accessing website https://epicla.lacounty.gov/SelfService/#/home and completing the permit application for the encroaching work, including the contractor's information, license number, and a certificate of liability insurance with the additional insured endorsement naming COUNTY as additional insured at no cost to CITY, to construct those portions of PROJECT within COUNTY'S JURISDICTION. CITY may satisfy the foregoing insurance requirements through self-insurance and by requiring any and all construction contractors on PROJECT to indemnify, defend, hold harmless, and name COUNTY as an additional insured.

f. To advertise PROJECT for construction bids, to award and administer the CONSATRUCTION CONTRACT, to do all things necessary and proper to complete the PROJECT.

g. To act as COUNTY'S attorney-in-fact for the purpose of implementing PROJECT within COUNTY'S JURISDICTION and in all things necessary and proper to complete PROJECT.

h. To comply with all applicable federal, State, and local laws, rules, and ordinances in the performance of this AGREEMENT.

i. To ensure that COUNTY and all officers, employees, and agents of COUNTY are named as additional insured parties under the construction contractor's Commercial General Liability and automobile insurance policies for all work in connection with PROJECT, including coverage for ongoing operations and completed operations.

j. To furnish COUNTY within one hundred twenty (120) calendar days after final payment to contractor a final accounting of the actual COST OF PROJECT, including an itemization of actual unit cost and actual quantities for PROJECT within COUNTY JURISDICTION.

k. To be financially responsible for disposal and/or mitigation measures, if necessary, should any hazardous materials, chemicals, or contaminants be encountered during construction of PROJECT within CITY'S JURISDICTION.

l. To provide as-built plans to COUNTY upon COMPLETION OF PROJECT.

m. Upon completion of PROJECT to maintain in good condition and at CITY'S expense all improvements constructed as part of PROJECT within CITY'S JURISDICTION.

3) COUNTY AGREES:

a. To review and approve PRELIMINARY ENGINEERING prepared by CITY for PROJECT.

b. To finance COUNTY'S jurisdictional share of COST OF PROJECT, currently estimated to be Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00), the actual amount of which will be determined pursuant to Section (2) j. and (4) a.

c. To deposit with the CITY, following execution of this AGREEMENT and upon demand by CITY, sufficient COUNTY funds to finance COUNTY'S share of COST OF PROJECT, currently estimated to be Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00). Said demand will consist of a billing invoice prepared by CITY.

d. To appoint CITY as COUNTY'S attorney-in-fact for the purpose of representing COUNTY in all negotiations pertaining to the advertisement of PROJECT for construction bids, award, and administration of the construction contract, and in all things necessary and proper to complete PROJECT.

e. Upon receipt of permit application in accordance with Section (2) e. of this AGREEMENT and the required documents from CITY and COUNTY'S approval of construction plans for PROJECT to issue CITY a no-fee permit(s) authorizing CITY to construct those portions of the PROJECT within COUNTY'S JURISDICTION.

f. In addition to the permits(s) set forth in Section (3) e. above to grant CITY any temporary right of way or license to use property that COUNTY owns or has an easement for which is necessary for the construction of PROJECT at no cost to CITY and to the extend not already provided by law.

g. To cooperate with CITY in conducting negotiations with and, where appropriate, to issue notices to public utility organizations and owners of substructure and overhead facilities regarding the relocation, removal, operation, and maintenance of all surface and underground utilities and facilities, structures, and transportation services that interfere with the proposed construction. Where utilities have been installed in COUNTY

streets or on COUNTY property, COUNTY will provide the necessary right of way for the relocation of those utilities and facilities that interfere with the construction of PROJECT. COUNTY will take all necessary steps to grant, transfer, or assign all prior rights over the utility companies and owners of substructure and overhead facilities to CITY when necessary to construct, complete, and maintain PROJECT or to appoint CITY as its attorney-in-fact to exercise such prior rights.

h. To be financially responsible for disposal and/or mitigation measures, if necessary, should any hazardous materials, chemicals, or contaminants be encountered during construction of PROJECT within COUNTY'S JURISDICTION.

i. Upon receipt of an electronic notification of completion of the PROJECT, to maintain in good condition and at COUNTY'S expense, all improvements constructed as part of the PROJECT within COUNTY'S JURISDICTION.

4) IT IS MUTUALLY UNDERSTOOD AND AGREED AS FOLLOWS:

a. The final accounting of the actual COST OF PROJECT, shall allocate said total cost between CITY and COUNTY based on the location of the improvements and/or work done. Thus, the cost of all work or improvements, including all engineering, administration, and all other costs incidental to PROJECT work, located within CITY'S JURISDICTION shall be borne by CITY. Such cost constitutes CITY'S jurisdictional share of COST OF PROJECT. The cost of all work or improvements, including all engineering, administration, and all other costs incidental to PROJECT work, located within COUNTY'S JURISDICTION shall be borne by COUNTY. Such costs constitute COUNTY'S jurisdictional share of COST OF PROJECT.

b. That if at final accounting COUNTY'S jurisdictional share of COST OF PROJECT exceeds COUNTY'S deposit, as set forth in Section (3) c., County shall, upon review and approval of final accounting invoice as described in Section (4) c. below, pay to CITY the additional amount upon demand. Said demand shall consist of a billing invoice prepared by CITY. Conversely, if the COUNTY share of COST OF PROJECT is less than the said deposit, CITY shall refund the difference from COUNTY'S deposit.

c. COUNTY shall review the final accounting invoice prepared by CITY and report in writing any discrepancies to CITY within sixty (60) calendar days after the date of said invoice. Undisputed charges shall be paid by COUNTY to CITY within sixty (60) calendar days after the date of said

invoice. CITY shall review all disputed charges and submit a written justification detailing the basis for those charges within sixty (60) calendar days of receipt of COUNTY'S written report. COUNTY shall then make payment of the previously disputed charges or submit justification for nonpayment within sixty (60) calendar days after the date of CITY'S written justification.

d. During construction of PROJECT, CITY shall furnish an inspector or other representative to perform the functions of an inspector. COUNTY may also furnish, at no cost to CITY, an inspector or other representative to inspect construction of PROJECT within COUNTY'S JURISDICTION. Said inspectors shall cooperate and consult with each other, but the orders of CITY inspector to the contractors or any other person in charge of construction shall prevail and be final.

e. This AGREEMENT may be amended or modified only by mutual written consent of CITY and COUNTY. Amendments, modifications, and termination of nonmaterial nature may be made by the mutual written consent of the parties' Directors of Public Works or their delegates.

f. Any correspondence, communication, or contact concerning this AGREEMENT shall be directed to the following:

CITY: Lynn Glidden
Director of Public Works
City of Palmdale
38250 Sierra Highway
Palmdale, CA 93550

COUNTY: Mark Pestrella
Director of Public Works
Los Angeles County
Department of Public Works
P.O. Box 1460
Alhambra, CA 91802-1460

g. Other than as provided below, neither COUNTY nor any officer or employee of COUNTY shall be responsible, directly or indirectly, for any damage or liability occurring by reason of any acts or omission on the part of CITY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of CITY under this AGREEMENT. It is also understood and agreed that, pursuant to Government Code, section 895.4, CITY shall fully indemnify, defend, and

hold COUNTY harmless from any liability imposed for injury (as defined by Government Code, section 810.8) occurring by reason of any acts or omissions on the part of CITY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of CITY under this AGREEMENT.

h. Neither County nor any officer or employee of COUNTY shall be responsible, directly or indirectly for damage or liability arising from or attributable to the presence, transport, arrangement, or release of any hazardous materials, chemicals, or contaminants present at or streaming from PROJECT within CITY'S JURISDICTION or arising from acts or omissions on the part of CITY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of CITY under this AGREEMENT, including liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as it has been and thereafter may be amended, and the California Health and Safety Code. It is understood and agreed pursuant to Government Code, section 895.4 CITY shall fully indemnify, defend, and hold COUNTY harmless from any such damage, liability, or claim. In addition to being an agreement enforceable under the laws of the State of California, the foregoing indemnity is intended by the parties to be an agreement pursuant sections 9607, subdivision (e) and section 107, subdivision (e) of CERCLA, as amended, and section 25364 of the California Health and Safety Code.

i. Other than as provided below, neither CITY nor any officer or employee of CITY shall be responsible for any damage or liability accruing by reason of any act or omissions on the part of COUNTY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of COUNTY under this AGREEMENT. It is also understood and agreed that, pursuant to Government Code, section 895.4. COUNTY shall fully indemnify, defend, and hold CITY harmless from any liability imposed for injury (as defined by Government Code, section 810.8) occurring by reason of any acts or omissions on the part of COUNTY under or in connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of COUNTY under this AGREEMENT.

j. Neither CITY nor any officer or employee of CITY shall be responsible, directly or indirectly, for damage or liability arising from or attributable to the presence or alleged presence, transport, arrangement, or release of any hazardous materials, chemicals, or contaminants present oat or stemming from the PROJECT within COUNTY'S JURISDICTION or arising from acts or omissions on the part of COUNTY under or in

connection with any work, authority, or jurisdiction delegated to or determined to be the responsibility of COUNTY under this AGREEMENT, including liability under CERCLA, as amended and the California Health and Safety Code. It is understood and agreed pursuant to Government Code, section 895.4 COUNTY shall fully indemnify, defend, and hold CITY harmless from any such damage, liability, or claim. In addition to being an agreement enforceable under the laws of the State of California, the foregoing indemnity is intended by the parties to be an agreement pursuant to 42 U.S.C. sections 9607, subdivision (e) and, 107 (e) of CERCLA, as amended, and section 25364 of the California Health and Safety Code.

k. The provisions of this AGREEMENT shall supersede and control over any provisions inconsistent herewith in the Assumption of Liability Agreement 32073 between CITY and COUNTY adopted by the Los Angeles County Board of Supervisors on December 27, 1977.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their respective officers, duly authorized by the CITY OF PALMDALE on _____, 2023, and by the LOS ANGELES COUNTY on _____, 2023.

LOS ANGELES COUNTY

By _____
Chair, Board of Supervisors

ATTEST:

CELIA ZAVALA
Executive Officer of the
Board of Supervisors of the
Los Angeles County

By _____
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Deputy

CITY OF PALMDALE

By _____
Mayor

ATTEST:

By _____
City Clerk

APPROVED AS TO FORM:

By _____
City Attorney

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
MAINTENANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE FIRST AMENDMENT WITH U.S. NATIONAL CORP DBA JIMENEZ PAINTING COMPANY TO INCREASE CONTRACT PRICE BY $840,000 IN AN AMOUNT NOT TO EXCEED $1,240,000, FOR THE REMAINDER OF THE CONTRACT TERM THROUGH JUNE 2027**

ISSUE

Approve first amendment with U.S. National Corp dba Jimenez Painting Company to increase contract price by $840,000 in an amount not to exceed $1,240,000 for the remainder of the contract term through June 2027.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve first amendment for Agreement No. A-7972 with U.S. National Corp dba Jimenez Painting Company to increase contract price by $840,000 in an amount not to exceed $1,240,000, for the remainder of the contract term through June 2027; and,

2. Authorize the City Manager, or her designee, to execute the First Amendment to Agreement No. A-7972 with U.S. National Corp dba Jimenez Painting Company including non-substantive changes.

BACKGROUND

The City released Invitation for Bid No. 22-004-3400 for As Needed Professional Painting Services in April 2022 and awarded the contract to U.S. National Corp dba Jimenez Painting Company in August 2022, in the total amount of $400,000 for a three-year term with the option to extend for two additional terms of one year each (through FY 26/27). It was estimated at that time that the services would cost approximately $80,000 per year.

However, to address citywide painting needs and deferred maintenance, the City requested the contractor perform extra painting work during the first year of the contract. This included the painting of fencing in twelve Landscape Assessment Districts, the

Antelope Valley Country Club planter sign, handrails, gates, posts, fencing, and/or pavilion ceilings and facia at five City parks (Domenic Massari, Foothill, Marie Kerr, South Pelona Vista, and Best of the West Softball Complex), ticket booths and two train shelters at Palmdale Transportation Center; interior trim of the Administration building, metal staircase at Chimbole Cultural Center; safety markings in the Oasis/DryTown Water Park parking lot, Civic Center, Poncitlan Square's gazebo, brick features, trash receptable, and light standards, and the preparation, priming, and graffiti coating for Public Art locations. These additional services resulted in more than double the original annual cost projections being spent in one year ($183,940).

In addition to the work noted above a large-scale project funded by Measure AV was completed at Desert Sands Park to repaint the pavilion, grounds surfaces, and concession and shop building exteriors totaling $196,105.

As a result of this work, the original contract amount was exhausted during the first year of the agreement. Therefore, additional funds are required to continue contracting painting services with U.S. National Corp.

DISCUSSION

The first amendment will increase the contract price with U.S. National Corp $840,000 for a revised total of $1,240,000 through the remaining two-year term plus the two options to extend through Fiscal Year 26/27. The new contract total reflects the continued need for painting services citywide through the full contract term. Based on the increase, the average cost per year will be $210,000, with $25,000 of that being allocated for Measure AV funded projects.

This increase allows for, but is not limited to, the painting and/or primer work on exterior and interior surfaces, wooden and/or metal doors, building fascia and/or rafter tails, window casing and security screening, City standard light poles, park infrastructure and surfaces, wrought iron fencing (about 2,100 linear feet each year), backflow or irrigation controller enclosures, and Public Art pieces and surfaces. These specialized services contribute to the beautification of the City's infrastructure, preserving and extending the life of our assets.

FISCAL IMPACT

Sufficient funds for as needed professional painting services are budgeted in the following accounts during the contract term: Facility Maintenance (10133005), Landscape Assessment Districts (25133003), General Benefit Landscape Areas (10133003), Park Maintenance (10133002), Palmdale Transportation Center and Park-N-Rides (20333005), Public Art (15642001), and CIP Measure AV (P0109157) Contract Service accounts.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

B. Seek innovative, cost effective, customer focused methods of service delivery.
C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public space with exciting programming that promotes active fun for everyone.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley III, Interim City Attorney

ATTACHMENTS

1. Agreement No. A-7972, Amendment 1 U.S. National Corp

FIRST AMENDMENT TO AGREEMENT A-7972
BETWEEN THE CITY OF PALMDALE AND US NATIONAL CORP DBA JIMENEZ PAINTING COMPANY

This First Amendment to Agreement No. A-7972 (“Agreement”) is made and entered into by and between the City of Palmdale (hereinafter called “CITY”) and US NATIONAL CORP DBA JIMENEZ PAINTING COMPANY (hereinafter called " CONTRACTOR"). This Contract shall become effective on the date of the last signatory.

WHEREAS, on August 3, 2022 ("Original Agreement") the CITY and CONTRACTOR entered into an agreement to provide:

Professional painting services on an as needed basis. These services include, but are not limited to, the painting or primer work of exterior and interior surfaces, City standard light poles, wooden or metal doors, fascia, rafter tails, window security bars and screens, roofing, wrought iron fences, backflow and irrigation controller enclosures, and Public Art pieces and surfaces.

WHEREAS, the parties desire to amend the Original Agreement to:

Increase Agreement price for continued professional painting services for the remainder of the contract term through Fiscal Year 2026-27.

NOW THEREFORE, the parties agree as follows:

1. The compensation identified in Section 5 is amended to increase the total price of the Agreement by Eight Hundred Forty Thousand dollars ($840,000), not to exceed the amount of One Million Two Hundred Forty Thousand dollars ($1,240,000).

All other terms and conditions of the Original Agreement not amended herein, remain in full force and effect.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

SIGNATURE AREA

Ronda Perez
City Manager

SIGNATURE AREA

ADDRESS FOR NOTICE:
CITY OF PALMDALE
39110 3rd Street East, Suite C
Palmdale, CA 93550

US NATIONAL CORP DBA JIMENEZ PAINTING COMPANY:

SIGNATURE AREA

Fred Jimenez
President

ADDRESS FOR NOTICE:
US NATIONAL CORP DBA JIMENEZ PAINTING COMPANY
10205 San Fernando Road
Pacoima, CA 91331

APPROVE AS TO FORM:

SIGNATURE AREA

William P. Curley, III
Interim City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
Acting City Clerk

---------- INTERNAL USE ONLY ----------

■Certificate(s) and Endorsement(s) attached
■Confirmed business name on contract with certificate(s)
■Original contract and previous amendment(s) (if any) are attached
■Attached Agreement Checklist and met all requirements

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **2**

SUBJECT: **APPROVE FINAL PARCEL MAP NO. 83940 (LOCATED AT RANCHO VISTA BLVD & TOWN CENTER DRIVE)**

ISSUE

Approve Final Parcel Map No. 83940 (located at Rancho Vista Blvd & Town Center Drive).

RECOMMENDATION

Staff recommends that the City Council:

A. Approve Final Parcel Map No. 83940 (located at Rancho Vista Blvd. and Town Center Drive); and,

B. Authorize the City Clerk to execute City Clerk's Statement and Special Assessments Statement; and,

C. Authorize the Acting City Surveyor to execute the City Surveyor's Statement and file the map with the County Recorder.

BACKGROUND

Final Parcel Map No. 83940 is a 5-acre subdivision, legally creating three commercial lots. All proposed lot sizes and dimensions comply with the City's Zoning Ordinance. The subject property is located at Rancho Vista Blvd and Town Center Drive. The applicant for this final parcel map is Protea Senior Living Palmdale, LLC, a California Limited Liability Company. This tentative parcel map was approved by the Planning Commission on March 9, 2023 by Resolution No. PC-2023-006.

This final parcel map is consistent with the tentative parcel map and all final map conditions of approval have been met. The Acting City Land Surveyor has reviewed the final map for technical accuracy and verified it is compliant with the Subdivision Map Act.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley III, Interim City Attorney

ATTACHMENTS

1. Parcel Map No. 83940

3 PARCELS
4.80 ACRES

PARCEL MAP NO. 83940

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BEING A SUBDIVISION OF PARCEL 1 OF PARCEL MAP NO. 23938, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 264, PAGES 13 AND 14 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TAIT & ASSOCIATES, INC. **FEBRUARY, 2023**

TENTATIVE MAP EXPIRATION DATE: MARCH 21, 2026

OWNER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OR ARE INTERESTED IN THE LANDS INCLUDED WITHIN THE SUBDIVISION SHOWN ON THIS MAP WITHIN THE DISTINCTIVE BORDER LINES, AND WE CONSENT TO THE PREPARATION AND FILING OF SAID MAP AND SUBDIVISION.

WE FURTHER STATE THAT, EXCEPT AS SHOWN ON THIS MAP, WE KNOW OF NO EASEMENTS OR STRUCTURES EXISTING WITHIN THE EASEMENTS HEREBY OFFERED FOR DEDICATION TO THE PUBLIC, OTHER THAN PUBLICLY OWNED WATER LINES, SEWERS, OR STORM DRAINS, THAT WE WILL GRANT NO RIGHT OR INTEREST WITHIN THE BOUNDARIES OF SAID EASEMENTS OFFERED TO THE PUBLIC, EXCEPT WHERE SUCH RIGHT OR INTEREST IS EXPRESSLY MADE SUBJECT TO SAID EASEMENTS.

AND WE HEREBY IRREVOCABLY OFFER TO DEDICATE REAL PROPERTY TO THE CITY OF PALMDALE:

AS EASEMENTS FOR PUBLIC PURPOSES ALL STREETS, HIGHWAYS, AND OTHER PUBLIC WAYS SHOWN ON SAID MAP.

AND WE HEREBY IRREVOCABLY OFFER TO DEDICATE REAL PROPERTY TO THE CITY OF PALMDALE:

AN EASEMENT FOR ACCESS, FIRE LANE AND EMERGENCY ACCESS PURPOSES OVER THE PRIVATE DRIVEWAYS SO DESIGNATED ON SAID MAP.

PROTEA SENIOR LIVING PALMDALE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

_____ _____

NAME: GREGORY SPIRO NAME: HANS ABEL VAN DER LAAN

TITLE: MEMBER TITLE: MEMBER

BENEFICIARY

COMERICA BANK, HOLDER OF BENEFICIAL INTERESTS UNDER DEED OF TRUST RECORDED SEPTEMBER 1, 2020 AS INSTRUMENT NO. 20201032399 OF OFFICIAL RECORDS.

_____ _____

PRINT NAME: PRINT NAME:

TITLE: TITLE:

CITY SPECIAL ASSESSMENTS STATEMENT:

I, HEREBY STATE THAT ALL SPECIAL ASSESSMENTS LEVIED UNDER THE JURISDICTION OF THE CITY PALMDALE, TO WHICH THE LAND INCLUDED IN THE WITHIN SUBDIVISION OR ANY PART THEREOF IS SUBJECT, AND WHICH MAP BE PAID IN FULL HAVE BEEN PAID IN FULL.

_____ _____

ROCHELLE SCOTT DATE

ACTING CITY CLERK, CITY OF PALMDALE

TAX CERTIFICATE

I HEREBY CERTIFY THAT SECURITY IN THE AMOUNT OF HAS BEEN FILE WITH THE EXECUTIVE OFFICER, BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AS SECURITY FOR THE PAYMENT OF TAXES AND SPECIAL ASSESSMENTS COLLECTED AS TAXES ON THE LAND SHOWN ON MAP OF PAREL MAP NO. 83940 AS REQUIRED BY LAW.

EXECUTIVE OFFICER, BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BY: _____ _____
DEPUTY DATE

I HEREBY CERTIFY THAT ALL CERTIFICATES HAVE BEEN FILED AND DEPOSITS HAVE BEEN MADE THAT ARE REQUIRED UNDER THE PROVISIONS OF SECTIONS 66492 AND 66493 OF THE SUBDIVISION MAP ACT.

EXECUTIVE OFFICER, BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BY: _____ _____
DEPUTY DATE

SIGNATURE OMISSION STATEMENT:

THE SIGNATURE(S) OF THE PARTY(IES) NAMED HEREINAFTER AS OWNER(S) OF THE INTEREST SET FORTH, MAY BE OMITTED UNDER PROVISIONS OF SECTION 66436(a) (3)(A) (i-viii) OF THE SUBDIVISION MAP ACT, AS THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE AND SAID SIGNATURE(S) IS (ARE) NOT REQUIRED BY THE LOCAL AGENCY.

SPECTRUM PACIFIC WEST, LLC, HOLDER OF AN EASEMENT ACROSS, UNDER, OVER, WITHIN AND THROUGH THE PREMISES AS NECESSARY FOR THE ROUTING, INSTALLATION, MAINTENANCE, IMPROVEMENT, SERVICE, OPERATION AND REMOVAL OF EQUIPMENT RECORDED DECEMBER 1, 2020 AS INSTRUMENT NO. 20201545402, OF OFFICIAL RECORDS. NOTE: SAID EASEMENT IS BLANKET IN NATURE.

CITY OF PALMDALE, HOLDER OF AN EASEMENT FOR SANITARY SEWERS RECORDED DECEMBER 14, 2020 AS INSTRUMENT NO. 20201643152, OF OFFICIAL RECORDS.

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY, HOLDER OF AN EASEMENT FOR WATER PIPELINES RECORDED JULY 19, 2021 AS INSTRUMENT NO. 20211110162, OF OFFICIAL RECORDS.

CITY CLERK'S STATEMENT:

I, ROCHELLE SCOTT, ACTING CITY CLERK OF THE CITY OF PALMDALE, DO HEREBY STATE THAT THIS MAP WAS PRESENTED FOR APPROVAL TO THE CITY OF PALMDALE CITY COUNCIL AT THE REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____ , 2023, AND THAT THEREUPON SAID COUNCIL DID, BY AN ORDER DULY PASSED AND ENTERED, APPROVE SAID MAP; AND ON BEHALF OF THE PUBLIC, SAID COUNCIL DID:

THE CITY OF PALMDALE CONSENTS TO THE RECORDATION OF THE WITHIN IRREVOCABLE OFFER TO DEDICATE FOR STREETS AS SHOWN ON SAID MAP, AND RESERVES THE RIGHT TO ACCEPT SAID OFFER TO DEDICATE AT A LATER DATE. THIS CONSENT IS NOT A PRESENT ACCEPTANCE OF THE OFFER TO DEDICATE.

AND ON BEHALF OF THE PUBLIC, SAID COUNCIL DID:

ACCEPT AN OFFER FOR ACCESS, FIRE LANE AND EMERGENCY ACCESS PURPOSES EASEMENT OVER THE PRIVATE DRIVEWAYS SO DESIGNATED ON SAID MAP.

_____ _____

ROCHELLE SCOTT DATE

ACTING CITY CLERK, CITY OF PALMDALE

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON TRUE AND COMPLETE FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF PALMDALE SENIOR LIVING ON FEBRUARY 21, 2022. I HEREBY STATE THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP; THAT ALL MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED, OR THAT THEY WILL BE SET IN THOSE POSITIONS WITHIN 24 MONTHS FROM THE FILING DATE OF THIS MAP; THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, AND THAT TIE NOTES TO ALL CENTERLINE MONUMENTS SHOWN AS "TO BE SET" WILL BE ON FILE IN THE OFFICE OF THE CITY ENGINEER WITHIN 24 MONTHS FROM THE FILING DATE SHOWN HEREON.

DATE: _____, 20_____.

_____
P.L.S. NO. 8899
EXP. 12/31/2023

PROFESSIONAL LAND SURVEYOR
MICHAEL FURLONG
No. 8899
STATE OF CALIFORNIA

CITY SURVEYOR'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP; THAT IT CONFORMS SUBSTANTIALLY TO THE TENTATIVE MAP AND ALL APPROVED ALTERATIONS THEREOF; THAT ALL THE PROVISIONS OF APPLICABLE STATE LAW AND SUBDIVISION ORDINANCES OF THE CITY OF PALMDALE APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH, AND THAT I AM SATISFIED THAT THIS MAP IS TECHNICALLY CORRECT.

DATED: _____

BY: _____
FREDRICK R. JONES JR., L.S. 5458
ACTING CITY SURVEYOR

PROFESSIONAL LAND SURVEYOR
FREDRICK R. JONES JR.
No. 5458
STATE OF CALIFORNIA

SOILS REPORT NOTE:

IN ACCORDANCE WITH SECTION 66434.5 OF THE SUBDIVISION MAP ACT, A SOILS REPORT WAS PREPARED ON APRIL 12, 2019 BY GEOMAT TESTING LABORATORIES, INC., AND IS ON FILE IN THE OFFICE OF THE CITY ENGINEER.

TB2206

PARCEL MAP NO. 83940

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

TAIT & ASSOCIATES, INC. **FEBRUARY, 2023**

NOTARY ACKNOWLEDGMENT

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 _____)

COUNTY OF _____)

ON _____ BEFORE ME, _____
(INSERT NAME AND TITLE OF THE OFFICER)

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 THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY, UNDER THE LAWS OF THE STATE OF CALIFORNIA, THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

MY PRINCIPAL PLACE OF BUSINESS: _____
MY COMMISSION NO.: _____
MY COMMISSION EXPIRES: _____

_____
SIGNATURE

PURSUANT TO GOVERNMENT CODE SECTION 66436(C) SUBDIVISION MAPS DO NOT REQUIRE A NOTARY'S OFFICIAL SEAL.

NOTARY ACKNOWLEDGMENT

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 _____)

COUNTY OF _____)

ON _____ BEFORE ME, _____
(INSERT NAME AND TITLE OF THE OFFICER)

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 THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

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WITNESS MY HAND

MY PRINCIPAL PLACE OF BUSINESS: _____
MY COMMISSION NO.: _____
MY COMMISSION EXPIRES: _____

_____
SIGNATURE

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STATE OF _____)

COUNTY OF _____)

ON _____ BEFORE ME, _____
(INSERT NAME AND TITLE OF THE OFFICER)

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 THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY, UNDER THE LAWS OF THE STATE OF CALIFORNIA, THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

MY PRINCIPAL PLACE OF BUSINESS: _____
MY COMMISSION NO.: _____
MY COMMISSION EXPIRES: _____

_____
SIGNATURE

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STATE OF _____)

COUNTY OF _____)

ON _____ BEFORE ME, _____
(INSERT NAME AND TITLE OF THE OFFICER)

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 THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY, UNDER THE LAWS OF THE STATE OF CALIFORNIA, THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

MY PRINCIPAL PLACE OF BUSINESS: _____
MY COMMISSION NO.: _____
MY COMMISSION EXPIRES: _____

_____
SIGNATURE

PURSUANT TO GOVERNMENT CODE SECTION 66436(C) SUBDIVISION MAPS DO NOT REQUIRE A NOTARY'S OFFICIAL SEAL.

3 PARCELS
4.80 ACRES

SHEET 3 OF 4 SHEETS

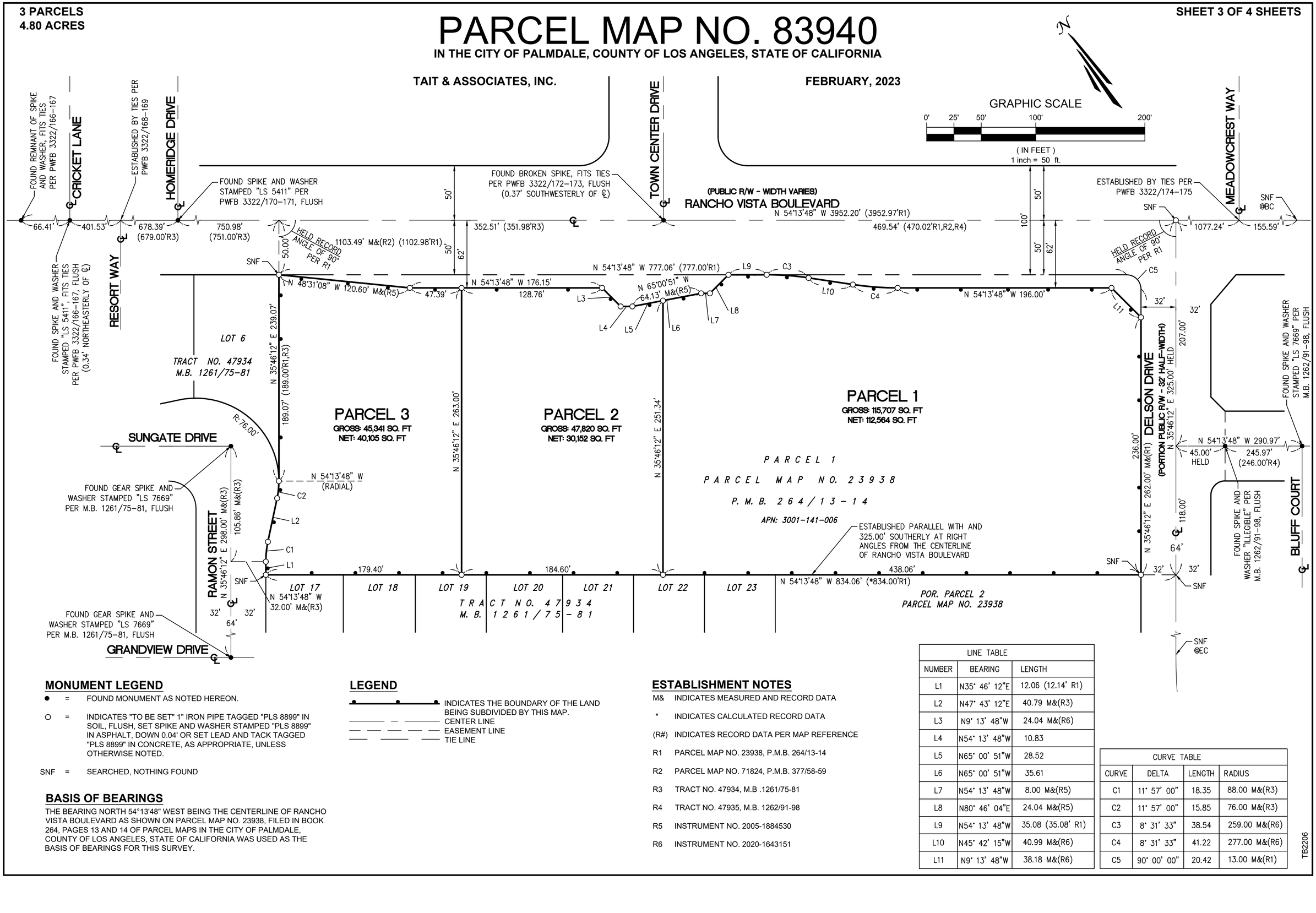
PARCEL MAP NO. 83940

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

TAIT & ASSOCIATES, INC.

FEBRUARY, 2023

GRAPHIC SCALE
0' 25' 50' 100' 200'
(IN FEET)
1 inch = 50 ft.



MONUMENT LEGEND

● = FOUND MONUMENT AS NOTED HEREON.

○ = INDICATES "TO BE SET" 1" IRON PIPE TAGGED "PLS 8899" IN SOIL, FLUSH, SET SPIKE AND WASHER STAMPED "PLS 8899" IN ASPHALT, DOWN 0.04' OR SET LEAD AND TACK TAGGED "PLS 8899" IN CONCRETE, AS APPROPRIATE, UNLESS OTHERWISE NOTED.

SNF = SEARCHED, NOTHING FOUND

BASIS OF BEARINGS

THE BEARING NORTH 54°13'48" WEST BEING THE CENTERLINE OF RANCHO VISTA BOULEVARD AS SHOWN ON PARCEL MAP NO. 23938, FILED IN BOOK 264, PAGES 13 AND 14 OF PARCEL MAPS IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA WAS USED AS THE BASIS OF BEARINGS FOR THIS SURVEY.

LEGEND

INDICATES THE BOUNDARY OF THE LAND BEING SUBDIVIDED BY THIS MAP.
CENTER LINE
EASEMENT LINE
TIE LINE

ESTABLISHMENT NOTES

M& INDICATES MEASURED AND RECORD DATA

* INDICATES CALCULATED RECORD DATA

(R#) INDICATES RECORD DATA PER MAP REFERENCE

R1 PARCEL MAP NO. 23938, P.M.B. 264/13-14

R2 PARCEL MAP NO. 71824, P.M.B. 377/58-59

R3 TRACT NO. 47934, M.B .1261/75-81

R4 TRACT NO. 47935, M.B. 1262/91-98

R5 INSTRUMENT NO. 2005-1884530

R6 INSTRUMENT NO. 2020-1643151

LINE TABLE		
NUMBER	BEARING	LENGTH
L1	N35° 46' 12"E	12.06 (12.14' R1)
L2	N47° 43' 12"E	40.79 M&(R3)
L3	N9° 13' 48"W	24.04 M&(R6)
L4	N54° 13' 48"W	10.83
L5	N65° 00' 51"W	28.52
L6	N65° 00' 51"W	35.61
L7	N54° 13' 48"W	8.00 M&(R5)
L8	N80° 46' 04"E	24.04 M&(R5)
L9	N54° 13' 48"W	35.08 (35.08' R1)
L10	N45° 42' 15"W	40.99 M&(R6)
L11	N9° 13' 48"W	38.18 M&(R6)

CURVE TABLE			
CURVE	DELTA	LENGTH	RADIUS
C1	11° 57' 00"	18.35	88.00 M&(R3)
C2	11° 57' 00"	15.85	76.00 M&(R3)
C3	8° 31' 33"	38.54	259.00 M&(R6)
C4	8° 31' 33"	41.22	277.00 M&(R6)
C5	90° 00' 00"	20.42	13.00 M&(R1)

TB2206

3 PARCELS
4.80 ACRES

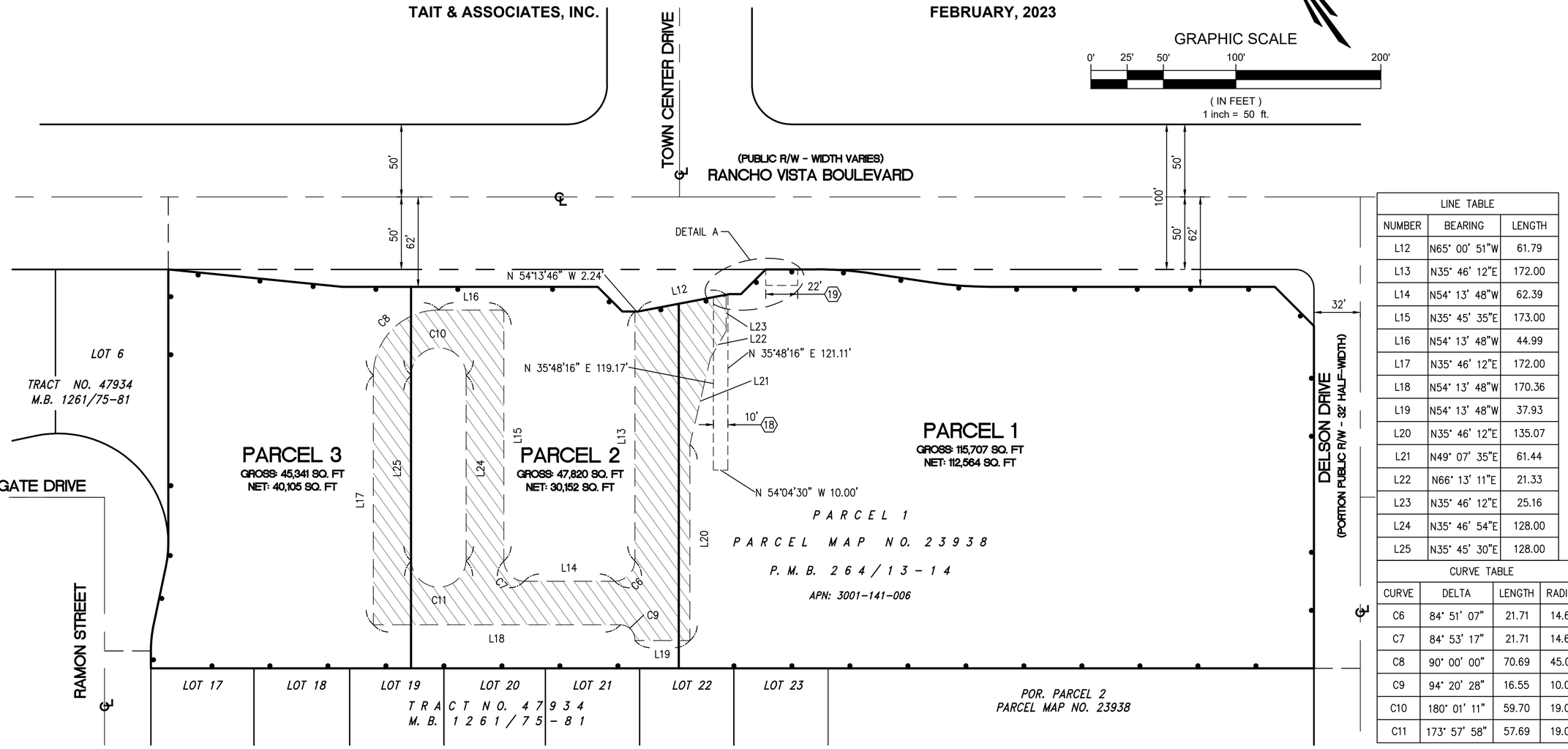
PARCEL MAP NO. 83940

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

TAIT & ASSOCIATES, INC.

FEBRUARY, 2023

GRAPHIC SCALE
0' 25' 50' 100' 200'
(IN FEET)
1 inch = 50 ft.



LINE TABLE		
NUMBER	BEARING	LENGTH
L12	N65° 00' 51"W	61.79
L13	N35° 46' 12"E	172.00
L14	N54° 13' 48"W	62.39
L15	N35° 45' 35"E	173.00
L16	N54° 13' 48"W	44.99
L17	N35° 46' 12"E	172.00
L18	N54° 13' 48"W	170.36
L19	N54° 13' 48"W	37.93
L20	N35° 46' 12"E	135.07
L21	N49° 07' 35"E	61.44
L22	N66° 13' 11"E	21.33
L23	N35° 46' 12"E	25.16
L24	N35° 46' 54"E	128.00
L25	N35° 45' 30"E	128.00

CURVE TABLE			
CURVE	DELTA	LENGTH	RADIUS
C6	84° 51' 07"	21.71	14.66
C7	84° 53' 17"	21.71	14.65
C8	90° 00' 00"	70.69	45.00
C9	94° 20' 28"	16.55	10.05
C10	180° 01' 11"	59.70	19.00
C11	173° 57' 58"	57.69	19.00

LEGEND

- INDICATES THE BOUNDARY OF THE LAND BEING SUBDIVIDED BY THIS MAP.
- CENTER LINE
- EASEMENT LINE
- TIE LINE
- EASEMENT FOR ACCESS, FIRE LANE AND EMERGENCY ACCESS PURPOSES, DEDICATED TO THE CITY OF PALMDALE PER THIS MAP

EASEMENT NOTES

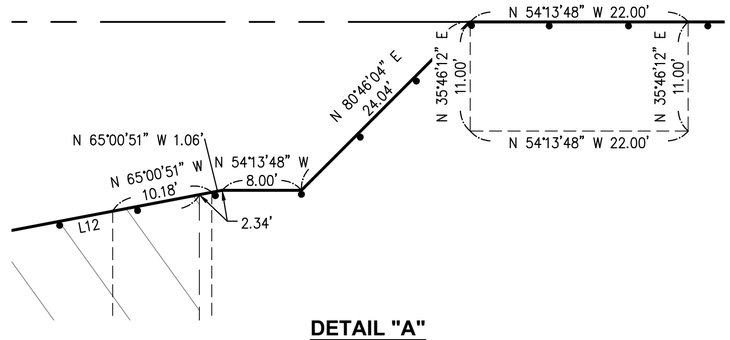
16 AN EASEMENT GRANTED TO SPECTRUM PACIFIC WEST, LLC, FOR A NON-EXCLUSIVE EASEMENT ACROSS, UNDER, OVER, WITHIN AND THROUGH THE PREMISES AS NECESSARY FOR THE ROUTING, INSTALLATION, MAINTENANCE, IMPROVEMENT, SERVICE, OPERATION AND REMOVAL OF EQUIPMENT RECORDED DECEMBER 1, 2020 AS INSTRUMENT NO. 2020-1545402, O.R. *(SAID EASEMENT IS BLANKET IN NATURE)*

18 AN EASEMENT GRANTED TO THE CITY OF PALMDALE FOR SANITARY SEWERS AND RIGHTS INCIDENTAL THERETO RECORDED DECEMBER 14, 2020 AS INSTRUMENT NO. 20201643152, O.R. *(PLOTTED)*

19 AN EASEMENT GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY FOR WATER PIPELINES AND APPURTENANCES AND INGRESS/EGRESS PURPOSES AND THE RIGHT TO CONSTRUCT, OPERATE, MAINTAIN, AND USE SAME PURPOSES AND RIGHTS INCIDENTAL THERETO RECORDED JULY 19, 2021 RECORDED AS INSTRUMENT NO. 20211110162, O.R. *(PLOTTED)*

EASEMENT NOTE

PRIVATE EASEMENTS FOR WATERLINE PURPOSES TO BE RESERVED IN SEPARATE DOCUMENTS



DETAIL "A"
NOT TO SCALE

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT FOR LEGAL SERVICES WITH HARPER & BURNS, LLP, INCLUDING THE APPOINTMENT OF WILLIAM P. CURLEY, III AS CITY ATTORNEY**

ISSUE

Approve agreement for legal services with Harper & Burns, LLP, including appointing William P. Curley, III, as City Attorney.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement No. A-8599, for Legal Services with Harper & Burns, LLP, including the appointment of William P. Curley, III, as City Attorney.
2. Authorize the City Manager or her designee to execute Agreement No. A-8599 with Harper & Burns, LLP, including minimal and/or non-substantive changes.

BACKGROUND

At the October 18, 2023, closed session meeting, the City Council approved contracting the firm of Harper & Burns, LLP, for City Attorney services, including appointing William P. Curley, III, as the City Attorney.

DISCUSSION

The City Council conducted an extensive recruitment and interview process for City Attorney services. It was determined that the firm of Harper & Burns, LLP, best suits the City's legal needs and has directed the preparation of an agreement for legal services. The agreement is attached for your consideration.

The firms' professionalism, long-standing services to other jurisdictions, depth and breadth of education, and knowledge of municipal government matters, along with their skills, ethics, and qualifications, will enable the firm to effectively meet challenges and contribute positively to the future of Palmdale.

Harper & Burns, LLP provides general municipal legal services as well as a variety of specialized services. Specialized services include, but are not limited to, litigation and third-party litigation management, oversight and direction, financing arrangement advice

including bonds, community facility districts and tax, real estate acquisition or disposition, developer-related services, and other special projects. Harper & Burns also subcontracts with various firms to provide specialized services, to ensure the highest quality of service to the City.

FISCAL IMPACT

Funds are budgeted and available in City Attorney accounts 10114001-701000 through 705000. It is anticipated that expenditures will not exceed $750,000 for Fiscal Year 2023-24, based on a $40,000 monthly retainer, plus billable hours for special services as outlined in Attachment 1. Actual amounts may vary based on caseload, ongoing litigation, and City needs.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

Objective: C. Invest in staff and other human resource strategies to attract and retain a highly qualified, diverse, and creative workforce.

Prepared by:	Nardy Lopez, Deputy City Manager
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley III, Interim City Manager

ATTACHMENTS

Legal Services Agreement No. A-8599

AGREEMENT FOR LEGAL AND CITY ATTORNEY SERVICES

THIS AGREEMENT is made and entered into by and between the City of Palmdale, California a chartered, a law city (thereinafter the "City") and the law firm of Harper & Burns, LLP ("hereinafter the "Firm") and shall be deemed dated and effective as of November ___, 2023.

WITNESSETH:

The parties hereto agree as follows:

SECTION 1. **RECITALS**. This Agreement is made and entered into with respect to the following facts:

A. City has previously engaged the services of William P. Curley III to act as the Interim City Attorney for the City and to perform all legal services requested in conjunction therewith by agreement; and

B. It is the desire of the parties hereto to rescind and terminate that previous agreement, and by means of this Agreement engage the law firm of Harper & Burns LLP for the continued performance of such legal services; and

C. The Firm has agreed to provide legal services, in the time, manner, and for the compensation, as hereinafter set forth; and

SECTION 2. **LEGAL SERVICES**. The Firm shall perform the following legal services for the City:

A. The City Attorney is designated as William P. Curley III and the Assistant City Attorney is designated as Alexandra M. Halfman. The City Attorney or the Assistant City Attorney shall attend all meetings of the City Council unless excused by the City Manager; the City Attorney, or designee, shall attend all Planning Commission meetings unless excused by the City Manager or Community Development Director. All other Harper & Burns attorneys are designated as Deputy City Attorneys.

B. Provide legal advice and opinions on all matters affecting the City when requested by the City Council, the City Manager, a department head, other members of City management as designated by the City Manager, except when prevented from doing so by a legal conflict; and

C. Attend other meetings of boards, commissions, committees, and staff members of the City as directed by the City Council or City Manager; and

D. Prepare resolutions and ordinances, review and approve as to legal form all City contracts, agreements, and documents as requested and perform such other duties and responsibilities as set forth in the Palmdale Municipal Code; and

E. Undertake prosecution and litigation of violations of City ordinances as directed to do so by the City Council or City Manager; and

F. Represent the City in civil litigation to which the City is a party at the direction of the City Council. At the outset of each matter of litigation (other than code violations), the City Attorney shall cause a written estimated litigation budget, based on then known facts and information from the other party, to be prepared and presented to the City Manager. The City Attorney and City Manager (or City Manager's designee) shall monitor the expenditures and provide updates to the City Council (or City Manager), including cost revisions, at regular intervals to be determined on a case-by-case basis; and

G. The City Manager is hereby authorized to meet with the City Attorney to discuss service and performance levels at any time during this Agreement, and to bind the attorneys to items including, but not limited to, a schedule of regular office hours and standard response times to service requests specialty projects, obtaining expert advice or services from third parties and any action necessary or desirable for the health, safety and welfare of the City and its legal representation. In addition, the City Attorney shall maintain a list of pending work assignments and shall provide progress reports thereon to the City Manager as directed by the City Manager.

H. The City Council shall retain the right to direct that attorneys other than the Firm perform legal work for the City or any of its related entities but shall require the Firm and City Attorney to oversee, manage and report on the third-party representation to the City Manager.

I. The City Council shall interact respectfully with the City Attorney and the Firm and shall, as professionally necessary or consistent with the civil norms, support the Firm and City Attorney at all times.

SECTION 3. **DESIGNATION OF CITY ATTORNEY**.

A. William P. Curley III ("Curley") shall be appointed City Attorney of the City. Such appointee shall serve at the pleasure of the City Council of the City, as subject to this Agreement. Alexandra M. Halfman shall be the Assistant City Attorney and all other Firm lawyers shall be Deputy City Attorneys.

B. During the term of this Agreement, Firm shall not undertake a City Attorney's position for other than this City and the one additional city unless he has first given the City Manager and City Council at least 30 days written notice of his intention to do so.

SECTION 4. **COMPENSATION**. The Firm shall be compensated by City for the performance of such services as follows:

A. The Firm shall be compensated, apart from reimbursable expenses, as set forth on "Attachment 1" hereto.

B. Legal Services Provided by Attorneys other than Designated City Attorney. The Firm shall be compensated for the performance of legal services by attorneys in accordance with this Agreement.

C. Compensation Adjustments. On or before May 1st of each year occurring during the term of this Agreement, Firm shall submit to the City Manager for review and approval a Schedule of City of Palmdale's Billing Rate(s) setting forth the hourly rates or retainer terms, or both, and the rates therefore which will be effective commencing on each said May 1st through and including April 30th of the following calendar year. Additionally, the Billing Rates shall adjust in an amount consistent with any increase in the Los Angeles or Long Beach Consumer Price Index, if the majority of City employees receive an increase in compensation, benefits, or both.

D. Reimbursable Expenses. The Firm shall be entitled to reimbursement for extraordinary resources or reimbursement for all expenses incurred by it in the performance of legal services hereto, provided that the same are first approved by the City Manager. Reimbursable expenses to which Firm shall be entitled shall include, but are not limited to, duplication costs; word processing costs; mileage, in amounts as authorized for other City officers or employees, extraordinary resources or materials required to accomplish a city's request, extraordinary telephone and telecommunication costs; extraordinary mail costs; messenger services; and other costs customarily made as part of the performance of legal services by Firm. The designated City Attorney shall be entitled to reimbursement for the cost of attending professional conferences and seminars as approved, requested, or directed by the City Manager or City Council.

SECTION 5. **PAYMENT FOR SERVICES**. The Firm shall submit monthly invoices to the City for all services provided and costs incurred pursuant to the terms of this Agreement. Said statements shall clearly set forth by date the type of work performed, the time spent on a task and the attorney performing the task. Payment to Firm shall be made by the City within thirty (30) days of receipt of the invoice, except for those specific items on the billing which are contested or questioned and returned by the City with written response to any invoice contested or questioned and further, upon a request of City, provide City with any and all documents related to the service or costs. No charge shall be made for time expended in providing this information to the City.

SECTION 6. **TERM**. The term of this Agreement shall commence in November ___ 2023 and shall continue for an initial four (4) year term and automatic, consecutive terms thereafter unless terminated by either party hereto. Firm may terminate this Agreement on the giving of thirty (30) days written notice to the City of such determination. If such determination notice is given, the same shall be effective on the thirtieth (30th) day after the giving of such notice. Firm will comply with all obligations required of it pursuant to the State Bar Act in connection with such termination and the transition to replacement counsel. The City may terminate this contract at will, subject to its term and upon payment of all compensation due for the term, and all reimbursable expenses, without cause or prior notice, upon the majority vote of the City Council. Firm shall be compensated for its service rendered through and including the effective date of such termination.

SECTION 7. **ANNUAL PERFORMANCE REVIEW**. During the month of July of each year during the term of this Agreement, the City Manager shall meet with each City department

head and review written comments provided by the department head regarding the performance of the City Attorney's office. The comments shall address the quality of legal work performed by the firm, the timeliness of the work, the availability of the attorneys, and their attitude and willingness to perform requested services in a timely and effective manner. During the month of August of each year, the City Manager and City Attorney shall meet with the City Council to discuss the performance of the City Attorney's office based upon the City Manager's meetings with the department heads, the City Manager's own observations, and the City Council's views on the City Attorney's performance for them.

SECTION 8. **NOTICES**. Notices required pursuant to this Agreement shall be given by personal service upon the party to be notified, or by delivery of same to the custody of the United States Postal Service, or its lawful successor, postage prepared and addressed as follows:

CITY:	City of Palmdale 38300 Sierra Highway Palmdale, California 93550 Attn: City Manager	FIRM:	Harper & Burns LLP 453 South Glassell Street Orange, California 92866 Attn: Managing Partner

Service or notice by personal service shall be deemed to have been given as of the date of such personal service. Notices given by deposit with the United States Postal Service shall be deemed to have been given two (2) consecutive calendar days following the deposit of the same in the custody of said Postal Service.

SECTION 9. **INDEMNITY**. The Firm does hereby agree to hold the City, and its elected and appointed officers and officials, employees, and other agents free and harmless of any claim, demand, or judgment that may arise based upon personal injury or damage to property or to a third party arising out of any primary error or negligent omission by Firm regarding the performance of legal services hereunder.

SECTION 10. **INSURANCE REQUIREMENTS AND GOVERMENTAL EMPLOYEE STATUS**. The Firm 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 Consultant, its agents, representatives, or employees and professional errors and omissions insurance providing not less than one million dollars ($1,000,000) coverage.

Firm, and each attorney of the Firm, shall be designated by this Agreement, due and allowed to utilize all statutory, common law, and other applicable defenses, immunities, and causes of action due to a city employee under the California Government Code, common/case law and any other applicable law, regulation, or policy. Further, the designated city attorney, assistant city attorney and deputy city attorney are designated as public officials, public officers, or City officials for all purposes.

SECTION 11. GENERAL PROVISIONS.

A. The Firm shall not assign this Agreement, or any of the rights, duties, or obligations hereunder. It is understood and acknowledged by the parties that Firm is uniquely qualified to perform the services provided for in this Agreement.

B. In the event an instance of conflict of interest arises with another client, the Firm will protect the best interests of the City and will take all necessary actions to resolve or eliminate the conflict situation. If the circumstance cannot be lawfully avoided or resolved, the Firm will undertake to recommend substitute counsel to protect the interests of the City.

C. The Firm is and shall always remain as to the City a wholly independent contractor serving as a public official. Neither the City nor any of its officers, employees, servants, or agents shall have control over the conduct of the Firm or any of Firm's officers, employees, or agents. The Firm, not at any time or in any manner, represent that it or any of its officers, employees, or agents are in any manner employees of the City. City acknowledges and agrees that the City Attorney and the Firm lawyers will need to represent to others their capacity and relationship to the City and shall enjoy and apply all rights, powers, and privileges attendant thereto.

D. In the performance of this Agreement, the Firm shall not engage in discrimination in employment of persons because of the age, race, color, sex, national origin or ancestry, or religion of such persons.

E. Nothing contained in this Agreement shall be deemed, construed, or represented by the City or the Firm to any third person to create a relationship of principal or agent, or of a partnership, or of a joint venture, or of any other association of any kind or nature between the City and the Firm.

F. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof and all prior agreements or understandings, oral or written, are hereby merged herein. This Agreement shall not be amended in any way except by a writing expressly purporting to be such an amendment, signed, and acknowledged by both of the parties hereto.

G. Should interpretation of this Agreement, or any portion thereof, be necessary, it is deemed that this Agreement was prepared by the parties jointly and equally and shall not be interpreted against either party on the ground that the party prepared the Agreement or caused it to be prepared.

H. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision. No waiver shall be binding, unless executed in writing by the party making the waiver.

SECTION 12. OWNERSHIP OF DOCUMENTS.

A. The Firm shall maintain complete and accurate records with respect to costs, expenses, receipts, and other such information required by the City that relates to the performance of services

under this Agreement. The Firm shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Firm shall provide free access to the representatives of City or its designees at reasonable times to such hooks and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

B. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused or otherwise disposed of by the City without the permission of the Firm. With respect to computer files, the Firm shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

SECTION 13. **LICENSES**. At all times during the term of this Agreement, the Firm shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement, at its own sole cost and expense.

SECTION 14. **GOVERNING LAW**. The City and the Firm understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement.

SECTION 15. **LITIGATION**. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with geographic jurisdiction over the City of Palmdale. In the event such litigation is filed by one party against the other to enforce its rights under this Agreement, the prevailing party, as determined by the Court's judgment, shall be entitled to reasonable attorney fees and litigation expenses for the relief granted.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their representatives as follows:

CITY OF PALMDALE,
a chartered City:

_____
Laura Bettencourt, Mayor

ATTEST:_____
Rochelle Scott, Acting City Clerk

HARPER & BURNS LLP:

_____
Managing Partner

ATTACHMENT "1"

I. Compensation to Firm:

A. Retainer:

(i) For up to one hundred and sixty (160) hours per month of general services: Forty Thousand Dollars ($40,000.00):
(ii) For hours over one hundred and sixty (160) the hourly rate of Three Hundred Dollars per hour will be charged.

B. Hourly Rate:

For the following special services, as set forth hereunder, shall be charged as follows thereafter:

(i) Litigation and third-party Litigation management oversight and direction; and
(ii) Finance, including bonds, community facilities districts, tax, and similar advice upon, participation in or review of City or third-party prepared finance materials; and
(iii) Real estate acquisition or disposition; and
(iv) Developer reimbursed legal services as the City may require from project applicants to defray or avoid costs being incurred by the City for legal advice regarding the applicants' requests, conditions, legal rights, duties, or the like; and,
(v) Special projects, such as the formation of Joint Powers Authorities, municipal bonds, development agreements, specific plans, water or power utility advice, energy advice and similar undertakings, labor negotiations, comprehensive code revisions, and regional organization.

ATTACHMENT "1"

Firm Partner Attorney	$350.00 /hour
Attorney-Senior Counsel	$315.00/ hour
Attorney-Associates	$285.00/hour
Paralegal	$250.00/hour
Administrative Assistant	$200.00/hour
Computer Services	Actual cost, plus 5% of total
Third-Party Legal Services/Legal Support/Experts	Actual cost, plus 5% of total
Legal Interns/Law Clerk	$125.00/hour
All other services	Actual cost, plus 5% of total

MINUTES
CITY COUNCIL
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
OCTOBER 18, 2023

1) CALL MEETING TO ORDER

Mayor Bettencourt called the meeting to order at 5:03 p.m.

*Note: All City Council memberships are reflected in their City Council titles.

2) ROLL CALL MAYOR BETTENCOURT, MAYOR PRO TEM ALARCÓN, COUNCILMEMBERS BISHOP, LOA, OHLSEN

PRESENT: Laura Bettencourt, Andrea Alarcón, Austin Bishop, Eric Ohlsen, Richard J. Loa.
ABSENT: None.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Councilmember Ohlsen led the pledge of allegiance.

4) PRESENTATION

4.1) Update on Public Works.

Director of Public Works Glidden provided a detailed PowerPoint on the different divisions of the Public Works Department.

There was Council and staff discussion regarding the maintenance of streetlights on Palmdale Blvd./Highway 138; and cost recovery of engineering fees and replacement of streetlight poles from vehicular incidents. There was additional discussion on City fiber deployment; timeframe for reimbursement of damages due to Tropical Storm Hilary; graffiti tracking; tree planting; policy for homeless encampment clean up; and adding the street resurfacing list to the city website for the public.

Mayor Bettencourt requested a future presentation from the Graffiti Detective.

Councilmember Ohlsen discussed the Urban Forest Grant, homeless encampments and the assistance provided by Los Angeles Homeless Services Authority (LAHSA), and illegal dumping.

The Council thanked the Public Works Department.

Public Comments: Eugene Hernandez discussed an open ditch on Avenue R from Sierra Highway to 20th Street East and EV charging stations, and Roger Soderstedt commented regarding the importance of Public Works.

Mayor Bettencourt closed Public Comments.

Assemblyman Carrillo reported the following: 1) His plan to provide a future legislative presentation to the City Council and residents to inform them of what his office has been working on and the forecast for the next legislative year; 2) working on an assembly bill related to taking possession of Palmdale Blvd.; 3) updates on their first legislative year, nine bills were submitted to the Governor for review, and six of them were signed. Also, they were successful in bringing $5.5M that was distributed across the entire district from the Antelope Valley to Victorville; and 4) their success in being able to continue to have an allocation of DMV fees for hydrogen infrastructure.

Mayor Pro Tem Alarcón congratulated Assemblyman Carrillo on his accomplishment in the first year. She also announced she is working to bring the first hydrogen fueling station to the east side of Palmdale.

5) PUBLIC COMMENT RULES

6) PUBLIC COMMENTS:

Public Comment: Eugene Hernandez discussed work on Avenue R, items 7.3, 7.5, and 13.1.

Mayor Bettencourt closed the Public Comments.

7) CONSENT CALENDAR

7.1) Waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting. (This permits reading the title only in lieu of reciting the entire text.)

7.2) Adopt Resolution No. CC 2023-062, a Resolution of the City Council of the City of Palmdale of intention to annex territory to the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch), authorizing the levy of special taxes therein and submitting levy of the special taxes to qualified electors; and Adopt Resolution No. CC 2023-061, a Resolution of the City Council of the City of Palmdale of consideration to alter the Rate and Method of Special Tax for the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch).

7.3) Approve Agreement for Legal Services between the City of Palmdale and Kane, Ballmer & Berkman, LLC for a not-to-exceed amount of $350,000 for a term of three (3) years.

7.4) Accept grant provided by Antelope Valley Air Quality Management District (AVAQMD) in the amount of $233,506 and approve agreement with Electric Vehicle Charging Stations (EVCS) for purchase and installation of charging stations in the amount of $233,506.

7.5) Adopt Resolution No. CC 2023-063, a Resolution of the City Council of the City of Palmdale authorizing the Director of Public Works to apply for and receive grant funds from the Department of Resources Recycling and Recovery (CALRECYCLE).

Mayor Pro Tem Alarcón pulled this item for discussion.

Innovation and Environmental Manager Lucha presented the staff report.

Mayor Pro Tem Alarcón spoke regarding utilizing funds received through grants and the benefits to the residents.

Councilmember Bishop asked about mattress recycling. Innovation and Environmental Manager Lucha discussed the recycling program.

Motion: Adopt Resolution No. CC 2023-063, a Resolution of the City Council of the City of Palmdale authorizing the Director of Public Works to apply for and receive grant funds from the Department of Resources Recycling and Recovery (CALRECYCLE).
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Laura Bettencourt, Andrea Alarcón, Austin Bishop, Eric Ohlsen, Richard J. Loa.

7.6) Approve the Memorandum of Understanding (MOU) agreement between the City of Palmdale and California High-Speed Rail Authority.

7.7) Award construction agreement with Comet Electric, Inc. for PN 849, The Rancho Vista Boulevard at Armfield Avenue Traffic Signal Upgrade Project, in the amount of $733,131 for a term of 60 working days from the date of the Notice to Proceed.

7.8) Approve Requisition No. 00240393 for Purchase Order with SiteOne Landscape Supply, LLC for landscape aggregate, boulders, and materials in an amount not to exceed $137,000 for FY2023-24.

7.9) Adopt Resolution No. CC 2023-066, a Resolution of the City Council of the City of Palmdale extending the Director of Emergency Services' Proclamation of a Local Emergency resulting from Tropical Storm Hilary.

7.10) Approve the minutes from the previous meetings.

CC - July 31, 2023 Joint Palmdale/Lancaster
CC - August 28, 2023
CC/SA - October 4, 2023

Motion: Approve all items listed under the Consent Calendar except 7.5
Moved by Andrea Alarcón, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Laura Bettencourt, Andrea Alarcón, Austin Bishop, Eric Ohlsen, Richard J. Loa.

8) APPOINTMENT

8.1) City Council Nomination and Appointment of one (1) Member to the Board of Library Trustees.

Mayor Bettencourt made a motion to appoint Stephanie Orellano to the Board of Library Trustees, Councilmember Bishop seconded the motion. There was no vote taken at this time.

The Council called on Stephanie Orellano to speak, but there was no response.

The Council called on Ronald Chatters III to speak. Ronald Chatters III spoke regarding his experience and background.

The Council discussed adding an alternate to the Board of Library Trustees and directed staff to explore the option. Interim City Attorney Curley encouraged the Council to follow the standard process for appointing members for this appointment.

Councilmember Bishop requested that this item be tabled for thirty days.

Mayor Pro Tem Alarcón commented on the applicants' experience. She directed the City Attorney and the City Manager to report back on a revised ordinance to incorporate an alternate position on the Library Board. Discussion ensued regarding tabling the item.

Stephanie Orellana spoke regarding her experience and background.

Councilmember Loa made a motion to vote on the current selected member for the Library Board and discuss the issue regarding an alternate in the future. Councilmember Bishop seconded the motion. There was no vote taken at this time. The Council went back to the original motion to appoint Ms. Stephanie Orellano.

Motion: Appoint Stephanie Orellano to the Board of Library Trustees
Moved by Laura Bettencourt, seconded by Andrea Alarcón.

Vote: Motion carried (5-0)
Yes: Laura Bettencourt, Andrea Alarcón, Austin Bishop, Eric Ohlsen, Richard J. Loa.

9) PUBLIC HEARING

9.1) Approve a service agreement for a lighting fixture retrofit project with Crosstown Electrical & Data, Inc. in the amount of $285,000 for a term of one year.

Innovation and Environmental Manager Lucha presented the staff report.

The Council asked about the new lighting technology and location to be retrofitted.

Public Comment: Eugene Hernandez spoke regarding the broken window theory.

Mayor Bettencourt closed the Public Comments.

Motion: Approve a service agreement for a lighting fixture retrofit project with Crosstown Electrical & Data, Inc. in the amount of $285,000 for a term of one year. Moved by Austin Bishop, seconded by Andrea Alarcón.

Vote: Motion carried (5-0)
Yes: Laura Bettencourt, Andrea Alarcón, Austin Bishop, Eric Ohlsen, Richard J. Loa.

9.2) Approve Amendment No. 1 to the design-build agreement with Schneider Electric for added energy project services for $6,172,270.

Innovation and Environmental Manager Lucha presented the staff report.

Mayor Pro Tem Alarcón thanked Schneider Electric and questioned the difference between Phase I and Phase II. Innovation and Environmental Manager Lucha provided clarification.

Mayor Bettencourt asked about the life expectancy. Mark Starkey, Schneider Electric, spoke about life expectancy, energy reduction, and cost savings.

Councilmember Loa and Councilmember Ohlsen expressed concerns regarding the lighting at Domenic Massari Park.

Mayor Bettencourt called for Public Comments.

Public Comments: None.

Mayor Bettencourt closed the Public Comments.
Motion: Approve Amendment No. 1 to the design-build agreement with Schneider Electric for added energy project services for $6,172,270
Moved by Richard J. Loa, seconded by Andrea Alarcón.

Vote: Motion carried (5-0)
Yes: Laura Bettencourt, Andrea Alarcón, Austin Bishop, Eric Ohlsen, Richard J. Loa.

10) NON-AGENDA PUBLIC COMMENTS:

The following individuals provided public comments: Eugene Hernandez commented regarding the Human Rights Advisory Committee meeting; and Jacqueline Fontana, “Erick A. Garcia You Are Enough Foundation” thanked the Council for supporting the mental health awareness event.

Mayor Pro Tem Alarcón commented in support of the Erick A. Garcia You Are Enough Foundation event.

Mayor Bettencourt closed the Public Comments.

11) CITY COUNCIL ANNOUNCEMENTS AND REQUESTS

Mayor Bettencourt announced the Domestic Violence event, hosted by Zonta Club of Antelope Valley, “Walk A Mile In Her Shoes,” would be held on October 28, 2023, in Poncitlan Square starting at 8 am.

Councilmember Bishop announced the Trunk or Treat event and encouraged the public to attend.

Councilmember Ohlsen encouraged the public to have a safe experience at the Halloween-related activities. He also announced the nomination process for Hometown Heroes on the City's website and urged the public to submit their applications.

Mayor Pro Tem Alarcón made two requests: 1) she requested that City Manager Perez schedule a date for Dr. O’Hara, U.C. Berkeley, and Pueblo Y Salud to provide a presentation to the Council and report on potential recommendations for addressing specific issues, which includes a possible moratorium on the issuance of additional alcohol licenses near schools and other sensitive uses, while the issue is properly assessed; 2) that City Manager Perez explore the City offering financial or other incentives to newly sworn deputies to come to the Palmdale Sheriff’s Station and bring back any viable options or incentives to Council for consideration.

Interim City Attorney Curley and Council discussed the process for adding future agenda items.

Mayor Bettencourt announced that the Council would go into Closed Session at this time.

12) CITY MANAGER’S REPORT

Deputy City Manager Lopez reported on the following: Kaleidoscope events; Family Movie Nights; Mental Health Walk; Pumpkin Walk Neighborhood event; Breast Cancer Walk; Children's Bureau Family Resource Center grand opening; Red Ribbon Week kickoff event; Youth Challenge; Palmdale Dream Village ground breaking; Walk A Mile In Her Shoes event; Halloween Bike Parade; Plaque Dedication Ceremony coordinated by the family of Jacob Taylor; Palmdale Sheriff's Booster Trunk or Treat and Car Show; Business Watch Virtual Presentations; and the Parks & Recreation Master Plan Survey Results.

Councilmember Loa thanked Deputy City Manager Lopez for stepping in for City Manager Perez at the City Council meeting.

Mayor Bettencourt stated there would be two adjournments for the meeting.

Mayor Pro Tem Alarcón adjourned the meeting in honor of Chad Swanson, Manhattan Beach Police, and Kimble Goodman.

13) PRESENTATION BY CITY ATTORNEY

13.1) PUBLIC EMPLOYMENT
Title: City Attorney

14) ANNOUNCEMENT BY CITY ATTORNEY

13.1 - Deputy City Manager Lopez announced that the City Council has directed the City Manager to negotiate an agreement with Harper Burns, LLP, William "Bill" Curley, to retain their services for permanent City Attorney Services and report to the next City Council meeting.

Interim City Attorney Curley thanked the City Council for being appointed.

15) ADJOURN

Councilmember Ohlsen adjourned the meeting in honor of Kimble Goodman to November 1, 2023, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 1st day of November 2023.

_____
Laura Bettencourt, Mayor

ATTEST:

_____
Rochelle Scott, Acting City Clerk

City Council Staff Report

DATE: **NOVEMBER 1, 2023**

TO: **HONORABLE MAYOR AND CITY COUNCIL**
HONORABLE CHAIR AND AUTHORITY BOARD MEMBERS

FROM: **FINANCE DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2023-064, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING PROCEEDINGS BY THE PALMDALE FINANCING AUTHORITY FOR THE ISSUANCE AND SALE OF ITS PALMDALE FINANCING AUTHORITY (LOS ANGELES COUNTY, CALIFORNIA) LEASE REVENUE BONDS TO FINANCE THE ACQUISITION OF CERTAIN REAL PROPERTY AND TO REFINANCE CERTAIN OUTSTANDING OBLIGATIONS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS; AND RESOLUTION NO. PFA 2023-002, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ITS PALMDALE FINANCING AUTHORITY (LOS ANGELES COUNTY, CALIFORNIA) LEASE REVENUE BONDS TO FINANCE THE ACQUISITION OF CERTAIN REAL PROPERTY AND TO REFINANCE CERTAIN OUTSTANDING OBLIGATIONS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS**

ISSUE

Public Hearing to receive testimony concerning the approval of the lease financing by the City and the Palmdale Financing Authority.

Adopt Resolution No. CC 2023-064, a Resolution of the City Council of the City of Palmdale approving proceedings by the Palmdale Financing Authority for the issuance and sale of its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds to finance the acquisition of certain real property and to refinance certain outstanding obligations, approving the form and authorizing execution of related documents and approving related actions.

Adopt Resolution No. PFA 2023-002, a Resolution of the Board of Directors of the Palmdale Financing Authority authorizing the issuance and sale of its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds to finance the acquisition of certain real property and to refinance certain outstanding obligations, approving the form and authorizing execution of related documents and approving related actions.

RECOMMENDATION

Staff recommends that the City Council:

1. Open public hearing to hear and consider information concerning the approval of the lease financing by the City and the Palmdale Financing Authority in order to provide financing for property acquisition and other projects.

2. Adopt Resolution No. CC 2023-064, a Resolution of the City Council of the City of Palmdale approving proceedings by the Palmdale Financing Authority for the issuance and sale of its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds to finance the acquisition of certain real property and to refinance certain outstanding obligations, approving the form and authorizing execution of related documents and approving related actions.

3. Adopt Resolution No. PFA 2023-002, a Resolution of the Board of Directors of the Palmdale Financing Authority authorizing the issuance and sale of its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds to finance the acquisition of certain real property and to refinance certain outstanding obligations, approving the form and authorizing execution of related documents and approving related actions.

BACKGROUND

The City has considered purchasing 2 large properties and funding certain economic development programs with the assistance of Measure AV funds. Staff is recommending that these activities be financed with the issuance of Lease Revenue Bonds (“Lease Revenue Bonds”) by the Palmdale Financing Authority. This will allow the property to be paid for over a longer term and preserve Measure AV fund balance for projects already budgeted.

DISCUSSION

The City has the opportunity to purchase 56 acres of land along the 14 Freeway located between Avenue Q and Palmdale Boulevard. The financing needed for this property, including costs of acquisition, is approximately $18 million. Staff estimates that approximately 50% of this property may be sold for development in the near future. Staff is recommending that 50% of the property acquisition costs be funded with taxable Lease Revenue Bonds, instead of tax-exempt Lease Revenue Bonds, to provide the

flexibility to sell half the property for development. The proceeds of such sale would not be required to pay off the Lease Revenue Bonds and could be recycled into funding additional economic development projects or other City expenditures.

The City is also considering the acquisition of approximately 649 acres of property in the Ritter Ranch specific plan. The financing needed for this property is approximately $10.8 million. Staff is recommending that the property acquisition costs be funded with tax-exempt Lease Revenue Bonds.

In addition, there are certain economic development projects in process, and staff expect some up-front funding will be necessary. Staff is recommending that $5 million be financed for this purpose, which will be funded with taxable Lease Revenue Bonds. If not all of the funding is needed, the balance can be applied to other projects.

Finally, staff is recommending the refinancing of the Palmdale Financing Authority Lease Revenue Bonds, Series 2012 (“2012 Bonds”). This refinancing is needed to free up excess value needed to secure the leases for the Lease Revenue Bonds, since a large portion of the property being acquired, or contributions made will not be used to secure the leases necessary for the financing. There is a minor amount of negative savings associated with the refunding of the 2012 Bonds due to current interest rates, but the refunding is being undertaken for non-economic reasons — to access the excess value associated with the leased property for the current financing. The City’s debt policy allows for refinancing outstanding debt in order to realize the benefits of a debt restructuring, and refinancing with negative savings requires additional approval of the City Council.

Lease Revenue Bonds

Financing the acquisition price of the properties and the economic development projects will be accomplished by the issuance of Lease Revenue Bonds by the Palmdale Financing Authority (Authority). The City will lease property from the Authority, and the City’s lease payments will secure the Authority Lease Revenue Bonds, as described further below. The tax-exempt Lease Revenue Bonds are designated as Series 2023A (“Series A Bonds”), and the taxable Lease Revenue Bonds are designated as Series 2023B (“Series B Bonds”).

This financing structure is similar to the Lease Revenue Bonds and Certificates of Participation financings that the City has used for capital financing in the past. The City formed the Palmdale Financing Authority in 2012 to assist in lease financings.

The financing requires a lease of assets from the Authority to the City. The City’s lease payments to the Authority are used as a revenue stream to secure repayment of the Lease Revenue Bonds. Because the City will not have title to the properties being acquired until after the Lease Revenue Bonds are issued or doesn’t expect to retain title

to some of the leased assets securing the Lease Revenue Bonds, the Lease Revenue Bonds will have to be other facilities and properties owned by the City. The leased assets recommended for securing the City's lease payments (and thus the Lease Revenue Bonds) are:

- McAdam Park
- Courson Park
- Public Works Yard
- City Hall Offices across from Development Services Building
- Development Services Building *
- WorkSource Center *

* These were the assets securing the outstanding $3.77 million 2012 Bonds, with an estimated value of approximately $14 million.

The combined insured value of the facilities plus the value of the land needs to be at least equal to the principal amount of bonds issued, which was a factor in determining the assets selected for this financing. The total estimated value of the properties above is approximately $42 million.

Method of Sale

Under current market conditions, the City's Municipal Advisor (Harrell & Company Advisors) advised that it would be more cost-effective to sell the Lease Revenue Bonds using a negotiated sale with one underwriter than a competitive bid. Selling a taxable series of municipal bonds would be challenging under current conditions where the US Treasury market (the benchmark for pricing taxable muni bonds) is so volatile. Because both series need to be sold at the same time, and the possibility that there might not be any bids on the taxable Lease Revenue Bonds, negotiating with one underwriter for the purchase of both series is the best path for this issue.

The Municipal Advisor negotiated an underwriting proposal with Hilltop Securities. The lead banker of this firm has underwritten most of the City's financings in the last five years and is familiar with the City's finances.

Public Hearing

Because the Lease Revenue Bonds are being sold through the Authority, the Government Code requires the City Council, as the governing body of the jurisdiction where the facilities being financed are located, to hold a public hearing and make certain findings before the Authority may approve a resolution authorizing the sale of the Lease Revenue Bonds. The finding being made is that significant public benefits will arise from the City's issuance of the Lease Revenue Bonds to fund the property acquisition and

other costs, including demonstrable savings in effective interest rate, bond preparation, and bond issuance costs achieved by consolidating the assets being leased.

Authorizing Resolution

The resolution of the City Council approves the parameters of the sale and documents required for the issuance of the Lease Revenue Bonds. The resolution authorizes the City Manager and Finance Director to sell the Series A Bonds to the Underwriter, in an amount not to exceed $28,000,000, at an interest rate not to exceed 6% and with an underwriter's discount not to exceed 0.6% of the par amount of the Series A Bonds. The resolution also authorizes the City Manager and Finance Director to sell the Series B Bonds to the Underwriter, in an amount not to exceed $16,000,000, at an interest rate not to exceed 7.5% and with an underwriter's discount not to exceed 0.75% of the par amount of the Series B Bonds. This resolution also approves the form of the following documents:

- Preliminary Official Statement;
- Site and Facility Lease between the City and the Authority;
- Lease Agreement between the City and the Authority;
- Escrow Agreement between the City, the Authority, and U.S. Bank Trust Company;
- Termination Agreement between the Authority and the City with respect to the 2012 Bonds;
- Subordination Agreement with the tenant of the WorkSource building; and
- Bond Purchase Agreement between the City, the Authority, and the Underwriter.

The resolution also appoints Quint & Thimmig to serve as bond counsel and disclosure counsel, and Harrell & Company Advisors to serve as the municipal advisor. Both firms have assisted the City with financing for many years.

The preliminary official statement was prepared by staff and the Municipal Advisor, with input from the City's bond counsel and disclosure counsel. The City Council's review of the sections of the preliminary official statement describing the City and the City's financial information is requested, and any modifications communicated to staff.

The resolution of the Authority Board also approves the same parameters of sale of the Bonds. This resolution also approves the form of the documents listed above to which the Authority is a party, as well as the Indenture of Trust between the Authority and U.S. Bank Trust Company, as Trustee.

FISCAL IMPACT

Staff first considered using Measure AV fund balance to pay for the projects rather than financing and determined that the long-term financing would have the least impact on the City's General Fund and Measure AV fund cash flow. This is critical to continuing to use Measure AV fund balance and annual funding for public safety and other pay-as-you-go projects.

Another factor in this decision was expected future funding needs for projects such as the pool cover at Marie Kerr Park, Chimbole Center and Library improvements, and Dry Town improvements. Given the costs involved, it is likely that these projects will also be funded with lease revenue bonds, preserving Measure AV funding for pay-go projects. In addition, many of the City's prior financings will be paid in full in the next 10 years, and the capacity to pay debt service from the General Fund will increase, providing a funding source for some of the costs of these projects.

Staff prepared a long-term debt service projection, taking into account the maturity of the existing City debt, the amount of any existing or new City debt that could be allocated to other funds, and any reduction in the existing 2021 Lease Agreement for partial redemption upon sale of the property securing that agreement (corner of Avenue M and Sierra Highway).

Based on current interest rates, the effective interest rate for the Series A Bonds is 5.14% and the effective interest rate for the Series B Bonds is 6.87%. These rates are approximately 1 percent higher than estimates from just last summer. Rates have been affected by actual economic data, past and expected future Federal Reserve Board actions, as well as a Federal government potential shutdown as the new deadline of November 15 approaches for approval of a Federal budget for 2023-24.

Based on current market conditions, the par amount of the Series A Bonds is estimated to be $26,295,000, issued with an original issue premium of $1,058,000, and will provide total funding of $27,353,000.

The par amount of the Series B Bonds is estimated to be $14,965,000. The proceeds from the Lease Revenue Bonds are estimated to be used as follows:

ESTIMATED USE OF BOND PROCEEDS

	Series A	Series B	Total
Acquisition and Projects	$19,800,000	$14,000,000	$33,800,000
2012 Bonds Redemption	3,800,000	-	3,800,000
Capitalized Interest	2,993,000	490,000	3,483,000
Bond Insurance Premiums	400,000	250,000	650,000
Underwriter Discount	160,000	112,000	272,000
Costs of Issuance*	200,000	113,000	313,000
Total Costs	27,353,000	14,915,000	42,078,000
Original Issue Premium	(1,058,000)	-	(1,058,000)
Par Amount of Bonds Issued	$26,295,000	$ 14,965,000	$ 41,260,000

*Fixed costs paid from proceeds of the Lease Revenue Bonds for Bond Counsel, Municipal Advisor, Disclosure Counsel, Trustee, Rating Agency, title insurance and printing.

An original issue premium (as shown in the table above) is generated when investors in tax-exempt bonds want to hedge against future higher interest rates and require a high stated interest rate (such as 5.0%), but price the Series A Bonds to yield a lower current market interest rate (such as 3.0%) and therefore pay the Authority more than 100% of the face value of the Series A Bonds, resulting in a lower par amount of Series A Bonds required to be issued. The lower par amount is offset by a higher interest rate, so this pricing method has relatively little impact on the total debt service that the City will pay on the Lease Revenue Bonds compared to if they were priced at 100% of the face value. Taxable bonds such as the Series B Bonds are generally priced at 100% of the face value but could be priced with premiums or discounts based on investor preference at the time the Lease Revenue Bonds are sold.

As noted, the par amount of the Lease Revenue Bonds will be subject to prevailing market conditions at the time of sale. Therefore, the City is requested to approve a not-to-exceed par amount of $28,000,000 for Series A with an interest rate not to exceed 6% and a not-to-exceed par amount of $16,000,000 for Series B with an interest rate not to exceed 7.5% to provide a reasonable cushion above the expected par amount should interest rates fluctuate or if the Lease Revenue Bonds are priced without an original issue premium based on investor preference at the time of sale. The amount of the Lease Revenue Bonds issued will only be the amount necessary to finance the projects outlined above, and pay the costs as shown above.

The sale date of the Bonds is expected to be November 9, 2023. Staff and the Municipal Advisor have submitted the bond issue to Standard & Poor's Rating Agency for a credit rating. The City's current credit rating is A+. The financing will also be submitted to bond insurance companies. Purchasing bond insurance can be cost-effective by paying an

insurance premium to a bond insurer raises the credit rating to the insurer's rating of AA, resulting in lower interest rates.

The Lease Revenue Bonds also include funding of capitalized interest. Bond proceeds will be set aside to pay interest on the Bonds for a period of time, allowing the City to gradually incorporate new debt service payments into its budget.

The Lease Revenue Bonds contain a provision that they can be called for redemption and paid down or refinanced after 10 years.

The projected net debt service, including the General Fund's share of existing debt service, is shown below:

	Existing	Net New Debt Service*	Total with 2023 Bonds
2024-25	$2,052,000	$1,671,000	$3,723,000
2025-26	2,049,000	1,668,000	3,717,000
2026-27	2,052,000	2,197,000	4,249,000
2027-28	1,904,000	2,212,000	4,116,000
2028-29	1,803,000	2,228,000	4,031,000
2029-30	1,209,000	2,852,000	4,061,000
2030-31	1,207,000	2,817,000	4,024,000
2031-32	1,210,000	2,813,000	4,023,000
2032-33	1,210,000	2,816,000	4,026,000
2033-34	1,210,000	3,006,000	4,216,000
2034-35	1,207,000	2,783,000	3,990,000
2035-36	1,208,000	2,780,000	3,988,000
2036-37	-	2,785,000	2,785,000
2037-38	-	2,781,000	2,781,000
2038-39	-	2,779,000	2,779,000
2039-40	-	2,782,000	2,782,000
2040-41	-	2,775,000	2,775,000
2041-42	-	2,785,000	2,785,000
2042-43	-	2,780,000	2,780,000
2043-44	-	2,776,000	2,776,000
2044-45	-	2,781,000	2,781,000
2045-46	-	2,775,000	2,775,000
2046-47	-	2,780,000	2,780,000
2047-48	-	2,778,000	2,778,000
2048-49	-	2,785,000	2,785,000
2049-50	-	2,781,000	2,781,000
2050-51	-	2,776,000	2,776,000
2051-52	-	2,782,000	2,782,000
2052-53	-	2,780,000	2,780,000

* Net of capitalized interest.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Janelle Samson, Director of Finance
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, Interim City Attorney

ATTACHMENTS

- Resolution CC 2023-064
- Resolution PFA 2023-002
- Preliminary Official Statement
- Site and Facility Lease (A-8551)
- Lease Agreement (A-8550)
- Escrow Agreement (A-8552)
- Termination (A-8562)
- Subordination Agreement (A-8554)
- Bond Purchase Agreement (A-8555)
- Indenture of Trust (A-8549)
- Bond Counsel Fee Agreement (A-8556)
- Municipal Advisor Agreement (A-8557)

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2023-064

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING PROCEEDINGS BY THE PALMDALE FINANCING AUTHORITY FOR THE ISSUANCE AND SALE OF ITS PALMDALE FINANCING AUTHORITY (LOS ANGELES COUNTY, CALIFORNIA) LEASE REVENUE BONDS TO FINANCE THE ACQUISITION OF CERTAIN PROPERTY AND PROJECTS AND TO REFINANCE CERTAIN OUTSTANDING OBLIGATIONS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS

WHEREAS, the City of Palmdale (the "City") proposes to:

(a) finance the cost of the acquisition of approximately 56 acres of real property, of which 50% (the "Governmental Freeway Property"), will be used for governmental purposes of the City and of which 50% (the "Non-Governmental Freeway Property") is expected to be sold for development,

(b) finance the cost of the acquisition of real or other property which will be used for governmental purposes of the City (the "Governmental Property"),

(c) finance the cost of economic development projects in the City (the "Economic Development Projects"), and

(d) refund the outstanding Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012 (the "2012 Bonds");

WHEREAS, it is proposed that the cost of the Governmental Freeway Property, the Governmental Property and the refunding of the 2012 Bonds will be financed from the proceeds of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "2023A Bonds"), to be issued by the Palmdale Financing Authority (the "Authority") pursuant to the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law"), and pursuant to the terms of an indenture of trust, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (A-8549) (the "Indenture"), and that the cost of the Non-Governmental Freeway and the Economic Development Projects will be financed from the proceeds of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "2023B Bonds" and, with the 2023A Bonds, the "Bonds"), to be issued by the Authority pursuant to the provisions of the Bond Law and the Indenture;

WHEREAS, in order to provide for the repayment of the Bonds, the City will lease certain City-owned property and the sites thereof (collectively, the "Leased Property") to

the Authority pursuant to a site and facility lease (A-8551) (the "Site and Facility Lease") and the Authority will lease the Leased Property back to the City pursuant to a lease agreement (A-8550) (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in the City's General Fund and the City will budget and appropriate sufficient amounts in each year to pay the lease payments which will be equal to the scheduled principal of and interest on the Bonds;

WHEREAS, the proposed form of a preliminary official statement (the "Preliminary Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds, has been prepared and has been presented to the Authority;

WHEREAS, Hilltop Securities Inc. (the "Underwriter"), has proposed to purchase and underwrite the Bonds and has presented to the Authority and the City a form of bond purchase agreement for the Bonds, to be entered into among the Authority, the City and the Underwriter (A-8555) (the "Bond Purchase Agreement");

WHEREAS, the City Council desires to make a finding of significant public benefit pursuant to section 6586.5(a)(2) of the California Government Code and to approve of the financing and the transactions contemplated by the Bonds;

WHEREAS, the City Council has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the City; and

WHEREAS, pursuant to section 5852.1 of the Government Code, which became effective on January 1, 2018, by the enactment of Senate Bill 450, certain information relating to the Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public;

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

Section 1. Recitals True and Correct. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Findings. The finding being made is that significant public benefits will arise from the issuance of the Bonds to fund the property acquisition and other costs, including demonstrable savings in effective interest rate, bond preparation and bond issuance costs achieved by consolidating the assets being leased.

Section 3. Approval of Bonds. The City Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to finance the Acquired Property.

Section 4. Approval of Site and Facility Lease. The City Council hereby approves the Site and Facility Lease, in the form on file with the City Clerk, together with any

changes therein or additions thereto deemed advisable by the Mayor, the City Manager or the Finance Manager/City Treasurer (each, a "Designated Officer"), and the execution of the Site and Facility Lease by a Designated Officer shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute the final form of the Site and Facility Lease for and in the name of the City. The City Council hereby authorizes the delivery and performance of the Site and Facility Lease.

Section 5. Approval of Lease Agreement. The City Council hereby approves the Lease Agreement, in the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any of the Designated Officers, and the execution of the Lease Agreement by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute the final form of the Lease Agreement for and in the name of the City. The City Council hereby authorizes the delivery and performance of the Lease Agreement.

Section 6. Approval of Escrow Agreement. The Council hereby approves an escrow agreement, by and among the Authority, the City and U.S. Bank Trust Company, National Association, as escrow agent, relating to the refunding of the 2012 Bonds (A-8552) (the "Escrow Agreement"), in the form on file with the City Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to execute, for and in the name of the City, the Escrow Agreement in such form, together with any changes therein or additions thereto deemed advisable by the Designated Officer executing the Escrow Agreement upon consultation with the City Attorney and Bond Counsel, and the execution and delivery of the Escrow Agreement by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Council hereby authorizes the delivery and performance by the City of the Escrow Agreement. The Council has been advised that the refunding of the 2012 Bonds will likely result in negative debt service savings but nonetheless hereby approves such refunding as it allows access to the excess value of the properties securing the 2012 Bonds to secure the Lease Agreement.

Section 7. Approval of Termination Agreement. The Council hereby approves a termination agreement, by and among the City, the Authority and the Trustee, providing for the termination of the recorded documents relating to the 2012 Bonds (A-8562) (the "Termination Agreement"), in the form on file with the City Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to execute, for and in the name of the City, the Termination Agreement in such form, together with any changes therein or additions thereto deemed advisable by the Designated Officer executing the Termination Agreement upon consultation with the City Attorney and Bond Counsel, and the execution and delivery of the Termination Agreement by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Council hereby authorizes the delivery and performance by the City of the Termination Agreement.

Section 8. Approval of Subordination Agreement. The Council hereby approves a subordination agreement, by and between the City and Goodwill Industries of Southern California (A-8554) (the "Subordination Agreement"), in the form on file with the City Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to execute, for and in the name of the City the Subordination Agreement in such form, together with any changes therein or additions thereto deemed advisable by the Designated Officer executing the Subordination Agreement upon consultation with the City Attorney and Bond Counsel, and the execution and delivery of the Subordination Agreement by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Council hereby authorizes the delivery and performance by the City of the Subordination Agreement.

Section 9. Sale of Bonds. The City Council hereby approves the sale of the Bonds by the Authority by negotiation with the Underwriter pursuant to the Bond Purchase Agreement, in the form on file with the City Clerk, together with such additions thereto and changes therein as any of the Designated Officers shall deem necessary, desirable or appropriate, and the execution of which by a Designated Officer shall be conclusive evidence of the approval of such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute the final form of the Bond Purchase Agreement for and in the name of the City; provided that a) with respect to the 2023A Bonds, (i) the amount of Underwriter's discount shall not be more than 0.60% of the par amount thereof, (ii) the principal amount shall not be greater than $28,000,000, (iii) the true interest cost shall not exceed 6.00% and (iv) the final maturity shall not extend beyond June 1, 2054, and (b) with respect to the 2023B Bonds, (i) the amount of Underwriter's discount shall not be more than 0.75% of the par amount thereof, (ii) the principal amount shall not be greater than $16,000,000, (iii) the true interest cost shall not exceed 7.50% and (iv) the final maturity shall not extend beyond June 1, 2054.

Section 10. Official Statement. The City Council hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the Preliminary Official Statement, in the form on file with the City Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the City's determination that the Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed, upon consultation with Disclosure Counsel to the Authority for the Bonds and the City Attorney, to approve any changes in or additions to the Preliminary Official Statement deemed necessary or desirable to bring it into the form of a final official statement (the "Final Official Statement"), and the execution of the Final Official Statement by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The City Council hereby authorizes the distribution of the Final Official Statement by the Underwriters. The Final Official Statement shall be executed in the name and on behalf of the City by any of the Designated Officers.

Section 11. Consultants. The firm of Harrell & Company Advisors, LLC is hereby affirmed as municipal advisor to the City for the Bonds (the "Municipal Advisor") and the firm of Quint & Thimmig LLP is hereby affirmed as Bond Counsel and as Disclosure Counsel to the City for the Bonds (collectively, "Bond Counsel"). The City Manager is hereby authorized and directed to execute and deliver an agreement (A-8557) with the Municipal Advisor for its services related to the Bonds and an agreement (A-8556) with Bond Counsel for its services related to the Bonds, each such agreements to be in the respective forms on file with the City Clerk.

Section 12. Official Actions. The Mayor, the City Manager, the Finance Manager/City Treasurer, the City Attorney, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 13. Effective Date. This Resolution shall take effect from and after its adoption.

Section 14. The City Clerk shall certify to the adoption of this resolution.

* * * * * *

PASSED, APPROVED and ADOPTED this 1st day of November, 2023, by the following vote.

Laura Bettencourt, Mayor

ATTEST:

Rochelle Scott, Acting City Clerk

Approved as to form:

William P. Curley III
Interim City Attorney

I, Rochelle Scott, Acting City Clerk of the City of Palmdale, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 1st day of November, 2023, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____ _____

Rochelle Scott,
Acting City Clerk

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's municipal advisor and the Underwriter which has been represented to have been provided in good faith:

2023A Bonds

(A) True Interest Cost of the Bonds:	5.14%
(B) Finance Charges(including capitalized interest and municipal bond insurance premiums):	$3,747,000
(C) Net Proceeds to be Received: (net of finance charges)	$23,604,000
(D) Total Payment Amount through Maturity(including total annual bond administration costs of $210,000):	$50,354

2023B Bonds

(A) True Interest Cost of the Bonds:	6.87%
(B) Finance Charges(including capitalized interest and municipal bond insurance premiums):	$960,000
(C) Net Proceeds to be Received: (net of finance charges)	$14,000,000
(D) Total Payment Amount through Maturity(including total annual bond administration costs of $210,000):	$31,381,000

The foregoing estimates constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest

rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

PALMDALE FINANCING AUTHORITY
RESOLUTION NO. P.F.A. 2023-002

A RESOLUTION OF THE PALMDALE FINANCING AUTHORITY OF THE CITY OF PALMDALE AUTHORIZING THE ISSUANCE AND SALE OF ITS PALMDALE FINANCING AUTHORITY (LOS ANGELES COUNTY, CALIFORNIA) LEASE REVENUE BONDS TO FINANCE THE ACQUISITION OF CERTAIN PROPERTY AND PROJECTS AND TO REFINANCE CERTAIN OUTSTANDING OBLIGATIONS, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS

WHEREAS, the Palmdale Financing Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of September 26, 2012, by and between the City of Palmdale (the "City") and the Housing Authority of the City of Palmdale, and under 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 is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and to issue bonds, notes or other evidences of indebtedness or other agreements for all purposes permitted by the JPA Act and described in the Agreement;

WHEREAS, the City of Palmdale (the "City") proposes to:

(a) finance the cost of the acquisition of approximately 56 acres of real property, of which 50% (the "Governmental Freeway Property"), will be used for governmental purposes of the City and of which 50% (the "Non-Governmental Freeway Property") is expected to be sold for development,

(b) finance the cost of the acquisition of real or other property which will be used for governmental purposes of the City (the "Governmental Property"),

(c) finance the cost of economic development projects in the City (the "Economic Development Projects"), and

(d) refund the outstanding Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012 (the "2012 Bonds");

WHEREAS, it is proposed that the cost of the Governmental Freeway Property, the Governmental Property and the refunding of the 2012 Bonds will be financed from the proceeds of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "2023A Bonds"), to be issued by the Authority pursuant to the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law"), and pursuant to the terms of an indenture of trust, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (A-8549) (the "Indenture"), and that the cost of the Non-Governmental Freeway Property and the Economic Development Projects will be financed from the proceeds of Palmdale

Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "2023B Bonds" and, with the 2023A Bonds, the "Bonds"), to be issued by the Authority pursuant to the provisions of the Bond Law and the Indenture;

WHEREAS, in order to provide for the repayment of the Bonds, the City will lease certain City-owned property and the sites thereof (collectively, the "Leased Property") to the Authority pursuant to a site and facility lease (A-8551) (the "Site and Facility Lease") and the Authority will lease the Leased Property back to the City pursuant to a lease agreement (A-8550) (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in the City's General Fund and the City will budget and appropriate sufficient amounts in each year to pay the lease payments which will be equal to the scheduled principal of and interest on the Bonds;

WHEREAS, the proposed form of a preliminary official statement (the "Preliminary Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds, has been prepared and has been presented to the Authority;

WHEREAS, Hilltop Securities Inc. (the "Underwriter"), has proposed to purchase and underwrite the Bonds and has presented to the Authority and the City a form of bond purchase agreement for the Bonds, to be entered into among the Authority, the City and the Underwriter (A-8555) (the "Bond Purchase Agreement");

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority; and

WHEREAS, pursuant to section 5852.1 of the Government Code, which became effective on January 1, 2018, by the enactment of Senate Bill 450, certain information relating to the Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. Findings. The finding being made is that significant public benefits will arise from the issuance of the Bonds to fund the property acquisition and other costs, including demonstrable savings in effective interest rate, bond preparation and bond issuance costs achieved by consolidating the assets being leased..

Section 2. Issuance of Bonds. Pursuant to the Bond Law and the Indenture, the Authority hereby authorizes the issuance of the Bonds. The Bonds shall be issued and secured in accordance with the terms of and shall be in the form set forth in the Indenture and subject to the parameters set forth in Section 7 below.

Section 3. Approval of Indenture. The Board hereby approves the Indenture, in the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by the Chair, the Executive Director or the Treasurer of the Authority (each, a "Designated Officer"), and the execution thereof by a Designated Officer shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are

hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of the Indenture for and in the name of the Authority. The Board hereby authorizes the delivery and performance of the Indenture. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, series designations and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 4. Approval of Site and Facility Lease. The Board hereby approves the Site and Facility Lease, in the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, and the execution thereof by a Designated Officer shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of the Site and Facility Lease for and in the name of the Authority. The Board hereby authorizes the delivery and performance of the Site and Facility Lease.

Section 5. Approval of Lease Agreement. The Board hereby approves the Lease Agreement, in the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, and the execution thereof by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of the Lease Agreement for and in the name of the Authority. The Board hereby authorizes the delivery and performance of the Lease Agreement.

Section 6. Approval of Escrow Agreement. The Board hereby approves an escrow agreement, by and among the Authority, the City and U.S. Bank Trust Company, National Association, as escrow agent, relating to the refunding of the 2012 Bonds (A-8552) (the "Escrow Agreement"), in the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, and the execution thereof by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of the Escrow Agreement for and in the name of the Authority. The Board hereby authorizes the delivery and performance of the Escrow Agreement.

Section 7. Approval of Termination Agreement. The Board hereby approves a termination agreement, by and among the City, the Authority and the Trustee, providing for the termination of the recorded documents relating to the 2012 Bonds (A-8562) (the "Termination Agreement"), in the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute, for and in the name of the Authority, the Termination Agreement in such form, together with any changes therein or additions thereto deemed advisable by the Designated Officer executing the Termination Agreement upon consultation with the Authority Counsel and Bond Counsel, and the execution and delivery of the Termination Agreement by a Designated Officer shall be conclusive evidence of the approval of any such changes or additions. The Board

hereby authorizes the delivery and performance by the Authority of the Termination Agreement.

Section 8. Sale of Bonds. The Board hereby approves the sale of the Bonds by the Authority by negotiation with the Underwriter pursuant to the Bond Purchase Agreement, in the form on file with the Secretary, together with such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, and the execution thereof by a Designated Officer shall be conclusive evidence of the approval of such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of the Bond Purchase Agreement for and in the name of the Authority; provided that (a) with respect to the 2023A Bonds, (i) the amount of Underwriter's discount shall not be more than 0.60% of the par amount thereof, (ii) the principal amount shall not be greater than $28,000,000, (iii) the true interest cost shall not exceed 6.00% and (iv) the final maturity shall not extend beyond June 1, 2054, and (b) with respect to the 2023B Bonds, (i) the amount of Underwriter's discount shall not be more than 0.75% of the par amount thereof, (ii) the principal amount shall not be greater than $16,000,000, (iii) the true interest cost shall not exceed 7.50% and (iv) the final maturity shall not extend beyond June 1, 2054.

Section 9. Official Statement. The Board hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the Preliminary Official Statement in the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the Authority's determination that the Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed, upon consultation with Disclosure Counsel and counsel to the Authority, to approve any changes in or additions to the Preliminary Official Statement deemed necessary or desirable to bring it into the form of a final official statement (the "Final Official Statement"), and the execution of the Final Official Statement by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The Board hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the Authority by any of the Designated Officers.

Section 10. Official Actions. The Chairperson, the Executive Director, the Treasurer, and the Secretary are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, and to execute any and all certificates (including the Continuing Disclosure Certificate referenced in the Final Official Statement), requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents (including any agreement needed to obtain bond insurance for the Bonds if in the judgment of the Treasurer/Auditor, upon consultation with the Municipal Advisor, such insurance is cost effective), which they or any of them deem necessary or appropriate in order to consummate the sale and issuance of the Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is

authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 11. Effective Date. This Resolution shall take effect from and after its adoption.

Section 12. The Authority Secretary shall certify to the adoption of this resolution.

* * * * * *

PASSED, APPROVED and ADOPTED this 1st day of November, 2023, by the following vote.

Laura Bettencourt, Chair

ATTEST:

Rochelle Scott, Acting Secretary

Approved as to form:

William P. Curley III
Interim Authority Counsel

I, Rochelle Scott, Acting Secretary of Palmdale Financing Authority, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Board of Directors of the Palmdale Financing Authority at a regular meeting of said Board held on the 1st day of November, 2023, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____

Rochelle Scott,
Acting Secretary

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Authority's municipal advisor and the Underwriter which has been represented to have been provided in good faith:

2023A Bonds

(A) True Interest Cost of the Bonds:	5.14%
(B) Finance Charges(including capitalized interest and municipal bond insurance premiums):	$3,747,000
(C) Net Proceeds to be Received: (net of finance charges)	$23,604,000
(D) Total Payment Amount through Maturity(including total annual bond administration costs of $210,000):	$50,354

2023B Bonds

(A) True Interest Cost of the Bonds:	6.87%
(B) Finance Charges(including capitalized interest and municipal bond insurance premiums):	$960,000
(C) Net Proceeds to be Received: (net of finance charges)	$14,000,000
(D) Total Payment Amount through Maturity(including total annual bond administration costs of $210,000):	$31,381,000

The foregoing estimates constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest

rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.

NEW ISSUES

BOOK-ENTRY ONLY

RATINGS

S&P, INSURED BONDS RATING: "___"

S&P, UNDERLYING RATING: "___"

(See "CONCLUDING INFORMATION - Ratings on the Bonds" herein)

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for the purpose of computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest payable on the Series B Bonds is subject to all applicable Federal income taxation. Interest on the Series A Bonds and the Series B Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.

PALMDALE FINANCING AUTHORITY
(LOS ANGELES COUNTY, CALIFORNIA)

$27,000,000*
LEASE REVENUE BONDS
SERIES 2023A

$15,000,000*
LEASE REVENUE BONDS, SERIES 2023B
(FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: As shown on the inside front cover pages

The Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "Series A Bonds") and the Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") are being issued to (i) finance the acquisition of and improvements to certain land and facilities, (ii) fund economic development activities, (iii) refinance an outstanding lease of the City of Palmdale (the "City"), (iv) capitalize interest on the Bonds for a limited period as described herein, and (v) pay the costs incurred in connection with the issuance of the Bonds. The Bonds are payable from the revenues pledged under the Indenture, as defined herein, consisting primarily of lease payments (the "Lease Payments") to be made by the City to the Palmdale Financing Authority (the "Authority") as rental for certain City-owned property (the "Leased Property") pursuant to a Lease Agreement, as defined herein, and from certain funds held under the Indenture and insurance or condemnation awards. The City is required under the Lease Agreement to make Lease Payments in each fiscal year in consideration of the use and possession of the Leased Property from any source of available funds in an amount sufficient to pay the annual principal and interest due with respect to the Bonds, subject to abatement, as described herein. See "SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS" herein.

Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2024, until maturity or earlier optional, sinking fund or special mandatory redemption. See "THE BONDS - General Provisions" and "THE BONDS - Redemption" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential 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 Bonds.

The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain legal matters will be passed on for the City and the Authority by the City Attorney, and by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel. Certain matters will be passed upon for the Underwriter by Best Best & Krieger, LLP, Riverside, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about ____, 2023 through the facilities of The Depository Trust Company.

The date of the Official Statement is _____, 2023.

HilltopSecurities
A Hilltop Holdings Company.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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 under the securities laws of such jurisdiction.

PALMDALE FINANCING AUTHORITY
(LOS ANGELES COUNTY, CALIFORNIA)
$27,000,000*
LEASE REVENUE BONDS
SERIES 2023A

MATURITY SCHEDULE

Base CUSIP®† _____

Maturity Date June 1	Principal Amount	Interest Rate	Reoffering Yield	Reoffering Price	CUSIP®†
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					

$_____ ____% Term Bonds maturing June 1, ____, Yield ____%, Price ____ CUSIP®† ___

$_____ ____% Term Bonds maturing June 1, ____, Yield ____%, Price ____ CUSIP®† ___

$_____ ____% Term Bonds maturing June 1, ____, Yield ____%, Price ____ CUSIP®† ___

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. Copyright (c) 2023 CUSIP Global Services. All rights reserved. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the City or the Municipal Advisor and are included solely for the convenience of the holders of the Series A Bonds. Neither the Authority, the City nor the Municipal Advisor is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Series A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series A Bonds.

PALMDALE FINANCING AUTHORITY
(LOS ANGELES COUNTY, CALIFORNIA)
$15,000,000*
LEASE REVENUE BONDS
SERIES 2023B
(FEDERALLY TAXABLE)

MATURITY SCHEDULE

Base CUSIP®† _____

Maturity Date June 1	Principal Amount	Interest Rate	Reoffering Yield	Reoffering Price	CUSIP®†
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					

$_____ ____% Term Bonds maturing June 1, ____, Yield ____%, Price ____ CUSIP®† ___

$_____ ____% Term Bonds maturing June 1, ____, Yield ____%, Price ____ CUSIP®† ___

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. Copyright (c) 2023 CUSIP Global Services. All rights reserved. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the City or the Municipal Advisor and are included solely for the convenience of the holders of the Series B Bonds. Neither the Authority, the City nor the Municipal Advisor is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Series B Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series B Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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 and the City with respect to the Bonds that has been deemed "final" by the Authority and the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement.

No Offering May be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the City, the Municipal Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Preparation of This Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the Bonds, the Lease Agreement, the Indenture 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. Reference is hereby made to such documents on file with the City for further information. See "INTRODUCTION - Summaries Not Definitive."

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.

Bonds are Exempt From Securities Laws Registration. The issuance, sale and delivery of the Bonds has not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the execution, sale and delivery of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(l2) of the Securities Exchange Act of 1934.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, any press release and any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Stabilization of and Changes to Offering Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover pages hereof and said public offering prices may be changed from time to time by the Underwriter.

City Website. The City maintains a website. The information on such website is not part of this Official Statement and is not intended to be relied on by investors with respect to the Bonds unless specifically set forth or incorporated herein.

CITY OF PALMDALE, CALIFORNIA

CITY COUNCIL

Laura Bettencourt, *Mayor, Councilmember District 3*
Andrea Alarcón, *Mayor Pro Tem,, Councilmember District 5*
Austin Bishop, *Councilmember District 1*
Richard J. Loa, *Councilmember District 2*
Eric Ohlsen, *Councilmember District 4*

CITY KEY ADMINISTRATIVE PERSONNEL

Ronda Perez, *City Manager*
Nardy Lopez, *Deputy City Manager*
Sara Gallagher, *Deputy City Manager*
Janelle Samson, *Director of Finance & City Treasurer*
Luis Garibay*, Director of Economic & Community Development*
Lynn Glidden, *Director of Public Works*
William Curley, *Acting City Attorney*
Rochelle Scott, *Acting City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Quint & Thimmig LLP
Larkspur, California

Municipal Advisor
Harrell & Company Advisors, LLC
Tustin, California

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

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OFFICIAL STATEMENT

PALMDALE FINANCING AUTHORITY
(LOS ANGELES COUNTY, CALIFORNIA)

$27,000,000*
LEASE REVENUE BONDS
SERIES 2023A

$15,000,000*
LEASE REVENUE BONDS,
SERIES 2023B
(FEDERALLY TAXABLE)

This Official Statement which includes the covers page and appendices (the "Official Statement"), is provided to furnish certain information concerning the sale of the Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "Series 2023A Bonds"), in the aggregate principal amount of $27,000,000* and the Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "Series 2023B Bonds, and together with the Series 2023A Bonds, the "Bonds"), in the aggregate principal amount of $15,000,000*.

INTRODUCTION

This Introduction contains only a brief description of these issues and does not purport to be complete. This Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see "RISK FACTORS" herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

The City and the Authority

The City of Palmdale (the "City") was incorporated as a general law city on August 24, 1962. It became a charter city in November 2009. The City encompasses approximately 104 square miles in an area of northern Los Angeles County known as the Antelope Valley. The City is located approximately 60 miles north of downtown Los Angeles. Neighboring communities include Santa Clarita and Lancaster (see "CITY OF PALMDALE" herein).

The Authority is a joint exercise of powers authority 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 Government Code of the State of California (the "Joint Powers Act"). The City and the Housing Authority of the City of Palmdale formed the Authority by the execution of a joint exercise of powers agreement ("JPA Agreement") dated September 26, 2012.

Under the JPA Agreement, the Authority is authorized to provide funds to acquire or construct and to refinance public capital improvements, and to refinance obligations of its members issued for such purposes, through the issuance of bonds in accordance with the Joint Powers Act.

The Authority is governed by a five-member Board of Directors which consists of all members of the City Council. The Mayor serves as the Chair and the City Manager serves as the Executive Director of the Authority.

* Preliminary, subject to change.

Purpose

The Series A Bonds are being issued to finance the acquisition of and improvement to certain land and facilities, to refinance an existing lease by current refunding of the Authority's outstanding Lease Revenue Refunding Bonds, Series 2012 (the "2012 Bonds"), to capitalize a portion of the interest on the Series A Bonds, to satisfy the Reserve Requirement for the Series A Bonds and to pay the costs incurred in connection with the issuance of the Series A Bonds. The Series B Bonds are being issued to finance the acquisition of and improvement to certain land and facilities, to capitalize a portion of the interest on the Series B Bonds, to satisfy the Reserve Requirement for the Series B Bonds and to pay the costs incurred in connection with the issuance of the Series B Bonds. See "THE FINANCING PLAN" herein.

Security and Sources of Repayment

The Bonds are secured under an Indenture of Trust, dated as of November 1, 2023, (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, Los Angeles, California, as trustee (the "Trustee") (see "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein).

The Bonds are payable from the revenues pledged under the Indenture. The revenues consist primarily of lease payments (the "Lease Payments") to be made by the City to the Authority as the rental for real property and improvements thereon (the "Leased Property"), from certain funds held under the Indenture and investment earnings thereon and from net proceeds of insurance or condemnation awards with respect to the Leased Property (collectively with the Lease Payments, the "Revenues"). See "THE LEASED PROPERTY" herein.

Pursuant to a Site and Facility Lease, dated as of November 1, 2023 (the "Site Lease"), by and between the Authority and the City, the City has leased the Leased Property to the Authority. The Authority has subleased the Leased Property back to the City under a Lease Agreement, dated as of November 1, 2023, by and between the City and the Authority (the "Lease Agreement"). The Lease Payments are to be made by the City pursuant to the Lease Agreement.

Under the Lease Agreement and, subject to abatement, the City is required to make the Lease Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on the Bonds when due. The City has covenanted in the Lease Agreement to take such actions as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations for all such Lease Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from damage or loss of all or any portion of the Leased Property. All of the Authority's right, title and interest in and to the Lease Agreement (apart from certain rights to receive Additional Payments, as defined therein, to the extent payable to the Authority and to indemnification), including the right to receive Lease Payments under the Lease Agreement, are assigned to the Trustee for the benefit of Bondholders under the Indenture.

For a summary of the Indenture, the Lease Agreement and the Site Lease, see "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

In general, the City is required under the Lease Agreement to pay to the Authority specified amounts for use and possession of the Leased Property which are calculated to be sufficient in both time and amount to pay, when due, the principal of and interest on the Bonds. The City is also required to pay any taxes and assessments levied on the Leased Property and all costs of maintenance and repair of the Leased Property. Except for the Authority's right, title and interest in and to the Lease Payments and otherwise to the Lease Agreement which have been assigned to the Trustee, no funds or properties of the Authority or the City are pledged to or otherwise liable for the Bonds (see "RISK FACTORS" herein).

Limited Obligation

THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO PAY LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Legal Matters

Certain legal matters relating to the issuance of the Bonds are subject to the approving opinion Quint & Thimmig LLP, Larkspur, California, Bond Counsel. The proposed forms of Bond Counsel's opinions expected to be delivered upon the issuance of the Bonds is attached hereto as "APPENDIX D." Further descriptions of certain tax consequences incident to the ownership of the Bonds are described more fully under the heading "TAX MATTERS" herein. Certain legal matters will be passed on for the City and the Authority by the City Attorney and by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel and for the Underwriter by its counsel, Best Best & Krieger, LLP, Riverside, California.

Offering of the Bonds

Authority for Issuance and Delivery. The Bonds are to be issued in accordance with applicable provisions of the California Government Code, the Indenture and by Resolution No. ____ of the Authority and Resolution No. ____ of the City, each adopted on November 1, 2023.

Offering and Delivery of the Bonds. The Bonds are offered, when, as and if issued, subject to the approval as to their legality by opinion Quint & Thimmig LLP, Larkspur, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about _____, 2023 through the facilities of The Depository Trust Company ("DTC"). See "APPENDIX E - THE BOOK-ENTRY SYSTEM."

Summaries Not Definitive

The summaries and references contained herein with respect to the Indenture, the Site Lease, the Lease Agreement, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained after delivery of the Bonds from the City Clerk, City of Palmdale, 38300 Sierra Highway, Palmdale, California 93550.

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THE FINANCING PLAN

The Project

The City expects to spend the proceeds of the Bonds deposited in the Acquisition and Construction Fund on the acquisition of certain land and improvements and its economic development program (the "Project") described below. The proceeds of the Bonds deposited in the Acquisition and Construction Fund are expected to be used in the estimated amounts shown below.

	Series A Bonds	Series B Bonds
Land Purchase	$ 9,000,000	$9,000,000
Open Space Land Purchase and/or Infrastructure	10,800,000	-
Economic Development	-	5,000,000
	$19,800,000	$14,000,000

Funds may be used to pay for any other City capital improvements in substitution for the improvements listed above, or the City may increase funding for particular improvements and eliminate certain components of the Project listed above.

The Refunding Plan

On the Closing Date, a portion of the proceeds of the Series A Bonds will be transferred to the Trustee as escrow agent ("Escrow Agent") for deposit in an escrow fund pursuant to an Escrow Agreement, dated as of November 1, 2023 (the "Escrow Agreement") among the City, the Authority and the U.S. Bank Trust Company, National Association, as Escrow Bank (the "Escrow Bank").

The amount deposited under the Escrow Agreement, together with other available moneys, will be invested in Federal Securities or held uninvested and irrevocably pledged for the payment of the redemption price of the outstanding 2012 Bonds on December 4, 2023 at a redemption price equal to 100% of the principal of the 2012 Bonds to be redeemed together with accrued interest with respect thereto to the date fixed for redemption, without premium.

Amounts so deposited under the Escrow Agreement will be pledged to the payment of the redemption price with respect to 2012 Bonds on the redemption date.

The lien of the 2012 Bonds and related lease of property securing the 2012 Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreement. The funds deposited under the Escrow Agreement for the 2012 Bonds will not be available to pay debt service on the Bonds.

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Estimated Sources and Uses of Funds

The estimated sources and uses of funds related to the sale and issuance of the Bonds is set forth below:

	Series A	Series B	Total
Sources of Funds			
Par Amount of Bonds			
Net Original Issue Premium (Discount)			
Total Sources			
Uses of Funds[(1)]			
Acquisition and Construction Costs			
Transfer to Escrow Bank			
Capitalized Interest [(2)]			
Underwriter's Discount			
Costs of Issuance [(3)]			
Total Uses			

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(1) The Trustee will deposit the Reserve Policy in the Reserve Account to satisfy the Reserve Requirement. See "SECURITY FOR THE BONDS - Reserve Account

(2) An amount sufficient to make approximately 86% of the interest payments on the Series A Bonds through and including June 1, 2026 and to make the interest payment on the Series B Bonds on June 1, 2024.

(3) Expenses include fees and expenses of Bond Counsel, Municipal Advisor, Disclosure Counsel and Trustee and rating fees, bond insurance and surety bond premiums, if any, costs of printing the Official Statement, and other costs of issuance of the Bonds.

THE LEASED PROPERTY

The Leased Property will consist of various City properties described below. Pursuant to the terms of the Site Lease, the City leases the Leased Property to the Authority. Pursuant to the terms of the Lease Agreement, the Authority leases the Leased Property back to the City in return for semi-annual lease payments.

Development Services Building. The Development Services Building was constructed in 2001 and is part of the Civic Center complex of buildings. It is an approximately 30,800 square foot, 2-story administrative building housing the City's Departments of Public Works, Planning, Building and Safety and Economic Development. The building contains a variety of city offices with a central one-stop counter and lobby on the first floor.

Approximately 94 joint-use parking spaces are available adjacent to and south of the building. The insured value of the building is $9,537,853 and it is located on 2.5 acres of land at the northwest corner of Sierra Highway and Avenue Q-11.

Office Building. This building is also part of the Civic Center complex of buildings. The 18,000 square foot office building was originally constructed in 2000 to serve as a County satellite courthouse. It now serves as overflow space for City offices on an as-needed basis. The insured value of the building is $4,780,156 and it is located on .86 acres of land.

Work Force Development Center. The City owns an approximate 10,000 square foot office building located on 0.7 acres at the corner of Sierra Highway and Avenue Q-6, with an adjacent 0.7 acres of parking. The building was constructed in 1998 and renovated in 2010. The insured value of the building is $3,417,758. The building currently houses the America's Job Center of California, which is operated by JVS SoCal, a 501(c)3 non-profit corporation.

Public Works Yard. The City's Public Works Yard houses the City's maintenance operations and equipment. Various buildings totaling 32,000 square feet were constructed in 2013. The insured value of the buildings is $4,673,327 and are located on 8.9 acres of land along 3rd Street between Avenue P-12 and Technology Drive.

William J. McAdam Park. This 20-acre park offers a swimming pool, field house, stage, picnic shelters, play field, tennis courts and volleyball courts. The insured value of the buildings is $1,000,666 and the park is located on 30th Street between Avenue R and Palmdale Boulevard.

Melville J. Courson Park. This 7.5-acre park offers a swimming pool, field house, picnic area, playground, basketball courts and a volleyball court. The insured value of the buildings is $5,436,330 and the park is located at the corner of 10th Street East and Avenue Q-12.

The City has estimated the current value of the Leased Property is $42,400,000, based on the current insured value of the existing structures of $28,846,000 and the current land value of $13,554,000 based on market rate for comparable park, commercial or industrial land, as the case may be.

The City is not required to maintain earthquake insurance on the buildings comprising the Leased Property, although the City currently carries earthquake insurance on the buildings comprising the Leased Property for difference in conditions, with a 10% deductible and plans to continue to purchase earthquake insurance on the Leased Property so long as such insurance can be obtained on the open market at reasonable rates. The current earthquake insurance is limited to $25,000,000 per occurrence (see "RISK FACTORS - Natural Hazards - Seismic Conditions").

None of the buildings comprising the Leased Property is within a 100-year flood plain, but they are within a 200-year flood plain.

As described in "RISK FACTORS - Limited Recourse on Default; No Acceleration," the Lease Agreement permits the Trustee to take possession of and re-lease the Leased Property in the event of a default by the City under the Lease Agreement. However, any such re-leasing of the Leased Property may be limited by the nature of the facilities.

Additional Lease Payments. The Authority and the City may amend the Lease Agreement to add Additional Lease Payments provided that certain conditions set forth in the Lease Agreement are met. In general, the City may amend the Lease Agreement to provide for funding additional property acquisition or improvements, or to refinance all or a portion of the Lease Agreement. The Authority may assign Additional Lease Payments to the Trustee for Additional Bonds, as described herein. The obligation of the City to pay the Additional Lease Payments and the Lease Payments assigned to the Trustee payable with respect to the Leased Property shall each rank *pari passu*. See "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LEASE AGREEMENT."

Substitution or Release of Leased Property. The City may substitute other property for the Leased Property, or any portion thereof, and may release portions of the Leased Property provided that certain conditions set forth in the Lease Agreement are met. See "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LEASE - Substitution of Leased Property" and "- Release of Leased Property."

THE BONDS

General Provisions

The Bonds will be issued in the form of fully registered Bonds in the principal amount of $5,000 each or any integral multiple thereof. Interest on the Bonds is payable at the rates per annum set forth on the inside front cover pages hereof, each June 1, 2024 and December 1, commencing June 1, 2024 (each, an "Interest Payment Date") until maturity. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Principal on the Bonds is payable on June 1 in each of the years and in the amounts set forth on the inside front cover pages hereof.

Each Bond shall be dated as of 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 the 15th day of the month preceding an Interest Payment Date (each, 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 May 15, 2024, 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.

Interest on the Bonds shall be payable 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 on such Interest Payment Date by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; *provided however*, that payment of interest 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 at least five (5) days before the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by wire or check of the Trustee upon presentation and surrender thereof at the Office of the Trustee, except as described below under "Payments of Principal and Interest; Book-Entry System." Principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Payments of Principal and Interest; Book-Entry System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to participants in DTC's book-entry only system, which will in turn remit such interest and principal to Beneficial Owners (as defined herein) of the Bonds (see "APPENDIX E - THE BOOK-ENTRY SYSTEM" herein). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

Redemption

Optional Redemption. The Bonds of each series maturing on or before June 1, ___, are not subject to redemption prior to their respective stated maturities. The Bonds of each series maturing on or after June 1, ___, are subject to redemption in whole, or in part, at the option of the Authority, on any date on or after June 1, ____, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium. Any such redemption shall be in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by such City, in inverse order of maturity).

Mandatory Sinking Fund Redemption of Series A Bonds. The Series A Bonds maturing on June 1, ___, June 1, ___, and June 1, ____ (the "Series A Term Bonds") are also subject to redemption in part by lot on June 1 in each of the years as set forth in the following tables at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date without premium or in lieu thereof shall be purchased as described below in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided however that if some but not all of any of the Series A Term Bonds have been redeemed pursuant to the optional redemption provisions described above or the special mandatory redemption provisions described below, the total amount of all future payments with respect to the Series A Term Bonds so redeemed shall be reduced by the aggregate principal amount of the Series A Term Bonds so redeemed to be allocated among such payments on a pro-rata basis in integral multiples of $5,000 as determined by the Authority.

SINKING FUND SCHEDULE FOR
SERIES A TERM BONDS MATURING JUNE 1, ____

Sinking Fund Redemption Date (June 1)	**Principal Amount To Be Redeemed**
(maturity)	

SINKING FUND SCHEDULE FOR
SERIES A TERM BONDS MATURING JUNE 1, ____

Sinking Fund Redemption Date (June 1)	**Principal Amount To Be Redeemed**
(maturity)	

SINKING FUND SCHEDULE FOR
SERIES A TERM BONDS MATURING JUNE 1, ____

Sinking Fund Redemption Date (June 1)	**Principal Amount To Be Redeemed**
(maturity)	

Mandatory Sinking Fund Redemption of Series B Bonds. The Series B Bonds maturing on June 1, ___ and June 1, ____ (the "Series B Term Bonds") are also subject to redemption in part by lot on June 1 in each of the years as set forth in the following tables at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date without premium or in lieu thereof shall be purchased as described below in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided however that if some but not all of either or both of the Series B Term Bonds have been redeemed pursuant to the optional redemption provisions described above or the special mandatory redemption provisions described below, the total amount of all future payments with respect to the Series B Term Bonds so redeemed shall be reduced by the aggregate

principal amount of the Series B Term Bonds so redeemed to be allocated among such payments on a pro-rata basis in integral multiples of $5,000 as determined by the Authority.

SINKING FUND SCHEDULE FOR
SERIES B TERM BONDS MATURING JUNE 1, ____

Sinking Fund Redemption Date (June 1)	**Principal Amount To Be Redeemed**
(maturity)	

SINKING FUND SCHEDULE FOR
SERIES B TERM BONDS MATURING JUNE 1, ____

Sinking Fund Redemption Date (June 1)	**Principal Amount To Be Redeemed**
(maturity)	

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The Bonds shall also be subject to redemption as a whole or in part on any date, pro rata between series, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Leased Property damaged or destroyed and elected by the City to be used for such purpose as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

Pursuant to the Lease Agreement, in the event that the proceeds from casualty insurance or a condemnation award are used to trigger a redemption of Bonds (instead of for the repair or the replacement of the Leased Property), such money will be used to redeem the Bonds. See "SOURCES OF PAYMENT FOR THE BONDS - Insurance Relating to the Property." There can be no assurance that such proceeds will be adequate to redeem all of the Bonds. In the event that Net Proceeds are to be applied to the redemption of the Bonds, the Net Proceeds will be applied to redeem a proportionate amount of each series of Bonds, based on the outstanding principal amount (see "RISK FACTORS - The Lease Payments - Insurance" and "- Early Redemption Risk" herein).

Selection of Bonds for Redemption. Whenever provision is made for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond. If less than all the Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Authority shall specify to the Trustee a principal amount in each maturity to be redeemed which, to the extent practicable, results in approximately proportionate annual debt service on the Bonds Outstanding following such redemption as compared to the annual debt service on the Bonds prior to such redemption. If less than all Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Authority shall designate the maturity or maturities of the Bonds to be redeemed.

Notice of Redemption; Rescission. If redemption is authorized or required, the Trustee shall mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to the Securities Depositories and to the Information Services.

Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed and in the case of 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 the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue and shall require that such Bonds be then surrendered.

Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Notice of any redemption of Bonds (other than sinking account redemptions) shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Bonds to be redeemed is on deposit in the applicable fund or account. The Authority and the Trustee have no liability to the Owners of the Bonds or any other party related to or arising from any rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

So long as DTC is the registered Owner of the Bonds, all such notices will be provided to DTC as the Owner, without respect to the beneficial ownership of the Bonds. See "APPENDIX E - THE BOOK-ENTRY SYSTEM."

Purchase in Lieu of Redemption. In lieu of redemption of Bonds, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least 60 days prior to the next scheduled Interest Payment Date of the written request of an Authorized Representative of the Authority, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the Authority may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed. The aggregate principal amount of Bonds of the same maturity purchased in lieu of redemption shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

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

Scheduled Lease Payments and Debt Service on the Bonds

The following is the schedule of annual Lease Payments assuming no special or optional prepayment prior to maturity.

Period Ending June 1	Principal	Interest	Annual Total
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
Total			

The following is the scheduled annual debt service on the Bonds assuming no special mandatory or optional redemption prior to maturity.

Period Ending	Series A			Series B			
June 1	Principal	Interest	Total	Principal	Interest	Total	Combined
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
2047							
2048							
2049							
2050							
2051							
2052							
2053							
Total							

Additional Bonds

The Authority may at any time issue one or more series of Additional Bonds (in addition to the Bonds) payable from Lease Payments as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

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

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

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

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; *provided, however*, that (A) the serial bonds of such series of Additional Bonds shall be payable as to principal annually on June 1 of each year in which principal falls due, and the term bonds of such series of Additional Bonds shall have annual mandatory sinking fund redemptions on June 1, (B) the Additional Bonds shall be payable as to interest semiannually on June 1 and December 1 of each year, (C) all Additional Bonds of a series of like maturity shall be identical in all respects, except as to number or denomination, and (4) serial maturities of serial bonds or mandatory sinking fund redemptions for term bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

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

(v) The form of such Additional Bonds; and

(vi) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

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

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

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

Certificate of the City); and (ii) to include provisions for the prepayment of Lease Payments attributable to such Additional Bonds.

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

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement and the amendment to the Site Lease, if any, together with satisfactory evidence that provision has been made for such amendment to the Lease Agreement and such amendment to the Site Lease, if any, to be recorded in the official records of Los Angeles County;

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

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

(d) a Written Certificate of the Authority that the requirements of the Indenture have been met;

(e) a Written Certificate of the City that the requirements of the Indenture have been met, and a Written Certificate of the City as to the annual fair rental value of the Leased Property, after giving effect to the issuance of the Additional Bonds, and to the use of proceeds received therefrom; and

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

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SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are payable from and secured by a pledge of Revenues and certain funds and accounts established and held by the Trustee under the Indenture. Revenues, as defined in the Indenture, means:

(a) all Lease Payments, prepayments, insurance proceeds, condemnation proceeds, and

(b) subject to the provisions of the Indenture, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, other than the Costs of Issuance Fund.

Revenues include Net Proceeds, which are amounts derived by the City from any policy of casualty insurance with respect to any portion of the Leased Property, or the proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof. See "Insurance Relating to the Leased Property" below.

As security for the Bonds, the Authority will assign to the Trustee for the payment of the Bonds the Authority's rights, title and interest in the Lease Agreement (with certain exceptions), including the right to receive Lease Payments to be made by the City under the Lease Agreement.

The Bonds are limited obligations of the Authority payable solely from and secured by a pledge of Revenues and certain funds and accounts held under the Indenture. The Authority has no taxing power.

Lease Payments; Abatement

The City is required to pay the Lease Payments to the Authority for use of the Leased Property, which are equal to the principal of and interest due with respect to the Bonds. The Lease Agreement requires the City to make Lease Payments to the Authority at least 5 business days preceding each Interest Payment Date. Lease Payments to be paid by the City are assigned to the Trustee under the Indenture and are to be transmitted by the City directly to the Trustee. The Indenture provides that the Lease Payments will be deposited in the Revenue Fund maintained by the Trustee under the Indenture and applied to pay the principal of and interest on the Bonds.

The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budgets and to make annual appropriations for all such Lease Payments. The Lease Agreement provides that the several actions required by such covenants are deemed to be and shall be construed to be 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 Agreement agreed to be carried out and performed by the City.

California law requires, and the Lease Agreement provides, that the Lease Payments may be abated in whole or in part if portions of the Leased Property are destroyed, damaged or condemned. During any period in which by reason of damage or destruction (other than by eminent domain which is described below) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof, the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue

of any such damage and destruction. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that rental interruption insurance Net Proceeds are available to pay Lease Payments that would otherwise be abated, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Lease Agreement will cease as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then (a) the Lease Agreement shall continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and (b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. However, that the Lease Payments are not subject to abatement to the extent that rental interruption insurance Net Proceeds are available to pay Lease Payments that would otherwise be abated, it being declared in the Indenture that such amounts constitute special funds for the payment of the Lease Payments.

During any period of abatement of Lease Payments, the Trustee shall pay principal and interest on the Bonds allocable to such portions of the Leased Property from proceeds of insurance or condemnation award (if any) on a pro-rata basis. The reduced Lease Payments may not be sufficient to pay principal and interest on the Bonds in the amounts and at the rates set forth therein. The City's reduced Lease Payments will constitute the total Lease Payments. In the event and to the extent the Lease Payments and other amounts available to the Trustee under the Indenture are subject to abatement, there could be insufficient amounts to pay principal of and interest on the Bonds in full, and such insufficiency would not constitute a default by the City under the Indenture, the Lease Agreement or otherwise.

The term of the Lease Agreement commences on the Closing Date and will terminate on June 1, 2053, or such earlier or later date on which the Lease Payments are paid in full or provisions made for such payment, but in no event later than June 1, 2063, being ten years after the stated maturity date of the Bonds. The Bonds are limited obligations of the Authority payable solely from and secured by a pledge of Revenues and certain funds and accounts held under the Indenture.

The Authority has no taxing power. The obligation of the City to pay Lease Payments does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments does not constitute a debt of the City, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The City has other obligations payable from its General Fund and may enter into other obligations payable from its General Fund without the consent of the Bond Owners. To the extent the City issues such obligations, funds available to pay Lease Payments may be reduced. See "FINANCIAL INFORMATION - Long-Term Obligations" and "RISK FACTORS - The Lease Payments - Lease Payments are Limited Obligations of the City" herein.

Reserve Account

A Reserve Account has been established under the Indenture to be held by the Trustee to secure the timely payment of principal of and interest on each series of the Bonds. The Reserve Requirement for the Bonds a fixed amount equal to the least of (a) maximum annual debt service on the Bonds, (b) 125% of average annual debt service on the Bonds, and (c) 10% of the par amount of the Bonds; *provided, however*, that if the Bonds are partially refunded, such amount shall be reduced to an amount equal to the maximum annual debt service on the Bonds following such redemption.

All amounts on deposit in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Revenue Fund in the event of any deficiency at any time in such fund of the amount then required for payment of the principal of and interest and any premium on the Bonds.

The Reserve Account established for the Bonds secures only the Bonds, and does not secure any other series of future Additional Bonds that may be issued under the Indenture (see "THE BONDS - Additional Bonds" herein).

The Indenture provides that the Authority will satisfy the Reserve Requirement by means of the Reserve Policy (the "Reserve Policy") (see "APPENDIX A - PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE" herein). Concurrently with the issuance of the Bonds, the Bond Insurer (see "MUNICIPAL BOND INSURANCE" below) will issue the Reserve Policy in the face amount of $_____, equal to the Reserve Requirement. For a further description of the provisions of the Indenture applicable to the Reserve Account, see "APPENDIX A - SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE - Reserve Account."

The Authority is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of the Bond Insurer decline or are withdrawn or the Bond Insurer fails to honor a draw on the Reserve Policy. If circumstances should ever cause the Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by the Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the City is required to transfer to the Trustee an amount sufficient to maintain the amount in the Reserve Account at such Reserve Requirement. Should the amount available to maintain the Reserve Account at the Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the City to transfer available funds to the Trustee would continue.

Capitalized Interest

There will be an initial deposit by the Trustee to the Interest Account of the Bond Fund from proceeds of the Series A Bonds. The amount deposited will be sufficient to make the interest payments on approximately 86% of the Series A Bonds through and including June 1, 2026.

There will be an initial deposit by the Trustee to the Interest Account of the Bond Fund from proceeds of the Series B Bonds. The amount deposited will be sufficient to make the interest payments on the Series B Bonds on June 1, 2024.

Insurance Relating to the Leased Property

The Lease Agreement requires the City to maintain comprehensive general public liability and property damage insurance and fire insurance with extended coverage on the Leased Property. The City is also 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 Lease Payments due and payable in any future 24-month period. The City is not required to maintain earthquake insurance with respect to the buildings on the Leased Property and, therefore, damage from earthquakes is not likely to be covered in future years.

See "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT - Insurance" and "RISK FACTORS - The Lease Payments - Insurance" herein.

If any or all of the Leased Property is damaged or destroyed, any Net Proceeds of insurance against accident to or destruction of the Leased Property collected by the City or the Authority in the event of any such accident or destruction shall be paid to the Trustee under the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund. If the City fails to determine and notify the Trustee in writing of its determination, within 45 days following the date of such deposit, to

replace, repair, restore, modify or improve the Leased Property which has been damaged or destroyed, then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds. Notwithstanding the foregoing sentence, however, if the Leased Property is damaged or destroyed in full, the Net Proceeds of such insurance shall be used by the City to rebuild or replace the Leased Property if such proceeds are not sufficient to redeem Outstanding Bonds equal in aggregate principal amount to the unpaid Lease Payments allocable to the Leased Property. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City, upon receipt of a Written Request of the City. Any balance of the proceeds remaining after such work has been completed as certified by the City under a Written Certificate to the Trustee shall be paid to the City. See "RISK FACTORS - The Lease Payments - Abatement" herein.

The Lease Agreement also requires the City to insure title to the Leased Property in an amount not less than the initial aggregate principal amount of the Bonds. If all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Authority shall deposit or cause to be deposited with the Trustee the Net Proceeds therefrom, which the Trustee shall deposit into the Insurance and Condemnation Fund under the Lease Agreement, and which shall be applied and disbursed by the Trustee as follows:

(i) If the City has not given written notice to the Trustee, within 45 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Leased Property or such portion thereof, the Trustee shall transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds.

(ii) If the City has given written notice to the Trustee, within 45 days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Leased Property or such portion thereof, the Trustee shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such replacement, upon the filing of Written Requisitions of the City as agent for the Authority.

If there are not sufficient insurance proceeds to complete repair of the Leased Property, the Lease Agreement Payment schedule will be proportionally reduced in accordance with the Lease Agreement. Such reduced Lease Payments may not be sufficient to pay principal and interest with respect to the Bonds. Such reduction would not constitute a default under either the Indenture or the Lease Agreement.

Remedies on Default

If the City defaults in performance of its obligations under the Lease Agreement, the Trustee, as assignee of the Authority, may elect not to terminate the Lease Agreement and may re-enter and relet the Leased Property and may enforce the Lease Agreement and hold the City liable for all Lease Payments on an annual basis while re-entering and reletting the Leased Property. Such re-entry and reletting shall not effect a surrender of the Lease Agreement. Alternatively, the Trustee may elect to terminate the Lease Agreement and may re-enter and relet the Leased Property and seek to recover all costs, losses or damages caused by the City's default. See "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - LEASE - Events of Default."

Notwithstanding the foregoing remedies which are granted under the Lease Agreement with respect to the Leased Property, since portions of the Leased Property are used for essential governmental services of the City, no assurances can be given that a court would permit the Authority or the Trustee to re-enter and re-let those portions of the Leased Property.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, ____ (sometimes referred to as the "Bond Insurer") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds maturing June 1, __ through June 1, _____ (the "Insured Bonds") when due as set forth in the form of the Insurance Policy included as Appendix F to this Official Statement.

(to be completed)

CITY OF PALMDALE

General Information

The City is located in northern Los Angeles County, in an area known as the Antelope Valley, approximately 62 miles north of downtown Los Angeles. It encompasses approximately 104 square miles. The southern portion of the Antelope Valley is significantly urbanized and focused around the City and its neighboring community, the City of Lancaster. Nearly half of the Antelope Valley's population lives in these two cities and are connected to the metropolitan employment center of the Los Angeles Basin via the Antelope Valley Freeway (State Highway 14) and Interstate 5. Access to the Inland Empire (Riverside and San Bernardino Counties) from Palmdale is via State Highway 18.

In 1933, the United States government established Muroc Air Base six miles north of Lancaster in Kern County, now known as Edwards Air Force Base. The United States government also bought Palmdale Airport in 1952 and established an aerospace development and testing facility called United States Air Force Plant 42. One year later, in 1953, Lockheed established a facility at the airport. After this point in time, the aerospace industry took over as the primary local source of employment, where it has remained ever since. Today the City is even referred to as the "Aerospace Capital of America" because of its rich heritage in being the home of many of the aircraft used in the United States military.

Government Organization

The City was incorporated as a general law city on August 24, 1962, and became a charter city in 2009. The City operates under the council/manager form of government. The City is governed by a five-member council elected by geographic districts. The Mayor is selected annually from among the City Council members. The positions of City Manager and City Attorney are filled by appointments of the City Council.

Governmental Services

Public Safety and Welfare

Full-service law enforcement is provided to the residents of the City through a contractual arrangement with the Los Angeles County Sheriff's Department. Under the contract, the City is currently served by __ full-time equivalent sworn officers.

Fire protection and emergency medical services are provided in the City by Los Angeles County Consolidated Fire Protection District, a fire prevention and suppression organization that serves 58 cities and towns and the unincorporated areas of the County.

The City also contracts with the Los Angeles County Department of Animal Care and Control for animal licensing, pickup, care, and boarding at a local shelter.

Public Services

City services include building permit and inspection, planning and zoning, public infrastructure maintenance, street cleaning, traffic signal maintenance and municipal code compliance. Utilities in the City are provided by separate utility companies, but the City maintains all sewer assets.

The City operates the Palmdale Transportation Center, a mulitmodal regional transportation center, which offers connections between the Antelope Valley Transit Authority the following commuter services: Amtrak Throughway Bus Service, Commuter Bus Service, FlixBus, Metrolink Commuter Rail Service, and Santa Clarita Transit.

The City also offers various emergency services and opportunities to low-to moderate-income families and individuals in securing affordable housing. To accomplish this, the City's Community Programs Department oversees the South Valley WorkSource Center, the Federal Home Program, the Community Development Block Grant Program, the Neighborhood Stabilization Program, the Homelessness Prevention and Rapid Re-housing Program, and the South Antelope Valley Emergency Service Program.

Parks and Recreation

The City operates the Palmdale Library. The City's Department of Parks and Recreation manages the operation of 592 acres of developed parkland throughout the City. The department also operates special use facilities and developed trails and pathways. Facilities include four pools, a 6-acre water park, 12,000 capacity outdoor amphitheater, and numerous ball fields, tennis courts, basketball courts, skate parks, roller hockey rinks, as well as three community centers and a community theatre.

Community Information

The City is served by two separate elementary school districts, Palmdale School District and Westside Union School District, and one high school district, the Antelope Valley Union High School District. The Palmdale Aerospace Academy is a joint venture between the City, the AERO Institute, and the Palmdale School District. It is an independent charter school.

Nearby Antelope Valley College offers associates of arts and science degrees in multiple fields. Certificate programs are offered in numerous vocational areas. Four-year degree programs are offered in the Antelope Valley at satellite campuses of Chapman University, University of Antelope Valley, University of La Verne, University of Phoenix, California State University at Bakersfield, California State Polytechnic University at Pomona and California State University at Fresno.

Residents in the region are served by the Palmdale Regional Medical Center, a first class acute-care hospital and medical center. The facilities include an emergency department, a helipad, medical office towers, and a senior housing complex.

Transportation

The Antelope Valley Freeway (State Highway 14) is a north-south freeway that runs through the City and provides access to Interstate 5 and the Southern California freeway system to the south, and State Highway 18 provides access to Interstate 15 to the east, connecting with the Inland Empire and Las Vegas. State Highway 138, north of the City also connects with Interstate 5.

The City also operates the Palmdale Transportation Center described above.

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Population

The following table provides a comparison of population growth for the City and Los Angeles County between 2019 and 2023.

TABLE NO. 1
CITY OF PALMDALE
POPULATION
2019 – 2023

	Palmdale		Los Angeles County	
January 1		Percentage		Percentage
Year	Population	Change	Population	Change
2019	157,418		10,163,139	
2020	156,910	(0.3)%	10,135,614	(0.3)%
2021*	168,845	7.6	9,942,011	(1.9)
2022	167,015	(1.1)	9,834,503	(1.1)
2023	165,917	(0.6)	9,761,210	(0.8)
% Change Between 2016 - 2023		5.4%		(4.0)%

Source: State of California, Department of Finance, *"E-4 Population Estimates for Cities, Counties and the State.*

* Prior to 2021, the State based its estimates on the 2010 Census and beginning in 2021, the State based its estimates on the 2020 Census.

Per Capita Personal Income

Per capita personal income information for the City, the County, the State of California and the United States are summarized in the following table.

TABLE NO. 2
PER CAPITA PERSONAL INCOME
CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND UNITED STATES
2018 – 2022

Year	City of Palmdale[1]	County of Los Angeles[2]	State of California[2]	United States[2]
2018	$21,077	$59,617	$63,759	$54,581
2019	22,962	63,252	66,745	56,474
2020	22,718	68,541	71,480	59,729
2021	25,895	74,141	76,614	64,143
2022	31,026	75,723	77,339	65,423

Source: (1) U.S. Census Bureau, American Community Survey.
(2) Department of Commerce, Bureau of Economic Analysis.

Employment and Industry

Civilian labor force, employment and unemployment statistics for the City, the County, the State and the nation, for the years 2018 through 2022 are shown in the following table. During the Pandemic, the unemployment rates increased throughout the nation, the State, the County and the City.

TABLE NO. 3
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2018				
Palmdale	64,700	60,600	4,100	6.3%
Los Angeles County	5,119,800	4,882,300	237,500	4.6
California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Palmdale	64,800	60,800	4,000	6.2%
Los Angeles County	5,151,500	4,920,800	230,700	4.5
California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Palmdale	61,900	52,700	9,200	14.8%
Los Angeles County	4,960,300	4,350,500	609,800	12.3
California	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Palmdale	62,900	55,100	7,800	12.4%
Los Angeles County	4,993,500	4,547,600	445,900	8.9
California	18,973,400	17,86,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Palmdale	61,800	57,400	4,400	7.1%
Los Angeles County	4,984,800	4,739,900	244,900	4.9
California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

The City is located in the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area ("MSA"). The industry sectors with the largest percentage declines as a result of the Pandemic shelter in place orders were Leisure and Hospitality, Nondurable Goods manufacturing, Other Services and Information.

The historical employment in the Los Angeles-Long Beach-Glendale MSA is presented in the following table. The data below is shown as an annual average.

TABLE NO. 4
LOS ANGELES-LONG BEACH-GLENDALE MSA
WAGE AND SALARY WORKERS BY INDUSTRY

Industry	2018	2019	2020	2021	2022
Government	590,600	586,900	570,200	560,200	568,500
Other Services	158,900	158,400	128,800	135,700	153,500
Leisure and Hospitality	536,600	547,300	393,700	434,200	511,300
Educational and Health Services	818,000	840,100	821,700	844,400	873,600
Professional and Business Services	632,800	647,600	600,200	630,100	668,900
Financial Activities	223,800	224,300	213,200	213,200	215,900
Information	215,000	215,600	191,100	208,800	235,200
Transportation, Warehousing and Utilities	203,800	213,100	207,900	215,200	225,300
Service Producing					
Retail Trade	421,000	413,600	375,700	396,100	407,300
Wholesale Trade	224,500	221,900	201,100	202,600	204,800
Manufacturing					
Nondurable Goods	142,800	139,500	125,100	127,100	132,200
Durable Goods	200,200	201,800	190,300	186,000	189,600
Mining, Logging and Construction	148,300	151,800	148,300	150,700	152,600
Total Nonfarm	4,516,300	4,561,900	4,167,300	4,304,300	4,538,700
Farm	4,700	4,400	4,400	4,600	4,900
Total (all industries)	4,521,000	4,566,300	4,171,700	4,308,900	4,543,600

Source: State of California Employment Development Department, Labor Market Information Division, "*Industry Employment & Labor Force."*

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The principal employers operating within the Antelope Valley during the calendar year ended December 31, 2022 are as follows:

TABLE NO. 5
ANTELOPE VALLEY
PRINCIPAL EMPLOYERS

Name of Company	Employment [1]	Product/Service
Northrop Grumman	7,000	Aerospace/Aviation
Lockheed Martin	3,750	Aerospace/Aviation
Antelope Valley Union High School District	3,089	Education
Palmdale School District	2,100	Education
Antelope Valley Mall (All Stores)	1,800	Shopping Center
Palmdale Regional Medical Center	1,200	Healthcare/Healing
Palmdale Wal-Mart	800	Retail
Robertson's Ready Mix Concrete	500	Manufacturing
Palmdale Auto Mall	410	Car Dealers
Granite Construction	400	Construction

(1) "Employment" as used above represents the total employment located within the Greater Antelope Valley region. The Antelope Valley region is considered to be the City's economic region and covers 3,514.2 square miles of area and includes the City, Lancaster, Tehachapi and Ridgecrest. The principal employers represent all employers within the greater Antelope Valley region.

Source: City of Palmdale Annual Comprehensive Financial Report.

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Commercial Activity

Taxable transactions by type of business for the City are summarized below for calendar years 2018 through 2022.

TABLE NO. 6
CITY OF PALMDALE
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in thousands)
2018 – 2022

	2018	2019	2020	2021	2022
Retail and Food Services					
Motor Vehicle and Parts Dealers	$ 267,769	$ 250,141	$ 257,097	$ 338,659	$ 342,329
Home Furnishings and Appliance Stores	98,922	97,503	87,354	116,487	103,170
Building Material, Garden Supplies	115,026	120,153	168,350	178,988	166,537
Food and Beverage Stores	81,522	82,584	99,226	102,320	109,009
Gasoline Stations	204,413	211,082	158,784	265,141	297,458
Clothing and Accessories Stores	150,589	146,174	107,451	176,968	161,436
General Merchandise	339,998	352,116	341,014	393,250	407,405
Food Services and Drinking Places	255,309	275,047	249,633	317,784	332,983
Other Retail Group	111,457	109,073	109,968	137,955	137,044
Total Retail and Food Services	1,625,004	1,643,871	1,578,878	2,027,552	2,057,371
All Other Outlets	193,024	215,267	224,282	205,766	247,460
Total All Outlets	$1,818,028	$1,859,138	$1,803,160	$2,233,318	$2,304,831

Note: Detail may not compute to total due to rounding.

Source: California Department of Tax and Fee Administration, *"Taxable Sales - Cities by Type of Business."*

Building Activity

The following table summarizes building activity and valuations for the City for the last five fiscal years.

TABLE NO. 7
CITY OF PALMDALE
BUILDING ACTIVITY AND VALUATION
2019 – 2023

	2019	2020	2021	2022	2023
Residential					
Non-Residential					
Total Valuation					
No. of New Dwelling Units:					
Single-Dwelling					
Multi-Dwelling					
Total New Units					

Source: City of Palmdale.

FINANCIAL INFORMATION

The City's Fiscal policies and planning documents are described below.

Strategic Plan

The City's Strategic Plan establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting to forecast and actively communicate challenges and opportunities before they arise. City Council goals are predicated on the understanding that investments of financial, physical and staff resources today ensure the community's quality of life is preserved and enhanced in the future. Preparing for an uncertain future requires consideration of a wide range of factors as well as direct and indirect influences on the City providing the community's desired service level on a sustainable basis. Long-term financial planning involves financial forecasting and strategizing how to meet both current and future needs of the community.

The Strategic Plan has four focus areas:

- Maintain effective public safety and protection for life, property and the environment
- Ensure long-term fiscal health of the City and maintain funding for services
- Invest in infrastructure to improve community livability
- Maintain a desirable community where everyone wants to live, work and play

Each of the four focus areas have a number of individual goals.

Long-Term Financial Planning

The City is committed to long-term comprehensive financial planning. The City prepares and publicly presents, during the budget process, a detailed five-year forecast that includes an analysis of key revenues and expenditures, along with proposed measures to address any projected gaps.

A five-year financial plan projects the fiscal health of the City's General Fund and allows policymakers and management to understand the fiscal gaps that may exist between revenue forecasts and projected expenditure requirements. The five-year General Fund financial plan provides a guide for establishing City department budget targets; these targets are used by departments to develop budget proposals that are constrained by the resources anticipated to be available in the upcoming fiscal year.

As further described in the City Manager's Budget Message for the Fiscal Year 2023-24 Budget, as the City continues to grow in population, infrastructure and operations continue to expand to meet the needs of the developing community. Significant shortfalls are projected over the next five fiscal years in the General Fund and reflect flattening revenues that are no longer sufficient to cover the unplanned increase of expenditures, primarily contracted services.

The City Manager's Budget Message contained the following information relating the forecasting contained in the Fiscal Year 2023-24 Budget. The current forecast is based on the economic outlook as of June 2023. As with all projections, substantial uncertainties exist that could affect the City's financial condition including the economy, state mandates, agreements with employee associations, and changes to the City's fee structure. During these unprecedented times of rising interest rates and a slowdown of the economy, the City will continue to monitor the financial impact the state of the economy and reforecast accordingly. The City has several tools to mitigate the impacts of an economic downturn. Strategies include reevaluating service delivery options, delaying noncritical vacancies, eliminating noncritical vacant positions,

postponing merit increases and cost-of-living adjustments, deferring contingency capital improvement projects, and deploying contingency reserves.

Finally, the City Manager's Budget Message describes that over the past two fiscal years, staff made efforts to right-size the general fund by shifting expenditures to other funding sources where possible. This effort has continued, resulting in fewer transfers between funds and a cleaner General Fund. In November 2020 voters passed Measure AV ("Measure AV"), a ¾-cent local sales tax to support core City services, such as public safety, parks programs, and addressing homelessness and mental health. The revenue generated through Measure AV is a significant factor in balancing the general fund budget. The City was allocated $35.5 million in American Rescue Plan Act funds in Fiscal Year 2021-22 to be used in response to the COVID-19 pandemic. This allocation of funds has allowed the City to fund eligible programs and services without impacting the General Fund.

Budgetary Process and Administration

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital project funds, which adopt project-length budgets.

The budget process begins in January when budget request forms are distributed to each department. These requests are assembled by the Finance Department and are presented to the City Manager in March. Budget meetings are then held with each department. The proposed budget is presented to the City Council on or before May 31 of each year. The Council holds a public hearing in June and must adopt a final budget by June 30 of each fiscal year. If Council continues the public hearing and/or adoption of the budget beyond June 30, the Finance Department is required to obtain written authorization for the continuation of spending for the new fiscal year at a public meeting of the Council prior to July 1.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level. The category level includes personnel, training and meetings, operating expenditures, contingency, debt service, and capital outlay. Supplemental appropriations during the year must be approved by the City Council if they are over $100,000 or between funds, except for shifts in appropriations relating to personnel changes that may be done administratively by the City Manager. The City Manager can approve budget transfers up to $100,000 within a fund. Supplemental appropriations were made during the year and are reflected in the budgeted numbers contained in the accompanying financial statements.

Encumbrances and Continuing Appropriations may be added to the subsequent year's adopted budget by the Finance Manager with the approval of the City Manager.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts, and other commitments) outstanding at year-end are reported as assigned fund balance in the General Fund since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

Budget Principles. The City is committed to preserving services and finding additional efficiencies to enhance the City's fiscal health. To this end, the City applies four guiding principles during the development of the annual Budget.

- Financial Accuracy
- Financial Responsibility and Discipline
- Maintaining Essential Services and Infrastructure
- Transparent and Participatory Process

Mid-Cycle Budget Update. To ensure that the City Council is advised of the financial condition and future needs of the City, a Mid-Cycle Budget is brought before council each year. This update includes necessary adjustments to the operating budget and personnel detail that have been identified by staff since the adoption of the Budget. On a regular basis, the Finance division will evaluate financial performance relative to the adopted and adjusted budget and prepare and present reports to the City Council and City management. The purpose of these reports is as follows:

- Provide early warning of potential concerns or problems.
- Identify, investigate, and correct accounting errors.
- Evaluate and explain significance of ongoing variances.
- Update on economic development progress and revenue enhancement opportunities.
- Allow decision makers time to consider actions that may be needed if major deviations in budget-to-actual expenditures or revenues become evident.

Balanced Budget. It is the City's goal to fund current year operating expenses with current year revenues. The budget proposal as presented by the City Manager shall be balanced, with recurring revenues meeting or exceeding recurring expenditures for ongoing operations. Nonrecurring revenues may not be used to fund recurring expenditures without the approval of the City Council.

General Fund Reserve Policy

The City is committed to prudent fiscal practices and maintaining adequate General Fund reserves to ensure consistent, uninterrupted municipal services and facilities during major economic downturns or natural disasters. It is necessary to maintain an adequate reserve to protect the City's credit quality which will reduce the cost of borrowing to the citizens. The City's General Fund Reserve Policy established minimum reserve requirements in two categories:

- An Emergency Reserve equal to 15% of the General Fund's following year expenditure budget
- A Contingency Reserve equal to 5% of the General Fund's following year expenditure budget

The Emergency Reserve may be used to help mitigate the effects of unanticipated situations such as natural disasters, and severe and unforeseen events. Utilization of the Emergency Reserve requires declaration of an emergency by two-thirds majority of the City Council, and specification of the maximum dollar amount to be used.

The Contingency Reserve is the portion of the fund balance that includes amounts for the purpose of providing a "bridge" to facilitate a measured and thoughtful reaction in revenues during times of economic downturn, rather than making immediate and drastic budget cuts without the time for proper evaluation.

Other Financial Policies

The City has adopted other financial policies and procedures as follows:

Debt Management Policy - The debt management policy provides for the City's current and future ability to finance major operating capital equipment and capital improvement projects at beneficial interest rates without adversely affecting the City's ability to finance essential City services.

Investment Policy - Investment Policy is intended to provide specific criteria for the prudent investment of City funds. The goal is to enhance the economic status of the City while protecting funds under management and meeting the daily cash flow demands of the City.

Cash Management Policy. In order to maximize interest earnings, the City pools the cash of all funds, except for Successor Agency and those funds held in trust for the City by various financial institutions in accordance with applicable trust agreements related to debt issues. Interest revenue derived from pooled cash is allocated monthly to participating funds based on relative cash balances of each fund.

Measure AV Reserve Policy. The City established a Measure AV Fund Reserve Policy at a minimum of 10% of the following year's budgeted expenditures.

Fiscal Year 2023-24 Overview

There are many factors that influence the preparation of the budget. The City's Strategic Plan aligns department goals, performance indicators and budget allocations with the City Council's strategic priorities, provides five-year financial projections, and balances measures when shortfalls are anticipated.

The City's Reserve Policy requires that the general fund maintain 20% of operating expenditures in reserve to be used in times of emergency, such as economic downturn or natural disaster. However, 30% General Fund Reserves were funded in the Fiscal Year 2023-24 budget.

As described in the City Manager's Budget Message for the Fiscal Year 2023-24 Budget, the City has experienced a downturn in the economy like the rest of the nation, however, using a variety of tools such as historical trends, market conditions, business license information and the City's sales tax consultant, revenues are projected to increase in the General Fund by 7.1% compared to the prior year. In addition to the 7.1% increase, the City is expecting additional revenues in the General Fund because of economic development opportunities, including new business development and sale of City-owned property. The City also continues to make deposits to its Section 115 Trust, to offset future pension costs.

The City has implemented other options that are expected to increase revenue streams to the General Fund, including:

- Enhanced Infrastructure Financing Districts.
- Palmdale Fee Schedule with fee increases that took effect July 1, 2023.

As further described in the City Manager's Budget Message for the Fiscal Year 2023-24 Budget, property tax revenue is expected to increase by 5% from the original Fiscal Year 2022-23 estimates. Charges for Services are expected to decrease by 4%, as a reflection of the downturn in the economy. Licenses and permits are expected to decrease by 13% reflecting economic stagnation and inflationary pressure. Other revenue is expected to increase $5.8 million due to the sale of City owned property, which is expected to occur in Fiscal Year 2023-24.

In addition, the City Manager's Budget Message for the Fiscal Year 2023-24 Budget describes that, due to the economic slowdown and rising inflation, staff has continued, where possible, to make significant adjustments to the operating budget. Despite these efforts, the cost of doing business continues to increase at a rate higher than revenues. With inflation rates hovering around 3.8% according to the US Bureau of Labor Statistics, the City, along with the rest of the country, is seeing costs of goods and services rise.

Staff are taking the following actions:

- Right size the General Fund by identifying costs and utilizing Special Revenue and Grant Funds for qualifying expenditures.

- Renegotiating contracts for more favorable terms. This may include lowering prices and, in some cases, reducing the scope of work to stay within budget.

- Reviewing business processes to eliminate redundant programs and increase efficiency.

In addition, the City continually assesses the efficiency and effectiveness of its operating structure as it seeks to meet its strategic goals and the needs of the community. For Fiscal Year 2023-24, there are several reorganizations to note:

- Community Compliance division has moved out of Neighborhood Services and into the City Manager department.

- The Finance department has been established with the divisions listed below:

  –Information Technology

  –Assessment Districts/Community Facility Districts

  –Successor Agency

  –Palmdale Community Foundation

- Community Programs has moved out of the Neighborhood Services department and into the Parks & Recreation department.

The City Manager's Budget Message for the Fiscal Year 2023-24 Budget describes that the money raised from the Measure AV sales tax will help with the City's commitment to keep the community safe and welcoming to all. The amount of money generated from the Measure AV is projected to be $22.9 million in Fiscal Year 2023-24 and is locally controlled by the City. The revenue raised from Measure AV will be used to fund essential City services, programs and infrastructure.

General Fund Revenues and Expenditures

The City's General Fund Budget includes programs which are provided on a largely citywide basis. The programs and services are financed primarily by the City's share of property tax, sales tax, other taxes, and charges for services provided, as described below.

Budget and Actual Comparisons

A comparison of the General Fund actual revenues and expenditures for Fiscal Years 2021-22 and, estimated unaudited results for Fiscal Year 2022-23 and the Fiscal Year 2023-24 Budget is shown in Table No. 8.

Interfund transfers shown in Table No. 8 represent a transfer of resources from one fund to another fund. The transfer appears as a resource in the fund receiving the transfer and as a budget requirement in the fund that is sending the transfer. The nature of interfund transfers causes revenue and expenditures to be double counted in the citywide budget, however the inclusion of interfund transfers provides transparency to the performance of individual funds and subsidies from one City fund to another. A significant portion of interfund transfers are eliminated in the audited financial statements.

A comparison of the Measure AV Fund actual revenues and expenditures for Fiscal Years 2021-22 and, estimated unaudited results for Fiscal Year 2022-23 and the Fiscal Year 2023-24 Budget is shown in Table No. 9. Although budgeted in a separate fund, Measure AV sales tax is a general tax and available to pay for General Fund expenditures.

Historical General Fund and Measure AV Fund activity is shown in Table Nos. 19 and 21.

TABLE NO. 8
GENERAL FUND REVENUES AND EXPENDITURES

	2021-22 Actual	2022-23 Unaudited	2023-24 Budget
Revenues:			
Property taxes	$27,318,103	$25,690,510	$26,889,450
Sales taxes	27,799,318	28,117,570	28,265,620
Other taxes	13,451,681	12,205,360	12,826,710
Licenses and permits	5,680,413	4,030,800	3,954,070
Motor vehicle license fees	180,305	173,560	180,000
Fines and forfeitures	668,204	1,215,240	799,800
Use of property and interest	1,594,790	1,689,510	2,028,870
Change in FMV of investments	(3,644,709)	-	-
Charges for current services	6,037,565	4,458,630	3,869,070
State contributions	18,753	34,200	50,000
Other revenue	3,340,576	4,970,510	10,774,820 (1)
Proceeds from sale of assets	341,784	-	-
Lease interest revenue	2,611	-	-
Transfers in	4,668,096	14,136,700(2)	12,726,540(2)
Total revenues	87,457,490	96,722,590	101,829,150
Expenditures:			
Current:			
General government	19,390,597	28,084,260	25,419,150
Public safety	27,047,778	23,502,720	30,624,780
Public services	11,078,060	17,017,870	17,140,840
Community development	616,095	1,572,980	1,473,810
Cultural and recreation	7,684,818	8,685,770	9,594,020
Capital outlay	1,194,159	150,450	271,150
Debt service	2,029,374	6,349,900(3)	6,351,720(3)
Transfers out	3,648,373	13,379,660(4)	11,200,500(4)
Total expenditures	72,689,254	98,743,610	102,075,970
Net change in Fund Balance	14,768,236	(2,021,020)	(246,820)
Fund Balance - Beginning	58,501,265	73,269,501	71,248,481
Fund Balance - Ending	$73,269,501	$71,248,481	$71,001,661

Source: City of Palmdale.

(1) Includes $5.8 million for expected sale of City property.

(2) Before elimination of interfund transfers for public liability self insurance and debt service allocated to specific funds corresponding to amounts included in "Transfers Out."

(3)

(4) Before elimination of interfund transfers for debt service allocated to specific funds, corresponding to a portion of the amounts included in "Transfers In" and transfers to General Fund reserves (such as the Section 115 Trust).

TABLE NO. 9
MEASURE AV FUND REVENUES AND EXPENDITURES

	2021-22 Actual	22-23 Unaudited	2023-24 Budget
Revenues:			
Sales taxes	$22,685,307	$22,675,911	$22,923,000
Total revenues	22,685,307	22,675,911	22,923,000
Expenditures:			
Current:			
General government	520,566	1,346,050	2,110,030
Public safety	8,174,362	10,592,730	10,173,320
Public services	3,004	688,860	-
Community development	400,817	977,000	2,540,000
Culture and recreation	-	704,300	-
Health and welfare	-	100,000	-
Capital outlay	600,015	12,527,690	18,169,310
Total expenditures	9,698,764	26,936,630	33,522,660
Net change in Fund Balance	12,986,543	(3,971,630)	(10,599,660)
Fund Balance – Beginning	5,036,3015	18,022,844	14,041,214
Fund Balance - Ending	$18,022,844	$14,051,214	$ 3,441,554

Source: City of Palmdale.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a $20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of l½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of l½% per month begins to accrue on November 1 of the fiscal year. The County of Los Angeles has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office

of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Tax Collections. A five-year history of property tax levies and collections for the City is set forth in Table No. 10.

TABLE NO. 10
CITY OF PALMDALE
SECURED TAX LEVIES AND COLLECTIONS [1]
(in thousands)

Fiscal Year	Total Tax Levy [1]	Current Tax Collections	Percentage of Levy Collected	Collections in Subsequent Years [2]	Total Tax Collections	Percentage of Levy
2018-19	$6,806,674	$5,583,646	82.0%	$1,149,905	$6,733,551	98.9%
2019-20	7,618,313	5,801,915	76.2%	1,580,167	7,382,082	96.9%
2020-21	7,448,412	6,270,301	84.2%	1,113,885	7,384,186	99.1%
2021-22	7,499,947	6,530,266	87.1%	1,006,064	7,536,330	100.0%
2022-23						

(1) Levy amounts do not include supplemental taxes.

(2) Collection amounts represent supplemental assessments and delinquencies collected for all prior years during the current tax year. Total delinquent collections are reduced by any refunds processed from prior year tax collections.

Source: City of Palmdale Annual Comprehensive Financial Report.

Taxable Property and Assessed Valuation

Set forth in the table below are assessed valuations for secured and unsecured property within the City. Article XIIIA of the California Constitution prescribes the method for determining the full cash value of real property and the maximum ad valorem tax on real property. The full cash value, once established, is subject to annual adjustment to reflect inflation at a rate not to exceed 2% or a reduction in the California Consumer Price Index. There may also be declines in valuations if the California Consumer Price Index is negative.

TABLE NO. 11
CITY OF PALMDALE
GROSS ASSESSED VALUE OF ALL TAXABLE PROPERTY

Fiscal Year	Secured	Unsecured	Total	Change
2019-20	$12,849,982,110	$ 741,701,115	$13,591,683,225	5.7%
2020-21	13,604,652,062	1,014,356,469	14,619,008,531	7.6
2021-22	14,104,782,319	793,603,730	14,898,386,049	1.9
2022-23	15,141,924,611	956,020,741	16,097,945,352	8.1
2023-24	16,033,309,167	1,162,198,761	17,195,507,928	6.8

(1) Including homeowners' exemption values.

Source: City of Palmdale Annual Comprehensive Financial Report; Los Angeles County Auditor-Controller.

Largest Taxpayers. The largest taxpayers in the City for the 2022-23 Fiscal Year are shown below.

TABLE NO. 12
CITY OF PALMDALE
LARGEST TAXPAYERS

Taxpayers	2022-23 Assessed Valuation	% of Total Assessed Valuation 2022-23
Lockheed Corporation	$618,438,469	3.84%
Northrop Grumman Systems Corporation	304,786,477	1.89
Antelope Valley Shop LLC	264,468,175	1.64
Lancaster Hospital Corporation	262,782,636	1.63
Wal Mart /Sam's Club.	85,663,826	0.53
Spectrum Pacific West LLC	70,123,795	0.44
Hastings Ranch Shopping Center	65,374,785	0.41
Allegra Palmdale LLC	59,700,000	0.37
Golden Spectrum Property LLC	47,615,593	0.29
2018 1 IH LP	45,229,661	0.28
Total	$1,824,183,414	11.29%

Source: City of Palmdale.

Proposition 8 Adjustments. Proposition 8 (see "RISK FACTORS - Constitutional Limitation on Taxes and Appropriations - Proposition 8 Adjustments,") provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by an inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. There are always a minor number of properties in the City that are subject to Proposition 8 reductions, even before the great recession caused a larger number of properties to be reduced below their factored base year values between Fiscal Years 2008-09 and 2012-13.

In future years, the number of Proposition 8 adjustments may increase as a result of economic conditions impact on the housing market.

Redevelopment Agencies. The California Redevelopment Law (Part 1 of Division 24 of the Health & Safety Code of the State) authorized the redevelopment agency of any city or county to receive an allocation of tax revenues resulting from increases in assessed values of properties within designated redevelopment project areas (the "incremental value") occurring after the year the project area was formed. In effect, local taxing authorities, such as the City, realized tax revenues only on the assessed value of such property at the time the redevelopment project was created for the duration of such redevelopment project, except to the extent a redevelopment agency made payments by agreement or in some cases, pursuant to a statutory formula. There have been numerous redevelopment projects formed in the City.

The State Legislature approved a bill, AB X1 26, during the 2011-12 State budget process. AB X1 26 eliminated redevelopment agencies State-wide. On December 29, 2011, the California Supreme Court issued its opinion and upheld AB X1 26. As a result of the decision, all California redevelopment agencies, including the City's Redevelopment Agency and other redevelopment agencies formed by cities within the City, were dissolved as of February 1, 2012. Certain tax revenues allocable to the City's former

Redevelopment Agency will continue to be available to the City, as successor agency to the City's Redevelopment Agency ("Successor Agency"), to pay certain obligations of the Successor Agency, and any residual amounts available after payment of obligations is redirected to other taxing agencies, such as the City, school districts, and cities. The City received approximately $2.9 million in residual taxes in Fiscal Year 2022-23. Residual taxes will continue to increase over time as obligations payable by the former redevelopment agencies in the City are paid down or paid in full.

Enhanced Infrastructure Financing Districts. Enhanced Infrastructure Financing Districts ("EIFD") are authorized by Part 1 of Division 2 of Title 5 of the Government Code of the State. EIFDs create an alternative path to use tax increment financing to fund public improvements, similar to the how the former redevelopment agencies were funded. EIFDs can fund public capital facilities, infrastructure improvements, maintenance for projects funded by the EIFD, or other specified projects of communitywide significance. Unlike redevelopment, other affected taxing entities are not required to forgo their tax increment for an EIFD. However, all City property tax increment revenue generated within the Palmdale EIFD boundary, above the base year, is allocated to the Palmdale EIFD for a 50-year period. Palmdale formed its EIFD in 2021, and it encompasses over 22,000 acres of primarily undeveloped land, including 4,000 acres in unincorporated Los Angeles County. There is a $600 million cap on the amount of property tax that can be allocated from the City's share of tax increment within the Palmdale EIFD. To date, approximately $111,000 has been allocated to the Palmdale EIFD.

Other Local Taxes

In addition to ad valorem taxes on real property, the City receives other local taxes described below. A history of actual tax revenue by source are shown in Table No. 13, together with budgeted amounts for Fiscal Year 2023-24.

TABLE NO. 13
CITY OF PALMDALE
TAX REVENUES BY SOURCE

Source	2019-20	2020-21	2021-22	Unaudited Estimated 2022-23	Budget 2023-24
Regular Property Taxes	$10,375,243	$ 9,962,884	$10,042,625	$ 8,790,510	$ 8,688,320
Property Tax In Lieu of VLF	14,899,521	16,018,158	16,323,375	16,500,000	17,666,130
Sales Tax	21,587,441	25,117,182	27,799,318	28,117,570	28,265,620
Business License Tax	21,333	468,666	677,197	512,240	535,800
Franchise Tax	5,271,505	6,071,308	6,303,923	5,880,500	6,379,910
Transient Occupancy Tax [1]	3,697,656	4,667,137	5,540,832	4,800,000	4,896,000
Landfill Host Fees	824,127	781,562	929,728	1,012,620	1,015,000
Property Transfer Tax	516,045	650,123	952,103	400,000	535,000
General Fund Tax Revenues	57,192,871	63,737,020	68,569,102	$66,013,440	$67,981,780
Sales Tax - Measure AV	-	5,188,745	22,685,307	22,965,000	22,923,000
Total General Taxes	$57,192,871	$68,925,765	$91,254,409	$88,978,400	$90,904,780

Source: City of Palmdale.
[1] Does not include Transient Occupancy Tax passed through to Visit Palmdale organization.

Property Tax In Lieu of Vehicle License Fees. The payments of property tax in lieu of vehicle license fees ("VLF") are a State backfill from property tax revenues for a portion of the VLF fees collected statewide. The change in these property taxes from year to year is now tied to the change in assessed value.

Sales and Use Taxes. Sales tax is collected and distributed by the California Department of Tax and Fee Administration ("CDTFA" - formerly the State Board of Equalization). Each local jurisdiction receives an amount equal to 1% of taxable sales within their jurisdiction.

Measure AV. On November 8, 2020, voters in the City approved "Measure AV," the levy of an additional 3/4% sales tax, commencing April 1, 2021. The City's policy is to use the additional sales tax pay certain public safety operating costs, for City-wide capital projects and in the future, to service a portion of the debt service on the Bonds. Although Measure AV sales tax is available for General Fund expenditures, the City currently records Measure AV Sales Tax in a separate special revenue fund.

Transient Occupancy Taxes. The City levies a transient occupancy tax on hotel and motel bills of 10%. Beginning in November 2021, an additional 2% is applied to the cost of hotel or other lodging stays of less than 30 days. This additional 2% is remitted to the City but is then passed through to 'Visit Palmdale', a separate 501(c)(6) organization, to be used to promote Palmdale tourism and improve the tourism business environment through the development and operation of a tourism improvement district and other programs and initiatives. The additional 2% transient occupancy tax is not included in Table No. 13.

Franchise Tax. Franchise tax revenue consists of a tax on franchise operations within the City, including electricity, natural gas, waste disposal, and cable TV for the use of public right-of-ways. Franchise fees also include landfill host fees.

Property Transfer Taxes. A documentary stamp tax is assessed for recordation of real property transfers. Factors affecting property transfers are mortgage interest rates, new development, and turnover in commercial property.

Other Revenue Sources

Licenses and Permits. These revenues consist primarily of building construction permit fees, and also include animal adoption fees, business permit fees and impound fees.

Fines, Forfeits and Penalties. These revenues include parking citations, municipal court fines, asset seizure proceeds and other fines for municipal code violations.

Use of Property/Interest Earnings. These revenues consist primarily of investment earnings and rental/concession income.

Charges for Services. Charges for services include charges for recreational services for staff-taught programs, aquatics programs, youth sports, and adult sports. This category also includes events and programs such as concerts in the park, Kaleidoscope Art & Music Festival, Children's Springfest & Egg Hunt, and other events. Development charges for services include fees related to development within the City. The majority of development charges are related to planning and engineering, and can include such services as plan review, inspections, plan checking, GIS fees and other related fees.

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Long-Term Obligations

General Obligation Debt. As of the date hereof, the City has no long-term general obligation bonded indebtedness outstanding. The City has no authorized but unissued general obligation debt.

Lease Obligations. The City has made use of various lease arrangements with joint powers authorities to finance capital projects and purchase equipment through the issuance of lease revenue bonds. Upon expiration of these leases, title to the projects or equipment vests in the City. There are currently four outstanding lease revenue bonds and long-term lease agreements aggregating $27.8 million in principal amount as of June 30, 2023. All issues are fixed rate obligations. The City also leases other assets under both operating and capital leases.

The City will have outstanding indebtedness shown in Table No. 14 as of June 30, 2023 payable from the City's General Fund, exclusive of obligations to be paid from specifically pledged revenues, such as tax allocation bonds, park assessments and assessment bonds. It includes obligations that the City allocates internally to other special revenue funds, as described in the footnotes to Table No. 14.

Information on the City's pension and other post-employment benefits is found below under the captions "Retirement Program" and "Other Post-Employment Benefits."

The City's net pension liability as of June 30, 2021 was $30.1 million and the net OPEB liability as of June 30, 2022 was $122,526.

Future Financing. In addition to the Bonds, the City anticipates funding an additional $__ million in capital improvements in the next 18 to 24 months through the issuance of additional lease revenue bonds.

TABLE NO. 14
SUMMARY OF LONG-TERM OBLIGATIONS
EXCLUDING PENSION AND OTHER POST-EMPLOYMENT BENEFITS
(in $ millions)

	Principal to Be Outstanding as of 6/30/23	2023-24 Payments	Final Maturity
2012 Lease Revenue Bonds[1]	$ 4.380	$0.736	2029
2016 Lease Agreement	0.562	0.105	2029
2017 Lease Revenue Refunding Bonds[2]	10.725	1.879	2034
2021 Lease Agreement	12.124	1.209	2036
TOTAL LONG-TERM OBLIGATIONS[3]	**$27.791**	**$3.939**	

(1) To be refunded with a portion of the proceeds of the Series A Bonds.

(2) Debt service is allocated to the Park Fund, the Gas Tax Fund, the Proposition C Fund and the Traffic Impact Fund.

(3) Excludes the 2014 Lease Agreement payable solely from Park Assessments.

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Employee Relations and Collective Bargaining

Less than 30% of City employees are represented by a labor bargaining unit.

The law enforcement personnel assigned to the City pursuant to the City's contract with the Los Angeles County Sheriff are represented by their own labor union. The City does not participate in negotiations with this bargaining unit, rather, any change in employee costs for law enforcement personnel are passed through to the City in accordance with the contract. The City has the ability to change staffing levels each July 1, as well as during the fiscal year. The current contract with the County expires on June 30, 2024 and may be renewed or extended in 5 year increments.

Retirement Program

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and its actuaries. The City and the Municipal Advisor have not independently verified the information provided by CalPERS and make no representations nor express any opinion as to the accuracy of the information provided by CalPERS.

The Annual Comprehensive Financial Reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City and the Municipal Advisor cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

Plan Description. The City provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death benefit and the 1959 Survivor Benefit. The cost of living adjustments is 2 percent and applied as specified by the Public Employees' Retirement Law.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which made changes to CalPERS Plans, most substantially affecting new employees hired on or after January 1, 2013 (the "Implementation Date"). For non-safety CalPERS participants hired on or after the Implementation Date, PEPRA changed the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increased the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also: (i) requires all new participants enrolled in CalPERS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary to a maximum of 8% of salary, (ii) requires CalPERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously

allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Benefit Tiers. In 2011 the City established a new tier of benefits for employees based on date of hire ("Tier 1"). Benefits were reduced for Tier 1 employees hired on or after April 11, 2011.

Due to PEPRA, the City added a benefit tier in each employee group for employees subject to PEPRA ("PEPRA Tier 2"). Ultimately, PEPRA is expected to reduce the City's long-term pension obligation as existing employees retire and new employees are hired to replace them.

The Plan' provisions and benefits in effect on June 30, 2023, are summarized as follows:

	Original	Tier 1	PEPRA Tier 2
Benefit Formula	2.7% at 55	2% at 60	2% at 62
Benefit Vesting Schedule	5 years	5 years	5 years
Earliest Retirement Age	50-55	50-63	50-67
Benefit Factor as a % of Salary	2.0 to 2.7%	1.092 to 2.418%	1.0 to 2.5%
Required Employee Contribution Rates	8.0%	7.0%	7.75%
2022 Employer Contribution Rates	11.06%	11.06%	11.06%

Funding Policy. Active members in the Plans are required to contribute a percentage of their annual covered salary as shown in the chart above.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability. The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies [1]
Mortality	[2]
Investment Return	7.0%

[1] Depending on entry age and service and type of employment.

[2] The probabilities of mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP - 2016 published by the Society of Actuaries.

Changes in Actuarial Assumptions. Changes in actuarial assumptions generally take two years to affect the City's contribution rate due to the time required by CalPERS to calculate and implement the change. For example, a change made effective July 1, 2021 will be reflected in the City's contribution rates (normal cost or unfunded liability) for Fiscal Year 2023-24.

The CalPERS Board of Administration has made numerous changes over the last 7 years that are reflected in the calculation of the pension liability and the annual contribution toward the unfunded pension liability. The most significant change was a reduction over a period of years to reduce the discount rate from 7.5% to 7.0%, and then more recently to 6.8% as described below. Other assumption changes include a reduction in the payroll growth and inflation and, beginning with the June 30, 2019 calculation, changing the amortization of investment gains or losses to 20 years from 30 years. CalPERS' Chief Actuary stated that the revised approach provides a single measure of funded status and unfunded liabilities, less rate volatility in extreme years, a faster path to full funding and more transparency to employers about future contribution rates. These changes accelerate the repayment of unfunded liabilities of the City's Plans in the near term.

In 2015, the CalPERS Board of Administration also adopted a funding risk mitigation policy (the "Policy") intended to incrementally lower its discount rate. It was first implemented in Fiscal Year 2021-22, resulting in a reduction of the discount rate from 7% to 6.8%. The City anticipates the Policy will continue to result in a lowering of the discount rate but cannot guarantee when the discount rate will be lowered and at what rate. More information about the Policy can be accessed through CalPERS' web site at the following website address: https://www.calpers.ca.gov/docs/funding-risk-mitigation-policy.pdf. 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 and is not incorporated in this Official Statement by reference.

Contribution Rates. The contribution requirements of Plan members and the City are established by CalPERS. The employer's normal cost is shown as a percentage of payroll and includes a dollar amount for the amortization of the unfunded actuarial liability ("UAL") is shown as a dollar amount. Shown in Table No. 15 are the actual or CalPERS projections of the normal cost and amortization of the UAL. These rates do not include the employees' contribution rates.

TABLE NO. 15
HISTORICAL AND PROJECTED EMPLOYER RETIREMENT CONTRIBUTIONS

Fiscal Year	Actuarial Valuation Dated	Normal Cost	Amortize UAL
2020-21	June 30, 2018	11.816%	$3,327,239
2021-22	June 30, 2019	11.070 %	3,936,401
2022-23	June 30, 2020	10.450%	4,396,445
2023-24	June 30, 2021	11.060%	4,304,519
2024-25 [(1)]	June 30, 2021	10.800%	4,249,000
2025-26 [(1)]	June 30, 2021	10.500%	4,063,000

[(1)] Projected by CalPERS based on various assumptions as of August 2022.

Source: California Public Employees' Retirement System.

As noted above, in July 2021 CalPERS disclosed that the rate of return for its investment portfolio for the Fiscal Year 2020-21 was 21.3%, and the discount rate would be reduced to 6.8%. Investment returns above 7% in Fiscal Year 2020-21 will create a gain that is used to offset existing or future liabilities. However, the reduction in the discount rate implemented for the Fiscal Year 2020-21 actuarial valuation will create an additional liability which will offset a portion of the investment gain. This change in the unfunded actuarial liability created by the Fiscal Year 2020-21 rate of return and the change in the discount rate began affecting the City's UAL costs starting in Fiscal Year 2023-24. Pursuant to CalPERS methodology, the net investment gain credits will increase annually during the first five years and then level out for the remaining 15 years over which to amortize any net investment gains. The new unfunded liability created by the reduction in the discount rate will be amortized in level payments over 20 years.

Pension Liabilities. The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The City's in net pension liability for the Plan between July 1, 2017 and June 30, 2021 are shown in Table No. 16.

TABLE NO. 16
CHANGES IN NET PENSION LIABILITY

	Measurement Date Fiscal Year Ended June 30				
	2017	**2018**	**2019**	**2020**	**2021**
Total pension liability	$150,311,831	$163,148,217	$171,085,845	$180,642,998	$189,495,804
Plan fiduciary net position	109,084,138	120,881,252	127,867,280	133,679,230	137,971,710
Plan net pension liability	$ 41,227,693	$ 42,266,965	$ 43,218,565	$ 46,963,768	$ 51,524,094
Plan fiduciary net position as a percentage of the total pension liability	72.57%	74.09%	74.74%	74.00%	72.81%
Covered payroll	$ 12,550,868	$ 13,529,154	$ 14,797,277	$ 15,030,592	$ 16,449,558
Plan net pension liability as a percentage of covered payroll	328.48%	312.41%	292.07%	312.45%	313.22%

Source: City of Palmdale Annual Comprehensive Financial Report.

See "Required Supplementary Information (Unaudited)" section in the City's Annual Comprehensive Financial Report included in "APPENDIX B" for a detailed calculation of the changes in pension liabilities, fiduciary net position and net pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's UAL on June 30, 2021, calculated using the discount rate of 6.8%, as well as what the City's UAL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease in Discount Rate	$65,590,047
June 30, 2021 Discount Rate	38,705,753
1% Increase in Discount Rate	16,417,244

Source: California Public Employees' Retirement System.

See Note 15 of the City's Annual Comprehensive Financial Report included in "APPENDIX B" for further information about the Plan.

Section 115 Pension Stabilization Trust. In April 2018, the City approved and adopted the Public Agencies Post-Retirement Pension Plan Document and Trust Agreement. The asset is classified and reported as a restricted asset in the General Fund. The Pension Stabilization Trust is a tax-qualified irrevocable trust, organized under Internal Revenue Code Section 115, established to pre-fund pension obligations as described in GASB Statement No. 75. The balance as of June 30, 2022 and 2023 was $6,297,363 and $____, respectively. The City has budgeted an additional deposit of $1,250,000 in Fiscal Year 2023-24. The amounts held in the Pension Stabilization Trust are not included in the Plan fiduciary net position in Table No. 16.

Other Post-Employment Benefits

Plan Description. On January 1, 2009, the City adopted a single employer defined benefit, as well as a single employer defined contribution Other Post Employment Benefit ("OPEB") healthcare plan. The Plans are currently administered by Benefit and Risk Management Services. To receive a postemployment health care benefit, an eligible or vested employee must retire from the City on or after attaining age 50 with at least five years of service and elect retiree health benefits within 120 days of separation. Retirees who opt out of the health plan may re-enroll under eligible qualifying events.

Beginning January 1, 2009, the City through local resolution amended the post-employment health care benefits and offered two benefit options to current retirees and to full-time employees employed at December 31, 2008. The options included a defined contribution option and defined benefit option. All full-time employees hired after December 31, 2008 are not eligible for any post-employment benefits. The City retains the authority and may elect at any time to amend post-employment health care benefits through local ordinance or resolution. Contributions are not currently required to be made by employees for either of the plans.

Funding Policy. The Plan provides medical insurance benefits to eligible retirees. Current retirees receive a maximum of $250 deposited into the Plan per month beginning January 1, 2009. Employees age 45 and greater on December 31, 2008 that choose a defined benefit plan deposit of $250 per month at retirement, will receive either a maximum contribution of $250 per month or a pro-rated contribution for less than 10 years of service. The contribution requirements of the plan members and the City are established as described above under each plan and may be amended by the City Council. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2021, the City contributed $0 to the Defined Benefit Plan.

Changes in OPEB Liability. The changes in OPEB liability as of June 30, 2022 are shown in Table No. 17. The schedule of changes in total OPEB liabilities, included in the required supplementary information section of the City's Annual Comprehensive Financial Report, will present comparative year by year information about the total OPEB liability.

TABLE NO. 17
CHANGES IN NET OPEB LIABILITY

	Measurement Date Fiscal Year Ended June 30				
	2018	**2019**	**2020**	**2021**	**2022**
Total OPEB liability	$ 704,635	$ 839,003	$ 871,796	$1,016,013	$818,101
Plan fiduciary net position	1,277,610	1,149,761	1,039,735	922,990	695,575
Plan net OPEB liability (asset)	$ (572,975)	$ (310,758)	$ (167,939)	$ 93,023	$122,526
Plan fiduciary net position as a percentage of the total OPEB liability	181.32%	137.04%	119.26%	90.84%	85.02%
Covered payroll	$ 874,002	$ 914,074	$ 941,496	$ 897,776	$766,192
Plan net OPEB liability (asset) as a percentage of covered payroll	(65.56)%	(34.00)%	(17.84)%	10.36%	15.99%

Source: City of Palmdale Annual Comprehensive Financial Report.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the City's net OPEB liability (asset) on June 30, 2021, calculated using the discount rate of 2.67%, as well as

what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease in Discount Rate	$165,888
June 30, 2021 Discount Rate	93,023
1% Increase in Discount Rate	28,451

Source: City of Palmdale.

See "Required Supplementary Information (Unaudited)" section in the City's Annual Comprehensive Financial Report included in "APPENDIX B" for a detailed calculation of the changes in OPEB liabilities, fiduciary net position and net OPEB liability.

See Note 17 in the City's Annual Comprehensive Financial Report included in "APPENDIX B" for further information about the OPEB Plan.

Defined Contribution Pension Plan

For all of its part-time employees not covered by CalPERS, a defined contribution pension plan is made available through the Public Agency Retirement System (PARS) pursuant to the requirements of 3121(B)(7)(F) of the Internal Revenue Code. This was created in accordance with Internal Revenue Code Sections 401(a) and 501 and administered by Phase II Systems. Benefit terms, including contribution requirements for PARS are established by Internal Revenue Code 3121(b)(7)(F). Employees are required to contribute 7.5 percent of their salary to the pension plan, up to applicable Internal Revenue Code limits. The City does not contribute to Employees PARS account. Employees are immediately vested in their contributions and earnings on those contributions. For the year ended June 30, 2021, employee contributions amount were $223,394.

The City is required to contribute 3.75 percent of the elected Council Members annual salary to the individual account. The individuals are immediately vested in their own and the City's contributions and earnings on those contributions. For the year ended June 30, 2021, employee and employer contributions amount were $3,188.

Risk Management

The City purchases commercial property insurance through PRISM. The City is self-insured and exposed to various risk of loss related to general liability and health, dental, and vision needs of employees. Under the City's risk management program, the City retains the risk for general liability claims for the first $500,000 per occurrence and carries excess general liability and automobile insurance with total policy limits of $35,000,000.

There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The City transitioned to a self-insurance health plan in January 2009 and purchases stop loss coverage for the health benefits program for health claims in excess of $125,000 per covered person. The first claims that exceed the $125,000 specific deductible, whether from a single member or several, are paid by the group's $60,000 aggregating specific deductible. The City retains the risk for dental and vision claims. The health, dental, and vision claims are administered by Benefit and Risk Management Services, Inc., a third-party claims administrator.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk. Charges to the General Fund and other funds are determined from an analysis of claims costs, and are recorded as expenditures in the various funds.

The total liability is calculated considering the effects of inflation, recent favorable claim settlement trends, including frequency and amount of payouts, anticipated future investment earnings on funds held to pay losses, and other economic and social factors.

It is the City's practice to obtain a full actuarial study annually to perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based upon past experience, modified for current trends, and information. While the ultimate amounts of losses incurred through June 30, 2021, are dependent on future developments, the City's management believes that the aggregate accrual is adequate to cover such losses. The liabilities for general liability claims are reported using a discount rate of 3.0% while a 25.0% margin was added to the estimated health, dental, and vision claims for potential adverse deviation. The estimates do not include any additional provision for administrative expenses associated with the adjudicating or processing the unpaid claims.

City Investment Policy and Portfolio

The City administers a pooled investment program, except for those funds which are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. Under the City's Investment Policy and in accordance with the Government Code, the City may invest in the following types of investments subject to certain limitations on maturity and amount:

> U.S. Treasury Obligations, U.S. Federal Agency Securities, Banker's Acceptances, Municipal Obligations, Medium Term Corporate Notes, Negotiable Certificates of Deposits, Overnight Bank Investment Pool, Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP)

As of September 30, 2023, the book value of the Treasurer's investment portfolio was $____. The diversification of the Treasurer Officer's investment portfolio assets as of such date is shown in the following table.

Type of Investment	**% of Combined Portfolio**

Excluding funds held by trustees, the weighted average maturity of the investment portfolio was ___days. The current yield of the investment portfolio at September 30, 2023 (at cost) was ____%.

It has been the City's general practice to purchase investments and hold them until their maturity. Given this practice, the City does not expect its rate of return on the investment portfolio to be affected by fluctuations in the market value of investments.

Financial Statements

The City's accounting policies conform to generally accepted accounting principles and reporting standards set forth by the State Controller. The audited financial statements also conform to the principles and standards for public financial reporting established by the National Council of Government Accounting and 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.

The City retained the firm of Eide Bailly, CPAs & Business Advisors, Rancho Cucamonga, California, to examine the general purpose financial statements of the City as of and for the year ended June 30, 2022. The following Table Nos. 18 and 19 summarize the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the City's General Fund for the last five fiscal years.

The City's voters approved Measure AV in 2020, a ballot measure to increase the City's sales tax. The Measure AV Fund was set up by policy of the City Council and moneys deposited to this fund, while not legally restricted, are used for some operating expenses relating to public safety, a variety of capital projects City-wide and are expected to be used for a portion of the debt service on the Bonds. However, the revenues of the Measure AV Fund are available for purposes of the General Fund. Table Nos. 20 and 21 summarize the audited Balance Sheet and audited Statement of Revenues, Expenditures and Changes in Fund Balance of the City's Measure AV Fund for Fiscal Years 2020-21 through 2021-22.

GASB Statement No. 54 Fund Balance Reserves. GASB No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, which are amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. GASB No. 54 also provides for additional classification as "restricted," "committed," "assigned," and "unassigned" based on the relative strength of the constraints that control how specific amounts can be spent.

The unassigned fund balance in the General Fund includes the City's emergency and contingency reserves under its reserve policy (see "General Fund Reserve Policy" above). As of June 30, 2022, the restricted fund balance represents the investments held in the Section 115 Trust for pension liabilities. Assigned fund balance as of June 30, 2022 includes amounts for compensated absences, health insurance and self-insurance claims, as well as $11 million for capital projects.

The City classifies the fund balance in the Measure AV Fund as restricted.

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TABLE NO. 18
CITY OF PALMDALE GENERAL FUND
BALANCE SHEET
As of June 30

	2018	2019	2020	2021	2022
Assets:					
Cash	$ 684,636	$ 485,202	$ 181,799	$ 377,961	$14,420,390
Investments	52,938,148	62,338,363	65,888,954	52,492,204	50,705,407
Receivables:					
Accounts and interest	4,893,655	5,516,654	5,512,865	7,221,927	6,277,505
Property tax	475,306	1,112,737	385,229	491,668	551,711
Due from other funds	400,484	473,919	950,913	681,999	593,298
Due from custodial funds	186,745	79,981	74,071	74,071	74,071
Advances due from fiduciary funds	378,665	350,333	284,547	577,136	599,148
Due from other governmental units	5,557,209	5,571,116	5,523,691	5,646,544	5,519,385
Notes and liens	47,893	45,667	43,442	1,242,329	1,208,065
Advances due from other funds	-	-	4,000,000	5,000,000	5,000,000
Deposits and prepaids	462,463	480,958	142,254	570,903	746,638
Short-term lease receivable	-	-	-	-	30,501
Restricted assets:					
Investments [1]	1,000,000	1,991,449	2,580,329	2,923,365	6,297,363
Permit held for sale	10,158,182	-	-	-	-
Long-term lease receivable	-	-	-	-	60,594
Total assets	$77,183,386	$78,446,379	$85,568,094	$77,300,107	$92,084,076
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable	$ 4,745,058	$ 4,994,704	$ 8,990,911	$ 8,395,025	$ 7,596,734
Due to fiduciary funds	500	2,203	2,250	2,250	4,405
Due to other funds	-	116,047	6,571	-	-
Self insurance liability	1,170,537	1,049,394	1,078,880	1,462,969	1,653,114
Advances due to other funds	-	-	-	-	-
Deposits	2,894,986	3,022,131	3,425,302	3,104,125	3,691,077
Unearned revenue	341,626	394,841	68,341	60,225	175,097
Note payable	216,487	193,471	170,481	258,591	201,263
Total liabilities	9,369,194	9,772,791	13,742,736	13,283,185	13,321,690
Deferred Inflows of Resources:					
Unavailable revenue	5,481,996	5,563,585	5,414,803	5,515,657	5,401,790
Deferred inflows related to lease receivable	-	-	-	-	91,095
Total deferred inflows of resources	5,481,996	5,563,585	5,414,803	5,515,657	5,492,885
Fund Balance:					
Nonspendable	11,072,269	876,958	470,243	2,390,368	2,554,221
Restricted	3,507,069	4,414,580	2,580,329	2,923,365	6,297,363
Assigned	11,838,025	14,021,843	15,564,685	21,456,286	23,989,477
Unassigned	35,914,833	43,846,622	47,795,298	31,731,246	40,428,440
Total fund balances	62,332,196	63,160,003	66,410,555	58,501,265	73,269,501
Total liabilities, deferred inflows of resources and fund balance	$77,183,386	$78,496,379	$85,568,094	$77,300,107	$92,084,076

Source: City of Palmdale Annual Comprehensive Financial Reports.
[1] Section 115 Trust.

TABLE NO. 19
CITY OF PALMDALE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	2018	2019	2020	2021	2022
Revenues:					
Property taxes	$20,983,338	$ 22,953,195	$ 24,958,224	$ 26,631,165	$ 27,318,103
Sales taxes	19,267,083	21,798,640	21,587,441	25,117,182	27,799,318
Other taxes	10,669,063	11,947,847	10,647,206	11,988,673	13,451,681
Subventions and grants	100,662	199,274	-	-	-
Licenses and permits	2,086,684	1,906,740	3,395,602	3,277,537	5,680,413
Motor vehicle license fees	83,487	76,275	124,934	114,956	180,305
Fines and forfeitures	360,779	425,215	377,055	490,283	668,204
Use of property	964,854	910,939	945,636	706,422	986,788
Charges for current services	6,231,329	6,176,195	5,153,476	6,970,821	6,037,565
Interfund interest	-	-	309,320	-	-
Interest	658,387	1,022,808	1,019,522	343,673	608,002
Change in FMV of investments	(297,771)	899,119	484,567	66,088	(3,644,709)
Successor Agency contributions	35,953	35,925	-	-	-
State contributions	-	-	-	166,800	18,753
Other revenue	3,284,913	3,608,519	3,523,400	3,203,785	3,340,576
Lease interest revenue	-	-	-	-	2,611
Total revenues	64,428,761	71,960,691	72,526,383	79,077,385	82,447,610
Expenditures:					
Current:					
General government	15,009,384	15,567,858	18,425,971	16,568,016	19,390,597
Public safety	27,366,992	28,234,471	30,168,748	33,176,694	27,047,778
Public services	1,815,793	2,090,060	2,868,718	10,241,582	11,078,060
Community development	600,289	588,486	831,768	1,631,892	616,095
Cultural and recreation	8,613,062	9,280,600	10,163,825	6,172,669	7,684,818
Health and welfare	701,781	886,010	757,596	-	-
Capital outlay	2,019,636	3,268,918	2,385,706	1,687,577	1,194,159
Debt service:					
Principal	1,137,667	1,162,279	2,549,470	1,467,948	1,510,530
Interest	967,549	894,742	43,320	806,708	758,044
Interfund interest	-	-	887,677	266,000	(239,200)
Total expenditures	58,232,153	61,973,424	69,082,799	72,019,086	69,040,881
Excess of revenues over expenditures	6,196,608	9,987,267	3,443,584	7,058,299	13,406,729
Other Financing Sources (Uses):					
Issuance of lease	14,161	1,252,500	-	-	-
Transfers in	3,566,128	3,871,981	3,704,103	4,295,669	4,668,096
Transfers out	(4,468,771)	(4,125,759)	(3,897,135)	(19,782,094)	(3,648,373)
Proceeds from sale of assets	243,500	-	-	518,836	341,784
Total other financing sources (uses)	(644,982)	998,722	(193,032)	(14,967,589)	1,361,507
Special Item - Write off of permit held for sale	-	(10,158,182)	-	-	-
Net change in Fund Balance	5,551,626	827,807	3,250,552		14,768,236
Fund Balance - Beginning	56,780,570	62,332,196	63,160,003	66,410,555	58,501,265
Fund Balance - Ending	$ 62,332,196	$ 63,160,003	$ 66,410,555	$ 58,501,265	$ 73,269,501

Source: City of Palmdale Annual Comprehensive Financial Reports.

TABLE NO. 20
CITY OF PALMDALE MEASURE AV FUND
BALANCE SHEET
As of June 30

	2021	2022
Assets		
Investments	$1,064,801	$15,493,009
Receivables:		
Accounts	3,971,500	3,976,718
Total Assets	$5,036,301	$19,469,727
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	$ -	$ 1,446,883
Total Liabilities	-	1,446,883
Fund Balance		
Restricted	5,036,301	18,022,844
Total Fund Balance	5,036,301	18,022,844
Total Liabilities Fund Balances	$5,036,301	$19,469,727

Source: City of Palmdale Annual Comprehensive Financial Reports.

TABLE NO. 21
CITY OF PALMDALE MEASURE AV FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30

	2021	2022
Revenues		
Sales taxes	$5,188,745	$22,685,307
Total Revenues	5,188,745	22,685,307
Expenditures		
General government	148,808	520,566
Public safety		8,174,362
Public services		3,004
Capital outlay	3,636	6,000,015
Total Expenditures	152,444	9,698,764
Net change in Fund Balance	5,036,301	12,986,543
Fund Balances, Beginning of Year	-	5,036,301
Fund Balance, End of year	$5,036,301	$18,022,844

(1) The City records all Measure AV Sales Tax in the Measure AV Fund allocates certain General Fund expenditures and capital outlay to the Measure AV Fund.

Source: City of Palmdale Annual Comprehensive Financial Reports.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

The Lease Payments

Lease Payments are Limited Obligations of the City. The Lease Payments and other payments due under the Lease Agreement (including a proportionate share of the costs of improvement, repair and maintenance of the Leased Property and taxes, and 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 from yearly appropriations of any funds lawfully available to the City.

In the event the City's revenue sources are less than its total obligations, the City could choose to fund other services before paying Lease Payments and other payments due under the Lease Agreement. 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 (see "Constitutional Limitation on Taxes and Expenditures" below). 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 Lease Payments may be decreased.

The City has unfunded liabilities relating its employee retirement plans and to employee post-retirement health benefits and has also entered into other obligations which are payable from General Fund resources. The City may also enter into additional obligations in the future. To the extent that additional obligations are incurred by the City, the funds available to the City to pay debt service may be decreased (see "FINANCIAL INFORMATION – Retirement Program," "- Other Post Employment Benefits" and "- Long-Term Obligations" herein).

Amendment to Lease Agreement Permitted. The Lease Agreement may be amended for the purpose of refinancing all or a portion of the Lease Agreement, substituting or removing portions of the Leased Property, adding additional Leased Property or to provide for financing of additional improvements.

Abatement. Except to the extent that amounts are available (i) in the Revenue Fund under the Indenture, (ii) from proceeds of rental interruption insurance, or (iii) as payments due from third parties due to a delay in reconstructing the Leased Property, the amount of Lease Payments and Additional Rental Payments shall be abated during any period in which by reason of damage, destruction or taking by eminent domain or condemnation of the Leased Property or defects in the title with respect to the Leased Property there is substantial interference with the use and possession of all or a portion of the Leased Property by the City. The amount of such abatement shall be such that the resulting Lease Payments, exclusive of the amounts described above, do not exceed the fair rental value (as determined by the City) for the use and possession of the portion of the Leased Property not damaged, destroyed, interfered with or taken. Such abatement shall continue for the period commencing with such damage, destruction, interference or taking and ending with the substantial completion of the replacement or work of repair or the removal of the title defect causing such interference with use. The Lease Agreement shall continue in full force and effect following an event of abatement and the City waives any right to terminate the Lease Agreement by virtue of an abatement event.

In the event that such funds are insufficient to make all payments due on the Bonds during the period that the Leased Property, or portion thereof, is being restored, then all or a portion of such payments may not be made and no remedy is available to the Trustee or the Owners under the Lease Agreement or Indenture for nonpayment under such circumstances. Failure to pay principal or interest with respect to the Bonds as a result of abatement of the City's obligation to make Lease Payments under the Lease Agreement is not an event of default under the Indenture or the Lease Agreement. In the event that Lease Payments are abated

due to damage caused by earthquake or flood, such abatement may continue indefinitely - since the Lease Agreement does not require earthquake or flood insurance - and the City cannot be compelled to repair or replace the damaged Leased Property or to redeem the Bonds but has covenanted in the Lease Agreement to use its best efforts to repair or replace the Leased Property from other lawfully available funds to the extent that the Net Proceeds are insufficient. See "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - LEASE - Abatement of Lease Payments."

Notwithstanding the provisions of the Lease Agreement and the Indenture specifying the extent of abatement of Lease Payments and the application of other funds in the event of the City's failure to have use and occupancy of the Leased Property, such provisions may be superseded by operation of law, and, in such event, the resulting Lease Payments of the City may not be sufficient to pay all of the remaining principal and interest on the Bonds.

Insurance. The Lease Agreement obligates the City to obtain and keep in force various forms of insurance to ensure repair or replacement of the Leased Property in the event of damage or destruction to the Leased Property and to maintain rental interruption insurance in an amount equal to maximum annual Lease Payments due and payable in any future 24-month period (see "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - LEASE - Insurance" herein). The Lease Agreement does not require earthquake or flood insurance. See "Natural Hazards" below. 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 Agreement. In addition, certain risks may not be covered by such property insurance (see "SOURCES OF PAYMENT FOR THE BONDS - Insurance Relating to the Leased Property" herein).

In the event the Leased Property is partially or completely damaged or destroyed due to any uninsured or underinsured event, it is likely that Lease Payments will be partially or completely abated. 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 Lease Payments.

Discovery of a Hazardous Substance That Would Limit the Beneficial Use of the Leased Property. In general, the owners and lessees of a parcel may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as CERCLA or the Superfund Act, is the most well-known and widely applicable of these laws but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or lessee) is obligated to remedy a hazardous substance condition of property whether or not the owner (or lessee) had any involvement in creating or handling the hazardous substance. The effect, therefore, should the Leased Property be affected by a hazardous substance, might be to limit the beneficial use of the Leased Property upon discovery and during remediation. The City is not aware of any such condition on the Leased Property.

Natural Hazards

General. The City, like all California communities, may be subject to unpredictable seismic activity, fires or floods. In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the City.

The City has adopted a Natural Hazards Mitigation Plan. This plan includes a hazard analysis for earthquake, flood, landslide and fire risk, and is required to comply with Federal Emergency Management Agency ("FEMA") requirements for disaster relief funding. If such events described below occur, the City's emergency response to such an event may add unanticipated expenditures to the General Fund budget in such year or future years, some or all of which may not be reimbursed by federal or state disaster funding, and, if reimbursed, may not be received by the City in a timely manner. This could lead to reduced ability by the City to make Lease Payments.

Seismic Conditions. The City, like most areas of California, is subject to unpredictable seismic activity. The occurrence of seismic activity in the City could result in substantial damage to properties in the City, which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their property taxes.

According to the Seismic Safety Element of the City's General Plan, the City is located in a seismically active region and the Leased Property could be impacted by a major earthquake originating from the numerous faults in the area. Seismic hazards encompass both potential surface rupture, ground shaking and may give rise to localized flooding if surface rupture is sustained in the Palmdale or Littlerock reservoirs or the California Aqueduct. These hazards could result in damage to the Leased Property, and possibly, abatement of all or a portion of the Lease Payments, however, the Leased Property is not within the inundation area of the reservoirs or the California Aqueduct.

The San Andreas Fault is located immediately south of the City, with the Cemetery Fault, the Nadeau Fault and the Littlerock Fault fault traces for the San Andreas Fault located in the City. Other faults of concern are the Sierra Madre-San Fernando, Garlock, Owens Valley and White Wolf Faults, located between 20 and 60 miles from the City, although other faults exist in the area.

The City makes no representation regarding the impact that a future seismic event may have on the Leased Property. The City may maintain earthquake insurance only with respect to facilities and only to the extent available at reasonable cost from reputable insurers. Therefore, although the City currently maintains earthquake insurance with respect to the Leased Property, damage from earthquakes may not be covered in future years. The City's current insurance policy covers a total property value of $159 million for facilities city-wide, with a property damage limit from earthquake on all City facilities of $25,000,000 per occurrence. It is possible that if there were damage to numerous City facilities from an earthquake or flood and the damage was greater than $25,000,000, the City might choose to apply available insurance proceeds to other City facilities before repairing the Leased Property.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund to make Lease Payments would be likely to occur. Seismic activity may also reduce or eliminate the use and occupancy of the Leased Property by the City. There is no assurance that, in the event of a natural disaster, sufficient City reserves or Federal Emergency Management Agency assistance would be available for the repair or replacement of any Leased Property.

Wildfire Conditions. The City includes areas where there is high or extreme danger of wildfires during dry months and during periods of prolonged drought.

There can be no assurances that wildfires won't occur within the City. Property damage due to wildfire could result in a significant decrease in the market value of property in the City and in the ability or willingness of property owners to pay property taxes when due.

Potential Impact of Climate Change

Climate change caused in part by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding. Projections of the impacts of global climate change on the State are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation

strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's 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. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

The City has never had a major cyber breach that resulted in a financial loss. The City provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat or breach. Although the City maintains insurance coverage for cyber security losses should a successful breach ever occur, the cost of any such disruption or remedying damage caused by future attacks could be substantial and in excess of such insurance coverage.

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties. See the caption "Constitutional Limitation on Taxes and Expenditures- Proposition 1A and Proposition. 22."

Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the State Department of Finance website, www.govbud.dof.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures.

There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by

national and State economic conditions and other factors over which the City has no control, including, and particularly, the Pandemic.

Limited Recourse on Default; No Acceleration

If an event of default occurs and is continuing under the Lease Agreement, there is no remedy of acceleration of any Lease Payments which have not come due and payable in accordance with the Lease Agreement. The City will continue to be liable for Lease Payments as they become due and payable in accordance with the Lease Agreement if the Trustee does not terminate the Lease Agreement, and the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds or property needed to serve the public welfare and interest. In addition, the enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time-consuming.

The Lease Agreement permits the Trustee to take possession of and re-lease the Leased Property in the event of a default by the City under the Lease Agreement. Even if the Trustee could readily re-lease the Leased Property, the rents may not be sufficient to enable it to pay principal of and interest on the Bonds in full when due. Any such re-leasing of the Leased Property would be subject to existing encumbrances thereon. In addition, portions of the Leased Property are used for essential governmental services of the City, and no assurances can be given that a court would permit the Authority or the Trustee to exercise the remedies which are granted under the Lease Agreement to re-enter and re-let those portions of the Leased Property. See "THE LEASED PROPERTY" herein.

Enforcement of Remedies

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. The rights and remedies provided in the Lease Agreement and the Indenture may be limited by and are subject to the limitations on legal remedies against counties, including State constitutional limits on expenditures, and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest; by federal bankruptcy laws, as now or hereafter enacted; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect (see "Bankruptcy" below); equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose; and the limitations on remedies against municipal entities in the State. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's legal opinion) will be qualified, as to the enforceability of the Bonds, the Indenture, the Site Lease, the Lease Agreement and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitation on legal remedies against cities and counties in the State. See "Bankruptcy" below.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property in the City, and therefore property tax revenue available to make Lease Payments, would be the discovery of

a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of such property by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel and could result in substantial delays in completing planned development on parcels that are currently undeveloped.

Bankruptcy

In addition to the limitations on remedies contained in the Indenture and the Lease Agreement, the rights and remedies in the Lease Agreement may be limited and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of certain remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. However, a debtor may not assume or reject executory contracts to loan money or to make a financial accommodation, such as the Indenture. In the event of rejection of a lease by debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Indenture, the Trustee holds a security interest in the revenues in the funds pledged thereunder, including Lease Payments, for the benefit of the Owners of the Bonds, but such security interest arises only when the Lease Payments are actually received by the Trustee following payment by the City. The Leased Property itself is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of the Owners of the Bonds. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Trustee is entitled to recover possession of the Leased Property, although as discussed above no assurances can be given that a Court would permit such action to be taken by the Trustee due to the essential governmental purposes served by the Leased Property. In addition, the Trustee would have a claim for damages against the City, although such claim would constitute a secured claim only to the extent of revenues in the possession of the Trustee; the balance of such claim would be unsecured.

Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee

from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan (the "Plan of Adjustment") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the Bonds, which Plan of Adjustment may restructure, delay, compromise or reduce the amount of any claim of the Owners of the Bonds if the Bankruptcy Court finds that the Plan of Adjustment is fair and equitable and in the best interests of creditors.

In a bankruptcy of the City, if a material unpaid liability is owed to CalPERS or any other pension system (collectively the "Pension Systems") on the filing date, or accrues thereafter, such circumstances could create additional uncertainty as to the City's ability to make Lease Agreement Payments. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or City law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems have the right to enforce payment by injunction or other proceedings outside of a City bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a City bankruptcy would rule on these matters. In addition, this area of law is presently very unsettled as issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) have been the subject of litigation in the Chapter 9 cases of several California municipalities, including the Cities of Stockton and San Bernardino.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners of the Bonds if the Bankruptcy Court finds that the Plan is fair and equitable. In a bankruptcy the Authority could challenge the assignment of the Site Lease and the Lease Agreement, and the Trustee and/or the Owners of the Bonds could be required to litigate these issues to protect their interests.

Constitutional Limitation on Taxes and Expenditures

State Initiative Measures Generally. Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Voters have exercised this power through the adoption of Proposition 13 ("Article XIIIA") and similar measures, such as Propositions 22 and 26 approved in the general election held on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the County. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Lease Agreement.

Article XIIIA. Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of

the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes above that level required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed 2% or a reduction in the consumer price index or comparable local data. Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction (such as in the case of property destroyed or damaged by the CZU Lightning Complex Fire) or other factors, and 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 special circumstances. There may also be declines in valuations if the California Consumer Price Index is negative.

The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and prepayment charges on any indebtedness approved by the voters before July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of votes cast by the voters voting on the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, to not include the purchase or transfer of (1) real property between spouses, and (2) the principal residence and the first $1,000,000 of other property between parents and children. Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. In the March 26, 1996 general election, voters approved Proposition 193, which extends the parents-children exception to the reappraisal of assessed value. Proposition 193 amended Article XIIIA so that grandparents may transfer to their grandchildren whose parents are deceased, their principal residences, and the first $1,000,000 of other property without a reappraisal of assessed value.

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the California Consumer Price Index used for purposes of the inflation factor, there was a decrease of 0.237% in 2009-10 – applied to the 2010-11 tax roll – reflecting the actual change in the California Consumer Price Index, as reported by the State Department of Finance. For each fiscal year since Article XIIIA has become effective (the 1978-79 Fiscal Year), the annual increase for inflation has been at least 2% except in fiscal years as shown in the table below.

Tax Roll	Percentage	Tax Roll	Percentage
1981-82	1.000%	2011-12	0.753%
1995-96	1.190	2014-15	0.454
1996-97	1.110	2015-16	1.998
1998-99	1.853	2016-17	1.525
2004-05	1.867	2021-22	1.036
2010-11	(0.237)		

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. The City experienced Proposition 8 reductions in property values between 2009 and

2013. Current economic conditions may also impact future property values and increase Proposition 8 reductions. See "FINANCIAL INFORMATION - Ad Valorem Property Taxes - Taxable Property and Assessed Valuation" herein.

Article XIIIB. On November 6, 1979, California voters approved Proposition 4, or the Gann Initiative, which added Article XIIIB to the California Constitution. Article XIIIB limits the annual appropriations of the State and any city, county, city and county, school district, authority or other political subdivision of the State. The "base year" for establishing such appropriations limit is the 1978-79 Fiscal Year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by or for the entity and the proceeds of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues, certain State subventions, and the proceeds to an entity of government, from (1) regulatory licenses, user charges and user fees, to the extent that such charges and fees exceed the costs reasonably borne in providing the regulation, product or service, and (2) the investment of tax revenues. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limits. Proposition 111 made several changes to Article XIIIB. First, the term "change in the cost of living" was redefined as the change in the California per capita personal income ("CPCPI") for the preceding year. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the fiscal year was recomputed by adjusting the 1986-87 limit by the CPCPI for the three subsequent years. Third and lastly, Proposition 111 excluded appropriations for "qualified capital outlay for Fiscal Year 1990-91 as defined by the legislature" from proceeds of taxes.

Section 7910 of the Government Code requires the City to adopt a formal appropriations limit for each fiscal year. The City's appropriations limit for 2023-24 is $165,259,617. The City's appropriations subject to the limit for 2023-24 are $98,357,495. Based on this, the appropriations limit is not expected to have any impact on the ability of the City to continue to budget and appropriate the Lease Payments as required by the 2023 Lease Agreement.

Proposition 62. Proposition 62 was a statutory initiative adopted in the November 1986 general election. Proposition 62 added Sections 53720 to 53730, inclusive, to the California Government Code. It confirmed the distinction between a general tax and special tax, established by the State Supreme Court in 1982 in *City and County of San Francisco v. Farrell*, by defining a general tax as one imposed for general governmental purposes and a special tax as one imposed for specific purposes. Proposition 62 further provided that no local government or district may impose (i) a general tax without prior approval of the electorate by majority vote or (ii) a special tax without such prior approval by two-thirds vote. It further provided that if any such tax is imposed without such prior written approval, the amount thereof must be withheld from the levying entity's allocation of annual property taxes for each year that the tax is collected. By its terms, Proposition 62 applies only to general and special taxes imposed on or after August 1, 1985. Proposition 62 was generally upheld in *Santa Clara County Local Transportation Authority v. Guardino*, a California Supreme Court decision filed September 28, 1995.

Proposition 218. On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments

shall be deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the ad valorem property tax imposed pursuant to Article XIII and Article XIIIA of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIIIA of the California Constitution, and (iii) assessments, fees, and charges for property related services as provided in Article XIIID. Proposition 218 added voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairment of contracts.

Proposition 218 provides that, effective July 1, 1997, fees that are charged "as an incident of property ownership" may not "exceed the funds required to provide the property related services" and may only be charged for services that are "immediately available to the owner of the property."

Voter-Approved Taxes. Voters in the City have approved the following taxes:

- In November 2021, voters in the City approved an increase in the transient occupancy tax rate from 10% to 12%. The increased taxes are passed through to the "Visit Palmdale" organization.

- In November 2020, voters in the City approved Measure AV, the imposition of an additional three-quarter cent sales tax. Collection of the additional sales tax began in April 2021.

The City does not expect that the application of Proposition 218 will have a material adverse impact on its ability to pay Lease Payments.

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004-05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met.

Such a shift may not occur more than twice in any 10-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

The last time Proposition 1A was used to shift property taxes was in Fiscal Year 2009-10, when 8% of the City's property tax revenues were diverted to the State.

Proposition 1A also provides that if the State reduces the vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 22. On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26. On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not expect the provisions of Proposition 26 to materially impede its ability to pay Lease Payments when due.

Future Initiatives. From time to time other initiative measures could be adopted, limiting or otherwise affecting the ability of the County to increase revenues and appropriations.

Early Redemption Risk

Early payment of the Lease Payments and early redemption of the Bonds may occur in whole or in part without premium, on any date if the Leased Property or a portion thereof is lost, destroyed or damaged beyond repair or taken by eminent domain and from the proceeds of title insurance. Early payment of the Lease Payments and early redemption of the Bonds may also occur in whole or in part without premium, on any date if the City exercises its right to prepay Lease Payments in whole or in part. See "THE BONDS - Redemption."

Loss of Tax Exemption on the Series A Bonds

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series A Bonds, the Authority will covenant in the Indenture and the City will covenant in the Lease Agreement to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code. The interest on the Series A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of execution and delivery of the Series A Bonds, as a result of acts or omissions of the Authority or the City in violation of this or other covenants in the Indenture or the Lease Agreement. Should such an event of taxability occur, the Series A Bonds are not subject to prepayment or any increase in interest rates and will remain outstanding until maturity. See "-Limited Recourse on Default; No Acceleration" and "TAX MATTERS" herein.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series A Bonds might be adversely affected as a result of such an audit of the Series A Bonds (or by an audit of similar bonds).

Risks Relating to Municipal Bond Insurance Policy

In the event of default of the payment of principal of or interest on the Insured Bonds when all or some becomes due, any owner of the Insured Bonds shall have a claim under the Policy for such payments. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory sinking fund or optional redemption of the Insured Bonds which is recovered by the City from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable legal documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Insured Bonds are payable solely from the moneys received pursuant to the applicable legal documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The financial strength and claims paying ability of the Bond Insurer are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See "CONCLUDING INFORMATION – Ratings on the Bonds."

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

None of the Authority, the City, the Municipal Advisor or Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of ____ is given. Thus, when making an investment decision,

potential investors should carefully consider the ability of the City to pay principal and interest on the Insured Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

Substitution or Removal of Property

The Lease Agreement provides that, upon the satisfaction of the conditions specified therein, the City may substitute real property for all or any portion of the Leased Property, and may release all or a portion of the Leased Property from the leasehold of the Lease Agreement. See "THE LEASED PROPERTY" and "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - LEASE - Substitution of Property, " and "- Release of Property." Such a substitution or removal could have an adverse impact on the security for the Bonds, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or removal.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture, the Lease Agreement, the Site Lease, or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. In the case of any bankruptcy proceeding involving the City, the rights of the Owners could be modified at the direction of the court. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Indenture, the Lease Agreement, the Site Lease and other pertinent documents is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Quint & Thimmig LLP, Larkspur, California, as Bond Counsel, will render opinions with respect to the validity and enforceability of the Indenture and the Lease Agreement, and as to the validity of the Bonds. See "APPENDIX D" hereto for the proposed forms of Bond Counsel's opinions.

The Authority and the City have no knowledge of any fact or other information which would indicate that the Indenture, the Lease Agreement, the Site Lease or the Bonds are not enforceable against the Authority and the City, as applicable, except to the extent such enforcement is limited by principles of equity, by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally and by limitations on legal remedies against municipalities in the State.

Certain legal matters will be passed on for the City and the Authority by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel and by the City Attorney. Additionally, certain matters will be passed on for the Underwriter by its Counsel, Best Best & Krieger, Riverside, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Absence of Litigation

The Authority and the City will each furnish a certificate dated as of the date of delivery of the Bonds that there is not now known to be pending or threatened any litigation restraining or enjoining the execution or delivery of the Indenture, the Lease Agreement or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Indenture, the Site Lease and the Lease Agreement are to be executed or delivered or the Bonds are to be delivered or affecting the validity thereof.

Lawsuits and claims against the City exist that are incidental to the ordinary course of the City's operations. In the view of the City's management and County Counsel, there is no litigation, present or pending against the City, that will individually or in the aggregate impair the City's ability to make Lease Payments when due.

TAX MATTERS

Series A Bonds

Federal tax law contains a number of requirements and restrictions which apply to the Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the City have covenanted to comply with all requirements that must be satisfied in order for the interest on the Series A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the Series A Bonds.

Subject to compliance by the Authority and the City with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series A Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2022, interest on the Series A Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Series A Bonds is the price at which a substantial amount of such maturity of the Series A Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Series A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Series A Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Series A Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Series A Bonds who dispose of Series A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series A Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Series A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series A Bond is purchased at any time for a price that is less than the Series A Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised Issue Price"), the purchaser will be treated as having purchased a Series A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series A Bonds.

An investor may purchase a Series A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series A Bond. Investors who purchase a Series A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Series A Bonds delivered prior to enactment. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in

the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series A Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest with respect to the Series A Bonds is exempt from California personal income taxes.

Ownership of the Series A Bonds may result in other State and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their tax advisors regarding the applicability of any such State and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Series A Bonds is set forth in APPENDIX D—PROPOSED FORMS OF BOND COUNSEL OPINIONS—Series A Bonds.

Series B Bonds

In the opinion of Quint & Thimmig LLP, Bond Counsel, under existing law, interest on the Series B Bonds is exempt from State of California personal income taxes. INTEREST ON THE SERIES B BONDS IS INCLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

Ownership of the Series B Bonds may result in other State and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series B Bonds. Prospective purchasers of the Series B Bonds should consult their tax advisors regarding the applicability of any such State and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Series B Bonds is set forth in APPENDIX D—PROPOSED FORMS OF BOND COUNSEL OPINIONS—Series B Bonds.

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CONCLUDING INFORMATION

Ratings on the Bonds

S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "__" to the Insured Bonds with the understanding that the Policy insuring the payment when due of the principal of and interest on the Bonds will be issued concurrently by the Municipal Bond Insurer with the delivery of the Bonds. The Bonds have received the underlying rating of "___" by S&P. Such ratings reflects only the views of the rating agency and any desired explanation of the significance of such rating, and any outlook associated with such rating, should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

Except as otherwise required in the Continuing Disclosure Certificate, the City undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Underwriting

The Bonds were sold to Hilltop Securities Inc. (the "Underwriter") pursuant to a Bond Purchase Agreement dated _____, 2023. The Underwriter is offering the Bonds at the initial offering prices set forth on the inside front cover pages hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter will purchase the Series A Bonds at a price equal to $_____, which amount represents the principal amount of the Series A Bonds, plus a net original issue [premium] of $_____ and less an Underwriter's discount of $_____ The Underwriter will purchase the Series B Bonds at a price equal to $_____, which amount represents the principal amount of the Series B Bonds [less an original issue discount of $_____ and] less an Underwriter's discount of $_____. The Underwriter will pay certain of its expenses relating to the offering from the Underwriter's discount.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Authority and the City with the assistance of the Municipal Advisor who advised the Authority and the City as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein received from sources other than the City has been obtained by the Authority from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

The City will provide annually certain financial information and data relating to the City by not later than March 31 in each year commencing March 31, 2024 (the "Annual Report"), and will provide notices of the occurrence of certain other enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain other terms of the continuing disclosure obligation are found in the form of the City's Disclosure Certificate attached in "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City and certain other entities related to the City have entered into previous undertakings pursuant to the Rule. Within the last five years, (describe any compliance issues).

Additional Information

The summaries and references contained herein with respect to the Indenture, the Site Lease, the Lease Agreement, the Bonds, statutes 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 Bonds are qualified in their entirety by reference to the form hereof included in the Indenture. Copies of the Indenture, the Site Lease and the Lease Agreement may be obtained after delivery of the Bonds from the City Clerk, City of Palmdale, 38300 Sierra Highway, Palmdale, California 93550.

References

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

Execution

The execution of this Official Statement by the Executive Director of the Authority and the City Manager of the City has been duly authorized by the Palmdale Financing Authority and by the City, respectively.

PALMDALE FINANCING AUTHORITY

By: _____
Executive Director

CITY OF PALMDALE

By: _____
City Manager

APPENDIX A
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B
CITY AUDITED FINANCIAL STATEMENTS

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D
PROPOSED FORMS OF BOND COUNSEL OPINIONS

APPENDIX E

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange

Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and distributions on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption

proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX F
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE
(A-8551)

Dated as of November 1, 2023

by and between the

CITY OF PALMDALE, CALIFORNIA, as Lessor

and the

PALMDALE FINANCING AUTHORITY, as Lessee

Relating to:

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A
and
$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

SITE AND FACILITY LEASE
(A-8551)

This SITE AND FACILITY LEASE, dated as of November 1, 2023, is by and between the CITY OF PALMDALE, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the PALMDALE FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessee (the "Authority"):

R E C I T A L :

WHEREAS, the Authority intends to assist the City by leasing certain real property and improvements to the City pursuant to a Lease Agreement, dated as of November 1, 2023, by and between the City and the Authority, and recorded concurrently herewith by memorandum thereof (the "Lease Agreement"), and the City proposes to enter into this Site and Facility Lease with the Authority as a material consideration for the Authority's agreement to lease such real property and improvements to the City.

A G R E E M E N T :

NOW, THEREFORE, it is hereby mutually agreed as follows:

Section 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Site and Facility Lease shall have the respective meanings specified in that certain Indenture of Trust, dated as of November 1, 2023, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee, in connection with the issuance by the Authority of its $_____ Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "2023A Bonds"), and its $_____ Palmdale Financing Authority Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "2023B Bonds" and, with the 2023A Bonds, the "Bonds").

Section 2. Site and Facility Lease. The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility").

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of Los Angeles County, State of California, and shall end on June 1, ____, unless the Term of the Lease Agreement is extended as hereinafter provided. If, on June 1, ____, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment or if the Lease Payments or Additional Payments, if any, payable under the Lease Agreement shall have been abated at any time and for any reason, then the term of this Site and Facility Lease shall be extended without the need to execute any amendment to this Section 3 until such Lease Payments shall be fully paid or provision made for such payment, but in no event shall the term of this Site and Facility Lease extend beyond June 1, ____. If, prior to June 1, ____, all Lease Payments shall be fully paid, or provision made for such payment in accordance with Section 4.3 or 4.4 of the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Rental. The City acknowledges receipt from the Authority as and for rental hereunder the sum of one dollar ($1.00), on or before the date of delivery of this Site and Facility Lease.

Section 5. Purpose. The Authority shall use the Site and the Facility solely for the purpose of leasing the Site and the Facility to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Authority and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. City's Interest in the Site and the Facility. The City covenants that it is the owner of fee title to the Site and the Facility.

Section 7. Assignments; Subleases; Amendments. Unless the City shall be in default under the Lease Agreement, the Authority may not assign its rights under this Site and Facility Lease or sublet the Site or the Facility, except as provided in the Lease Agreement and the Indenture, without the written consent of the City. This Site and Facility Lease may be amended, if required, pursuant to the provisions of Section 8.3 of the Lease Agreement.

Section 8. Right of Entry. The City reserves the right, for any of its duly authorized representatives, to enter upon the Site and the Facility at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Site and the Facility in the same good order and condition as the same was in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site and the Facility at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 10. 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 and Facility 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 and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof; *provided, however*, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Authority to the Trustee under the Indenture shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy the Site and the Facility subject to the provisions of the Lease Agreement and the Indenture.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the City hereby releases each and every member, Board member, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No member, Board member, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

Section 13. 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 Site and the Facility (including both land and improvements).

Section 14. Eminent Domain. In the event the whole or any part of the Site or the Facility is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Bonds including the unpaid principal and interest with respect to any such Bonds then outstanding and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City.

Section 15. Use of the Proceeds. The City and the Authority hereby agree that the lease to the Authority of the City's right, title and interest in the Site and the Facility pursuant to Section 2 serves the public purposes of the City. The City hereby agrees that the proceeds of the Bonds shall be used solely for the purpose of financing the Acquired Property and the Economic Development Projects and the refunding of the 2012 Bonds, subject to the provisions of the Indenture.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the City, to the City Manager, City of Palmdale, 38300 Sierra Highway, Suite A, Palmdale, CA 93550, and if to the Authority, c/o the City Manager, City of Palmdale, City Manager, City of Palmdale, 38300 Sierra Highway, Suite B, Palmdale, CA 93550, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. 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 and Facility Lease.

Section 19. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State.

Section 20. Execution in Counterparts. This Site and Facility 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 instrument.

[Remainder of page is intentionally left blank]

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

CITY OF PALMDALE

By _____
Ronda Perez
City Manager

PALMDALE FINANCING AUTHORITY

By _____
Ronda Perez
Executive Director

APPROVED AS TO FORM:

_____
William P. Curley III
Interim City Attorney

EXHIBIT A

DESCRIPTION OF THE SITE

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

McAdam Park Site

Lots 19 to 22, inclusive, in Section 30, Township 6 North, Range 11 West, Palmdale Colony Co., in the City of Palmdale, County of Los Angeles, State of California, as shown on Map recorded in Book 52, Page 71, of Miscellaneous Records, in the Office of the Recorder of said County.

Excepting to the County of Los Angeles all oil, gas, hydrocarbons or other minerals, in and under the above described Parcel of land without the right of surface entry for development thereof.

APN: 3018-027-902and 3018-027-903

Courson Park Site

Parcel 3 of Parcel Map 15969 in the City of Palmdale, as per Map recorded in Book 177 Pages 77 and 78 of Parcel Maps in the Office of the County Recorder of said County.

Except therefrom all oil, gas, hydrocarbons, or other minerals in and under the above described parcel of land without the right of surface entry for development thereof, as excepted by the County of Los Angeles in Deed recorded December 29, 1983 as Instrument No. 83-1544827, Official Records.

APN: 3014-001-911and 3014-001-909

Public Works Yard Site

Parcel A: (APN: 3006-006-900)

The South one-half of the West one-half of the South one-half of Lot 9 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28to 30 inclusive of Maps, in the Office of the County Recorder of said County.

Parcel B: (APN: 3006-006-901)

The South one-half of the East one-half of the South one-half of Lot 9 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28to 30 inclusive of Maps, in the Office of the County Recorder of said County.

Parcel C: (APN: 3006-006-902)

The North half of Lot 10 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28 to 30inclusive of Maps, in the Office of the County Recorder of said County.

Parcel D: (APN: 3006-006-903, 904)

Lot 17 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28 to 30inclusive of Maps, in the Office of the County Recorder of said County.

Parcel E (APN: 3006-006-907)

The South half of Lot 10 of Tract 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28, 29 and 30inclusive of Maps, in the Office of the County Recorder of said County.

Parcel F (APN: 3006-006-909)

Parcel 1:

That portion of Lot 19 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, recorded in Book 114, Pages 28 through 30, inclusive, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly corner of said Lot 19 of Tract No. 7670;

Thence along the Northerly line of said Lot 19, South 89°45'21'' East, 103.79 feet to the beginning of a non-tangent curve, concave Northeasterly having a radius of 292.00 feet (a radial line through the

Thence Southeasterly along curve, through a central angle of 45°10'28'' an arc distance of 230.23 feet;

Thence tangent to said curve, South 58°03'55'' East, 77.14 feet to the Southerly line of said Lot 19;

Thence along said Southerly line of Lot 19, North 89°45'20'' West, 300.89 feet to the Westerly line of said Lot 19;

Thence along said Westerly line of Lot 19, North 00°2218'' East, 222.63 feet to the true point of beginning.

Parcel 2

That portion of Lot 19 of Tract No. 7670 in the City of Palmdale, County of Los Angeles, State of California, recorded in Map Book 114, Pages 28-30in the Office of the Recorder for said County, described as follows:

Commencing at the Northwesterly corner of said Lot 19 of Tract No. 7670;

Thence along the Northerly line of said Lot 19, South 89°45'21'' East, 103.79 feet to the True Point of Beginning;

Thence continuing along said Northerly line of Lot 19, South 89°45'21'' East, 8.29 feet to the beginning of a non-tangent curve, concave Northeasterly, having a radius of 290.00 feet (a radial line through the beginning of said non-tangent curve bears South 76°48'53'' West);

Thence Southeasterly along said curve, through a central angle of 44°52'48'', an arc distance of 227.16 feet;

Thence tangent to said curve, South 58°03'55'' East, 82.27 feet to the Southerly line of said Lot 19;

Thence along said Southerly line of Lot 19, North 89°45'20'' West, 11.42 feet;

Thence North 58°03'55'' West, 77.14 feet to the beginning of a tangent curve, concave Northeasterly, having a radius of 292.00 feet;

Thence Northwesterly along said last-mentioned curve, through a central angle of 45°10'28'', an arc distance of 230.23 feet to the true point of beginning.

Parcel G (APN: 3006-006-910)

Parcel 1:

That portion of Lot 20 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, recorded in Map Book 114, Pages 28 through 30, inclusive in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly corner of said Lot 20 of Tract No. 7670;

Thence along the Northerly line of said Lot 20, South 89°45'22" East 96.00 feet;

Thence on a new line through said Lot 20, parallel with and 96.00 feet Easterly of the Westerly line of said Lot 20, South 00°22'18" West 162.10 feet to the beginning of a tangent curve concave Westerly, having a radius of 292.00 feet;

Thence Southerly along said curve, through a central angle of 13°15'46" an arc distance of 67.59 feet to the Southerly line of said Lot 20;

Thence along said Southerly line of Lot 20, North 89°45'21" West, 103.79 feet to the Southwesterly corner of said Lot 20;

Thence along the Westerly line of said Lot 20, North 00°22'18" East, 229.11 feet to the true point of beginning.

Parcel 2

That Portion of Lot 20 of Tract No. 7670 in the City of Palmdale, County of Los Angeles, State of California, recorded in Map Book 114, Pages 28-30in the Office of the Recorder for said County, described as follows:

Commencing at the Northwesterly corner of said Lot 20 of Tract No. 7670;

Thence along the Northerly line of said Lot 20, South 89°45'22" East, 96.00 feet to the true point of beginning:

Thence continuing along said Northerly line of Lot 20, South 89°45'22" East, 8.00 feet;

Thence parallel with and 104.00 feet Easterly of the Westerly line of said Lot 20, South 00°22'18"West, 161.11 feet to the beginning of a tangent curve, concave Easterly, having a radius of 290.00 feet;

Thence southerly along said curve, through a central angle of 13°33'25", an arc distance of 68.62feet to the Southerly line of said Lot 20;

Thence along said Southerly line of Lot 20, North 89°45°21" West, 8.29 feet to the beginning of a non-tangent curve, concave Easterly, having a radius of 292.00 feet (a radial line through the beginning of said non-tangent curve bears South 77°06'33" West);

Thence Northerly along said last-mentioned curve, through a central angle of 13°15'45", an arc distance of 67.59 feet;

Thence tangent to said last-mentioned curve, parallel with and 96.00 feet Easterly of said Westerly line of Lot 20, North 00°22'18" East., 162.10 feet to the true point of beginning.

APN: 3006-006-900, 3006-006-901, 3006-006-902, 3006-006-903, 3006-006-904, 3006-006-907, 3006-006-909, 3006-006-910

Office Building Site

The Easterly 10 feet of Lot 6 and all of Lots 7, 8, 9 and 10 in Block "E" of Tract No. 2258, in the City of Palmdale, in the County of Los Angeles, State of California, as per Map recorded in Book 23, Page(s)74 of Maps, in the Office of the County Recorder of said County.

Together with the Southerly one-half of avenue Q-10, vacated under Resolution No. 96-125, which recorded August 17, 1998 as Instrument No. 98-1447702 of Official Records, adjoining said land to the North.

APN: 3009-017-911, 3009-017-910

Development Services Building Site

Parcel 1:

Lots 1, 2, 4, 5 and the West 40 feet of Lot 6 in Block E of Tract No. 2258, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 23 Page 74 of Maps, in the Office of the County Recorder of said County, together with the Southerly one-half of Avenue Q-10, vacated under Resolution No. 85-87 and Resolution No. 96-125, adjoining said land to the North.

APN: 3009-017-904, 3009-017-905, 3009-017-906, 3009-017-912 and 3009-017-918

Parcel 2:

Lot 3 in Block E of Tract No. 2258, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 23 Page 74 of Maps, in the Office of the County Recorder of said County, together with the Southerly one-half of Avenue Q-10, vacated under Resolution No. 85-87 adjoining said land to the North.

APN: 3009-017-913

Parcel 3:

Lots 1 through 7 inclusive in Block 1 of Tract No. 2576, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 36, Page 25 of Maps, in the Office of the County Recorder of said County.

APN: 3009-017-901 and 3009-017-902

Work Source Building Site

Parcel 1:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block with a line that is parallel with and distant Northerly 150 feet, at right angles, from the North line of Avenue Q-6, formerly Walnut Street, 80 feet wide, as shown on said Map; thence parallel with said North line, North 89□24′ 00″ East 182.31 feet; thence parallel with the Easterly line of said Block, North 00□52′ 30″ West, 159.50 feet; thence parallel with said North line, South 89□24′ 00″ West, 200.82 feet to the Westerly line of said Block; thence along said Westerly line, South 7□29′ 30″ East, 160.66 feet, to the point of beginning.

Except that portion described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant Northerly 150 feet, measured at right angles, from the Northerly line of Avenue Q-6, 80 feet wide, formerly Walnut Street, as shown on said Map; thence along said parallel line, North 89□22′ 00″ East 99.95 feet; thence parallel with said Westerly line of Block 13, North 7□29′ 30″ West, 150.65 feet, to a line that is parallel with and distant Northerly 309.50 feet, measured at right angles, from said Northerly line of Avenue Q-6; thence along said last mentioned parallel line, South 89□22′ 00″ West, 99.95 feet, to said Westerly line of Block 13; thence along said Westerly line of Block 13, South 7□29′ 30″ East, 160.65 feet to the point of beginning.

Parcel 2:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant 309.50 feet, Northerly measured at right angles, from the Northerly line of Avenue Q-6, formerly Walnut Street, 80 feet wide, as shown on said Map; thence along said parallel line, North 89□24′ 00″ East 318.99 feet, to the true point of beginning; thence continuing along said parallel line, North 89□24′00″ East, to the Westerly line of the Easterly 13.03 feet of said Block 13, thence along the last mentioned Westerly line, South 00□52′ 30′ West, 309.50 feet to the Northerly line of said Avenue Q-6; thence along said Avenue Q-6, South 89□24′ 00″ West, 106.97 feet, to the Westerly line of the Easterly 120 feet of said Block 13; thence along the last mentioned Westerly line, North 00□52′ 30″ East, 150 feet; thence parallel with the Northerly line of said Avenue Q-6, South 89□24′ 00″ West, to the Southeast corner of the land described as Parcel 1 in the Deed to Palmdale Investment recorded on June 1, 1956 in Book 51336, Page 157, of Official Records of said County; thence North 00□52′ 30″ West, 159.50 feet to the Northeast corner of the land described in Parcel 1 of said Deed; thence North 89□24′ 00″ East, 118.17 feet, to the True Point of Beginning.

Except all water, in and or under said land.

Parcel 3:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant Northerly 150 feet, at right angles, from the Northerly line of Avenue Q-6, 80 feet wide, formerly Walnut Street, as shown on said Map; thence along said line, North 89□22′ 00″ East 99.95 feet; thence parallel with said Westerly line of said Block 13, North 7□29′ 30″ West, 160.65 feet, to the line that is parallel with and distant Northerly 309.50 feet, measured at right angles, from said Northerly line of Avenue Q-6; thence along said last mentioned parallel line, South 89□22′ 00″ West, 99.95 feet, to said Westerly line of Block 13; thence along said Westerly line of Block 13, South 7□29′ 30″ East, 160.65 feet, to the True Point of Beginning.

Parcel 4:

The South 150 feet of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County.

Except therefrom the Easterly 120 feet.

APN: 3008-033-906/907/909

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the following:

Development Services Building. The Development Services Building was constructed in 2001 and is part of the City Hall complex of buildings. It is an approximately 30,800 square foot, 2-story administrative building housing the City's Departments of Public Works, Planning, Building and Safety and Economic Development. The building contains a variety of City offices with a central one-stop counter and lobby on the first floor. Approximately 94 joint-use parking spaces are available adjacent to and south of the building. The insured value of the building is $9,537,853 and it is located on 2.5 acres of land at the northwest corner of Sierra Highway and Avenue Q-11.

Office Building. This building is also part of the City Hall complex of buildings. The 18,000 square foot office building was originally constructed in 2000 to serve as a County satellite courthouse. It was then used as an office for _____ and now is expected to serve as overflow space for City offices on an as-needed basis. The insured value of the building is $4,780,156 and it is located on .86 acres of land.

South Valley Work Source Center. The City owns an approximate 10,000 square foot office building located on 0.7 acres at the corner of Sierra Highway and Avenue Q-6, with an adjacent 0.7 acres of parking. The building was constructed in 1998 and renovated in 2010. The insured value of the building is $3,417,758. The building currently houses the South Valley WorkSource Center.

Public Works Yard. The City's Public Works Yard houses the City's maintenance operations and equipment. Various buildings totaling 32,000 square feet were constructed in 2013. The insured value of the buildings is $4,673,327 and are located on 8.9 acres of land along 3rd Street between Avenue P-12 and Technology Drive.

William J. McAdam Park. This 20-acre park offers a swimming pool, field house, stage, picnic shelters, play field, tennis courts and volleyball courts. The insured value of the buildings is $1,000,666 and the park is located on 30th Street between Avenue R and Palmdale Boulevard.

Melville J. Courson Park. This 7.5-acre park offers a swimming pool, field house, picnic area, playground, basketball courts and a volleyball court. The insured value of the buildings is $5,436,330 and the park is located at the corner of 10th Street East and Avenue Q-12.

LEASE AGREEMENT
(A-8550)

Dated as of November 1, 2023

by and between the

PALMDALE FINANCING AUTHORITY, as Lessor

and the

CITY OF PALMDALE, CALIFORNIA, as Lessee

Relating to:

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A

and

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

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LEASE AGREEMENT
(A-8550)

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of November 1, 2023, is by and between the PALMDALE FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as lessor (the "Authority"), and the CITY OF PALMDALE, CALIFORNIA, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as lessee (the "City").

R E C I T A L S :

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of November 1, 2023 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, with the Site, the "Leased Property"), all for the purpose of enabling the City to:

(a) finance the cost of the acquisition of approximately 56 acres of real property, of which 50% (the "Governmental Freeway Property"), will be used for governmental purposes of the City and of which 50% (the "Non-Governmental Freeway Property") is expected to be sold for development,

(b) finance the cost of the acquisition of real or other property which will be used for governmental purposes of the City (the "Governmental Property" and, with the Governmental Freeway Property and the Non- Governmental Freeway Property, the "Acquired Property"),

(c) finance the cost of renovations to the Antelope Valley Mall in the City (the "Mall Renovations"), and

(d) refund the outstanding Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012 (the "2012 Bonds");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds (hereinafter defined) as it becomes due, the Authority proposes to lease the Leased Property to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of November 1, 2023, by and between the Authority and the Trustee (the "Indenture"), and pursuant to which the Authority will issue and the Trustee will authenticate and deliver its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A, in the aggregate principal amount of $_____ (the "Series A Bonds"), and its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable), in the aggregate

principal amount of $_____ (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"); and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Lease Agreement.

A G R E E M E N T :

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Lease Agreement have the respective meanings given them in Section 1.01 of the Indenture.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

EXHIBIT A: DESCRIPTION OF THE SITE
EXHIBIT B: DESCRIPTION OF THE FACILITY
EXHIBIT C: SCHEDULE OF SERIES A LEASE PAYMENTS
EXHIBIT D: SCHEDULE OF SERIES B LEASE PAYMENTS
EXHIBIT E: SCHEDULE OF TOTAL LEASE PAYMENTS

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Organization/Authority*. The Authority is a joint exercise of powers entity duly organized and existing under the laws of the State and is duly authorized to issue the Bonds and to perform its obligations under the Indenture, the Site and Facility Lease, this Lease Agreement and the Escrow Agreement.

(b) *Enforceability*. All requirements have been met and procedures have occurred in order to authorize the execution and delivery by the Authority of the Site and Facility Lease, this Lease Agreement and the Indenture. The Authority has taken all necessary action and has complied with all provisions of the law required to make the Site and Facility Lease, this Lease Agreement, and the Escrow Agreement and the Indenture valid and binding limited obligations of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) *Limited Obligation of the Authority*. The Bonds have been duly authorized, executed and delivered by the Authority. Nothing in the Site and Facility Lease, this Lease Agreement or the Indenture shall be construed as requiring the Authority to provide any financing for any purpose other than the financing of the Acquired Property and the Mall Renovations and refunding the 2012 Bonds.

(d) *No Litigation*. To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority that (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Bonds, the application of the proceeds of the Bonds, or the execution and delivery of the Site and Facility Lease, this Lease Agreement, and the Escrow Agreement or the Indenture, (ii) affects or questions the validity or enforceability of the Bonds or the Site and Facility Lease, this Lease Agreement and the Indenture, or (iii) questions the tax-exempt status of interest on the Bonds.

Section 2.2. Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Lease Agreement:

(a) *Organization/Authority*. The City is a municipal corporation and chartered city duly organized and in good standing under the laws of the State and has full legal right, power and authority to enter into the Site and Facility Lease, this Lease Agreement and the Escrow Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby and by proper action has duly authorized the execution, delivery and performance by the City of the Site and Facility Lease, this Lease Agreement and the Escrow Agreement.

(b) *Execution/Delivery*. The Site and Facility Lease, this Lease Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the City.

(c) *Enforceability*. The Site and Facility Lease, this Lease Agreement and the Escrow Agreement constitute the legal, valid and binding agreements of the City enforceable against the City by the Trustee in accordance with their respective terms for the benefit of the Owners, and any rights of the Authority and obligations of the City not so assigned to the Trustee constitute the legal, valid, and binding agreements of the City enforceable against the City by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(d) *No Conflicts*. The execution and delivery of the Site and Facility Lease, this Lease Agreement and the Escrow Agreement, the consummation of the transactions on the part of the City herein and therein contemplated and the fulfillment of or compliance by the City with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City (other than as contemplated hereby and by the Site and Facility Lease), which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Escrow Agreement, or the financial condition, assets, properties or operations of the City.

(e) *No Other Consents*. No consent or approval of any trustee or holder of any indebtedness of the City or any guarantor of indebtedness of or other provider of credit or liquidity to the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery by the City of the Site and Facility Lease, this Lease Agreement and the Escrow Agreement, or the consummation of any transaction of the City herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the City, after reasonable investigation, threatened, against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease, this Lease Agreement and the Escrow Agreement, or upon the financial condition, assets, properties or operations of the City.

(g) *Disclosures Accurate*. No official statement or other offering document in connection with the issuance of the Bonds, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a 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.

(h) *Financial Condition*. All financial statements and information heretofore delivered to the Original Purchaser by City, including without limitation, information relating to the financial condition of City, fairly and accurately present the financial position thereof and have been prepared (except where specifically noted therein) in accordance with generally accepted accounting principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the City or the other subjects of such statements.

(i) *Title to Property*. The City has good and marketable title to the Leased Property free and clear from all encumbrances other than Permitted Encumbrances.

(j) *No Defaults*. The City is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (i) under the Site and Facility Lease, this Lease Agreement and the Escrow Agreement, or (ii) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default could reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Escrow Agreement or the Indenture, or the financial condition, assets, properties or operations of the City.

ARTICLE III

ISSUANCE OF BONDS; ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 3.1. The Bonds.

(a) The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars ($_____).The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture.

(b) The City hereby approves the Indenture, the assignment to the Trustee of the rights (but none of the obligations) of the Authority assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Authority thereunder.

Section 3.2. Acquisition and Construction . The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the Acquisition and Construction of the Project, purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the Acquisition and Construction Costs shall be made from amounts on deposit in the Acquisition and Construction Fund, pursuant to Section 3.03 of the Indenture. The Authority expects that the Acquisition and Construction of the Project will be completed on or before November 1, 2026; *provided, however*, that the failure to complete the Project by the estimated Completion Date thereof shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Lease Payments.

The City shall have the right from time to time in its sole discretion to amend the description of the Project to be financed.

Upon the completion of the Acquisition and Construction of the Project, the amounts, if any, on deposit in the Acquisition and Construction Fund shall be transferred by the City to the Trustee for deposit in the Revenue Fund and the City shall close the Acquisition Fund.

Section 3.3. Grant of Easements. The City hereby grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the City, as may be necessary or convenient to enable the Authority to acquire the Acquired Property thereon or thereabouts. The City covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.4. Appointment of City as Agent of Authority. The Authority hereby appoints the City as its agent to carry out all phases of the Acquisition and Construction of the Project pursuant to and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the Acquisition and Construction of the Project. The Authority, or the City as agent of the Authority hereunder, shall enter into, administer and enforce all

purchase orders or other contracts relating to the Acquisition and Construction of the Project. All contracts for, and all work relating to, the Acquisition and Construction of the Project shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like project and property by joint powers authorities and by municipal corporations.

ARTICLE IV

LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT;
LEASE PAYMENTS

Section 4.1. Lease of Property. The Authority hereby leases the Leased Property to the City, and the City hereby leases the Leased Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

Section 4.2. Term of Lease. This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of June 1, ____)=, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on June 1, ____, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond June 1, ____.

Section 4.3. Lease Payments.

(a) *Obligation to Pay*. In consideration of the lease of the Leased Property from the Authority hereunder and subject to the provisions of Section 6.2, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Leased Property during each Fiscal Year, the Series A Lease Payments (denominated into components of principal and interest) for a portion of the Leased Property in the respective principal amounts specified in Exhibit C hereto, plus interest commencing on the Closing Date, to be due and payable on the respective Lease Payment Dates, and the Series B Lease Payments (denominated into components of principal and interest) for a portion of the Leased Property in the respective amounts specified in Exhibit D hereto, plus interest commencing on the Closing Date, to be due and payable on the respective Lease Payment Dates commencing May 25, 2024. The Series A Lease Payments are equal to the portion of the debt service payments on the Series A Bonds and the Series B Lease Payments are equal to the portion of the debt service payments on the Series B Bonds. Any amount held in the Revenue Fund, the Interest Account, the Principal Account or the Sinking Account on any Lease Payment Date, derived from any source of funds of or allocable to the City, shall be credited towards the Lease Payment then due and payable by the City. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Leased Property for such Fiscal Year.

The City's obligation to pay Lease Payments hereunder shall be absolute and unconditional subject only to abatement, in the event and to the extent that there is substantial interference with the use and occupancy of the property or any portion thereof, as provided in Section 6.2.

(b) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the rate of interest borne by any Outstanding Bond. Such interest, if received, shall be deposited in the Revenue Fund.

(c) *Fair Rental Value*. The Lease Payments and Additional Payments coming due and payable in each Fiscal Year shall constitute the total rental for the Leased Property for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each Fiscal Year. The Authority and the City hereby agree and determine that the total Lease Payments do not exceed the fair rental value of the Leased Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the value of the Leased Property, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(d) *Source of Payments; Budget and Appropriation*. The Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Section 6.2. The City covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. 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 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 and agreements in this Lease Agreement agreed to be carried out and performed by the City.

(e) *Assignment*. The City understands and agrees that all Lease Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) *Security Deposit*. Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments for the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, including but not limited to amounts on deposit in the Revenue Fund, is either (i) sufficient to pay such Lease Payments for each or either series of Bonds or selected portions thereof, including the principal and interest components thereof, and premium, if any, in accordance with the Lease Payment schedule set forth in Exhibit E, or (ii) invested in whole or in part in Defeasance Obligations in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments for the applicable series of Bonds or portions selected thereof when due hereunder, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement.

Section 4.4. Prepayment Option. The Authority hereby grants an option to the City to prepay the principal component of the Series A Lease Payments in full, or in part, without premium, as described in the Indenture with respect to the redemption of Series A Bonds. The Authority hereby grants an option to the City to prepay the principal component of the Series B Lease Payments in full, or in part, without premium, as described in the Indenture with respect to the redemption of Series B Bonds.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Leased Property, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Leased Property as provided in Section 7.2.

Section 4.6. Title. If the City pays all of the Lease Payments and Additional Payments during the Term of the Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f), and if the City has paid in full all of the Additional Payments coming due and payable as of such date, and provided in any event that no Event of Default shall have occurred and be continuing, all right, title and interest of the Authority in and to the Leased Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due the following Additional Payments:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the City shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the City's expense, to protest and contest any such taxes or assessments levied upon them and that the City shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Site and Facility Lease, this Lease Agreement or the Indenture; and

(d) The reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Site and Facility Lease, this Lease Agreement or the Indenture or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Site and Facility Lease, this Lease Agreement or the Indenture or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the City, its

properties, assets or operations or otherwise in connection with the administration of the Site and Facility Lease, this Lease Agreement or the Indenture.

(e) Any amounts due and payable by the City as arbitrage rebate under section 148 of the Code with respect to the Series A Bonds, pursuant to City's covenants and agreements with respect thereto in Section 6.08 of the Indenture and Section 5.10(c) hereof.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the City within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the City for any amounts due with respect to arbitrage rebate under Section 6.08 of the Indenture, the calculation and payment for which is the responsibility of the City.

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the City and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property which may include, without limitation, janitor service, security, power, gas, phone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or lessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

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

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

Section 5.2. Modification of Property. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Property. All additions, modifications and improvements to the Leased Property shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Authority a Written Certificate of the City stating that the Leased Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Leased Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City

pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify or cause to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Authority, the City, and their respective Board members, Council members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $100,000 (subject to a deductible clause of not to exceed $250,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which they are paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, 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. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of all of the insured improvements, or (b) the aggregate principal amount of the outstanding Bonds. Such insurance 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 the participation by the City in a joint powers agency or other program providing pooled insurance; provided however, that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.1(a).

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Leased Property as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance 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 the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance except for a time element deductible not to exceed sixty (60) days in duration. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Revenue Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Recordation Hereof; Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site and Facility Lease and this Lease Agreement, or a memorandum hereof or thereof, in each case in form and substance approved by Bond Counsel, to be recorded in the office of the Los Angeles County Recorder, and (b) obtain a CLTA policy of title insurance which insures the City's leasehold estate in the Leased Property in an amount equal to the aggregate initial principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be deposited in the Insurance and Condemnation Fund.

Section 5.7. Net Proceeds of Insurance; Form of Policies. Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. All required insurance policies shall be provided by a commercial insurer in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization (without regard to designations of plus (+) or minus (-)). The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, no later than February 1 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of the City risk manager, insurance consultant or actuary identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The results of such review shall be filed with the Trustee.

Section 5.8. Installation of Personal Property. The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Leased Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee shall have any interest and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or

subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

Section 5.9. Liens. Neither the City nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Leased Property, other than the respective rights of the Trustee, the Authority and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Tax Covenants.

(a) *Private Activity Bond Limitation*. The City shall assure that proceeds of the Series A Bonds are not so used as to cause the Series A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series A Bonds.

(d) *No Arbitrage*. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption*. The City shall take all actions necessary to assure the exclusion of interest on the Series A Bonds from the gross income of the Owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.11. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that the Participating Underwriter or any Owner or Beneficial Owner (as defined in the Continuing Disclosure Certificate) of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.11, including seeking mandate or specific performance by court order.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF LEASE PAYMENTS

Section 6.1. Application of Net Proceeds.

(a) *From Insurance Award*. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty shall be paid by the City to the Trustee and shall be deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 5.07 of the Indenture.

(b) *From Eminent Domain Award*. If the Leased Property or any portion thereof shall be taken permanently or temporarily under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Net Proceeds resulting therefrom shall be deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.07 of the Indenture.

(c) *From Title Insurance Award*. The Net Proceeds of any title insurance award shall be paid to the Trustee, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.07 of the Indenture.

Section 6.2. Abatement of Lease Payments.

(a) *Abatement Due to Damage or Destruction of the Leased Property*. The Lease Payments shall be abated during any period in which by reason of damage to or destruction of the Leased Property (other than by eminent domain which is hereinafter provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The amount of such abatement shall be an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed and available for use and possession by the City. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Leased Property is available for use and possession by the City. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage or destruction. There shall be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Revenue Fund to pay the amount which would otherwise be abated.

(b) *Abatement Due to Eminent Domain*. If all of the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect to the Leased Property as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily under the power of eminent domain, (i) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and

the Authority such that the resulting Lease Payments for the Leased Property represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE AUTHORITY AND ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE INDENTURE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE PROPERTY.

Section 7.2. Rights of Access. The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Property. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the City to perform its obligations hereunder; provided, however, that the Authority's assigns shall not be required to cause such proper maintenance.

Section 7.3. Non-Liability of the Authority. The Authority shall not be obligated to pay the principal of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Lease Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member of the Authority is pledged to the payment of the principal or interest on the Bonds. Neither the Authority nor its members, Board members, officers, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Lease Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the City under this Lease Agreement.

The City hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be payments made by the City to the Trustee pursuant to this Lease Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the City shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the City, the Authority or any third party, subject to any right of reimbursement from the Authority or any such third party, as the case may be, therefor but solely, in the case of the Authority, from the Revenues.

Section 7.4. Expenses. The City shall pay and indemnify the Authority and the Trustee against all reasonable fees, costs, expenses and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence or willful misconduct) and arising out of or in connection with the Site and Facility Lease, this Lease Agreement, the Indenture and the Bonds. These obligations and those in Section 7.5 shall remain valid and in effect notwithstanding payment of the Lease Payments or the Bonds or termination of this Lease Agreement or the Indenture.

Section 7.5. Indemnification.

(a) To the fullest extent permitted by law, the City agrees to indemnify, hold harmless and defend the Authority, the Trustee, and each of their respective past, present and future officers, members, Board members, officials, officers, directors, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs, taxes and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Site and Facility Lease, this Lease Agreement or the Tax Certificate relating to the Bonds, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the City or any of its agents, contractors, servants, employees, tenants) or licensees in connection with the Leased Property, the operation of the Leased Property, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Leased Property or any part thereof;

(iii) any lien or charge upon payments by the City to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Leased Property;

(iv) any violation of any environmental laws or regulations with respect to, or the release of any hazardous substances from, the Leased Property or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made

therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable; or

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the City, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the City shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the City if in the judgment of such Indemnified Party or its counsel a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section 7.5 shall survive the termination of this Lease Agreement.

Section 7.6. Waiver of Personal Liability. No member, Board member, officer, agent or employee of the Authority or any officer, agent or employee of the City shall be individually or personally liable for the payment of any principal of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease Agreement, but nothing herein contained shall relieve any such member, Board member, officer, agent or employee from the performance of any official duty provided by law or by this Lease Agreement.

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. Certain rights of the Authority under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the rights, powers, privileges, benefits, protections, indemnities and immunities from liability of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Leased Property or any portion thereof, subject to, and delivery to the Authority and the Trustee of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease (which the Trustee has no duty or obligation to review or examine and in no event shall be responsible for the contents of such sublease);

(c) No such sublease by the City shall cause the Leased Property to be used for a purpose other than as may be authorized under any applicable provisions of the laws of the State; and

(d) The City shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not, in itself, cause the interest on the Series A Bonds to become included in gross income of the Owners of the Bonds for federal income tax purposes.

Section 8.3. Amendment of Lease.

(a) *Substitution of Site*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") for the Site (the "Former Site"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Site serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be to substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Substitute Site (or the portions to be to substitute) is of equal or greater value than the Site (or the portions thereof) to be to substitute;

(v) The City shall certify the Substitute Site shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(vii) The City shall certify that the Substitute Site is of the same or greater essentiality to the City as was the Former Site;

(viii) The City shall certify that the Substitute Site has a useful life equal to or longer than the remaining term of the Bonds; and

(ix) The City shall provide notice of such substitution to any rating agency then rating the Bonds and shall receive the prior written consent of the Municipal Bond Insurer.

(b) *Substitution of Facility*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute a substitute facility or substitute facilities (a "Substitute Facility") for the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility, if applicable;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Facility serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be to substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Substitute Facility (or the portions to be to substitute) is of equal or greater value than the property (or the portions thereof) to be to substitute;

(v) The City shall certify the Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall certify that the Substitute Facility is of the same or greater essentiality to the City as was the Former Facility;

(vii) The City shall certify that the Substitute Facility has a useful life equal to or longer than the remaining term of the Bonds; and

(viii) The City shall provide notice of such substitution to any rating agency then rating the Bonds and shall receive the prior written consent of the Municipal Bond Insurer.

(c) *Release of Site*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Site, as revised by such release, including the value of the Facility (other than any portion thereof, or the Site or any portion thereof to be released), has a value at least equal to the principal amount of the Bonds then outstanding;

(iv) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release; and

(v) The City shall provide notice of such release to any rating agency then rating the Bonds and shall receive the prior written consent of the Municipal Bond Insurer.

(d) *Release of Facility*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which describes the Facility, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence (which may be an officer's certificate of the City) that the Facility, as revised by such release, together with the Site (that remains subject to this Lease Agreement), has a total value at least equal to the principal amount of the Bonds then outstanding; and

(iv) The City shall provide notice of such release to any rating agency then rating the Bonds and shall receive the prior written consent of the Municipal Bond Insurer.

(e) *Generally*. The Authority and the City may at any time amend or modify any of the provisions of this Lease Agreement, subject to Section 9.01 of the Indenture, but only (i) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, or (i) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(B) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds;

(C) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of the Owners of the Series A Bonds of interest on the Series A Bonds under the Code, in the opinion of Bond Counsel; or

(D) to provide for the issuance of Additional Bonds in accordance with the provisions of Sections 3.05 and 3.06 of the Indenture

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Additional Payment required hereunder and the continuation of such failure for a period of thirty (30) days after notice thereof is given to the City by the Trustee.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time which shall last no longer than 120 days after the original written notice.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the fee interest of the City in the Leased Property to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and, upon the breach thereof, the Authority may exercise any and all rights of entry and re-entry upon the Leased Property. The City hereby irrevocably consents to the Authority's repossession of the Leased Property if such an Event of Default shall occur and consents to the Authority's re-letting of the Leased Property for the account of the City. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any

event, such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, in the event the Authority is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority.

(b) The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Leased Property to place such property in storage or other suitable place in Los Angeles County, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

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

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

Section 9.3. Limitation on Remedies. Notwithstanding the foregoing provisions of Section 9.2, neither the Authority nor the Trustee shall exercise any remedies against the Leased Property to the extent such remedies would generate funds which are not available to satisfy the obligations of this Lease Agreement or the Indenture.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall

not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies may be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture. The Trustee shall be considered a third-party beneficiary of this Lease Agreement for enforcing its rights under this Lease Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Lease Agreement shall be given by first class 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 shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by phone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

To the Authority:	Palmdale Financing Authority c/o City of Palmdale 38300 Sierra Highway, Suite A Palmdale, CA 93550 Attention: City Manager
If to the City:	City of Palmdale 38300 Sierra Highway, Suite A Palmdale, CA 93550 Attention: City Manager
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust
If to the Municipal Bond Insurer:	 Attention: Re: Series A Municipal Bond Insurance Policy No. ____ Re: Series B Municipal Bond Insurance Policy No. ____ Re: Reserve Policy No. ____ Phone: (212) ___-____

The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Governing Law. This Lease Agreement is a contract made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State.

Section 10.8. Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.9. Waiver of Personal Liability. All liabilities under this Lease Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every Council member, director, officer, employee and agent of the City of and from any personal or individual liability under this Lease Agreement. No Council member, director, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Lease Agreement for anything done or omitted to be done by the City hereunder.

Section 10.10. Limitation of Rights to Parties and Bond Owners. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Lease Agreement 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, the City and the Owners of the Bonds.

Section 10.11. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed in its name by its duly Authorized Representative; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

PALMDALE FINANCING AUTHORITY

By _____
Ronda Perez
Executive Director

CITY OF PALMDALE

By _____
Ronda Perez
City Manager

APPROVED AS TO FORM:

_____
William P. Curley III
Interim City Attorney

EXHIBIT A

DESCRIPTION OF THE SITE

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

McAdam Park Site

Lots 19 to 22, inclusive, in Section 30, Township 6 North, Range 11 West, Palmdale Colony Co., in the City of Palmdale, County of Los Angeles, State of California, as shown on Map recorded in Book 52, Page 71, of Miscellaneous Records, in the Office of the Recorder of said County.

Excepting to the County of Los Angeles all oil, gas, hydrocarbons or other minerals, in and under the above described Parcel of land without the right of surface entry for development thereof.

APN: 3018-027-902and 3018-027-903

Courson Park Site

Parcel 3 of Parcel Map 15969 in the City of Palmdale, as per Map recorded in Book 177 Pages 77 and 78 of Parcel Maps in the Office of the County Recorder of said County.

Except therefrom all oil, gas, hydrocarbons, or other minerals in and under the above described parcel of land without the right of surface entry for development thereof, as excepted by the County of Los Angeles in Deed recorded December 29, 1983 as Instrument No. 83-1544827, Official Records.

APN: 3014-001-911and 3014-001-909

Public Works Yard Site

Parcel A: (APN: 3006-006-900)

The South one-half of the West one-half of the South one-half of Lot 9 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28to 30 inclusive of Maps, in the Office of the County Recorder of said County.

Parcel B: (APN: 3006-006-901)

The South one-half of the East one-half of the South one-half of Lot 9 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28to 30 inclusive of Maps, in the Office of the County Recorder of said County.

Parcel C: (APN: 3006-006-902)

The North half of Lot 10 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28 to 30inclusive of Maps, in the Office of the County Recorder of said County.

Parcel D: (APN: 3006-006-903, 904)

Lot 17 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28 to 30inclusive of Maps, in the Office of the County Recorder of said County.

Parcel E (APN: 3006-006-907)

The South half of Lot 10 of Tract 7670, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 114, Pages 28, 29 and 30inclusive of Maps, in the Office of the County Recorder of said County.

Parcel F (APN: 3006-006-909)

Parcel 1:

That portion of Lot 19 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, recorded in Book 114, Pages 28 through 30, inclusive, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly corner of said Lot 19 of Tract No. 7670;

Thence along the Northerly line of said Lot 19, South 89°45'21'' East, 103.79 feet to the beginning of a non-tangent curve, concave Northeasterly having a radius of 292.00 feet (a radial line through the

Thence Southeasterly along curve, through a central angle of 45°10'28'' an arc distance of 230.23 feet;

Thence tangent to said curve, South 58°03'55'' East, 77.14 feet to the Southerly line of said Lot 19;

Thence along said Southerly line of Lot 19, North 89°45'20'' West, 300.89 feet to the Westerly line of said Lot 19;

Thence along said Westerly line of Lot 19, North 00°2218'' East, 222.63 feet to the true point of beginning.

Parcel 2

That portion of Lot 19 of Tract No. 7670 in the City of Palmdale, County of Los Angeles, State of California, recorded in Map Book 114, Pages 28-30in the Office of the Recorder for said County, described as follows:

Commencing at the Northwesterly corner of said Lot 19 of Tract No. 7670;

Thence along the Northerly line of said Lot 19, South 89°45'21'' East, 103.79 feet to the True Point of Beginning;

Thence continuing along said Northerly line of Lot 19, South 89°45'21'' East, 8.29 feet to the beginning of a non-tangent curve, concave Northeasterly, having a radius of 290.00 feet (a radial line through the beginning of said non-tangent curve bears South 76°48'53'' West);

Thence Southeasterly along said curve, through a central angle of 44°52'48'', an arc distance of 227.16 feet;

Thence tangent to said curve, South 58°03'55'' East, 82.27 feet to the Southerly line of said Lot 19;

Thence along said Southerly line of Lot 19, North 89°45'20'' West, 11.42 feet;

Thence North 58°03'55'' West, 77.14 feet to the beginning of a tangent curve, concave Northeasterly, having a radius of 292.00 feet;

Thence Northwesterly along said last-mentioned curve, through a central angle of 45°10'28'', an arc distance of 230.23 feet to the true point of beginning.

Parcel G (APN: 3006-006-910)

Parcel 1:

That portion of Lot 20 of Tract No. 7670, in the City of Palmdale, County of Los Angeles, State of California, recorded in Map Book 114, Pages 28 through 30, inclusive in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly corner of said Lot 20 of Tract No. 7670;

Thence along the Northerly line of said Lot 20, South 89°45'22" East 96.00 feet;

Thence on a new line through said Lot 20, parallel with and 96.00 feet Easterly of the Westerly line of said Lot 20, South 00°22'18" West 162.10 feet to the beginning of a tangent curve concave Westerly, having a radius of 292.00 feet;

Thence Southerly along said curve, through a central angle of 13°15'46" an arc distance of 67.59 feet to the Southerly line of said Lot 20;

Thence along said Southerly line of Lot 20, North 89°45'21" West, 103.79 feet to the Southwesterly corner of said Lot 20;

Thence along the Westerly line of said Lot 20, North 00°22'18" East, 229.11 feet to the true point of beginning.

Parcel 2

That Portion of Lot 20 of Tract No. 7670 in the City of Palmdale, County of Los Angeles, State of California, recorded in Map Book 114, Pages 28-30in the Office of the Recorder for said County, described as follows:

Commencing at the Northwesterly corner of said Lot 20 of Tract No. 7670;

Thence along the Northerly line of said Lot 20, South 89°45'22" East, 96.00 feet to the true point of beginning:

Thence continuing along said Northerly line of Lot 20, South 89°45'22" East, 8.00 feet;

Thence parallel with and 104.00 feet Easterly of the Westerly line of said Lot 20, South 00°22'18"West, 161.11 feet to the beginning of a tangent curve, concave Easterly, having a radius of 290.00 feet;

Thence southerly along said curve, through a central angle of 13°33'25", an arc distance of 68.62feet to the Southerly line of said Lot 20;

Thence along said Southerly line of Lot 20, North 89°45°21" West, 8.29 feet to the beginning of a non-tangent curve, concave Easterly, having a radius of 292.00 feet (a radial line through the beginning of said non-tangent curve bears South 77°06'33" West);

Thence Northerly along said last-mentioned curve, through a central angle of 13°15'45", an arc distance of 67.59 feet;

Thence tangent to said last-mentioned curve, parallel with and 96.00 feet Easterly of said Westerly line of Lot 20, North 00°22'18" East., 162.10 feet to the true point of beginning.

APN: 3006-006-900, 3006-006-901, 3006-006-902, 3006-006-903, 3006-006-904, 3006-006-907, 3006-006-909, 3006-006-910

Office Building Site

The Easterly 10 feet of Lot 6 and all of Lots 7, 8, 9 and 10 in Block "E" of Tract No. 2258, in the City of Palmdale, in the County of Los Angeles, State of California, as per Map recorded in Book 23, Page(s)74 of Maps, in the Office of the County Recorder of said County.

Together with the Southerly one-half of avenue Q-10, vacated under Resolution No. 96-125, which recorded August 17, 1998 as Instrument No. 98-1447702 of Official Records, adjoining said land to the North.

APN: 3009-017-911, 3009-017-910

Development Services Building Site

Parcel 1:

Lots 1, 2, 4, 5 and the West 40 feet of Lot 6 in Block E of Tract No. 2258, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 23 Page 74 of Maps, in the Office of the County Recorder of said County, together with the Southerly one-half of Avenue Q-10, vacated under Resolution No. 85-87 and Resolution No. 96-125, adjoining said land to the North.

APN: 3009-017-904, 3009-017-905, 3009-017-906, 3009-017-912 and 3009-017-918

Parcel 2:

Lot 3 in Block E of Tract No. 2258, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 23 Page 74 of Maps, in the Office of the County Recorder of said County, together with the Southerly one-half of Avenue Q-10, vacated under Resolution No. 85-87 adjoining said land to the North.

APN: 3009-017-913

Parcel 3:

Lots 1 through 7 inclusive in Block 1 of Tract No. 2576, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 36, Page 25 of Maps, in the Office of the County Recorder of said County.

APN: 3009-017-901 and 3009-017-902

Work Source Building Site

Parcel 1:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block with a line that is parallel with and distant Northerly 150 feet, at right angles, from the North line of Avenue Q-6, formerly Walnut Street, 80 feet wide, as shown on said Map; thence parallel with said North line, North 89□24′ 00″ East 182.31 feet; thence parallel with the Easterly line of said Block, North 00□52′ 30″ West, 159.50 feet; thence parallel with said North line, South 89□24′ 00″ West, 200.82 feet to the Westerly line of said Block; thence along said Westerly line, South 7□29′ 30″ East, 160.66 feet, to the point of beginning.

Except that portion described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant Northerly 150 feet, measured at right angles, from the Northerly line of Avenue Q-6, 80 feet wide, formerly Walnut Street, as shown on said Map; thence along said parallel line, North 89□22′ 00″ East 99.95 feet; thence parallel with said Westerly line of Block 13, North 7□29′ 30″ West, 150.65 feet, to a line that is parallel with and distant Northerly 309.50 feet, measured at right angles, from said Northerly line of Avenue Q-6; thence along said last mentioned parallel line, South 89□22′ 00″ West, 99.95 feet, to said Westerly line of Block 13; thence along said Westerly line of Block 13, South 7□29′ 30″ East, 160.65 feet to the point of beginning.

Parcel 2:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant 309.50 feet, Northerly measured at right angles, from the Northerly line of Avenue Q-6, formerly Walnut Street, 80 feet wide, as shown on said Map; thence along said parallel line, North 89□24′ 00″ East 318.99 feet, to the true point of beginning; thence continuing along said parallel line, North 89□24′00″ East, to the Westerly line of the Easterly 13.03 feet of said Block 13, thence along the last mentioned Westerly line, South 00□52′ 30′ West, 309.50 feet to the Northerly line of said Avenue Q-6; thence along said Avenue Q-6, South 89□24′ 00″ West, 106.97 feet, to the Westerly line of the Easterly 120 feet of said Block 13; thence along the last mentioned Westerly line, North 00□52′ 30″ East, 150 feet; thence parallel with the Northerly line of said Avenue Q-6, South 89□24′ 00″ West, to the Southeast corner of the land described as Parcel 1 in the Deed to Palmdale Investment recorded on June 1, 1956 in Book 51336, Page 157, of Official Records of said County; thence North 00□52′ 30″ West, 159.50 feet to the Northeast corner of the land described in Parcel 1 of said Deed; thence North 89□24′ 00″ East, 118.17 feet, to the True Point of Beginning.

Except all water, in and or under said land.

Parcel 3:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant Northerly 150 feet, at right angles, from the Northerly line of Avenue Q-6, 80 feet wide, formerly Walnut Street, as shown on said Map; thence along said line, North 89□22′ 00″ East 99.95 feet; thence parallel with said Westerly line of said Block 13, North 7□29′ 30″ West, 160.65 feet, to the line that is parallel with and distant Northerly 309.50 feet, measured at right angles, from said Northerly line of Avenue Q-6; thence along said last mentioned parallel line, South 89□22′ 00″ West, 99.95 feet, to said Westerly line of Block 13; thence along said Westerly line of Block 13, South 7□29′ 30″ East, 160.65 feet, to the True Point of Beginning.

Parcel 4:

The South 150 feet of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County.

Except therefrom the Easterly 120 feet.

APN: 3008-033-906/907/909

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the following:

William J. McAdam Park. This 20-acre park offers a swimming pool, field house, stage, picnic shelters, play field, tennis courts and volleyball courts. The insured value of the buildings is $1,000,666 and the park is located on 30th Street between Avenue R and Palmdale Boulevard.

Melville J. Courson Park. This 7.5-acre park offers a swimming pool, field house, picnic area, playground, basketball courts and a volleyball court. The insured value of the buildings is $5,436,330 and the park is located at the corner of 10th Street East and Avenue Q-12.

Public Works Yard. The City's Public Works Yard houses the City's maintenance operations and equipment. Various buildings totaling 32,000 square feet were constructed in 2013. The insured value of the buildings is $4,673,327 and are located on 8.9 acres of land along 3rd Street between Avenue P-12 and Technology Drive.

Office Building. This building is also part of the City Hall complex of buildings. The 18,000 square foot office building was originally constructed in 2000 to serve as a County satellite courthouse. It was then used as an office for _____ and now is expected to serve as overflow space for City offices on an as-needed basis. The insured value of the building is $4,780,156 and it is located on .86 acres of land.

Development Services Building. The Development Services Building was constructed in 2001 and is part of the City Hall complex of buildings. It is an approximately 30,800 square foot, 2-story administrative building housing the City's Departments of Public Works, Planning, Building and Safety and Economic Development. The building contains a variety of City offices with a central one-stop counter and lobby on the first floor. Approximately 94 joint-use parking spaces are available adjacent to and south of the building. The insured value of the building is $9,537,853 and it is located on 2.5 acres of land at the northwest corner of Sierra Highway and Avenue Q-11.

South Valley Work Source Center. The City owns an approximate 10,000 square foot office building located on 0.7 acres at the corner of Sierra Highway and Avenue Q-6, with an adjacent 0.7 acres of parking. The building was constructed in 1998 and renovated in 2010. The insured value of the building is $3,417,758. The building currently houses the South Valley WorkSource Center.

EXHIBIT C

SCHEDULE OF SERIES A LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
TOTAL			

EXHIBIT D

SCHEDULE OF SERIES B LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
TOTAL			

EXHIBIT E

SCHEDULE OF TOTAL LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
TOTAL			

ESCROW AGREEMENT
(A-8552)

Dated November 29, 2023

by and among the

FALMDALE FINANCING AUTHORITY

the

CITY OF PALMDALE

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Bank

Relating to the Refunding of the outstanding
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Refunding Bonds, Series 2012

ESCROW AGREEMENT
(A-8552)

This ESCROW AGREEMENT (this "Escrow Agreement") is dated November 29, 2023, by and among the PALMDALE FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under the laws of the State of California (the "Authority"), the CITY OF PALMDALE, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as escrow bank and as 2012 Trustee (as defined herein)(the "Escrow Bank");

W I T N E S S E T H :

WHEREAS, the Authority has heretofore issued its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012, in the original principal amount of $8,695,000, of which $3,770,000 is currently outstanding (the "2012 Bonds"), the proceeds of which were used to refinance the costs of the acquisition, construction, installation and equipping of certain municipal improvements for the City;

WHEREAS, the 2012 Bonds were issued pursuant to the terms of an Indenture of Trust, dated as of December 1, 2012 (the "2012 Indenture"), by and between the Authority and U.S. Bank National Association, now known U.S. Bank Trust Company, National Association, as trustee (the "2012 Trustee");

WHEREAS, in order to provide for the repayment of the 2012 Bonds, the Authority leased certain property to the City pursuant to a lease agreement, dated as of December 1, 2012 (the "2012 Lease Agreement"), under which the City agreed to make lease payments to the Authority (the "2012 Lease Payments") in sufficient amounts in each year to pay the full amount of principal of and interest on the 2012 Bonds;

WHEREAS, the City has determined that it is in the best interests of the City at this time to refinance the City's obligation to make the 2012 Lease Payments and, as a result thereof, to provide for the redemption of all outstanding 2012 Bonds on December 11, 2023, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, and to that end, the City proposes to enter into a lease agreement, dated as of November 1, 2023, by and between the Authority and the City;

WHEREAS, the Authority and the City propose to provide for the payments described above and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to provide for the prepayment of the 2012 Lease Payments in accordance with the instructions provided by this Escrow Agreement and of applying said 2012 Lease Payments to the redemption of the 2012 Bonds and the Escrow Bank desires to accept said appointment;

WHEREAS, the Authority and the City wish to provide for the payment described above and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited;

WHEREAS, the Authority has agreed to issue its $_____ Palmdale Financing Authority Lease Revenue Bonds, Series 2023A (the "2023 Bonds"), pursuant to the terms of an indenture of

Trust, dated as November 1, 2023 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee thereunder (the "Trustee"), and has determined to use a portion of the proceeds of the 2023 Bonds to provide for the redemption of the outstanding 2012 Bonds in full on December 11, 2023 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price"); and

WHEREAS, the Escrow Bank has full powers to act with respect to the escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

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

Section 1. Definitions. Capitalized terms used, but not otherwise defined, herein, shall have the meanings ascribed thereto in the 2012 Indenture.

Section 2. Appointment of Escrow Bank. The Authority and the City hereby appoint the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the Authority and the City with, and to be held by, the Escrow Bank as security for the payment of the 2012 Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Authority and the City and for the benefit of the owners of the 2012 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall be held as a special fund for the payment of the principal and interest with respect to the 2012 Bonds in accordance with the provisions of this Escrow Agreement. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the City of such fact and the City shall immediately cure such deficiency. The Escrow Bank shall not be responsible for any such deficiency.

Section 4. Deposit into Escrow Fund; Investment of Amounts.

(a) Concurrently with delivery of the 2023 Bonds, the Authority shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of $_____, in immediately available funds, derived from the proceeds of the sale of the 2023 Bonds.

(b) All moneys deposited in the Escrow Fund shall be held by the Escrow Bank in cash, uninvested and applied solely for the uses and purposes set forth herein.

(c) The Escrow Bank shall not be liable or responsible for any loss, fee, tax or other charge resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after redemption in full of the 2012 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be transferred to the Trustee to be applied to the payment of debt service on the 2023 Bonds.

Section 5. Instructions as to Application of Deposit.

(a) The moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purpose of redeeming the outstanding 2012 Bonds in full on the Redemption Date at the Redemption Price, as set forth in Exhibit A attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as 2012 Trustee, has been previously requested, and the Escrow Bank, in its capacity as 2012 Trustee, agreed to give notice of the redemption of the 2012 Bonds on the Redemption Date in accordance with the applicable provisions of the 2012 Indenture.

(c) The Escrow Bank, in its capacity as 2012 Trustee, is hereby requested to give notice of the defeasance of the 2012 Bonds in accordance with the applicable provisions of the 2012 Indenture and the notice attached hereto as Exhibit B.

Section 6. Application of 2012 Bond Moneys. Any amounts remaining on deposit in any fund or account established under the 2012 Indenture for the 2012 Bonds, including any investment earnings received after the date of original delivery of the Lease Agreement, shall be transferred by the Escrow Bank to the Trustee and applied as a credit against payments of principal and interest with respect to the 2023 Bonds.

Section 6. Compensation to Escrow Bank. The City shall pay the Escrow Bank full compensation agreed to in writing from time to time for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement. The Escrow Bank shall have the same rights, powers, privileges, benefits, indemnities, immunities and protections hereunder as afforded to it as 2012 Trustee under Article VIII of the 2012 Indenture.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the purposes set forth in Section 5 hereof, or any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Authority and the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the purposes set forth in Section 5 hereof or to the validity of this Escrow Agreement as to the Authority and the City and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the

performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Bank. The Escrow Bank may consult with counsel of its selection, who may or may not be counsel to the Authority or the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the City.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" means mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, similar unsecured electronic methods or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Authority and the City shall provide to the Escrow Bank an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority and the City whenever a person is to be added or deleted from the listing. If the Authority and/or the City elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The Authority and the City understand and agree that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Authority and the City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the Authority and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority and the City. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority and the City; (iii) that the security procedures (if any) to be followed in connection with their transmission of Instructions provide to them a commercially reasonable degree of protection in light of their particular needs and circumstances; and (iv) to notify the Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the Authority and the City. Upon receiving such notice of resignation, the Authority and the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of Authority, the City, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may, at the expense of the City, petition any court of competent jurisdiction for the appointment of a successor.

The Authority and the City hereby assume liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective directors, officers, employees, successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses, taxes and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in the conduct of its duties; provided, however, that the Authority and the City shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

Section 8. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2012 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Authority and the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2012 Bonds or the 2023 Bonds, and that such amendment will not cause interest on the 2012 Bonds or the 2023 Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the Authority and the City to each rating agency then rating the 2012 Bonds. The Escrow Bank may, but shall not be obligated to, enter into any such supplemental agreement which affects the Escrow Bank's own rights, duties or immunities under this Indenture or otherwise.

Section 9. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2012 Bonds.

Section 10. Notice of Escrow Bank, Authority and City. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at its principal corporate trust office. Any notice to or demand upon the Authority or the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2012 Lease Agreement (or such other address as may have been filed in writing by the Authority and the City with the Escrow Bank).

Section 11. Merger or Consolidation of Escrow Bank. Any company, bank or association into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company, bank or association resulting from any merger, conversion or consolidation to which it shall be a party or any company, bank or association to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company, bank or association shall be eligible to act as trustee under the 2012 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 12. Counterpart Signatures. This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement. The exchange of copies of this Escrow Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Escrow Agreement as to the parties hereto and may be used in lieu of the original Memorandum and signature pages for all purposes.

[Remainder of this page is intentionally left blank]

Section 13. Governing Law. This Escrow Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the Authority, the City and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

PALMDALE FINANCING AUTHORITY

By _____
Ronda Perez
Executive Director

CITY OF PALMDALE, CALIFORNIA

By _____
Ronda Perez
City Manager

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank and 2012 Trustee

By _____
Ashraf Almurdaah
Vice President

EXHIBIT A

REDEMPTION SCHEDULE

Date	Maturing Principal	Called Principal	Interest	Redemption Premium	Total Payment
12/11/23	—	$3,770,000		—	

EXHIBIT B

DEFEASANCE NOTICE

Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Refunding Bonds, Series 2012

Maturity Date	Amount Defeased	Interest Rate	CUSIP Number
9/1/24	$625,000	3.000%	69672D AL7
9/1/25	645,000	3.125	69672D AM5
9/1/26	665,000	3.200	69672D AN3
9/1/27	690,000	3.250	69672D AP8
9/1/28	560,000	3.300	69672D AQ6
9/1/29	585,000	3.375	69672D AR4

NOTICE IS HEREBY GIVEN, on behalf of the Palmdale Financing Authority (the "Authority") and City of Palmdale (the "City") to the owners of the outstanding Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012, described above (the "Bonds"), that pursuant to the indenture authorizing the issuance of the Bonds (the "Indenture"), the lien of the Indenture with respect to the Bonds has been discharged through the irrevocable deposit of cash in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated November 29, 2023, by and among the Authority, the City and U.S. Bank Trust Company, National Association, as escrow bank (the "Escrow Bank"). As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Indenture. The pledge of the funds provided for under the Indenture and all other obligations of the Authority and the City to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the Bonds as described below.

The cash deposited in the Escrow Fund has been calculated to provide sufficient moneys to pay redeem the outstanding Bonds in full on December 11, 2023 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: November __, 2023

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Trustee

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

TERMINATION AGREEMENT
(A-8562)

Dated November 29, 2023

by and among the

CITY OF PALMDALE,

the

PALMDALE FINANCING AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

Relating to the
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Refunding Bonds, Series 2012

TERMINATION AGREEMENT
(A-8562)

This TERMINATION AGREEMENT is made and entered into this 29th day of November, 2023, by and among the CITY OF PALMDALE (the "City"), the PALMDALE FINANCING AUTHORITY (the "Authority") and U.S. BANK TRUST COPMPANY, NATIONAL ASSOCIATION, previously known as U.S. Bank National Association, as trustee (the "2012 Trustee").

W I T N E S S E T H :

WHEREAS, the Authority has heretofore issued its Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012, in the original principal amount of $8,695,000, of which $3,770,000 is currently outstanding (the "2012 Bonds"), the proceeds of which were used to refinance the costs of the acquisition, construction, installation and equipping of certain municipal improvements;

WHEREAS, the 2012 Bonds were issued pursuant to the terms of an Indenture of Trust, dated as of December 1, 2012 (the "2012 Indenture"), by and between the Authority and the 2012 Trustee;

WHEREAS, in order to provide for the repayment of the 2012 Bonds, the Authority leased certain property to the City pursuant to a lease agreement, dated as of December 1, 2012 (the "2012 Lease"), under which the City agreed to make lease payments to the Authority (the "2012 Lease Payments") in sufficient amounts in each year to pay the full amount of principal of and interest on the 2012 Bonds;

WHEREAS, the City has determined that it is in the best interests of the City at this time to refinance the City's obligation to make the 2012 Lease Payments and, as a result thereof, to provide for the redemption of all outstanding 2012 Bonds on December 4, 2023, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, and to that end, the City proposes to enter into a lease agreement, dated as of November 1, 2023, by and between the Authority and the City;

WHEREAS, the 2012 Lease provides that in the event that the City deposits, or causes the deposit on its behalf of moneys for the prepayment of the 2012 Lease Payments, then all of the obligations of the City under the 2012 Lease and all of the security provided by the City for such obligations, excepting only the obligation of the City to make the 2012 Lease Payments from said deposit, shall cease and terminate, and unencumbered title to the property subject thereto shall be vested in the City without further action by the City or the Authority;

WHEREAS, to obtain moneys to make such deposit, the Authority has agreed to issue its $_____ Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "Series A Bonds"), and its $_____ Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "Series B Bonds" and, with the Series A Bonds, the "2023 Bonds"), pursuant to the terms of an indenture of trust , dated as of November 1, 2023 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee thereunder;

WHEREAS, upon delivery of the Series A Bonds and deposit of a portion of the proceeds for prepayment of the 2012 Lease Payments, the 2012 Lease and the agreements related thereto

need not be maintained (except as otherwise provided below), and the parties hereto now desire to provide for the termination of such documents as provided herein.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree:

Section 1. Termination.

(a) By virtue of the deposit of a portion of the proceeds of the Series A Bonds for prepayment of the 2012 Lease Payments, all obligations of the City under the 2012 Lease shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all payments from such deposit and title to the property subject thereto shall vest in the City automatically and without further action by the City or the Authority. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the prepayment of the 2012 Lease Payments.

(b) In accordance with the foregoing, the following agreements are hereby terminated and are of no further force or effect:

1. Site and Facility Lease, dated as of December 1, 2012, by and between the City and the Authority recorded on December 18, 2012, as Document No. 20121951383, Official Records of Los Angeles County;

2. 2012 Lease, recorded by memorandum on December 18, 2012, as Document No. 20121951384, Official Records of Los Angeles County; and

3. Memorandum of Assignment of Lease, dated as of December 1, 2012, recorded on December 18, 2012, as Document No. 20121951385, Official Records of Los Angeles County.

(c) That from and after the date hereof, none of the parties shall have any further rights or obligations thereunder, except such rights and obligations under the 2012 Lease that, by their terms, survive, but do not affect real property.

Section 2. Execution in Counterparts. This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3. Governing Law. This Termination Agreement shall be governed by the laws of the State of California.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Termination Agreement.

CITY OF PALMDALE, CALIFORNIA

By _____
Ronda Perez
City Manager

PALMDALE FINANCING AUTHORITY

By _____
Ronda Perez
Executive Director

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

NOTARY ACKNOWLEDGMENTS TO BE INSERTED

EXHIBIT A

DESCRIPTION OF THE SITE

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

Development Services Building Site

Parcel 1:

Lots 1, 2, 4, 5 and the West 40 feet of Lot 6 in Block E of Tract No. 2258, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 23 Page 74 of Maps, in the Office of the County Recorder of said County, together with the Southerly one-half of Avenue Q-10, vacated under Resolution No. 85-87 and Resolution No. 96-125, adjoining said land to the North.

Parcel 2:

Lot 3 in Block E of Tract No. 2258, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 23 Page 74 of Maps, in the Office of the County Recorder of said County, together with the Southerly one-half of Avenue Q-10, vacated under Resolution No. 85-87 adjoining said land to the North.

Parcel 3:

Lots 1 through 7 inclusive in Block 1 of Tract No. 2576, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 36, Page 25 of Maps, in the Office of the County Recorder of said County.

APNs: 3009-017-901/902/904/905/906/912/913/918

South Valley WorkSource Center Site

Parcel 1:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block with a line that is parallel with and distant Northerly 150 feet, at right angles, from the North line of Avenue Q-6, formerly Walnut Street, 80 feet wide, as shown on said Map; thence parallel with said North line, North 89□24′ 00″ East 182.31 feet; thence parallel with the Easterly line of said Block, North 00□52′ 30″ West, 159.50 feet; thence parallel with said North line, South 89□24′ 00″ West, 200.82 feet to the Westerly line of said Block; thence along said Westerly line, South 7□29′ 30″ East, 160.66 feet, to the point of beginning.

Except that portion described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant Northerly 150 feet, measured at right angles, from the Northerly line of Avenue Q-6, 80 feet wide, formerly Walnut Street, as shown on said Map; thence along said parallel line, North 89□22′ 00″ East 99.95 feet; thence parallel with said Westerly line of Block 13, North 7□29′ 30″ West, 150.65 feet, to a line that is parallel

with and distant Northerly 309.50 feet, measured at right angles, from said Northerly line of Avenue Q-6; thence along said last mentioned parallel line, South 89□22′ 00″ West, 99.95 feet, to said Westerly line of Block 13; thence along said Westerly line of Block 13, South 7□29′ 30″ East, 160.65 feet to the point of beginning.

Parcel 2:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant 309.50 feet, Northerly measured at right angles, from the Northerly line of Avenue Q-6, formerly Walnut Street, 80 feet wide, as shown on said Map; thence along said parallel line, North 89□24′ 00″ East 318.99 feet, to the true point of beginning; thence continuing along said parallel line, North 89□24′00″ East, to the Westerly line of the Easterly 13.03 feet of said Block 13, thence along the last mentioned Westerly line, South 00□52′ 30′ West, 309.50 feet to the Northerly line of said Avenue Q-6; thence along said Avenue Q-6, South 89□24′ 00″ West, 106.97 feet, to the Westerly line of the Easterly 120 feet of said Block 13; thence along the last mentioned Westerly line, North 00□52′ 30″ East, 150 feet; thence parallel with the Northerly line of said Avenue Q-6, South 89□24′ 00″ West, to the Southeast corner of the land described as Parcel 1 in the Deed to Palmdale Investment recorded on June 1, 1956 in Book 51336, Page 157, of Official Records of said County; thence North 00□52′ 30″ West, 159.50 feet to the Northeast corner of the land described in Parcel 1 of said Deed; thence North 89□24′ 00″ East, 118.17 feet, to the True Point of Beginning.

Except all water, in and or under said land.

Parcel 3:

That portion of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per Map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the intersection of the Westerly line of said Block 13 with a line that is parallel with and distant Northerly 150 feet, at right angles, from the Northerly line of Avenue Q-6, 80 feet wide, formerly Walnut Street, as shown on said Map; thence along said line, North 89□22′ 00″ East 99.95 feet; thence parallel with said Westerly line of said Block 13, North 7□29′ 30″ West, 160.65 feet, to the line that is parallel with and distant Northerly 309.50 feet, measured at right angles, from said Northerly line of Avenue Q-6; thence along said last mentioned parallel line, South 89□22′ 00″ West, 99.95 feet, to said Westerly line of Block 13; thence along said Westerly line of Block 13, South 7□29′ 30″ East, 160.65 feet, to the True Point of Beginning.

Parcel 4:

The South 150 feet of Block 13 of the Town and Suburbs of Palmdale, in the City of Palmdale, County of Los Angeles, State of California, as per map recorded in Book 52, Pages 55 and 56 of Miscellaneous Records, in the Office of the County Recorder of said County.

Except therefrom the Easterly 120 feet.

APN: 3008-033-906/907/909

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, California 94939-1726
Attention: Brian D. Quint, Esq.

SUBORDINATION AGREEMENT
(A-8554)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF A LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 29th day of November, 2023, by the CITY OF PALMDALE, a municipal corporation (the "Owner"), and JVS SOCAL, a California non-profit corporation (the "Lessee");

WITNESSETH

WHEREAS, the Owner executed a Lease (Agreement No. A-7367), dated as of April 1, 2021 (the "Lease"), in favor of the Lessee, covering approximately 10,000 square feet of improved real property legally described as APN 3008-33-909 (the "Property"), and also known as 38510 Sierra Highway, Palmdale, California;

WHEREAS, Owner has executed, or is about to execute, a Site and Facility Lease, dated as of November 1, 2023 (the "Site and Facility Lease") and a Lease Agreement, dated as of November 1, 2023 (the "Lease Agreement"), by and between the Owner and the Palmdale Financing Authority, a joint exercise of powers entity (the "Authority"), and the Authority has agreed to assigns its rights under the Lease Agreement to U.S. Bank Trust Company, National Association, as trustee (the "Trustee") pursuant to an Indenture, dated as of November 1, 2023 (the "Indenture"), by and between the Authority and the Trustee;

WHEREAS, the Owner, the Authority and the Trustee are hereinafter referred to as the "Financing Parties," and the Site and Facility Lease, the Lease Agreement and the Indenture are hereinafter referred to as the "Financing Documents;"

WHEREAS, the Financing Documents are to be recorded concurrently herewith;

WHEREAS, it is a condition precedent to financing relating to the Financing Documents that the Financing Documents shall unconditionally be and remain at all times a lien or charge upon the Property prior and superior to the Lease and to the leasehold estate created thereby;

WHEREAS, the Financing Parties are willing to complete said financing provided the Financing Documents securing the same evidence a lien or charge upon said land prior and superior to the Lease and to the leasehold estate created thereby and provided that the Lessee will specifically and unconditionally subordinate and subject the Lease, the leasehold estate created thereby together with all rights and privileges of the Lessee thereunder, to the lien or charge of the Financing Documents in favor of the Financing Parties; and

WHEREAS, it is to the mutual benefit of the parties hereto that the Financing Parties make such financing to Owner and the Lessee is willing that the Financing Documents securing the same shall, when recorded, constitute a lien or charge upon the Property which is unconditionally prior and superior to the Lease and to the leasehold estate created thereby;

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce the Financing Parties to make complete the financing above referred to, it is hereby declared, understood and agreed as follows:

(1) That the Financing Documents securing said financing in favor of the Financing Parties, and any renewals and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the Lease, to the leasehold estate created thereby and to all rights and privileges of the Lessee thereunder, and the Lease, the leasehold estate created thereby together with all rights and privileges of the Lessee thereunder is hereby subjected, and made subordinate, to the lien or charge of the Financing Documents in favor of the Financing Parties.

(2) That the Financing Parties would not enter into the financing above described without this subordination agreement.

(3) That this subordination agreement shall be the whole and only agreement with regard to the subordination of the Lease and the leasehold estate created thereby together with all rights and privileges of the Lessee thereunder to the lien or charge of the Financing Documents in favor of the Financing Parties and shall supersede and cancel, but only insofar as would affect the priority between the Lease and the Financing Documents, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the Lease, which provide for the subjection or subordination of the Lease and the leasehold estate created thereby to the Financing Documents.

The Lessee declares, agrees and acknowledges that:

(a) it consents to and approves (i) all provisions of the Financing Documents in favor of the Financing Parties, and (ii) all agreements, including but not limited to the financing among the Financing Parties for the disbursement of the proceeds of such financing;

(b) the Financing Parties, in making disbursements pursuant to any such agreement, are under no obligation or duty to, nor have the Financing Parties represented that they will, see to the application of such proceeds by the person or persons to whom the Financing Parties disburse such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

(c) it intentionally and unconditionally waives, relinquishes, subject and subordinates the Lease, the leasehold estate created thereby together with all rights and

privileges of the Lessee thereunder in favor of the lien or charge upon said land of the Financing Documents in favor of the Financing Parties and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection and subordination specific financings and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subjection, and subordination; and

(d) in the event the Owner defaults under the Lease Agreement and the Trustee, as assignee of the Authority, seeks to re-let the Property as a remedy of such default, the Lessee agrees to vacate the Property and agrees to an immediate termination of the Lease.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE LESSOR UNDER YOUR LEASE TO OBTAIN FINANCING A PORTION OF WHICH MAY BE EXPENDED FOR PURPOSES OTHER THAN IMPROVEMENT OF THE LAND.

IN WITNESS WHEREOF, the Lessee has caused this subordination agreement to be executed in its corporate name by its duly authorized officer and the City has caused this subordination agreement to be executed in its name by its duly authorized officers, as of the date first above written.

JVS SOCAL

By _____
Name _____
By _____

CITY OF PALMDALE, as Owner

By _____
Name _____
Title _____

APPROVED AS TO FORM:

_____
William P. Curley III
Interim City Attorney

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

_____, 2023

BOND PURCHASE AGREEMENT
(A-8555)

Palmdale Financing Authority
38300 Sierra Highway, Suite D
Palmdale, CA 93550

City of Palmdale
38300 Sierra Highway, Suite D
Palmdale, CA 93550

Ladies and Gentlemen:

Hilltop Securities Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with the City of Palmdale (the "City") and the Palmdale Financing Authority (the "Authority") with regard to the Bonds (as defined herein), which will be issued and delivered by the Authority pursuant to the Indenture, dated as of November 1, 2023 (the "Indenture"), by and between U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and the Authority. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the City and the Authority and the delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., Pacific time, on the date hereof, and, if it is not so accepted, such offer may be withdrawn by the Underwriter upon written notice to the City and the Authority by the Underwriter at any time before its acceptance. Upon acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City, the Authority and the Underwriter.

Capitalized terms used and not defined herein shall have the same meanings as set forth in the Indenture, the Lease Agreement (as defined herein) and the Official Statement (as defined herein).

The City and the Authority each acknowledge and agree that (i) the primary role of the Underwriter is to purchase the Bonds pursuant to this Bond Purchase Agreement in an arm's-length commercial transaction between 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 "municipal advisor" (as defined in Section 15B of the Securities and Exchange Act of 1934, as

amended), (iii) the Underwriter has financial and other interests that differ from those of the City and the Authority, (iv) 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 the Underwriter has no obligation to the City or the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement and applicable rules and regulations of the Securities and Exchange Commission ("SEC") or the rules of the Municipal Securities Rulemaking Board ("MSRB"), and (v) each of the Authority and the City has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate. The Underwriter has provided the City and the Authority with certain Underwriter disclosures required under Rule G-17 of the MSRB.

1. Purchase and Sale of the Bonds

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of: (i) the $_____ aggregate principal amount of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "Series A Bonds") at a purchase price of $_____ (being the principal amount of the Series A Bonds [plus/less] original issue [premium/discount] of $_____ and less an Underwriter's discount of $_____); and (ii) the $_____aggregate principal amount of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") at a purchase price of $_____ (being the principal amount of the Series B Bonds less an Underwriter's discount of $_____). The Bonds will be issued on the Closing Date (as defined herein), will bear interest from the Closing Date at the respective rates and will mature in the principal amounts on the respective dates set forth on Exhibit A attached hereto.

2. Description and Purpose of the Bonds

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indenture. The Bonds are subject to redemption as provided in the Indenture and as described in Exhibit A attached hereto.

The Bonds are special, limited obligations of the Authority payable from and secured by a pledge of the Revenues comprised primarily of Lease Payments to be made by the City pursuant to the Lease Agreement, dated as of November 1, 2023 (the "Lease Agreement") by and between the Authority and the City.

The City has covenanted to annually budget and make necessary annual appropriations for Lease Payments (which, in turn, constitute the primary source of the Revenues that are pledged to secure the repayment of the Bonds).

The proceeds of the sale of the Series A Bonds will be used for the purpose of enabling the Authority to (i) refund on a current basis, all of the Palmdale Financing Authority Lease Revenue

Refunding Bonds, Series 2012 (the "2012 Bonds"), (ii) finance the cost of the acquisition of real property and/or infrastructure which will be used for governmental purposes of the City (the "Governmental Purpose Projects" and, with the Governmental Freeway Property and the Non-Governmental Freeway Property, the "Acquired Property and Projects"), and (iii) pay the cost of issuance in connection with the issuance of the Series A Bonds[, including any premium for municipal bond insurance and a reserve fund surety bond].

The proceeds of the sale of the Series B Bonds will be used for the purpose of enabling the Authority to (i) fund the Cost of the Non-Governmental Freeway Property and the Economic Development Projects, and (ii) pay costs of issuance with respect to the Series B Bonds[, including any premium for municipal bond insurance and a reserve fund surety bond].

3. Public Offering and Establishment of Issue Price

(A) The Underwriter agrees to make a bona fide public offering of all the Bonds initially at prices not in excess of the public offering prices (or less than the yields) set forth on Exhibit A attached hereto and incorporated herein by this reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems 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, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter, at prices lower than such initial public offering prices. The Underwriter also reserves the right (i) to engage in transactions that stabilize, maintain or otherwise affect the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such transactions, if commenced, at any time.

(B) The Authority and the City hereby authorize the use by the Underwriter of the Indenture, the Lease Agreement, the Site and Facility Lease Agreement (the "Site and Facility Lease"), dated as of November 1, 2023, by and between the Authority and the City, and the Escrow Agreement, dated as of November 1, 2023 (the "Escrow Agreement") by and among the City, the Authority and the prior trustee for the 2012 Bonds, in connection with the public offering and sale of the Bonds.

(C) The Underwriter agrees to offer all the Series A Bonds to the public initially at the prices (or yields) set forth on the inside cover page of the Final Official Statement (as defined herein). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Series A Bonds. The Series A Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Series A Bonds are sold.

(D) The Underwriter agrees to assist the Authority in establishing the issue price of the Series A Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent

communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series A Bonds.

(i) Except as otherwise set forth in Exhibit A attached hereto, the Authority will treat the first price at which 10% of each maturity of the Series A Bonds (the "10% test"), identified under the column "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 Bond Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Series A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series A Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Series A Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series A Bonds of that maturity or until all Series A Bonds of that maturity have been sold to the public.

(ii) The Underwriter confirms that it has offered the Series A Bonds to the public on or before the date of this Bond 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 Bond Purchase Agreement, the maturities, if any, of the Series A 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 Series A Bonds, the Underwriter will neither offer nor sell unsold Series A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

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

(b) the date on which the Underwriter has sold at least 10% of that maturity of the Series A 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 Series A 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.

(iii) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (1) report the prices at which it sells to the public the unsold Series A 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 Series A Bonds of that maturity or all Series A Bonds of that maturity have been sold to the public and (2) 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 Series A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Series A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires.

(iv) The Underwriter acknowledges that sales of any Series A 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:

(a) "public" means any person other than an underwriter or a related party,

(b) "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 Series A 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 Series A 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 Series A Bonds to the public),

(c) a purchaser of any of the Series A Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other

entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(d) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

4. Delivery of Official Statement; Continuing Disclosure

(A) Preliminary Official Statement. The Authority and the City have delivered or caused to be delivered to the Underwriter prior to the execution of this Bond Purchase Agreement, copies, including electronic copies, of the Preliminary Official Statement dated _____, 2023 relating to the Bonds (the "Preliminary Official Statement"). Such Preliminary Official Statement is the official statement deemed final by the Authority and the City for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") and approved for distribution by the Underwriter by resolution of the Board of Directors of the Authority and by the City Council. The Authority and the City hereby ratify and confirm their authorization of the use by the Underwriter prior to the date hereof of the Preliminary Official Statement.

(B) Final Official Statement. Within seven (7) business days from the date hereof, and in any event not later than two business days prior to the Closing Date, the Authority and the City shall deliver to the Underwriter a final official statement, which may be in electronic form, executed on behalf of the Authority and the City by authorized representatives thereof, which shall include information permitted to be omitted from the Preliminary Official Statement by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Authority, the City and the Underwriter (the "Final Official Statement" and together with the Preliminary Official Statement, the "Official Statement") and such additional conformed copies thereof, which may be electronic copies, as the Underwriter may reasonably request in sufficient quantities to comply with the Rule and rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Authority and the City hereby agree to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the SEC. Electronic copies of the Official Statement shall be filed and posted by the Underwriter on the MSRB's Electronic Municipal Market Access System in connection with the offer and sale of the Bonds as provided herein, which may be in lieu of hard copies of the Final Official Statement. The City and the Authority hereby authorize the Underwriter to use the Final Official Statement and the information contained therein in connection with the offering and sale of the Bonds.

(C) Escrow Agreement. The City further agrees to provide the Underwriter with the Escrow Agreement in a word-searchable PDF format, as described in the MSRB's Rule G-32, and shall provide such electronic copy of the word-searchable PDF format of the current refunding documents to the Underwriter no later than four (4) business days after the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

(D) Continuing Disclosure Certificate. In order to enable the Underwriter to comply with the Rule, the City will execute a Continuing Disclosure Certificate concurrently with issuance of the Bonds substantially in the form attached as Appendix _ to the Official Statement (the "Continuing Disclosure Certificate").

5. Closing

At 9:00 a.m. Pacific time on _____, 2023, or such other time as shall be agreed upon by the Underwriter, the City and the Authority (the "Closing Date"), the Authority will deliver or cause to be delivered to the Underwriter at the offices of Quint & Thimmig LLP ("Bond Counsel") in Larkspur, California (or such other location as may be designated by the Underwriter and approved by the City and the Authority) the closing documents hereinafter mentioned and, through the F.A.S.T. facilities of The Depository Trust Company ("DTC"), the Bonds in the form of registered book-entry bonds evidenced by one certificate for each maturity of the Bonds (which may be typewritten) in denominations of $5,000 or any multiple thereof, duly executed by the Authority and authenticated by the Trustee, and subject to the terms and conditions hereof the Underwriter will accept delivery of the Bonds in book-entry form, and the Underwriter will pay the purchase price of the Bonds set forth in Section 1 by Federal Funds wire (such delivery and payment being herein referred to as "Closing").

6. Representations, Warranties and Agreements of the Authority. For purposes of this Section 6, "to the best of the Authority's knowledge" means to the best knowledge of the officers thereof.

The Authority represents, warrants and agrees with the City and the Underwriter that:

(A) the Authority is a joint exercise of powers entity duly organized and validly existing under and pursuant to the laws of the State, with full legal right, power and authority to issue, sell and deliver the Bonds to the Underwriter pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Bond Purchase Agreement, the Bonds, the Lease Agreement, the Site and Facility Lease, the Escrow Agreement and the Indenture (collectively, the "Legal Documents") and to carry out and consummate all transactions on its part contemplated by each of the aforesaid documents and the Official Statement, and compliance by the Authority with the provisions of the Legal Documents will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, administrative regulation, court order or consent decree or any applicable judgment or decree or any loan agreement, note, resolution, indenture, agreement or other instrument to which the Authority is a party or may be otherwise subject;

(B) the resolution adopted by the Board of Directors of the Authority on _____, 2023 approving and authorizing the execution and delivery by the Authority of the Indenture, the Site and Facility Lease, the Lease Agreement, this Bond Purchase Agreement, the Bonds and approving the preparation and distribution of the Preliminary Official Statement and the Final Official Statement (the "Authority Resolution") was duly adopted at a meeting of the Authority called and held pursuant to law and with all public

notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed;

(C) when delivered by the Authority and paid for by the Underwriter in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed and delivered by, and will constitute the valid and binding limited obligations of, the Authority in conformity with, and entitled to the benefit and security of, the Indenture;

(D) the Authority has duly authorized and approved the execution and delivery of the Legal Documents and when fully executed and delivered, the Legal Documents, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally;

(E) at the date hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the Authority will be in compliance with the covenants and agreements contained in the Legal Documents, and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would, to the knowledge of the Authority, constitute an event of default thereunder;

(F) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the due performance by the Authority of its obligations under the Legal Documents have been duly obtained or made, and are, and will be as of the Closing Date, in full force and effect;

(G) the Authority will comply with the requirements of the Tax Certificate (as defined herein) executed by the Authority and the City in connection with the delivery of the Series A Bonds;

(H) any certificate signed by any duly authorized officer of the Authority and delivered to the Underwriter pursuant to the Legal Documents or any document contemplated hereby or thereby shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein;

(I) to the best knowledge of the Authority as of the date hereof, there is no public vote or referendum pending or proposed, the results of which could materially adversely affect the transactions contemplated by the Legal Documents or the Official Statement or the validity or enforceability of the Bonds;

(J) the Authority has full legal right, power and authority to pledge the Revenues, and the pledge of the Revenues pursuant to the Indenture constitutes a valid first priority lien and pledge of the Revenues purported to be pledged thereby, subject to no prior pledges or security interests other than as described in the Official Statement;

(K) the information under the headings "INTRODUCTION" and "LEGAL MATTERS - Absence of Litigation" (as it relates to the Authority) in the Preliminary Official Statement, as of the date of the Preliminary Official Statement and as of the date hereof, was and is true and correct in all material respects, and did not and does not contain a misstatement of any material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading;

(L) the information under the headings "INTRODUCTION" and "LEGAL MATTERS - Absence of Litigation" (as it relates to the Authority) in the Final Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and such information in the Official Statement contains, and up to and including the Closing will contain, no misstatement of any material fact and does not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading;

(M) the Authority will advise the Underwriter and the City 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 and the City, which consents will not be unreasonably delayed or withheld, and the Authority will advise the Underwriter and the City 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;

(N) as of the time of acceptance hereof and the Closing, except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, the Authority is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, 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 event of default under any such instrument which breach or default would materially adversely affect the security for the Bonds or the Authority's performance under the Legal Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery by the Authority of the Legal Documents and the Bonds and compliance by the Authority with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the

terms of any such law, regulation or instrument, except as may be provided by the Bonds and the Legal Documents;

(O) as of the time of acceptance hereof and the Closing, except as disclosed in the Preliminary Official Statement and the Final Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, notice of which has been given to the Authority, before or by any court, government agency, public board or body, is pending or to the best of the Authority's knowledge, threatened (i) in any way questioning the corporate existence of the Authority or the titles of the Members, Chair, Vice Chair, Executive Director, Secretary or Treasurer of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, the Legal Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Series A Bonds from gross income for Federal income tax purposes or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which may result in any material adverse change relating to the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final 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, nor, to the knowledge of the Authority, is there any basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this paragraph;

(P) for purposes of the Rule, the Authority has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule;

(Q) the Authority has not entered into any contract or agreement that would limit or restrict the Authority's ability to redeem the Refunded Bonds or enter into this Bond Purchase Agreement for the sale of the Bonds to the Underwriter; and

(R) except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, the Authority has not within the last five years failed to comply in any material respect with any continuing disclosure obligation undertaken pursuant to the Rule.

All representations, warranties and agreements of the Authority shall remain operative and in full force and effect, regardless of any investigations made by or on the Underwriter's behalf, and shall survive through the delivery of the Bonds.

7. Representations, Warranties, and Agreements of the City. For purposes of this Section 7, "to the best knowledge of the City" and "to the best of the City's knowledge" means to the best knowledge of the City Manager, the Finance Director, and the City Attorney.

The City represents, warrants and agrees with the Underwriter that:

(A) the City is a chartered city duly organized and existing under its charter and by virtue of the laws of the State, with full legal right, power, and authority to execute, deliver and perform its obligations, as the case may be, under this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreement, the Site and Facility Lease, the Lease Agreement, and the Indenture (collectively, the "City's Legal Documents") and to carry out and consummate all transactions on its part contemplated by each of the City's Legal Documents, and compliance by the City with the provisions of the City's Legal Documents will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, charter provision, administrative regulation, court order or consent decree or any applicable judgment or decree or any loan agreement, note, resolution, indenture, agreement or other instrument to which the City is a party or may be otherwise subject;

(B) the resolution of the City Council adopted on _____, 2023 approving and authorizing, among other things, the issuance by the Authority of the Bonds and the execution and delivery by the City of the Site and Facility Lease, the Lease Agreement, the Continuing Disclosure Certificate, the Indenture, the Escrow Agreement, and this Bond Purchase Agreement and approving the preparation and distribution of the Preliminary Official Statement and the Final Official Statement (the "City Resolution") was duly adopted at a meeting of the City Council called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and have not been amended or repealed;

(C) as of the time of acceptance hereof and the Closing, except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity, notice of which has been given to the City, or by or before any court, governmental agency, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City (i) which in any way contests the existence, organization or powers of the City or the title of the officers of the City to their respective offices, or (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, or the collection or payment of Lease Payments with respect to the Lease Agreement, or (iii) in any way contesting or affecting the validity or enforceability of the City's Legal Documents, or (iv) contesting the power of the City or its authority with respect to the Bonds or the City's Legal Documents, (v) contesting the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes or contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final 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; nor, to the best knowledge of the City, is there any basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (v) of this paragraph;

(D) the execution and delivery of the City's Legal Documents, the adoption of the City Resolution and compliance by the City with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach 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;

(E) the City has duly authorized and approved the execution and delivery of the City's Legal Documents and when executed and delivered, the City's Legal Documents, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally;

(F) except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, the City is not in violation or breach of or default under any applicable law or administrative regulation of the State or the United States of America, or any agency or instrumentality of either of them, 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 violation or a breach of or a default under any such instrument; which violation, breach or default would materially adversely affect the security of the Bonds or the City's performance under the City's Legal Documents; and, except as disclosed in the Preliminary Official Statement and the Final Official Statement, the authorization, execution and delivery by the City of the City's Legal Documents and compliance by the City with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, which conflict, breach or default would materially adversely affect the security of the Bonds or the City's performance under the City's Legal Documents; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the City's Legal Documents;

(G) as of the date hereof, the City is, and as of the Closing Date will be, except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, in compliance with the covenants and agreements contained in the City's Legal Documents, and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would, to the knowledge of the City, constitute an event of default thereunder;

(H) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the preparation and distribution of the Preliminary Official Statement and the Final Official Statement or the due performance by the City of its obligations under the City's Legal Documents have been duly obtained or made and are in full force and effect;

(I) the City will comply with the requirements of the Tax Certificate executed by the Authority and the City in connection with the delivery of the Series A Bonds;

(J) any certificate signed by any duly authorized officer of the City and delivered to the Underwriter pursuant to the City's Legal Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein;

(K) to the best knowledge of the City as of the date hereof, there is no public vote or referendum pending or proposed, the results of which could adversely affect the transactions contemplated by the Official Statement, the City's Legal Documents or the Bonds, or the Revenues securing the Bonds, or the validity or enforceability of the Bonds;

(L) the City will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Lease Payments while the Bonds are Outstanding, and the City will pay the Lease Payments as and to the extent required under the Lease Agreement;

(M) the information in the Preliminary Official Statement, as of its date and as of the date hereof, was and is true and correct in all material respects, and contained and contains no untrue statement of any material fact, and did not and does not omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading, provided, however, the City makes no representation or warranty with respect to the information concerning DTC and its book-entry system, or with respect to any statements or omissions made in reliance upon and in conformity with information furnished to the City in writing by the Underwriter expressly for use in the Preliminary Official Statement which the parties agree consists only of the identity of the Underwriter on the bottom of the cover page of the Preliminary Official Statement and the information under the heading "CONCLUDING INFORMATION - Underwriting" in the Preliminary Official Statement;

(N) the information in the Official Statement is, and at all times subsequent to the date of the Final Official Statement up to and including the Closing Date will be, true and correct in all material respects, and the Official Statement contains, and up to and including the Closing Date will contain, no untrue statement of any material fact and does not, and up to and including the Closing Date will not, omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading, provided, however, (i) the City makes no representation or warranty with respect to any information concerning DTC and its book-entry system or with respect to any statements or omissions made in reliance upon and in conformity with any information furnished to the City in writing by the Underwriter

expressly for use in the Official Statement and any amendment or supplement thereto, and (ii) the City acknowledges that the only information relating to the Underwriter furnished to the City in writing by the Underwriter expressly for use in the Official Statement and any amendment or supplement thereto is the identity of the Underwriter on the bottom of the cover page of the Official Statement and the information under the heading "CONCLUDING INFORMATION - Underwriting" in the Official Statement and the pricing information appearing on the inside front cover of the Official Statement;

(O) the City will advise the Underwriter and the Authority promptly of any proposal to amend or supplement the Final Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter and the Authority which consents will not be unreasonably delayed or withheld, and the City will advise the Underwriter and the Authority 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;

(P) for purposes of the Rule, the City has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule;

(Q) the financial statements of the City contained in Appendix B to the Preliminary Official Statement and the Final Official Statement fairly present the financial position of the City and results of operations thereof as of the dates and for the periods therein set forth, and the City believes that such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied; and

(R) except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, within the last five years the City has not failed to comply in any material respect with any continuing disclosure obligation undertaken pursuant to the Rule.

All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on the Underwriter's behalf, and shall survive through the delivery of the Bonds.

8. Conditions to the Obligations of the Underwriter

The Underwriter hereby enters into this Bond Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Authority, the City and the Trustee of their respective obligations both on and as of the date hereof and on and as of the Closing Date. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the Authority and the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority, the City and the Trustee made in any certificate or document furnished pursuant to the

provisions hereof, to the performance by the Authority, the City and the Trustee of their respective obligations to be performed hereunder and under the Legal Documents and the City's Legal Documents at or prior to the date hereof and at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(A) On the Closing Date, the Legal Documents and the City's Legal Documents shall have been duly authorized, executed and delivered by the Authority and by the City where each is a party, all in substantially the forms submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolutions and ordinances of the Board of Directors of the Authority and the City Council as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(B) On the Closing Date, all necessary action of the Authority and the City relating to the issuance and sale of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented;

(C) On or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) one copy of the Legal Documents, the City's Legal Documents, each duly executed and delivered by the respective parties thereto;

(ii) the approving opinion, dated the date of the Closing and addressed to the Authority, of Bond Counsel in substantially the form of Appendix D to the Official Statement, and a letter of such counsel, dated the Closing Date, and addressed to the Underwriter to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them;

(iii) a supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(1) the City and the Authority have duly and validly executed the Bond Purchase Agreement, and, assuming the due authorization, execution and delivery by and validity against the Underwriter, the Bond Purchase Agreement constitutes the legal, valid and binding agreement of the City and the Authority, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases;

(2) the statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE BONDS" (other than information relating to DTC and its book-entry only system, as to which no opinion need be expressed)," "SOURCES OF PAYMENT FOR THE BONDS," and "TAX MATTERS," and in Appendices A and D

thereto, are accurate in all material respects insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, the Site and Facility Lease, the Lease Agreement, and Bond Counsel's final approving opinions relating to the Bonds;

(3) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(iv) a defeasance opinion of Bond Counsel relating to the 2012 Bonds dated the Closing Date and addressed to the Underwriters, in form and substance satisfactory to the Representative;

(v) a letter from Quint & Thimmig LLP ("Disclosure Counsel"), dated the Closing Date and addressed to the Authority and the City, substantially to the effect that based upon such firm's participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such firm is of the view, subject to certain limitations to be set forth in such letter, that as of the Closing Date such firm has no reason to believe that the Official Statement (excluding therefrom financial, engineering and statistical data, forecasts, projections, estimates, assumptions and expressions of opinion, and information relating to DTC and the book-entry only system, including any of the appendices thereto, as to all of which such firm expresses no view) as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and a reliance letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that its letter to the Authority and the City may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them;

(vi) an opinion of Best Best & Krieger LLP, counsel to the Underwriter, dated the Closing Date, and addressed to the Underwriter, substantially to the effect that:

(1) during the course of serving as counsel to the Underwriter in connection with the issuance of the Bonds and without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, no facts have come to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would cause such firm to believe that the Official Statement (excluding therefrom the financial engineering and statistical data, forecasts, charts, numbers, estimates, projections, assumptions and expressions of opinion included in the Official Statement, information regarding DTC and its book-entry system, and the appendices to the Official Statement as to all of which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact

or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(2) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(3) the Continuing Disclosure Certificate contains the elements required for the written agreement set forth in paragraphs (b)(5)(i), (b)(5)(ii) and (b)(5)(iv) of the Rule;

(vii) the opinion of the City Attorney, as counsel to the Authority, dated the Closing Date and addressed to Bond Counsel and the Underwriter, substantially to the effect that:

(1) the Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California (the "State");

(2) the Authority Resolution was duly adopted at a regular meeting of the Authority that 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 is in full force and effect and has not been amended or repealed;

(3) other than as otherwise disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the Authority, to restrain or enjoin the execution, delivery or sale of the Bonds or the collection or payment of Revenues that are the source of security for the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds or the Legal Documents, or in any way contesting or affecting the existence of the Authority or the title of any official of the Authority to such person's office, or contesting the power of the Authority or its authority with respect to the Bonds or the Legal Documents or contesting the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes or contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final 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;

(4) the execution and delivery of the Legal Documents, the adoption of the Authority Resolution, and compliance by the Authority with

the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach or default under any agreement or other instrument to which the Authority is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound or by any existing law, regulation, court order or consent decree to which the Authority is subject;

(5) the Legal Documents to which the Authority is a party have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the limitations on legal remedies against public agencies in the State and the application of equitable principles if equitable remedies are sought; and

(6) no authorization, approval, consent, or other order of the United States of America, the State, or any other governmental authority or agency within the State having jurisdiction over the Authority is required for the valid authorization, execution, delivery and performance by the Authority of the Legal Documents or for the adoption of the Authority Resolutions which has not been obtained;

(viii) the opinion of the City Attorney, as counsel to the City, dated the Closing Date and addressed to Bond Counsel, the Authority and the Underwriter, substantially to the effect that:

(1) the City is a chartered city, validly existing under its charter and the laws of the State;

(2) the City Resolution was duly adopted at a meeting of the City Council that 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 is in full force and effect and has not been amended or repealed;

(3) except as set forth in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the City, to restrain or enjoin the execution, delivery or sale of the Bonds or the collection or payment of Lease Payments with respect to the Lease Agreement or in any way contesting or affecting the validity or enforceability of the Bonds or the City's Legal Documents, or in any way contesting or affecting the existence of the City or the title of any official of the City to such person's office, or contesting the power of the City or its authority with respect to the City's Legal Documents, or contesting the

exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes or contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final 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;

(4) the execution and delivery of the City's Legal Documents, the adoption of the City Resolution and compliance by the City with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the City is subject;

(5) the City's Legal Documents have been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the limitations on legal remedies against public agencies in the State and the application of equitable principles if equitable remedies are sought;

(6) no authorization, approval, consent or other order of the United States of America, the State or any other governmental authority or agency within the State having jurisdiction over the City is required for the valid authorization, execution, delivery and performance by the City of the City's Legal Documents or for the adoption of the City Resolution which has not been obtained; and

(7) Based upon examinations which such counsel has made and discussions in conferences with certain officials of the City and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to the attention of such counsel which would lead such counsel to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference and DTC and its book-entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(ix) the opinion, dated the Closing Date and addressed to the Underwriter, the Authority and the City, of Counsel to the Trustee, to the effect that:

(1) the Trustee has been duly incorporated as a national banking association under the laws of the United States and is in good standing under the laws of the United States, and is qualified to exercise trust powers therein, having full power and authority to enter into and to perform its duties under the Indenture;

(2) the Trustee has duly authorized, executed and delivered the Indenture, and by all proper corporate action has authorized the acceptance of the trusts of the Indenture;

(3) the Indenture constitutes the legally valid and binding agreement of the Trustee, enforceable against the Trustee in accordance with its terms;

(4) the Bonds have been validly authenticated and delivered by the Trustee; and

(5) the execution and delivery by the Trustee of the Trustee Indenture and the Bonds, and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee;

(x) the opinion, dated the Closing Date and addressed to the Underwriter, the Authority and the City, of counsel to U.S. Bank Trust Company National Association (the "Escrow Bank"), regarding the due authorization, execution and delivery of the Escrow Agreement and the enforceability thereof, satisfactory to the Underwriter, the Authority and the City;

(xi) a certificate of a duly authorized official of the Authority, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriter, to the effect that:

(1) the Authority's representations and warranties contained in the Legal Documents are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date; and

(2) there is no misstatement of any material fact under the headings "INTRODUCTION" and "LEGAL MATTERS - Absence of Litigation" (as it relates to the Authority) in the Official Statement, and such statements or information in the Official Statement do not omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(xii) a certificate of a duly authorized official of the City, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriter, to the effect that:

(1) the City's representations and warranties contained in the City's Legal Documents are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date; and

(2) no event has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement, as then supplemented or amended or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect, provided, however, the City makes no representation or warranty with respect to (i) any information furnished to the City or the Authority in writing by the Underwriter expressly for use in the Official Statement and any amendment or supplement thereto, including, but not limited to, the pricing information appearing on the inside front cover of the Official Statement; or (ii) information contained in the Official Statement with respect to DTC or the book-entry system;

(xiii) a certificate of a duly authorized official of the Trustee, dated the Closing Date, to the effect that:

(1) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriter;

(2) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriter pursuant to the Indenture;

(3) when delivered to and paid for by the Underwriter at the Closing, the Bonds will have been duly authenticated and delivered by the Trustee;

(4) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not conflict

with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and

(5) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor, to the best knowledge of the Trustee, is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Bonds or the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the Underwriter;

(xiv) a certificate of a duly authorized official of the Escrow Bank, dated the Closing Date, to the effect that:

(1) the Escrow Bank is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Escrow Agreement;

(2) the Escrow Bank is duly authorized to enter into the Escrow Agreement and to perform its duties thereunder;

(3) the execution and delivery of the Escrow Agreement and compliance with the provisions on the Escrow Bank's part contained therein, will not conflict with or constitute a breach of or default under any

law, administrative regulation, judgment, decree, material agreement or material instrument to which the Escrow Bank is a party or is otherwise subject which conflict, breach or default would materially impair the ability of the Escrow Bank to perform its obligations under the Escrow Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Escrow Bank pursuant to the lien created by the Escrow Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, material agreement or material instrument, except as provided by the Escrow Agreement; and

(4) to the knowledge of the undersigned, the Escrow Bank has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor, to the best knowledge of the Escrow Bank, is any such action or other proceeding threatened against the Escrow Bank, affecting the existence of the Escrow Bank, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Escrow Agreement or in any way contesting or affecting the validity or enforceability of the Escrow Agreement, or contesting the powers of the Escrow Bank or its authority to enter into, adopt or perform its obligations under the Escrow Agreement, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Escrow Agreement or the power and authority of the Escrow Bank to enter into and perform its duties under the Escrow Bank Documents;

(xv) a copy of a CLTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City's leasehold interest in the Leased Property, subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter;

(xvi) one certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(xvii) one certified copy of the Authority Resolution;

(xviii) one certified copy of the City Resolution;

(xix) certificates, dated the date of the Preliminary Official Statement, of the City and the Authority, as required under Rule 15c2-12;

(xx) a non-arbitrage and tax certificate (the "Tax Certificate") of the Authority and the City regarding the Series A Bonds in form and substance reasonably acceptable to Bond Counsel;

(xxi) evidence that the federal tax information form 8038-G has been prepared for filing with respect to the Series A Bonds;

(xxii) copies of the Notice of Proposed Sale and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission;

(xxiii) evidence that the Bonds have been rated "__" by S&P;

(xxiv) policies of municipal bond insurance for the Bonds and reserve fund surety bonds delivered by _____ (the "Bond Insurer"), together with such certificates and opinions of the Bond Insurer customarily delivered upon delivery of the Bonds;

(xxv) a certified copy of the joint exercise of powers agreement pursuant to which the Authority was created;

(xxvi) a copy of the Notice of Joint Exercise of Powers Agreement from the Secretary of State certifying that the joint exercise of powers agreement pursuant to which the Authority was created was duly filed;

(xxvii) [a verification report from _____. dated the Closing Date, in form and substance satisfactory to the Underwriter];

(xxviii) a copy of the Blanket Letter of Representations to DTC, properly executed by all parties thereto; and

(xxix) such additional legal opinions, certificates, instruments or evidences thereof and other documents as Underwriter's counsel or Bond Counsel may reasonably request to evidence the due authorization, execution and delivery of the Bonds and the conformity of the Bonds, the Legal Documents and the City's Legal Documents with the terms of the Bonds and the descriptions thereof in the Official Statement.

(D) the Underwriter shall have the right to terminate this Bond Purchase Agreement, without liability therefor, by written notification to the Authority and the City if at any time at or prior to the Closing:

(i) any event shall occur or facts are discovered which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement 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, provided, however, the Underwriter shall not terminate this Bond Purchase Agreement if prior to the Closing and prior to the distribution of the Official Statement to any public investor the City, the Authority and the Underwriter agree to and shall have amended or supplemented the Official Statement so that the Official Statement as so amended or supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in light of the circumstances in

which they were made, not misleading, and, in the sole and reasonable judgment of the Underwriter, such amendment or supplement shall not have an adverse effect on the market price of the Bonds or the ability of the Underwriter to enforce contracts with investors for the sale of 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 or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Bond Purchase Agreement in the Congress of the United States, 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, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or 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, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or 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 materially adversely affecting the federal or State tax status of the City or the Authority, or the interest on bonds or notes or obligations of the general character of 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 or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the SEC or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) there shall have occurred any outbreak or escalation of hostilities or terrorist activities or other local, national or international calamity or crisis, or a default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any state of the United States or agency thereof, or any city in the United States having a population of over one million, the effect of which on the financial markets of the United States will be such as in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds; or

(vi) S&P shall downgrade, suspend or withdraw any underlying rating of any obligation secured by a pledge of Revenues, which in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(vii) the declaration of a general banking moratorium by federal, New York or California authorities, the general suspension of trading on any national securities exchange or a material disruption in securities settlement, payment or clearance services, which event, in the reasonable judgment of the Underwriter, would materially adversely affect the market price of the Bonds; or

(viii) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to net capital requirements of, the Underwriter, which, in the reasonable judgment of the Underwriter, would materially adversely affect the market price of the Bonds; or

(ix) there shall have been any material adverse change in the financial affairs of the Authority or the City which in the Underwriter's reasonable judgment materially adversely affects the ability of the Underwriter to market the Bonds.

If the City or the Authority shall be unable to satisfy the conditions contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter, the City nor the Authority shall be under further obligation hereunder, except as further set forth in Section 9 hereof.

9. Expenses

The Underwriter shall be under no obligation to pay, and the Authority and the City shall pay or cause to be paid, the expenses incident to the performance of the obligations of the Authority and the City hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Legal Documents and the City's Legal Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants, verification agents or other experts or consultants retained by the Authority or the City, (c) the fees and

disbursements of Bond Counsel, (d) the fees and disbursements of Disclosure Counsel, (e) the fees and disbursements of the Trustee, (f) the fees and disbursements of the Escrow Bank, (g) the cost of preparation and printing of the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and printing of the Final Official Statement and any supplements and amendments thereto, including the requisite number of copies thereof for distribution by the Underwriter, and (h) charges of rating agencies for the rating of the Bonds.

The Authority or the City shall reimburse the Underwriter for actual expenses incurred or paid for by the Underwriter on behalf of the Authority or the City in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, transportation, lodging, and meals of Authority or City employees and representatives; provided, however, that (i) reimbursement for such expenses shall not exceed an ordinary and reasonable amount for such expenses and (ii) such expenses are not related to the entertainment of any person and not prohibited from being reimbursed from the proceeds of an offering of municipal securities under MSRB Rule G-20 or to be paid from the Authority or City's general fund and not from the proceeds of the Bonds or any other municipal securities. Such reimbursement may be in the form of inclusion in the expense component of the Underwriter's discount, or direct reimbursement as a cost of issuance.

All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, fees of Underwriter's counsel, CUSIP fees, DTC fees, and other expenses (except MSRB Underwriters and Transaction Assessment fees, Securities Industry and Financial Markets Association Municipal Assessment fees, GASB fees and the expenses as provided above), shall be included in the Underwriter's discount set forth in Section 1. Certain expenses of the Underwriter may be in the form of inclusion in the expense component of the Underwriter's Discount.

10. Additional Covenants of Authority and City

The Authority and the City covenant with the Underwriter that:

(A) If between the date hereof and the date which is not less than 25 days after the End of the Underwriting Period for the Bonds (as defined below), an event occurs, or facts or conditions become known of which the Authority or the City has knowledge which in the reasonable opinion of counsel to the Underwriter or counsel to the Authority or the City, might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading, the Authority or the City, as applicable, will notify the Underwriter, and, if in the opinion of the Underwriter or the City, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority and the City will forthwith prepare and furnish to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in the form and substance satisfactory to the Underwriter) which 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 prospective purchasers, not misleading. If such notification shall be subsequent to the Closing, the Authority and the City shall forthwith provide to the Underwriter such certificates as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself and the Authority as the Underwriter may from time to time reasonably request in writing;

(B) If the information contained in the Official Statement is amended or supplemented pursuant to subparagraph (A) of this Section 10, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein), excluding statements and information under the caption "CONCLUDING INFORMATION - Underwriting," contained in APPENDIX E - "BOOK-ENTRY ONLY SYSTEM," and information as to bond prices on the inside front cover of the Final Official Statement, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading;

(i) As used in subparagraph (A) and (B) of this Section 10, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the Closing Date unless the Authority and the City shall have been notified in writing to the contrary by the Underwriter on or prior to the Closing Date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under the Rule, provided, however, that the Authority and the City may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(C) The Authority and the City will advise the Underwriter immediately of receipt by the Authority or the City of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(D) The Authority and the City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the Authority and the City shall not be required to register as a dealer or broker or foreign corporation in any such state or jurisdiction or consent to service of process therein;

(E) Between the date of this Bond Purchase Agreement and the Closing Date, except as disclosed in the Official Statement, the Authority and/or the City will not, without

prior written notice to the Underwriter, offer or issue any bonds, certificates, notes or other obligations for borrowed money secured by the Lease Payments; and

(F) The Authority and the City will perform all actions as may be requested by the Underwriter (including delivery of an appropriate certificate with respect to the Preliminary Official Statement) in order for the Underwriter to comply with the applicable provisions of the Rule.

11. Notices

Any notice or other communication to be given to the Authority or the City under this Bond Purchase Agreement may be given by delivering the same in writing at the Authority's and the City's addresses, respectively, set forth above and any such notice or other communication to be given to the Underwriter shall be delivered to the following address:

Hilltop Securities Inc.
6100 Fairview Road, Suite 550
Charlotte, NC 28210
Attention: Katherine Koster

City of Palmdale
38300 Sierra Highway, Suite D
Palmdale, California 93550
Attention: Director of Finance/City Treasurer

12. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations and warranties of the parties hereto contained in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter, the City or the Authority until the earlier of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Bond Purchase Agreement.

13. Counterparts

This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

14. Effectiveness

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the duly authorized officers of the Authority and the City and shall be valid and enforceable as of the time of such acceptance.

15. Choice of Law

The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State, without regard to conflicts of law.

16. Severability

In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. Entire Agreement

The Bond Purchase Agreement, when accepted by the Authority and the City in writing as heretofore specified, shall constitute the entire agreement among the Authority, the City and the Underwriter.

18. Headings

The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

19. No Assignment

The rights and obligations created by this Bond Purchase Agreement shall not be subject to assignment by the Underwriter, the City or the Authority without the prior written consent of the other parties hereto.

20. Electronic Signature

Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Agreement using an electronic signature, it is signing, adopting, and accepting this Bond Purchase Agreement and that signing this Bond Purchase Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Agreement in a usable format.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Bond Purchase Agreement, effective as of the day and year first above written.

Very truly yours,

HILLTOP SECURITIES INC.

By: _____

The foregoing is hereby agreed to and accepted as of the date first above written at

_____ p.m.:

ACCEPTED:

PALMDALE FINANCING AUTHORITY

By: _____
Executive Director

ACKNOWLEDGED AND AGREED TO:

CITY OF PALMDALE

By: _____
Director of Finance/City Treasurer

EXHIBIT A

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A

Maturity Date (June 1)	**Principal Amount**	**Interest Rate**	**Yield**	**Price**	**10% Test Used**	**Hold the Offering Price Rule Used**

$_____

Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price

_____

* Term Bonds.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A

The undersigned, behalf representative of Hilltop Securities Inc., ("Hilltop") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

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. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Issuer* means the Palmdale 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) *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.

(e) *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 _____, 2023.

(f) *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 Hilltop'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 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig 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.

HILLTOP SECURITIES INC., as Underwriter

By _____
Managing Director

Dated: _____, 2023

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(*Attached*)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

INDENTURE OF TRUST
(A-8549)

Dated as of November 1, 2023

by and between the

PALMDALE FINANCING AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

Relating to:

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A

and

$_____
Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

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INDENTURE OF TRUST
(A-8549)

THIS INDENTURE OF TRUST (this "Indenture"), dated as of November 1, 2023, is by and between the PALMDALE FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee").

R E C I T A L S :

WHEREAS, the Authority was created under and pursuant to that certain Joint Exercise of Powers Agreement, dated September 26, 2012, by and between the City of Palmdale (the "City") and the Housing Authority of the City of Palmdale (the "Housing Authority"), and under 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 is authorized pursuant to Article 4 (commencing with section 6584) of the Act (the "Bond Law") to issue bonds, notes or other evidences of indebtedness for purposes permitted by the Act and described in the Joint Powers Agreement;

WHEREAS, pursuant to the provisions of the Act, the City and the Housing Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal;

WHEREAS, the City proposes to:

(a) finance the cost of the acquisition of approximately 56 acres of real property, of which 50% (the "Governmental Freeway Property"), will be used for governmental purposes of the City and of which 50% (the "Non-Governmental Freeway Property") is expected to be sold for development,

(b) finance the cost of the acquisition of real or other property which will be used for governmental purposes of the City (the "Governmental Property" and, with the Governmental Freeway Property and the Non-Governmental Freeway Property, the "Acquired Property"),

(c) finance the cost of economic development projects in the City (the "Economic Development Projects"), and

(d) refund the outstanding Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012 (the "2012 Bonds");

WHEREAS, it is proposed that the cost of the Governmental Freeway Property, the Governmental Property and the refunding of the 2012 Bonds will be financed from the proceeds of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "2023A Bonds"), to be issued by the Palmdale Financing Authority (the "Authority") pursuant to the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law"), and pursuant to the terms of this Indenture, and that the cost of the Non-Governmental Freeway Property and the Economic Development Projects will be financed from the proceeds of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue

Bonds, Series 2023B (Federally Taxable) (the "2023B Bonds" and, with the 2023A Bonds, the "Bonds"), to be issued by the Authority pursuant to the provisions of the Bond Law and the Indenture;

WHEREAS, a portion of the proceeds of the 2023A Bonds will be used to fund a portion of interest due on the 2023A Bonds through June 1, 2026, and to pay the costs of issuance of the 2023A Bonds, including to pay the premium for the 2023A Municipal Bond Insurance Policy and to pay a portion of the premium for the Reserve Policy;

WHEREAS, a portion of the proceeds of the 2023B Bonds will be used to fund interest due on the 2023B Bonds through June 1, 2024, and to pay the costs of issuance of the 2023B Bonds, including to pay the premium for the 2023B Municipal Bond Insurance Policy and to pay a portion of the premium for the Reserve Policy;

WHEREAS, in order to provide for the repayment of the Bonds, the City will lease certain City-owned property and the sites thereof (collectively, the "Leased Property") to the Authority pursuant to a site and facility lease, dated as of November 1, 2023, by and between the City and the Authority (the "Site and Facility Lease") and the Authority will lease the Leased Property back to the City pursuant to a lease agreement, dated as of November 1, 2023, by and between the Authority and the City (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in the City's General Fund and the City will budget and appropriate sufficient amounts in each year to pay the lease payments which will be equal to the scheduled principal of and interest on the Bonds;

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

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal 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, and the execution and delivery of the Indenture have been in all respects duly authorized.

A G R E E M E N T :

NOW, THEREFORE, in order to secure the payment of the Bonds at any time issued and Outstanding under this Indenture according to their terms, 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 delivered, 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 consideration the receipt and sufficiency of which is hereby acknowledged, the Authority does 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; AUTHORIZATION AND PURPOSE OF BONDS;
EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture, of any Supplemental Indenture, of the Lease Agreement, of the Bonds and of any certificate, opinion, request or other documents herein mentioned, have the meanings herein specified.

"*Acquisition and Construction*" means, with respect to any portion of the Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof, including reimbursement relating thereto.

"*Acquisition and Construction Costs*" means, with respect to the Project, all costs of the Acquisition thereof which are paid from moneys on deposit in the Acquisition and Construction Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the Acquisition and Construction of the Project;

(b) obligations incurred for labor and materials in connection with the Acquisition and Construction of the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Acquisition and Construction of the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper Acquisition and Construction of the Project;

(e) any sums required to reimburse the Authority or the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Acquisition and Construction of the Project; and

(f) all financing costs incurred in connection with the Acquisition and Construction of the Project, including but not limited to Costs of Issuance and other costs incurred in connection with the Lease Agreement and the financing of the Project.

"*Acquisition and Construction Fund*" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"*Act*" means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the Government Code of the State.

"*Additional Bonds*" means bonds other than the Bonds issued hereunder in accordance with the provisions of Sections 3.05 and 3.06 hereof.

"*Additional Lease Payments*" means the additional payments to be paid by the City in connection with the issuance of Additional Bonds.

"*Additional Payments*" means the payments so designated and required to be paid by the City pursuant to the Lease Agreement.

"*Authority*" means the Palmdale Financing Authority, or its successors and assigns, a joint exercise of powers entity created pursuant to the Joint Powers Agreement.

"*Authorized Representative*" means: (a) with respect to the Authority, any member of the Board, the Executive Director of the Authority, the Treasurer of the Authority, or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by a member of the Board, such Executive Director or such Treasurer and filed with the City and the Trustee; and (b) with respect to the City, its City Manager, Finance Director/City Treasurer or City Clerk, or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by an Authorized Representative of the City and filed with the Authority and the Trustee.

"*Board*" means the Board of Directors of the Authority.

"*Bond Counsel*" means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally recognized experience in the issuance of obligations of governmental entities.

"*Bond Law*" means Article 4 (commencing with section 6584) of the Act.

"*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; *provided* that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on June 1, 2024.

"*Bonds*" means collectively, the Series A Bonds and the Series B Bonds.

"*Business Day*" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located and on which the Federal Reserve is open.

"*City*" means the City of Palmdale, California, a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State.

"*Closing Date*" means November 29, 2023, being the date of delivery of the Bonds to the Original Purchaser.

"*Code*" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, thereunder.

"*Continuing Disclosure Certificate*" means that certain Continuing Disclosure Certificate executed by the City and dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"*Costs of Issuance*" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority or the City, initial fees and expenses of the Trustee and the Escrow Bank (including but not limited to fees and expenses for legal counsel), compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, the premiums for the Municipal Bond Insurance Policies and the Reserve Policy, title insurance, costs of preparation and reproduction of documents, out-of-pocket expenses of the Authority or the City, Authority and City staff costs and costs of printing.

"*Costs of Issuance Fund*" means the fund by that name established and held by the Trustee pursuant to Section 3.02.

"*Debt Service*" means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all Outstanding Bonds coming due and payable by their terms in such period; and (b) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"*Defeasance Obligations*" means (a) cash, (b) non-callable direct obligations of the United States of America ("Treasuries"), (c) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (d) subject to the prior written consent of the Municipal Bond Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (e) subject to the prior written consent of the Municipal Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P.

"*DTC*" means The Depository Trust Company, New York, New York, or any successor securities depository.

"*Escrow Agreement*" means that certain Escrow Agreement, by and among the Authority, the City and the Escrow Bank, relating to the defeasance of the 2012 Bonds.

"*Escrow Bank*" means U.S. Bank Trust Company, National Association, as escrow agent under the Escrow Agreement.

"*Escrow Fund*" means the fund by that name established and held by the Escrow Bank pursuant to the Escrow Agreement.

"*Event of Default,*" with respect to this Indenture, means any of the events specified in Section 7.01 and, with respect to the Lease Agreement, means any of the events specified in Section 9.1 of the Lease Agreement.

"*Facility*" means, collectively, those existing facilities located on the Site, more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (c) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"*Fiscal Year*" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority or the City, as applicable, as its official fiscal year period.

"*Housing Authority*" means the Housing Authority of the City of Palmdale.

"*Indenture*" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

"*Independent Accountant*" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

"*Information Services*" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at http://emma.msrb.org) and, in accordance with then current guidelines of the Securities and Exchange Commission, such other organizations providing information with respect to the redemption of bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"*Insurance and Condemnation Fund*" means the fund by that name established and held by the Trustee pursuant to Section 5.08.

"*Insurance Agreement*" means that certain Insurance Agreement, dated the Closing Date, by and among the Authority, the City and the Municipal Bond Insurer, relating to the Reserve Policy, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"*Interest Account*" means the account by that name established in the Revenue Fund pursuant to Section 5.01(c).

"*Interest Payment Date*" means each June 1 and December 1, commencing June 1, 2024.

"*Joint Powers Agreement*" means the Joint Exercise of Powers Agreement, dated as of September 26, 2012, between the City and the Housing Authority, as originally executed and as it may thereafter be amended or supplemented in accordance with its terms.

"*Lease Agreement*" means that certain Lease Agreement, dated as of November 1, 2023, by and between the Authority and the City, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

"*Lease Payment Date*" means, with respect to any Interest Payment Date, commencing with the June 1, 2024, Interest Payment Date, the twenty-fifth (25th) calendar day of the month preceding such Interest Payment Date.

"*Lease Payments*" means the payments required to be paid by the City pursuant to Section 4.3 of the Lease Agreement, such payments constituting the portion of Revenues applied to the payment of debt service on the Bonds.

"*Leased Property*" means, collectively, the Site and the Facility.

"*Moody's*" means Moody's Investors Service, Inc. and any successor rating agency.

"*Municipal Bond Insurance Policies*" means, collectively, the Series A Municipal Bond Insurance Policy and the Series B Municipal Bond Insurance Policy.

"*Municipal Bond Insurer*" means _____, or any successor thereto or assigns thereof.

"*Nationally Recognized Statistical Rating Organization*" means a credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits financial firms to use for certain regulatory purposes.

"*Net Proceeds*" means amounts derived by the City from any policy of casualty insurance with respect to any portion of the Leased Property, or the proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"*Office*" means, with respect to the Trustee, the designated corporate trust office of the Trustee located in Los Angeles, California, at which at any time its corporate trust business shall be administered, or such other address as the Trustee may designate from time to time pursuant to Section 12.07, or the designated corporate trust office of any successor Trustee, or such other address as the successor Trustee may designate from time to time pursuant to Section 12.07, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the designated corporate trust operations office or agency of the Trustee.

"*Original Purchaser*" means Hilltop Securities Inc., the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"*Outstanding*," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 12.09) all Bonds theretofore, or thereupon being,

authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 12.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered by the Trustee pursuant to this Indenture.

"*Owner*," whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"*Participating Underwriter*" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"*Permitted Encumbrances*" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (e) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing will not materially impair the use of the Leased Property; and (f) 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 Agreement and to which the Authority and the City agree in writing do not reduce the value of the Leased Property.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein and are consistent with the City's investment policies, but only to the extent that the same are acquired at Fair Market Value (provided the Trustee may rely upon the Written Request of the Authority directing investment hereunder as a determination that such investment is a Permitted Investment):

(a) United States Treasury Obligations;

(b) Federal Housing Administration debentures;

(c) The following listed obligations government-sponsored agencies which are <u>not</u> backed by the full faith and credit of the United States of America:

(i) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes,

(iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations,

(iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(v) Financing Corporation (FICO) debt obligations, and

(vi) Resolution Funding Corporation (REFCORP) debt obligations;

(d) Unsecured certificates of deposit, time deposits, demand deposits and bankers" acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P;

(e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $5 million;

(f) Commercial paper (having original maturities of not more than 30 days) rated "A-1+" by S&P and "Prime-1" by Moody's;

(g) Money market funds rated in the highest rating category by S&P and Moody's including such funds for which the Trustee or an affiliate provides investment advice or other services;

(h) "State Obligations," which means:

(i) Direct general obligations of any state of the United States of America or any subdivision of agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A2" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, and

(ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "SP-1+" by S&P and "MIG-1" by Moody's;

(i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(i) the municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,

(ii) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,

(iii) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"),

(iv) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations

(v) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification, and

(vi) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(j) Repurchase agreements with

(i) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA" by S&P and Moody's, or

(ii) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "AA" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation, or

(iii) any other entity rated "AA" or better by S&P and Moody's and acceptable to the Municipal Bond Insurer, provided that:

(A) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach),

(B) The Trustee or a third party acting solely as agent therefor or for the City (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books),

(C) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession),

(D) All other requirements of S&P in respect of repurchase agreements shall be met, and

(E) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the City or the Trustee (who shall give such direction if so directed by the Municipal Bond Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the City or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

(k) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt is rated at least "AA" (stable) by S&P and "Aa" (stable) by Moody's, or, in the case of a monoline Municipal Bond Insurance company, claims paying ability of the guarantor is rated at least "AAA" (stable) by S&P and "Aaa" (stable) by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service with respect to the Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the City and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the City and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the City, the Trustee and the Municipal Bond Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the City, the Trustee and the Municipal Bond Insurer;

(v) the investment agreement shall provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the City, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the City or the Trustee (who shall give such direction if so directed by the Municipal Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City or Trustee, and

(vi) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the

terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(vii) the investment agreement must provide that if during its term:

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the City or the Trustee (who shall give such direction if so directed by the Municipal Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate, and

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate.

(l) The Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

(m) Other forms of investments (including repurchase agreements) approved in writing by the Municipal Bond Insurer.

"*Principal Account*" means the account by that name established in the Revenue Fund pursuant to Section 5.01(c).

"*Project*" means, collectively, the Acquired Property and the Economic Development Projects.

"*Rebate Requirement*" means the amounts required to be rebated to the United States Treasury determined in accordance with the Tax Agreement.

"*Record Date*" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"*Redemption Fund*" means the fund by that name established pursuant to Section 5.07.

"*Rental Period*" means each twelve-month period during the Term of the Lease Agreement commencing on June 2 in any year and ending on June 1 in the next succeeding year; *provided, however*, that the first Rental Period shall commence on the Closing Date and shall end on June 1, 2024.

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

"*Regulations*" means the regulations of the United States Department of Treasury issued under the Code.

"*Reserve Account*" means the account by that name in the Revenue Fund established pursuant to Section 5.01(c).

"*Reserve Policy*" means the Municipal Bond Insurance Policy issued by the Municipal Bond Insurer for deposit in the Reserve Account in an amount equal to the Reserve Requirement.

"*Reserve Requirement*" means a fixed amount equal to the least of (a) maximum annual debt service on the Bonds, (b) 125% of average annual debt service on the Bonds, and (c) 10% of the par amount of the Bonds. *provided, however*, that if the Bonds are partially refunded, such amount shall be reduced to an amount equal to the maximum annual debt service on the Bonds following such redemption, as specified in a certificate of an Authorized Representative delivered to the Trustee. As of the Closing date, the Reserve Requirement is $_____.

"*Revenue Fund*" means the fund by that name established and held by the Trustee pursuant to Section 5.01.

"*Revenues*" means (a) all Lease Payments, prepayments, insurance proceeds, condemnation proceeds, and (b) subject to the provisions of Section 5.09 hereof, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, other than the Costs of Issuance Fund.

"*Standard & Poor's*" or "*S&P*" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors.

"*Securities Depositories*" means The Depository Trust Company, New York, New York 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 Written Certificate of the Authority delivered to the Trustee.

"*Series A Lease Payments*" means the portion of the Lease Payments allocable to the Series A Bonds.

"*Series A Municipal Bond Insurance Policy*" means the municipal bond insurance policy issued by the Municipal Bond Insurer guaranteeing the payment, when due, of the principal and interest with respect to the Series A Bonds.

"*Series B Lease Payments*" means the portion of the Lease Payments allocable to the Series B Bonds.

"*Series B Municipal Bond Insurance Policy*" means the municipal bond insurance policy issued by the Municipal Bond Insurer guaranteeing the payment, when due, of the principal and interest with respect to the Series B Bonds.

"*Sinking Account*" means the account by that name established in the Revenue Fund pursuant to Section 5.01(c).

"*Site*" means those certain parcels of real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

"*Site and Facility Lease*" means the Site and Facility Lease, dated as of November 1, 2023, by and between the City, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

"*State*" means the State of California.

"*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.

"*Tax Certificate*" means the certificate of the Authority dated the Closing Date, with respect to tax matters.

"*Term of the Lease Agreement*" means the term during which the Lease Agreement is in effect, as provided in Section 4.2 of the Lease Agreement.

"*Trustee*" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

"*2012 Bonds*" means the Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012.

"*2023A Bonds*" means the $____ Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A, authorized by and at any time Outstanding pursuant to this Indenture.

"*2023B Bonds*" means the $____ Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable), authorized by and at any time Outstanding pursuant to this Indenture.

"*Written Certificate*," "*Written Request*" and "*Written Requisition*" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Rules of Construction. All references in this Indenture to "Articles," "Sections" and other subdivisions in this Indenture are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder," and other words of similar import in this Indenture refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law and the Authority is now authorized under each and every requirement of law to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the

Authority hereby authorizes the issuance of the Bonds pursuant to this Indenture for the purposes described herein.

Section 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract 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 benefit, 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 or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds.

(a) The Authority hereby authorizes the issuance of the Bonds, which shall constitute limited obligations of the Authority, for the purpose of providing funds to refund the 2012 Bonds and to finance the Project. The Series A Bonds are hereby designated the "Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A." The aggregate principal amount of Series A Bonds initially issued and Outstanding under this Indenture is _____ dollars ($_____). The Series B Bonds are hereby designated the "Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable)." The aggregate principal amount of Series B Bonds initially issued and Outstanding under this Indenture is _____ dollars ($_____). At any time after the execution of this Indenture, the Authority may execute, and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the Original Purchaser upon payment of the purchase price therefor.

(b) This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date.

(b) The Series A Bonds shall mature on June 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate

(c) The Series B Bonds shall mature on June 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate

(d) Interest on the Bonds shall be payable semiannually on each Interest Payment Date, 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 on such Interest Payment Date by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; *provided however*, that payment of interest 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 at least five (5) days before the applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by wire or check of the Trustee upon presentation and surrender thereof at the Office of the Trustee, except as provided in Section 2.04. 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 as of 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 May 15, 2024, 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 and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute, and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered, or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Bond (including any transfers between or among participants of Securities Depositories or beneficial owners of interests in any global Bond) other than to require delivery of such certificates and other documentation or evidence as is expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Any Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond shall not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered, or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

Section 2.04. Book-Entry System. Notwithstanding any provision of this Indenture to the contrary:

(a) The Bonds shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one certificate for each of the maturity dates set forth in Section 2.02 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the Authority, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Authority that The Depository Trust Company 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

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Authority that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the Authority and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee, together with a

written request of an Authorized Representative of the Authority to the Trustee, a single new Bond shall be issued, authenticated and delivered for each maturity of such Bond 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 written request of an Authorized Representative of the Authority. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee together with a written request of an Authorized Representative of the Authority, new Bonds shall be issued, authenticated and delivered in such denominations and registered in the names of such persons as are requested in a written request of the Authority provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a written request of an Authorized Representative of the Authority.

(c) In the case of partial redemption or an advance refunding of any Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the Authority's expense, deliver the Bonds to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes of this 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. 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 The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Bond.

(e) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Authority and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and redemption premium, if any, and interest due 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) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Bonds' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of blanket issuer letter of representations (prepared by The Depository Trust Company) executed by the Authority and received and accepted by The Depository Trust Company.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall at all reasonable times upon reasonable prior notice be open to inspection during regular business hours by the Authority and the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in Section 2.03.

Section 2.06. Form and Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the facsimile signature of its Chairperson or Executive Director, 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 form set forth in Exhibits A and B, 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 2.07. 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 Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of 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 2.08. 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 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 loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and an indemnity for the Authority and the Trustee satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner of such lost, destroyed or stolen Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity for the Authority and the Trustee satisfactory to the Trustee). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.08 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 be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09. CUSIP Numbers. The Trustee, the Authority and the City shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice or elsewhere. The Trustee may, in its discretion, include in any redemption notice or any 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, the Authority nor the City shall be liable for any inaccuracies in such numbers and that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Authority will promptly notify the Trustee in writing of any change in the CUSIP numbers.

ARTICLE III

APPLICATION OF PROCEEDS; ESTABLISHMENT AND APPLICATION OF FUNDS; ADDITIONAL BONDS

Section 3.01. Application of Proceeds of Sale of Bonds.

(a) Upon the receipt of payment for the Series A Bonds on the Closing Date of $_____, being the principal amount of the Series A Bonds of $_____.00, plus a net/less original issue premium/discount of $_____, less an underwriter's discount of $_____, less the sum of $_____ transferred to the Municipal Bond Insurer in payment of the premium for the Series A Municipal Bond Insurance Policy (paid as an accommodation to the Authority), and less the sum of $_____ transferred to the Municipal Bond Insurer in payment of a portion of the premium for the Reserve Policy (paid as an accommodation to the Authority), the Trustee shall apply the proceeds of sale thereof as follows:

(i) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund;

(ii) The Trustee shall deposit the amount of $_____ in the Acquisition and Construction Fund;

(iii) The Trustee shall deposit the amount of $_____ in the Interest Account representing a portion of interest due on the 2023A Bonds through June 1, 2026; and

(iv) The Trustee shall transfer the sum of $_____ to the Escrow Bank for deposit in the Escrow Fund.

(b) Upon the receipt of payment for the Series B Bonds on the Closing Date of $_____, being the principal amount of the Series B Bonds of $_____.00, plus/less a net original issue premium/discount of $_____, less an underwriter's discount of $_____, less the sum of $_____ transferred to the Municipal Bond Insurer in payment of the premium for the Series B Municipal Bond Insurance Policy (paid as an accommodation to the Authority), and less the sum of $_____ transferred to the Municipal Bond Insurer in payment of a portion of the premium for the Reserve Policy (paid as an accommodation to the Authority), the Trustee shall apply the proceeds of sale thereof as follows:

(i) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund; and

(ii) The Trustee shall deposit the amount of $_____ in the Acquisition and Construction Fund; and

(iii) The Trustee shall deposit the amount of $_____ in the Interest Account representing interest due on the 2023B Bonds through June 1, 2024.

(c) The Trustee may, in its sole discretion, establish such funds or accounts in its records to facilitate the foregoing deposits.

Section 3.02. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Costs of Issuance Fund." There shall be deposited in the Costs of Issuance Fund the amounts indicated in Section 3.01(a)(i) and Section 3.01(b)(i) of this Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the City stating the person to whom payment is to be made, the amount to be paid, payment instructions, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written 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 and incur no liability in conclusively relying thereon.

(c) On February 29, 2024, or upon the earlier Written Request of the City, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Acquisition and Construction Fund and the Costs of Issuance Fund shall be closed.

Section 3.03. Acquisition and Construction Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund to be known as the "Acquisition and Construction Fund." There shall be deposited in the Acquisition and Construction Fund the amounts indicated in Section 3.01(a)(ii) and Section 3.01(b)(ii) of this Indenture.

(b) Except as otherwise provided herein, moneys in the Acquisition and Construction Fund shall be used solely for the payment of the Acquisition and Construction Costs. The Trustee shall disburse moneys in the Acquisition and Construction Fund from time to time to pay Acquisition and Construction Costs (or to reimburse the Authority or the City for payment of Acquisition and Construction Costs) upon receipt by the Trustee of a Written Requisition of the City which: (A) states with respect to each disbursement to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment will be made, (iii) the amount to be disbursed, (iv) that each obligation mentioned therein is a proper charge against the Acquisition and Construction Fund and has not previously been disbursed by the Trustee from amounts in the Acquisition and Construction Fund, (v) that all conditions precedent set forth in the Lease Agreement with respect to such disbursement have been satisfied, and (vi) that the amount of such disbursement is for an Acquisition and Construction Cost; (B) specifies in reasonable detail the nature of the obligation; and (C) is accompanied by a bill or statement of account (if any) for each obligation. The Trustee may conclusively rely on the information contained in any Written Requisition and shall have no responsibility with respect to the application of any funds disbursed in accordance with such Written Requisition and shall incur no liability in conclusively relying thereon.

The Authority shall determine in good faith whether an architect or engineer is required to execute any Written Requisition hereunder, and the Trustee shall in no instance be required to make such determination. For purposes of complying with the requirements of this Section, the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon the Written Requisition signed by the Authorized Representative of the Authority. The Trustee shall not be bound to make an investigation into the facts or matters stated in any Written Requisition of the Authority. The Trustee shall not be responsible for determining whether the funds on hand in the Acquisition and Construction Fund are sufficient to satisfy the Acquisition and Construction Costs. The Trustee shall not be responsible to collect lien waivers.

(c) Upon the filing with the Trustee of a Written Certificate of the Authority stating that the Project has been completed or that all Written Requisitions intended to be filed by the Authority and the City have been filed, the Trustee shall withdraw any remaining amounts then on deposit in the Acquisition and Construction Fund and transfer such amounts to the Revenue Fund and applied to the payment of interest on the Bonds and the Acquisition and Construction Fund shall be closed.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Lease Agreement. The recital contained in the Bonds that the same are issued pursuant to the laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

Section 3.05. Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more series of Additional Bonds (in addition to the Bonds) payable from Lease Payments as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

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

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

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

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; *provided, however*, that (A) the serial bonds of such series of Additional Bonds shall be payable as to principal annually on June 1 of each year in which principal falls due, and the term bonds of such series of Additional Bonds shall have annual mandatory sinking fund redemptions on June 1, (B) the Additional Bonds shall be payable as to interest semiannually on June 1 and December 1 of each year, (C) all Additional Bonds of a series of like maturity shall be identical in all respects, except as to number or denomination, and (4) serial maturities of serial bonds or mandatory sinking fund redemptions for term bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

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

(v) The form of such Additional Bonds; and

(vi) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

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

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

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

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

Section 3.06. Procedures for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Bond Law, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by Section 3.05 hereof and the amendment to the Site and Facility Lease, if any, required by Section 3.05 hereof, together with satisfactory evidence that provision has been made for such amendment to the Lease Agreement and such amendment to the Site and Facility Lease, if any, to be recorded in the official records of Los Angeles County;

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

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by Section 3.05 hereof) and the Site and Facility Lease (including any amendment thereto required by Section 3.05 hereof) have been duly authorized, executed and delivered by, and constitute the legal, valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), and (ii) such Additional Bonds constitute legal, valid and binding special obligations of the Authority payable solely from Lease Payments as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in

appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State);

(d) a Written Certificate of the Authority that the requirements of Section 3.05 hereof have been met;

(e) a Written Certificate of the City that the requirements of Section 3.05 hereof have been met, and a Written Certificate of the City as to the annual fair rental value of the Leased Property, after giving effect to the issuance of the Additional Bonds, and to the use of proceeds received therefrom; and

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

Section 3.07. Limitations on Additional Bonds. So long as any of the Bonds remain Outstanding, the Authority shall not issue any Additional Bonds or obligations payable from the Lease Payments, except pursuant to Sections 3.05 and 3.06 hereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) *Mandatory Redemption of Bonds From Optional Prepayment of Lease Payments or Lease Payments*.

(i) **Series A Bonds**. The Series A Bonds maturing on or after June 1, ____, shall be subject to mandatory redemption as a whole or in part, upon forty (40) days written notice to the Trustee by the City of its intention to optionally prepay the Lease Payments or by the Authority of its intention to optionally prepay the Lease Payments, on any date on or after June 1, ____, from any available source of funds of the City, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. Any such redemption shall be in such order of maturity as the City so electing to prepay shall designate (and, if no specific order of redemption is designated by such City, pro rata among maturities).

(ii) **Series B Bonds**. The Series B Bonds maturing on or after June 1, ____, shall be subject to mandatory redemption as a whole or in part, upon forty (40) days written notice to the Trustee by the City of its intention to optionally prepay the Lease Payments or by the Authority of its intention to optionally prepay the Lease Payments, on any date on or after June 1, ____, from any available source of funds of the City, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. Any such redemption shall be in such order of maturity as the City so electing to prepay shall designate (and, if no specific order of redemption is designated by such City, pro rata among maturities).

(b) *Sinking Account Redemption*.

(i) **Series A Bonds**. The Series A Bonds maturing on June 1, ____, shall be subject to mandatory redemption from Sinking Account payments in part on June 1, ____, and on each June 1 thereafter to and including June 1, ____, to the extent of the sinking fund payment made by the Authority, derived from Lease Payments made by the City with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed

†Maturity

In the event that the Trustee shall redeem Series A Bonds in part but not in whole pursuant to subsection (a)(i) of this Section 4.01, the amount of the Series A Bonds to be redeemed in each subsequent year pursuant to this subsection (b)(i) shall be reduced *pro rata*.

(ii) **Series B Bonds**. The Series B Bonds maturing on June 1, ____ shall be subject to mandatory redemption from Sinking Account payments in part on June 1, ____, and on each June 1 thereafter to and including June 1, ____, to the extent of the sinking fund payment made by the Authority, derived from Lease Payments made by the City with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed

†Maturity

In the event that the Trustee shall redeem Series B Bonds in part but not in whole pursuant to subsection (a)(ii) of this Section 4.01, the amount of the Series B Bonds to be redeemed in each subsequent year pursuant to this subsection (b)(ii) shall be reduced *pro rata*.

(c) *Special Mandatory Redemption from Insurance or Condemnation Proceeds*. The Bonds shall also be subject to redemption as a whole or in part on any date, *pro rata* between series, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Leased Property damaged or destroyed and elected by the City to be used for such purpose as provided in Section 5.08, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond. If less than all the Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Authority shall specify to the Trustee a principal amount in each maturity to be redeemed which, to the extent practicable, results in approximately proportionate annual debt service on the Bonds Outstanding following such redemption as compared to the annual debt service on the Bonds prior to such redemption. If less than all Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Authority shall designate the maturity or maturities of the Bonds to be redeemed.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, and to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed and in the case of 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 the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Notice of any redemption of Bonds (other than redemptions pursuant to Section 4.01(b)) shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Bonds to be redeemed is on deposit in the applicable fund or account.

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

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled and disposed of by the Trustee in accordance with its then-customary procedures upon surrender thereof.

Section 4.06. Purchase of Bonds. In lieu of redemption of Bonds as provided in this Article IV, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least sixty (60) days prior to the next scheduled Interest Payment Date of the written request of an Authorized Representative of the Authority, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the Authority may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed. The aggregate principal amount of Bonds of the same maturity purchased in lieu of redemption

pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption. Any Bonds so purchased shall be surrendered to the Trustee for cancellation.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture (other than the Costs of Issuance Fund) are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act.

(b) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the rights of the Authority in the Lease Agreement (except for rights to receive Additional Payments, rights to give approvals and consents thereunder, the right to enforce venue, and certain rights to indemnification and expenses set forth therein), and in the Site and Facility Lease (except for rights to give approvals and consents thereunder and certain rights to indemnification set forth therein). 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 may, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority, all of the obligations of the City under the Lease Agreement.

The assignment of the Lease Agreement and the Site and Facility Lease to the Trustee is solely in its capacity as Trustee under this Indenture and the rights, powers, indemnities, protections, benefits, privileges and limitations from liability of the Trustee in acting thereunder shall be subject to the provisions of this Indenture, including, without limitation, the provisions of Article VIII hereof. The Trustee shall not be responsible for any representations, warranties, covenants or obligations of the Authority under the Lease Agreement or the Site and Facility Lease.

(c) The Trustee agrees to provide written notice to the City at least five Business Days prior to each Lease Payment Date of the amount, if any, on deposit in the Revenue Fund which shall serve as a credit against, and shall relieve the City of making, the Lease Payments due from the City on such Lease Payment Date. Subject to Section 5.09, all Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund shall be promptly deposited in such Funds. Within the Revenue Fund there shall be established an Interest Account, a Principal Account, a Sinking Account and a Reserve Account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 5.02. Allocation of Revenues. Not later than the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) The Trustee shall deposit in the Principal Account an amount, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due at maturity and payable on such Interest Payment Date.

(c) The Trustee shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Bonds required to be redeemed on such date, if any, pursuant to Section 4.01(b).

(d) The Trustee shall deposit in the Reserve Account an amount, if any, required to cause the amount on deposit in the Reserve Account to be equal to the Reserve Requirement, but shall only be required if the Reserve Policy is no longer in effect.

(e) If the then applicable Interest Payment Date is December 1, all remaining moneys shall be held by the Trustee in the Revenue Fund and applied for the next succeeding June 1 Interest Payment Date deposits. If the then applicable Interest Payment Date is June 1, all remaining moneys shall be transferred to the City for deposit to the General Fund of the City free and clear of any pledge or lien imposed under this Indenture.

Section 5.03. Application of Interest Account.

(a) All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Amounts deposited in the Interest Account from 2023A Bond proceeds pursuant to Section 3.01(a)(iii) shall be applied to pay interest on the 2023A Bonds on the following dates and in the following amounts:

Interest Payment Date	Amount
6/1/24	
12/1/24	
6/1/25	
12/1/25	
6/1/26	

(c) Amounts deposited in the Interest Account from 2023B Bond proceeds pursuant to Section 3.01(b)(iii) shall be applied to pay interest on the 2023B Bonds on the following dates and in the following amounts:

Interest Payment Date	Amount
6/1/24	

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Section 5.05. Application of Sinking Account. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds pursuant to Section 4.01(b).

Section 5.06. Application of Reserve Account. In lieu of a cash deposit to the Reserve Account, the Reserve Policy shall be delivered to the Trustee on the Closing Date. Notwithstanding anything to the contrary set forth in this Indenture, amounts on deposit in the Reserve Account shall be applied solely to the payment of principal and interest due with respect to the Bonds.

If, on any Interest Payment Date, the moneys available in the Interest Account and/or the Principal Account do not equal the amount of the principal, interest and redemption premium (if any) with respect to the Bonds then coming due and payable, the Trustee shall apply the moneys available in the Reserve Account to make delinquent amounts by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account or shall draw on the Reserve Policy and apply amounts received from such draw to make delinquent amounts by transferring the amount necessary for this purpose to the Interest Account and/or the Principal Account. To the extent there is cash or investments on deposit in the Reserve Account, such cash or investments shall be applied first before there is any draw on the Reserve Policy or any other credit facility credited to the Reserve Account in lieu of cash (a "Credit Facility"). Payment of any Reserve Policy Costs (hereinafter defined) shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw. Upon receipt of any delinquent amount with respect to which moneys have been advanced from the Reserve Account or there has been a draw on the Reserve Policy, such amount shall be deposited in the Reserve Account to the extent of such advance and first applied to reimburse a draw on the Reserve Policy and then to replenish any cash drawn therefrom.

The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and to provide notice to the Municipal Bond Insurer in accordance with the terms of the Reserve Policy at least five (5) business days prior to each date upon which interest or principal is due with respect to the Bonds.

The City, pursuant to the Lease Agreement and the Insurance Agreement, agrees to repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Municipal Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Municipal Bond Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Municipal Bond Insurer shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Reserve Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Reserve Policy Costs related to such draw.

Amounts in respect of Reserve Policy Costs paid to the Municipal Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Municipal Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

If the City shall fail to pay any Reserve Policy Costs in accordance with the requirements of this Section 5.06, the Municipal Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture and the Lease Agreement, other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect Owners.

Neither this Indenture nor the Lease Agreement shall be discharged until all amounts due to the Municipal Bond Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

Section 5.07. Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of Bonds to be redeemed pursuant to Sections 4.01(a) and 4.01(b); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, in accordance with Section 4.06.

Section 5.08. Insurance and Condemnation Fund.

(a) *Establishment of Fund*. Upon the receipt of any proceeds of insurance or eminent domain with respect to any portion of the Leased Property, the Trustee shall establish and maintain an Insurance and Condemnation Fund, to be held and applied as hereinafter set forth in this Section 5.08.

(b) *Application of Insurance Proceeds*. Any Net Proceeds of insurance against accident to or destruction of the Leased Property collected by the City in the event of any such accident or

destruction shall be paid to the Trustee by the City pursuant to Section 6.1 of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund. If the City fails to determine and notify the Trustee in writing of its determination, within forty-five (45) days following the date of such deposit, to replace, repair, restore, modify or improve the Leased Property, then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds pursuant to Section 4.01(c). All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the City, upon receipt of Written Requisitions of the City, as agent for the Authority, which: (i) states with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, and has not been the basis of any previous withdrawal; and (ii) specifies in reasonable detail the nature of the obligation. Each such Written 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. Any balance of the proceeds remaining after such work has been completed as certified by the City to the Trustee shall be remitted by the Trustee to the City.

(c) *Application of Eminent Domain Proceeds*. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.1 of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(i) If the City has not given written notice to the Trustee, within forty-five (45) days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for the replacement of the Leased Property or such portion thereof, the Trustee shall transfer such Net Proceeds to the Redemption Fund to be applied towards the redemption of the Bonds pursuant to Section 4.01(b).

(ii) If the City has given written notice to the Trustee, within forty-five (45) days following the date on which such Net Proceeds are deposited with the Trustee, of its determination that such Net Proceeds are needed for replacement of the Leased Property or such portion thereof, the Trustee shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such replacement, upon the filing of Written Requisitions of the City as agent for the Authority in the form and containing the provisions set forth in subsection (b) of this Section 5.08. Each such Written 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 5.09. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the City (including in the form of a facsimile transmission) pursuant to a Written Request of the City filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which Written Request shall certify that the investments constitute Permitted Investments and specifying the particular investments in Permitted Investments to be made) or such shorter time as the Trustee may accept in its sole discretion. In the absence of any such directions from the City, the Trustee shall hold such amounts uninvested as cash. Permitted Investments purchased as an investment of

moneys in any fund shall be deemed to be part of such fund or account. The City shall take the liquidity needs of the moneys held hereunder into account in making investments.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Revenue Fund, except that interest or gain derived from the investment of the amount in the Reserve Account shall be retained therein to the extent required to maintain the Reserve Requirement. Reserve Account investments may not have maturities extending beyond five years, except for the Reserve Policy and investment agreements or repurchase agreements approved by the Municipal Bond Insurer. To the extent that any investment agreement requires the payment of fees, such fees shall be paid from available moneys in the Revenue Fund after the deposit of moneys described in Section 5.02 (a) through (c) above. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee or its affiliates may act as sponsor or depository with respect to any Permitted Investment. To the extent that any Permitted Investment purchased by the Trustee are registrable securities such Permitted Investment shall be registered in the name of the Trustee on behalf of the Owners. The Trustee shall incur no liability for losses, fees, taxes or other charges arising from any investments, reinvestments or liquidations made pursuant to this Section 5.09.

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, at no additional cost, the Authority specifically waives receipt of 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.

Such investments shall be valued by the Trustee not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the Reserve Account shall have a term to maturity of not greater than five years, unless invested in Permitted Investments described in paragraph (k) of the definition thereof.

The Trustee may utilize securities pricing services that may be available to it making such valuations, including those within its accounting system with respect to the Bonds, and conclusively rely thereon.

The City shall not enter into any interest rate exchange agreement, cap, collar, floor, ceiling or other agreement or instrument involving reciprocal payment obligations between the City and a counterparty based on interest rates applied to a notional amount of principal.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

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 the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default 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 the Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes. Nothing in this section shall in any way limit the City's ability to encumber its assets in accordance with the Lease Agreement.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into 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 Authority has duly authorized the execution and delivery of the Bonds and this Indenture under the terms and provisions of the Act and a resolution adopted by the Board and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Authority of the Bonds and this Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and this Indenture the valid, legal and binding limited obligations of the Authority.

Section 6.05. Accounting Records. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City, during business hours and under reasonable circumstances upon reasonable prior notice.

Section 6.06. No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part, except for Additional Bonds as provided in Sections 3.05 and 3.06.

Section 6.07. Tax Covenants. The Authority covenants to and for the benefit of the Owners that, notwithstanding any other provisions of this Indenture (other than Section 12.01 hereof), it will:

(a) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Series A Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Series A Bonds to be arbitrage bonds under section 103(b) and section 148 of the Code and the Regulations issued under section 148 of the Code or which would otherwise cause the interest payable on the Series A Bonds to be includable in gross income for federal income tax purposes;

(b) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Series A Bonds to be includable in gross income of the Owners of the Series A Bonds for federal income tax purposes;

(c) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Series A Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to the Code; and

(d) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 6.07, the Authority shall execute, deliver and comply with the provisions of the Tax Certificate. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture (this covenant shall extend throughout the term of the Series A Bonds, to all funds and accounts created under this Indenture held by the Trustee and all moneys on deposit to the credit of any fund or account held by the Trustee).

Section 6.08. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Authority. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. Neither the Authority nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 6.08, by Section 6.07 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with the Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the Authority, a rebate analyst or any other person, including supplying all necessary information reasonably requested by the Authority, and shall have no independent duty liability or responsibility to enforce compliance by the Authority, a rebate analyst or any other person, with the terms of the

Tax Certificate or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or reports or enforce the compliance by the Authority a rebate analyst or any other person, with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Authority.

(b) Upon the Authority's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Authority or the City, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Authority in accordance with the Tax Certificate. The Trustee shall supply to the Authority all necessary information requested by the Authority to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 6.08, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Authority or the City.

(d) At the written direction of the Authority, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Authority's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Authority so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Authority's written directions; *provided, however*, only moneys in excess of the Rebate Requirement may, at the written direction of the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund (i) after each five-year remission to the United States, and (ii) after redemption and payment of all of the Series A Bonds and payment and satisfaction of any Rebate Requirement, shall be withdrawn by the Trustee and remitted to the City.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 6.08, Section 6.07 and the Tax Certificate shall survive the defeasance or payment in full of the Series A Bonds.

Section 6.09. Collection of Amounts Due Under Lease Agreement. The Trustee shall promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of Article VIII, the Trustee may enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority, for the enforcement of all of the obligations of the City under the Lease Agreement.

The Authority shall not amend, modify or terminate any of the terms of the Lease Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent only if (a) in the opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Owners, or (b) the Trustee first obtains the written consent

of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.10. Continuing Disclosure. Pursuant to Section 5.11 of the Lease Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and neither the Authority nor the Trustee shall have any liability to the Owners of the Bonds or any other person with respect to the Continuing Disclosure Certificate. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of Section 5.11 of the Lease Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall at the request of the Owners or Beneficial Owners (as defined below) of at least 25% aggregate principal amount of Outstanding Bonds, to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys, or any Owner or Beneficial Owner 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 Section 5.11 of the Lease Agreement or to cause the Trustee to comply with its obligations under this Section 6.10. For purposes of this Section 6.10, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 6.11. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or 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 6.12. Further Assurances. The Authority will 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.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default 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 or otherwise.

(b) Default in the due and punctual payment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) 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; *provided, however*, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period, such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time which period shall be no longer than 120 days after the original written notice of default.

(d) The occurrence and continuation of an Event of Default under and as such term is defined in the Lease Agreement.

Section 7.02. Remedies Upon Event of Default. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, and payment of its fees and expenses, including the fees and expenses of its counsel, shall in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners under, and require the Authority or the City to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Lease Agreement and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Lease Agreement or this Indenture, as the case may be;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of Bonds; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds hereunder.

Upon the occurrence of an Event of Default, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Revenues, *ex parte*, and without notice, and the Authority consents to the appointment of such receiver upon the occurrence of an Event of Default. In the case of any receivership, insolvency, bankruptcy, or other judicial proceedings affecting the Authority or the City, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have the claims of the Trustee and the Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Bond Owner to file a claim on his or her own behalf; provided, the Trustee shall be entitled to compensation and reimbursement for the reasonable fees and expenses of its counsel and indemnity for its fees and reasonable expenses and liability from the Authority, the City or the Bond Owners, as appropriate.

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

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:

(a) To the payment of any expenses necessary to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees, expenses and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Section 7.04. Trustee to Represent Bond 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 any 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 Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as shall be deemed 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 the Bonds, this Indenture or any other 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, 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. Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, 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, and upon indemnification of the Trustee to its reasonable satisfaction, 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 expose it to liability.

Section 7.06. Limitation on Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds 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, the Lease Agreement or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of 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; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed 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; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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 whatever 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 the Bonds, this Indenture, the Lease Agreement or other 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 and premium (if any) 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 Proceedings. If any proceedings taken by the Trustee or any one or more Bond 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 Bond Owners, then the Authority, the Trustee and the Bond 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 Bond 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 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 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 Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Authority, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the City, the Authority, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) 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 expressly and specifically set forth in this Indenture and no implied duties, obligations or covenants shall be read into this Indenture against the Trustee. 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 its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Authority may remove the Trustee at any time and the Authority shall remove the Trustee if at any time requested to do so 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 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 a 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 of 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 the City and thereupon shall appoint a successor Trustee by an instrument in writing. Any such removal shall be made upon at least thirty (30) days' prior written notice to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority 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 upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within sixty (60) days of giving notice of removal or notice of resignation as aforesaid, the Authority shall (or the Trustee may, at the expense of the Authority) 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 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 Written 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. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall promptly mail or cause the successor Trustee to mail a notice of the succession of such successor Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation, bank or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, shall be authorized under such laws to exercise corporate trust powers, shall have (or, in the case of a corporation, bank or national banking association 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), shall be subject to supervision or examination by federal or state agency, and shall be acceptable to the City in its discretion. If such corporation, bank or national banking association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining agency above referred to then for the purpose of this subsection (e), the combined capital and surplus of such corporation or national banking association 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 bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, provided such bank or trust 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 contained shall not be taken as statements of the Trustee, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Lease Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective 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 and deal with the Authority and the City 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 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(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, suffered 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 not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until it shall have actual knowledge thereof, or a corporate trust officer shall have received written notice thereof, at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the City of any of the terms, conditions, covenants or agreements herein, under the Lease Agreement or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the City and the Authority of the terms, conditions, covenants or agreements set forth in the Lease Agreement, other than the covenants of the City to make Lease Payments to the Trustee when due, and such reports and certifications as the City are required to file with the Trustee thereunder.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it is not assured to its satisfaction that the repayment of such funds or indemnity satisfactory to it against such risk or liability is reasonably assured to it.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys and the Trustee shall not be responsible for any acts, omissions, misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(i) Whether or not therein expressly so provided, every provision of this Indenture and the Lease Agreement relating to the conduct or affecting the liability of or affording protection

to the Trustee shall be subject to the provisions of Section 8.01(a), this Section 8.03 and Section 8.04 hereof.

(j) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any proceeds of the Bonds or moneys which shall be released or withdrawn in accordance with the provisions hereof.

(k) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or the City of the Leased Property. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential damages of any kind whatsoever (including, but not limited to, loss of profit) in connection with or arising from the Lease Agreement or this Indenture for the existence, furnishing or use of the Leased Property irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) Except to the extent that information was provided by the Trustee, the Trustee shall have no responsibility or liability with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The rights, privileges, protections, benefits and indemnities extended to the Trustee also extend to its directors, officers, employees and agents acting in each of the Trustee's capacities hereunder. The rights, protections, privileges, benefits and indemnities of the Trustee herein shall also apply to the Trustee when acting under the Lease Agreement or the Site and Facility Lease.

(n) The Trustee may become the owner or pledgee of any Bonds with the same rights it would have if it were not Trustee.

(o) 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 delay in the performance of such obligations due to unforeseeable causes directly or indirectly beyond its control, including, but not limited to, acts of God or nuclear or natural catastrophes or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, accidents, acts of war, civil or military disturbances, pandemics, epidemics, quarantine restrictions, recognized public emergencies, strikes, work stoppages, 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 Leased Property, malicious mischief, condemnation, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access, 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.

(p) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, similar unsecured

electronic methods or another method or system specified by the Trustee as available for use in connection with its services hereunder.); provided, however, that the City and/or the Authority, as applicable, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City and/or the Authority, as applicable, whenever a person is to be added or deleted from the listing. If the City and/or the Authority, as applicable, elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City and the Authority understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City and the Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City, the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City and/or the Authority, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City and the Authority agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City and/or the Authority, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(q) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

Delivery of any reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Authority's or City's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Written Certificates). The Trustee shall have no duty to review or make independent investigation with respect to any of the foregoing received by the Trustee, and shall hold the same solely as repository.

In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform, on their face, to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts

stated therein). The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

Section 8.04. Right to Rely on Documents. The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, facsimile, e-mail, resolution, request, requisition, consent, direction, instrument, statement, order, certificate, report, opinion, bonds or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel of its selection, who may be counsel of or to the Authority, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

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 Written Certificate, Written Request or Written Requisition of the Authority or the City, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken, omitted or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, 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 deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained by the Trustee and shall be subject at all reasonable times to the inspection of the Authority, the City and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions upon reasonable prior notice.

Section 8.06. Compensation and Indemnification. The Authority shall pay to the Trustee from time to time compensation agreed to in writing for all services rendered under this Indenture and also all fees, expenses, advances and disbursements (including fees and expenses of counsel), incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify, defend and hold harmless the Trustee against any loss, liability, suit, cost, claim, judgment, damages, tax or expense (including legal fees and expenses) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trust or trusts of this Indenture, under the Site and Facility Lease, the Lease Agreement, or any other document or transaction contemplated in connection herewith or therewith including costs and expenses of enforcing the provisions of this Indenture (including this Section), the Site and facility Lease and the Lease Agreement against the Company or the City and defending itself against any claim or liability (whether asserted by the Authority, the City, any Owner or any other person) in connection with the exercise or performance of any of its powers hereunder. As security for the performance of the obligations of the Authority under this Section 8.06 to the Trustee, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of or interest on particular Bonds.

The Trustee shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Authority shall pay the fees and expenses of such separate counsel. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture. When the Trustee incurs fees or expenses or renders services after the occurrence of an Event of Default, such fees or expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, 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 (ii) reduce the aforesaid 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 this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Series A Bonds to remain excludable from gross income of the Owners under the Code; or

(v) to issue Additional Bonds.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture, that such Supplemental Indenture is the legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income of the Owners for purposes of federal income taxes of interest on the Series A Bonds.

(e) Written notice of any amendment or modification made pursuant to this Section 9.01 shall be given by the Authority to any rating agency then rating the Bonds prior to the effective date of such amendment or modification.

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Bonds or either series may be paid 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 paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, Defeasance Obligations in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Bonds.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture (except its obligations under Section 8.06 hereof) with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (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 maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal, interest and premium (if any) with respect to such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above). The Authority shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Defeasance Obligations deposited pursuant to Section 10.03(b) or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Owners of Outstanding Bonds.

Section 10.04. Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture and without liability for interest thereon, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the City as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Authority with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

PROVISIONS RELATING TO THE MUNICIPAL BOND INSURER AND THE MUNICIPAL BOND INSURANCE POLICY

Notwithstanding anything to the contrary set forth in this Indenture, the provisions of this Article XI shall govern and such provisions shall not be amended without the prior written consent of the Municipal Bond Insurer.

Section 11.01. Notices and Other Information.

(a) Any notice that is required to be given to an Owner, nationally recognized municipal securities information repositories or state information depositories pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee pursuant to this Indenture or the Lease Agreement shall also be provided to the Municipal Bond Insurer, simultaneously with the sending of such notices. In addition, all information furnished by the City pursuant to the Continuing Disclosure Certificate shall also be provided to the Municipal Bond Insurer, simultaneously with the furnishing of such information. All notices required to be given to the Municipal Bond Insurer shall be in writing and shall be sent by registered or certified mail addressed to _____. If such communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel of the Municipal Bond Insurer and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) The Municipal Bond Insurer shall have the right to receive such additional information as it may reasonably request.

(c) The Authority will permit the Municipal Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Municipal Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority, and the Authority will use best efforts to enable the Municipal Bond Insurer to have access to the facilities, books and records of the Authority on any Business Day upon reasonable prior notice.

(d) The Trustee shall notify the Municipal Bond Insurer of any failure of the Authority or the Authority to provide notices, certificates and other information required to be provided under the Indenture or the Lease Agreement.

Section 11.02. Defeasance. To accomplish defeasance, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Municipal Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Municipal Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under this Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Trustee and the Municipal Bond Insurer. The Municipal Bond Insurer shall be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

Amounts paid by the Municipal Bond Insurer under the Municipal Bond Insurance Policies shall not be deemed paid for purposes of this Indenture and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with this Indenture. This Indenture shall not be discharged unless all amounts due or to become due to the Municipal Bond Insurer have been paid in full or duly provided for.

Section 11.03. Trustee-Related Provisions.

(a) The Municipal Bond Insurer shall receive prior written notice of the resignation, removal or termination of the Trustee.

(b) No resignation, removal or termination of the Trustee shall take effect until a successor, acceptable to the Municipal Bond Insurer, shall be appointed.

(c) The Trustee may be removed at any time at the request of the Municipal Bond Insurer for any breach of its obligations under the Indenture.

Section 11.04. Amendments and Supplements.

(a) With respect to amendments or supplements to this Indenture which do not require the consent of the Owners, the Municipal Bond Insurer must be given prior written notice of any such amendments or supplements.

(b) With respect to amendments or supplements to this Indenture or the Lease Agreement which do require the consent of the Owners, the Municipal Bond Insurer's prior written consent is required.

(c) Neither the Site and Facility Lease nor the Lease Agreement may be amended or supplemented without the prior written consent of the Municipal Bond Insurer, except for the issuance of additional bonds In accordance with the provisions of this Indenture.

(d) Copies of any amendments or supplements to this Indenture or the Lease Agreement which are consented to by the Municipal Bond Insurer shall be sent to the rating agencies that have assigned a rating to the Bonds.

(e) Notwithstanding any other provision of this Indenture or the Lease Agreement, in determining whether the rights of Owners will be adversely affected by any action taken pursuant to the terms and provisions thereof, the Trustee shall consider the effect on the Owners as if there were no Municipal Bond Insurance Policies.

Section 11.05. The Municipal Bond Insurer as Third Party Beneficiary. To the extent that this Indenture or the Lease Agreement confer upon or give or grant to the Municipal Bond Insurer any right, remedy or claim under or by reason of the Indenture or the Lease Agreement, the Municipal Bond Insurer is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 11.06. Control Rights.

(a) The Municipal Bond Insurer shall be deemed to be the sole holder of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners are entitled to take pursuant the provisions of this Indenture. pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Indenture and each Bond, the Trustee and each Owner appoint the Municipal Bond Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority or the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner delegate and assign to the Municipal Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such insolvency Proceeding. Remedies granted to the Owners shall expressly include mandamus.

(b) The rights granted to the Municipal Bond Insurer under the Lease Agreement and/or this Indenture to request, consent to or direct any action are rights granted to the Municipal Bond Insurer in consideration of its issuance of the Municipal Bond Insurance Policies. Any exercise by the Municipal Bond Insurer of such rights is merely an exercise of the Municipal Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Municipal Bond Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Municipal Bond Insurer.

Section 11.07. Consent Rights of the Municipal Bond Insurer.

(a) *Consent of the Municipal Bond Insurer.* Any provision of this Indenture or the Lease Agreement expressly recognizing or granting rights in or to the Municipal Bond Insurer may not be amended in any manner that affects the rights of the Municipal Bond Insurer hereunder or thereunder without the prior written consent of the Municipal Bond Insurer.

(b) *Consent of the Municipal Bond Insurer in Addition to Owner Consent*. Wherever this Indenture or the Lease Agreement require the consent of Owners, the Municipal Bond Insurer's consent shall also be required.

The rights granted to the Municipal Bond Insurer under this Indenture or the Lease Agreement to request. consent to or direct any action are rights granted to the Municipal Bond Insurer in consideration of its issuance of the Municipal Bond Insurance Policies. Any exercise by the Municipal Bond Insurer of such rights is merely an exercise of the Municipal Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf, of the Owners and such action does not evidence any position of the Municipal Bond Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Municipal Bond Insurer.

Section 11.08. Payment Procedure Under the Municipal Bond Insurance Policies.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal and interest with respect to the Bonds due on such Payment Date, the Trustee shall give notice to the Municipal Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal and interest with respect to the Bonds due on such Payment Date, the Trustee shall make a claim under the Municipal Bond Insurance Policies and give notice to the Municipal Bond Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest with respect to the Bonds and the amount required to pay principal with respect to the Bonds, confirmed in writing to the Municipal Bond Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Bond delivered with the Municipal Bond Insurance Policies.

The Trustee shall designate any portion of payment of principal with respect to the Bonds paid by the Municipal Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owners, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Municipal Bond Insurer, registered in the name of Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Authority with respect to any Bond or the subrogation rights of the Municipal Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Municipal Bond Insurer into the Municipal Bond Insurance Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal with respect to any Bond. The Municipal Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Municipal Bond Insurance Policies, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Municipal Bond Insurance Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Municipal Bond Insurance Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections of this Indenture regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in this Indenture to the contrary, the Authority agrees to pay to the Municipal Bond Insurer (i) a sum equal to the total of all amounts paid by the Municipal Bond Insurer under the Municipal Bond Insurance Policies (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid

by the Municipal Bond Insurer until payment thereof in full, payable to the Municipal Bond Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest with respect to the Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge pf the Revenues and any other amounts held in any fund or account established pursuant to this Indenture (the "Trust Estate") and payable from the Trust Estate on a parity with the Bonds.

Accounts held in the Municipal Bond Insurance Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Municipal Bond Insurance Policy Payments Account following a Payment Date shall promptly be remitted to the Municipal Bond Insurer.

The Municipal Bond Insurer shall, to the extent it makes any payment of principal or interest with respect to the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policies. Each obligation of the Authority to the Municipal Bond Insurer under the Lease Agreement or this Indenture shall survive discharge or termination of the Lease Agreement or this Indenture.

The Municipal Bond Insurer shall be entitled to pay principal or interest with respect to the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policies), whether or not the Municipal Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policies) or a claim upon the Municipal Bond Insurance Policies.

Section 11.09. Reporting Requirements. The Municipal Bond Insurer shall be provided with the following information by the Authority or Trustee, as the case may be:

(a) Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Account Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(b) Notice of any default actually known to the Trustee or the Authority within five Business Days after knowledge thereof;

(c) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(g) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Site and Facility Lease, the Lease Agreement or this Indenture; and

(h) All reports, notices and correspondence to be delivered to Owners under the terms of the Site and Facility Lease, the Lease Agreement or this Indenture.

ARTICLE XI

MISCELLANEOUS

Section 12.01. Liability of Authority Limited to Revenues. None of the Authority, any Authority members, any Board members or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of Revenues. Neither the Authority, its members, the State, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Authority shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the City under the Lease Agreement.

Section 12.02. Limitation of Rights to Parties and Bond 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, the City 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 Trustee, the City, the Authority and the Owners of the Bonds.

Section 12.03. Funds and Accounts. Any fund or account 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 and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, 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 necessary to perform its obligations hereunder. The Trustee shall deliver a monthly accounting to the Authority of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that has had no activity since the last reporting date and that has a balance of zero.

Section 12.04. Waiver of Notice; Requirement of Mailed 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. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 12.05. Disposal of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, cancel and dispose of such Bonds in accordance with its then-customary practices as may be allowed by law, and at the written request of the Authority the Trustee shall deliver a certificate of such disposal to the Authority.

Section 12.06. 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 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 Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 12.07. Notices. All written notices to be given under this Indenture shall be given by first class 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 shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by phone, (b) after deposit in the United States mail, postage prepaid, upon receipt, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

To the Authority:	Palmdale Financing Authority c/o City of Palmdale 38300 Sierra Highway, Suite A Palmdale, CA 93550 Attention: City Manager
If to the City:	City of Palmdale 38300 Sierra Highway, Suite A Palmdale, CA 93550 Attention: City Manager
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust
If to the Municipal Bond Insurer:	 Attention: Re: Series A Municipal Bond Insurance Policy No. ____ Re: Series B Municipal Bond Insurance Policy No. ____ Re: Reserve Policy No. ____ Phone: (212) ___-____

The City, the Authority, the Municipal Bond Insurer and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 12.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond 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, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section 12.08.

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 Bonds shall be proved by the Registration Books.

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 upon the registration of transfer thereof or 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 12.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination (unless 100% of the Bonds are so owned). Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 12.09 if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Upon request, the Authority or the City shall specify to the Trustee those Bonds disqualified pursuant to this Section 12.09. The Trustee may conclusively rely on such representation of the Authority and the City.

Section 12.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal 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 10.04 hereof but without any liability for interest thereon.

Section 12.11. Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest or premium (if any) 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 Board member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 12.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the City, 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 City, 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 12.13. 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. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 12.14. Governing Law. This Indenture and the Bonds are contracts made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State.

Section 12.15. U.S.A. Patriot Act. The Authority and the City acknowledge that in accordance with section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The Authority and the City agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

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IN WITNESS WHEREOF, the PALMDALE FINANCING AUTHORITY has caused this Indenture to be signed in its name by its duly Authorized Representative and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

PALMDALE FINANCING AUTHORITY

By _____
Name _____
Title _____

APPROVED AS TO FORM:

_____
William P. Curley III
Interim City Attorney

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

EXHIBIT A

FORM OF SERIES A BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

PALMDALE FINANCING AUTHORITY
Lease Revenue Bonds, Series 2023A

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	June 1, ____	November 29, 2023	___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The PALMDALE FINANCING AUTHORITY, a duly constituted joint exercise of powers agency under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before May 15, 2024, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate specified above, payable semiannually on June 1 and December 1 in each year, commencing June 1, 2024, (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the designated corporate trust office (the "Office") of U.S. Bank Trust Company, National Association, as trustee (the "Trustee") or such other place as designated by the Trustee. Interest hereon is payable by check on the Interest Payment Date of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee at least five days prior to such Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds (hereinafter defined), by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is not a debt of the City of Palmdale, California (the "City"), Los Angeles County, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined).

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "Bonds"), in an aggregate principal amount of _____ dollars ($_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law"), and pursuant to an Indenture of Trust, dated as of November 1, 2023, by and between the Authority and the Trustee (the "Indenture"), and a resolution of the Authority adopted on October 19, 2023, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued to (a) finance the cost of the Governmental Freeway Property and the Governmental Property and the refunding of the 2012 Bonds (all a described in the Indenture), and (b) pay costs of issuance of the Bonds.

This Bond and the interest and premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are limited obligations of the Authority, and are payable from, and are secured by a charge and lien on the Revenues as defined in the Indenture, consisting primarily of payments by the City under the Lease Agreement. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, 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.

The Bonds maturing on or before June 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after June 1, ____, are subject to redemption at the option of the Authority as a whole, or in part in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, in inverse order of maturity, on any date on or after June 1, ____, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on June 1, ____ (the "Term Bonds"), are also subject to mandatory sinking fund redemption in part by lot on June 1, ___, and on each June 1 thereafter, to and including June 1, ____, from Sinking Account payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however,* that if some but not all of the Term Bonds have been optionally redeemed, the total amount of all future Sinking Account payments will be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a *pro rata* basis in integral multiples of $5,000 as determined by the Authority (notice of which determination shall be given by the Authority to the Trustee).

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed

†Maturity

In lieu of redemption of Term Bonds, amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Authority, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following June 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Authority and surrendered to the Trustee for cancellation in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following June 1.

The Bonds are also be subject to redemption as a whole, or in part on a *pro rata* basis among maturities, on any date, to the extent the Trustee has received title or hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Leased Property of the City damaged or destroyed and elected by the City, to be used for such purpose, at a redemption price equal to one hundred percent (100%) the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or 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 DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the other laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any other laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Palmdale Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director as of the Original Issue Date specified above.

PALMDALE FINANCING AUTHORITY

By _____
Executive Director

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

_____

_____

_____

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

_____

_____

attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

_____

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

STATEMENT OF INSURANCE

[TO COME]

EXHIBIT B

FORM OF SERIES B BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

PALMDALE FINANCING AUTHORITY
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	June 1, ____	November 29, 2023	___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The PALMDALE FINANCING AUTHORITY, a duly constituted joint exercise of powers agency under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before May 15, 2024, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate specified above, payable semiannually on June 1 and December 1 in each year, commencing June 1, 2024, (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Office") of U.S. Bank Trust Company, National Association, as trustee (the "Trustee") or such other place as designated by the Trustee. Interest hereon is payable by check on the Interest Payment Date of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee at least five days prior to such Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds (hereinafter defined), by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is not a debt of the City of Palmdale, California (the "City"), Los Angeles County, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined).

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "Bonds"), in an aggregate principal amount of _____ dollars ($_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law"), and pursuant to an Indenture of Trust, dated as of November 1, 2023, by and between the Authority and the Trustee (the "Indenture"), and a resolution of the Authority adopted on October 19, 2023, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are being issued to (a) finance the cost of the Non-Governmental Freeway Property and the Economic Development Projects (all as Described in the Indenture), and (b) pay costs of issuance of the Bonds.

This Bond and the interest and premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are limited obligations of the Authority, and are payable from, and are secured by a charge and lien on the Revenues as defined in the Indenture, consisting primarily of payments by the City under the Lease Agreement. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, 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.

The Bonds maturing on or before June 1, ____, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after June 1, ____, are subject to redemption at the option of the Authority as a whole, or in part in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, in inverse order of maturity, on any date on or after June 1, ____, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on June 1, ____ (the "Term Bonds"), are also subject to mandatory sinking fund redemption in part by lot on June 1, ___, and on each June 1 thereafter, to and including June 1, ____, from Sinking Account payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however,* that if some but not all of the Term Bonds have been optionally redeemed, the total amount of all future Sinking Account payments will be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a *pro rata* basis in integral multiples of $5,000 as determined by the Authority (notice of which determination shall be given by the Authority to the Trustee).

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed

†Maturity

In lieu of redemption of Term Bonds, amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Authority, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following June 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Authority and surrendered to the Trustee for cancellation in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following June 1.

The Bonds are also be subject to redemption as a whole, or in part on a *pro rata* basis among maturities, on any date, to the extent the Trustee has received title or hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Leased Property of the City damaged or destroyed and elected by the City, to be used for such purpose, at a redemption price equal to one hundred percent (100%) the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or 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 DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the other laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any other laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Palmdale Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director as of the Original Issue Date specified above.

PALMDALE FINANCING AUTHORITY

By _____
Executive Director

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

_____

_____

_____

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

_____

_____

attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

_____

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

STATEMENT OF INSURANCE

[TO COME]

Exhibit C

Agreement for Legal Services
(A-8556)

Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023A

Palmdale Financing Authority
(Los Angeles County, California)
Lease Revenue Bonds, Series 2023B
(Federally Taxable)

THIS AGREEMENT FOR LEGAL SERVICES is made and entered into this _____ day of _____, 2023, by and between the CITY OF PALMDALE (the "City"), and QUINT & THIMMIG LLP, Larkspur, California ("Attorneys").

W I T N E S S E T H :

WHEREAS, the City proposes to:

(a) finance the cost of the acquisition of approximately 56 acres of real property, of which 50% (the "Governmental Freeway Property"), will be used for governmental purposes of the City and of which 50% (the "Non-Governmental Freeway Property") is expected to be sold for development,

(b) finance the cost of the acquisition of approximately 649 acres of real property which will be used for governmental purposes of the City (the "Ritter Property" and, with the Governmental Freeway Property and the Non- Governmental Freeway Property, the "Acquired Property"),

(c) finance the cost of renovations to the Antelope Valley Mall in the City (the "Mall Renovations"), and

(d) refund the outstanding Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Refunding Bonds, Series 2012 (the "2012 Bonds");

WHEREAS, it is proposed that the cost of the Governmental Freeway Property, the Ritter Property and the refunding of the 2012 Bonds will be financed from the proceeds of

Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023A (the "2023A Bonds"), to be issued by the Palmdale Financing Authority (the "Authority") pursuant to the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law"), and pursuant to the terms of an indenture of trust, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (A-8549) (the "Indenture"), and that the cost of the Non-Governmental Freeway and the Mall Renovations will be financed from the proceeds of Palmdale Financing Authority (Los Angeles County, California) Lease Revenue Bonds, Series 2023B (Federally Taxable) (the "2023B Bonds" and, with the 2023A Bonds, the "Bonds"), to be issued by the Authority pursuant to the provisions of the Bond Law and the Indenture;

WHEREAS, the City requires the services of bond counsel and disclosure counsel in connection with the authorization, issuance and sale of the Bonds;

WHEREAS, the City has determined that Attorneys are qualified by training and experience to perform the services of bond counsel and disclosure counsel, and Attorneys are willing to provide such services; and

WHEREAS, the public interest, economy and general welfare will be served by this Agreement for Legal Services;

NOW, THEREFORE, IT IS HEREBY AGREED, as follows:

Section 1. Duties of Attorneys.

A. Attorneys shall provide legal services, as *bond counsel*, in connection with the authorization, issuance and consummation of the financing proceedings relating to the Bonds. Such services shall include the following:

(a) Consult and cooperate with officials of the City, City legal counsel, financing consultants, underwriters and other consultants, staff and employees of the City, and assisting such consultants, staff and employees in the formulation of coordinated financial and legal proceedings;

(b) Attend all meetings of the City at which the financing is to be discussed, as deemed necessary by for the proper planning of the financing proceedings or when specifically requested to attend;

(c) Prepare any required indentures, ordinances and all resolutions, notices and legal documents necessary for the proper conduct of the financing proceedings;

(d) Review all financial documents for legal sufficiency;

(e) Review, without undertaking an independent investigation, any official statement or other disclosure document prepared in connection with the financing proceedings to assure correctness of disclosure relating to the legal documents;

(f) Prepare and provide a signature and no-litigation certificate, an arbitrage certificate and any and all other closing documents required to accompany delivery of the securities;

(g) Prepare and provide a complete transcript of the proceedings necessary to accompany delivery of the securities;

(h) Subject to the completion of proceedings provide a legal opinion that (if tax-exempt) the interest due with respect to the securities is excluded from gross income for purposes of federal income taxation and that such interest is exempt from California personal income taxation;

(i) Subject to the completion of proceedings, provide a legal opinion approving in all regards the legality of all proceedings relating to the securities;

(j) Confer and consult with the City officials and agents with regard to problems which may arise during the servicing and payment of principal of and interest on the securities; and

(k) Such other and further services as are normally performed by bond counsel in connection with the issuance of securities.

B. Attorneys shall provide legal services, as *disclosure counsel*, in connection with the preparation of the official statement to be used in connection with the offering and sale of the Bonds (the "Official Statement"), the continuing disclosure certificate and the bond purchase agreement between the City and the underwriter of the Bonds. Such services shall include the following:

(a) Review the Official Statement (both preliminary and final) prepared by the City's municipal advisor in connection with the offering of the Bonds;

(b) Confer and consult with the officers and administrative staff of the City as to matters relating to the Official Statement;

(c) Attend all meetings of the City and any administrative meetings at which the Official Statement is to be discussed, deemed necessary by Attorneys for the proper exercise of their due diligence with respect to the Official Statement, or when specifically requested by the City to attend;

(d) On behalf of the City, prepare the continuing disclosure certificate in a form which is acceptable to the City and the underwriter of the Bonds;

(e) On behalf of the City, prepare the bond purchase agreement, if required, between the City and the underwriter of the Bonds in a form which are acceptable to the City and the underwriter of the Bonds;

(f) Subject to the completion of proceedings to the satisfaction of Attorneys, provide letters of Attorneys addressed to the City and the underwriter of the Bonds to the effect that, although Attorneys have not undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, in the course of Attorneys participation in the preparation of the Official Statement Attorneys have been in contact with representatives of the City and others concerning the contents of the Official Statement and related matters, and, based upon the foregoing, nothing has come to Attorneys attention to lead Attorneys to believe that the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or

expressions of opinion included therein, and information relating to The Depository Trust Company and its book-entry system, as to which Attorneys need express no view) as of the date of the Official Statement or the date of the closing for the Bonds contain any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 2. Compensation.

(a) For the services set forth under Section 1A. above, Attorneys shall be paid a legal fee, inclusive of all out-of-pocket expenses, based on the following scale:

1% of the first $1,000,000 of principal amount of the Bonds, plus
½% of the next $5,000,000 of principal amount of the Bonds, plus
¼% of the next $15,000,000 of principal amount of the Bonds, plus
⅛% of the remaining principal amount of the Bonds.

(b) For the services set forth under Section 1B, Attorneys shall be paid a fee for each issue of $25,000, inclusive of all out-of-pocket expenses.

Payment of said fees shall be entirely contingent, shall be due and payable upon the delivery of the Bonds and shall be payable solely from the proceeds of the Bonds and from no other funds of the City.

Section 3. Responsibilities of City. The City shall cooperate with Attorneys and shall furnish Attorneys with certified copies of all proceedings taken by the City and deemed necessary by Attorneys to render an opinion on the validity of the Bonds. All costs and expenses incurred incidental to the financing, including the cost and expense of preparing certified copies of proceedings required by Attorneys in connection with the financing, the cost of all printing and publication costs, fees and expenses of parties other than Attorneys, costs and expenses of legal advertising and all other expenses incurred in connection with the financing, shall be paid by the City from the proceeds of the financing and shall not be the responsibility of Attorneys.

Section 4. Non-Legal Services. In performing their services as bond counsel and as disclosure counsel pursuant to this Agreement for Legal Services, it is understood and acknowledged by the City that Attorneys will not be providing financial advisory, placement agent, investment banking or other similar services. It is expected that the City will engage other consultants to provide any such services with respect to the financing.

Section 5. Termination of Agreement. This Agreement for Legal Services may be terminated at any time by the City, with or without cause, upon written notice to Attorneys. In the event of such termination, all finished and unfinished documents shall, at the option of the City, become its property and shall be delivered by Attorneys to the City.

Section 6. Amendment or Modification. No amendment, modification, or other alteration of this Agreement shall be valid unless in writing and signed by both of the parties hereto.

Section 7. Entire Agreement. This Agreement contains the entire agreement of the parties hereto. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

CITY OF PALMDALE

By _____
City Manager

QUINT & THIMMIG LLP

By _____
Brian D. Quint, Partner

AGREEMENT NO. A-8557

CONTRACT FOR MUNICIPAL ADVISOR SERVICES BETWEEN THE CITY OF PALMDALE AND HARRELL & COMPANY ADVISORS, LLC

THIS AGREEMENT is made and entered into this 18th day of October 2023 by and between the City of Palmdale, a body corporate and politic in the State of California (hereinafter called "City") and Harrell & Company Advisors, LLC, a California limited liability company (hereinafter called "Harrell & Co.").

RECITALS

WHEREAS the City, through the Palmdale Financing Authority ("Authority"), proposes to issue series of tax-exempt and taxable lease revenue bonds (the "Transaction") for the purpose of refinancing an outstanding lease revenue bond by the Authority and to raise funds for land acquisition and other economic development projects; and

WHEREAS the City requires assistance from a municipal advisor in the development of a sound and practical financing plan to implement the Transaction; and

WHEREAS Harrell & Co. represents it is qualified to perform the services under this contract; and

WHEREAS the City Manager is authorized to enter into this Agreement on behalf of the City,

NOW, THEREFORE, AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, it is mutually agreed between the parties as follows:

APPOINTMENT OF HARRELL & COMPANY

The City hereby appoints and designates Harrell & Co. as its municipal advisor for the purpose of assisting the City in the preparation and execution of the Transaction. Harrell & Co. represents and warrants that it is duly qualified to perform the services under this contract.

MUNICIPAL ADVISOR DISCLOSURES

In connection with the services described herein, certain disclosures are required by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board regarding municipal advisors. These disclosures are attached hereto as Exhibit A.

SCOPE OF SERVICES

Harrell & Co. will be responsible for performing the following:

1. Financial Assessment. Calculate financing schedules for each project component, taking into account existing debt and potential Measure AV as a source of funding.

2. Financing Schedule. Develop and monitor the schedule of activities during the Transaction to assist the City in meeting agenda deadlines and public notice requirements.

3. Document Review. Review and comment on all legal documents prepared by the City's bond counsel to ensure conformance with the financing structure.

4. Fee Proposals. Request fee proposal from the City's underwriter.

5. Disclosure Issues. Provide technical support in defining disclosure issues necessary to meet SEC guidelines.

6. Official Statement. Prepare the preliminary and final official statements in connection with the Transaction. Work closely with the disclosure counsel to make sure all relevant financial information on the City and the Leased Property is included in the official statement. Revise the Preliminary Official Statement for final interest rates and tables related thereto. Arrange for printing and distribution of Final Official Statement within seven business days from the sale date

7. Rating and Insurance Agencies. Submit documentation, conduct negotiations and attend meetings with rating agencies and bond insurance companies as may be required.

8. Timing of Sale. Advise the City of market movements, trends and developments and make recommendations as to the timing of the sale of the financing.

9. Pricing. Advise the City on the propriety of the underwriter's proposed pricing and compensation relative to the current market conditions. Negotiate with the underwriter to provide the lowest available rates and costs to the City. Provide a pricing analysis and comparison of the transaction with other recent sales of comparable credit quality, or review and comment on similar data provided by the underwriter. Revise cash flows for final pricing information and arrange for the SLGS order for bond defeasance escrow, if required.

10. Bond Closing. Review the proposed arrangements for closing of Bonds and delivery of the Bonds, including certificates and representations of other parties.

11. Bond Administration. Advise the City in administration of the financings after closing.

12. Attendance at Meetings. Attend all meetings of the working group and the City Council as required.

COMPENSATION

For services relating to serving as municipal advisor for the Transaction with an estimated par amount of $42 million, Harrell & Co. shall be compensated at closing of the Transaction:

- A fixed fee of $15,000 for preparation of the official statement.
- A fixed fee of $80,000 for all other financial advisory services as described herein
- Out of pocket expenses, if any, not to exceed $1,500.

COST THE RESPONSIBILITY OF THE CITY

The City understands that there are several program costs that are required for completion of the Transaction that shall be the responsibility of the City. These may include the cost of bond counsel, trustees, and of any other experts required for completion of the Transaction.

COOPERATION BY CITY

The City agrees to make available to Harrell & Co. without cost, sufficient copies of the resolutions, and other relevant material pertaining to the Transaction or the City as reasonably may be required from time to time for the prompt and efficient performance by Harrell & Co. of its obligations hereunder.

NOTICES

Notice to Harrell & Co. shall be deemed delivered if sent by certified mail, return receipt requested, to Harrell & Company Advisors, LLC, 13891 Newport Avenue, Suite 145, Tustin, CA 92780. Notices by Harrell & Co to City shall be deemed delivered if sent by certified mail, return receipt requested, to the City Manager, City of Palmdale, 38300 Sierra Highway, Palmdale, CA 93550.

TERM OF THE AGREEMENT

The term of this agreement is a two year period commencing from the date first written above. This agreement may be terminated by either party due to either party's failure to comply to the terms of this agreement, provided that notice must be given not less than 7 days prior to such unilateral termination. In addition, this agreement may be terminated by either party without cause upon 30 days prior notice. In the event of such termination, Harrell & Co. shall be compensated for all reasonable out-of-pocket expenses and for actual time expended (based upon Harrell & Co.'s hourly rate of $300) on behalf of City pursuant to this agreement.

INSURANCE

Harrell & Co. will maintain errors and omissions insurance during the term of the agreement with a combined single limit of at least $1,000,000.

INDEMNIFICATION

Neither party hereto shall be liable for any damages approximately resulting from the negligent or wrongful actions or omissions of the other party, or the other party's employees, agents or contractors performing under this agreement, and each party shall indemnify, defend and save harmless the other party from such damage or liability. It is expressly understood and agreed by City that in performing the duties and activities under this agreement Harrell & Co. is to be acting solely on Harrell & Co.'s own behalf.

ENTIRE AGREEMENT

This Agreement shall constitute the entire agreement between the parties. Any amendments to or clarification necessary to this agreement shall be in writing and acknowledged by both parties to the agreement.

In witness whereof that the parties hereto have caused this agreement to be executed by their duly authorized officials and representatives as of the day and year above written:

City of Palmdale

By:_____
City Manager

Harrell & Company Advisors, LLC

By: _____

Suzanne Q. Harrell
Managing Director

Exhibit A

Municipal Advisor Disclosures

Harrell & Company Advisors, LLC (Harrell & Co.) is registered as a "municipal advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the United States Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The SEC has approved MSRB Rule G-42 which, among other matters, requires Harrell & Co. to provide the City with information regarding any conflicts of interest that Harrell & Co. may have and with information about where to find Harrell & Co.'s SEC filings on the SEC website.

As a municipal advisor in connection with the execution of the Transaction, Harrell & Co. will owe a fiduciary duty to the City and will carry out its duties in accordance with such duty. Simply put, this means that Harrell & Co. owes the City both a duty of loyalty and a duty of care and that in performing services that Harrell & Co. may undertake in connection with any bond issue, Harrell & Co. will put the needs of the City ahead of its own. This standard of care is higher than that required of other financial services providers such as underwriters.

The fees to be paid by the City to Harrell & Co. are contingent on the successful closing of the Transaction. Although this form of compensation may be customary, it presents a conflict because Harrell & Co. may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the City. In addition, if facts or circumstances arise that could cause the financing to be delayed or fail to close, Harrell & Co. may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing. Harrell & Co. manages and mitigates this conflict primarily by adherence to the fiduciary duty which Harrell & Co. owes to municipal entities such as the City which require Harrell & Co. to put the interests of the City ahead of its own.

Harrell & Co. has determined, after exercising reasonable diligence, that other than described above, it has no known material conflicts of interest that would impair its ability to provide advice to the City in accordance with its fiduciary duty to municipal entity clients such as the City. To the extent any such material conflicts of interest arise after the date of our engagement Harrell & Co. will inform the City of such conflicts as described below.

The City may terminate Harrell & Co.'s services at any time upon written notice as described in this Agreement. Harrell & Co. may withdraw from its representation as Municipal Advisor upon written notice to the City subject to the fiduciary duty described above which may require it to continue to represent the City until an appropriate replacement is identified which will depend on the status of the transaction.

As part of its registration Harrell & Co. is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving us. Pursuant to MSRB Rule G-42, Harrell & Co. is required to disclose any legal or disciplinary event that is material to the City's evaluation of Harrell & Co. or the integrity of its management or advisory personnel. As reflected in Harrell & Co.'s filings with the SEC, Harrell & Co. has determined that no such event exists. Copies of our registration filings with the SEC can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at https://www.sec.gov/edgar/searchedgar/companysearch.html and searching for either "Harrell & Co Advisors" or for our CIK number which is 0001610917.

The MSRB has made available on its website (www.msrb.org) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

OFFICE OF THE CITY MANAGER

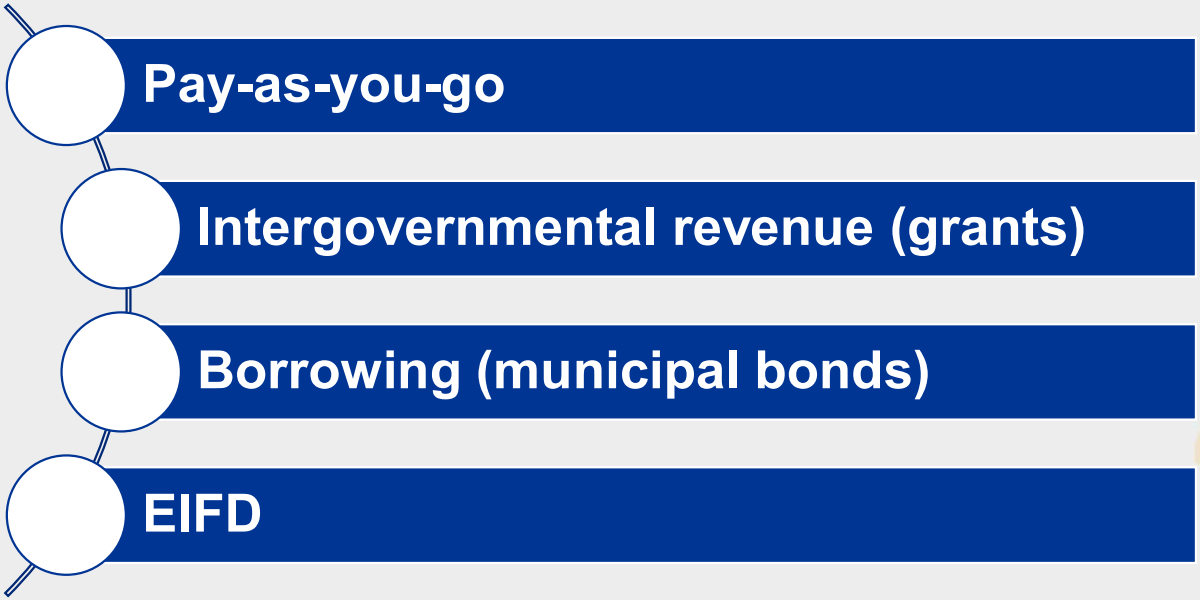
Lease Revenue Bonds Series 2023

City Council Meeting

Wednesday, November 1, 2023

Project Funding Options

City has 4 Options to fund Infrastructure and Other Projects Important to Sustained Economic Growth or Quality of Life



Prioritizing Project Funding and Sources

Developed Project List based on Council Goals

Amounts Needed

Type of Project (Capital or Economic Development)

Timing

Projects Needing Immediate Funding (1-6 months)	Projects With Longer Funding Horizon (12-24 Months)
• Pay-Go • Long-term Financing	• Pay-Go • Grants • Long-term Financing

Immediate Needs (1-6 Months)

- $18 Million Freeway Site Land Acquisition
- $10.8 Million Land Purchase Agreement with Preston Hollow
- $5 Million for Economic Development Projects

Freeway Site Land Acquisition

- Long-Term Financing
  - 50% Taxable Bonds to Provide For Future Property Resale
  - 50% Tax-Exempt Bonds
- 30 Year Bonds
- If a Portion of the Property is Sold, the Proceeds Will be Recycled Into Additional Economic Development Projects Instead of Prepaying Bonds
  - Eliminates Need to Borrow/Repay for Other Projects

Land Purchase Agreement

- Long-Term Financing
  - 100% Tax-Exempt Bonds
- 30 Year Bonds
- Land Purchase Price Will Provide Preston Hollow With Pump Station Funding for the Ritter Ranch Development

Economic Development

- $5 Million Financed
- 100% Taxable Bonds
- 10 Year Bonds
- Will Provide Start-Up Capital for Projects
    - Shorter Repayment to Match Return on Investment

Longer Horizon Needs (12-24 Months)

To be Separately Considered and Approved 2024-2025

Marie Kerr Pool Cover	Dry Town Improvements	Civic Center	Economic Development
• Bond Funding – *20 Years*	• Bond Funding – *20 Years*	• Pay-Go (Insurance) • Grants • Bond Funding – *30 Years*	• Pay-Go • Land Sale Proceeds

2023 Lease Revenue Bonds

	TAX-EXEMPT	TAXABLE	TOTAL
Project Costs	$19,800,000	$14,000,000	$33,800,000
Refunding Escrow	3,800,000	-	3,800,000
Capitalized Interest	2,993,000	490,000	3,483,000
Costs of Issuance	360,000	225,000	585,000
Bond Insurance/Surety	377,000	240,000	617,000
Contingency	23,000	10,000	33,000
	27,353,000	14,965,000	42,318,000
Original Issue Premium	(1,058,000)	-	(1,058,000)
Total Bond Amount	$26,295,000	$14,965,000	$41,260,000

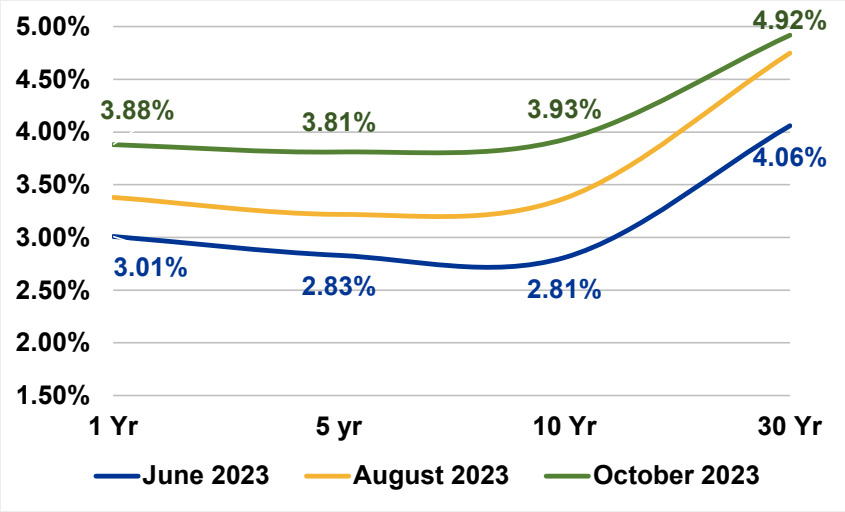
2023 Bond Structure

- Wrap Debt Service Payments for 2023 Bonds Around Existing Debt Service to Minimize Impact in Early Years
- Maintain General Fund Contribution to Debt Service at a Level $2 Million
- Balance of Debt Service Allocated to Measure AV
- City Lease Revenue Bonds Rating Affirmed at A+ with Positive Outlook
- Purchase Bond Insurance
  - Upgrades City's A+ Rating to AA Bond Insurer Rating

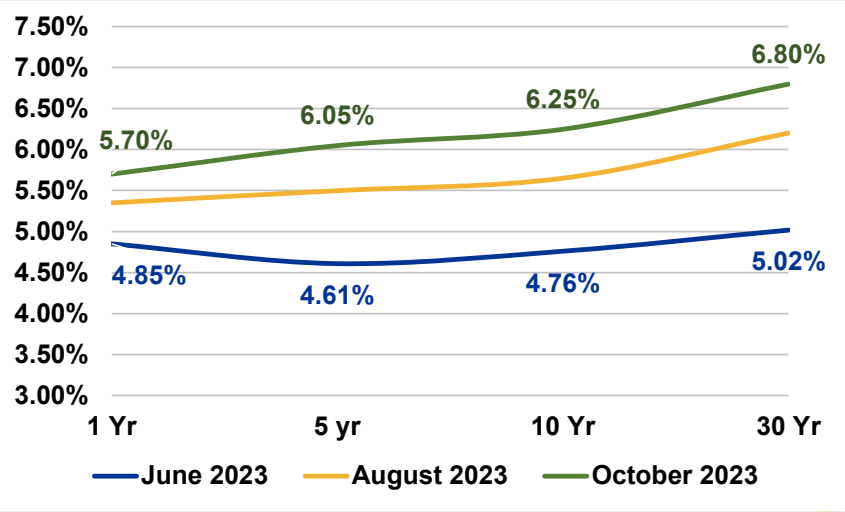
Interest Rates

Current Effective Interest Rate Estimate

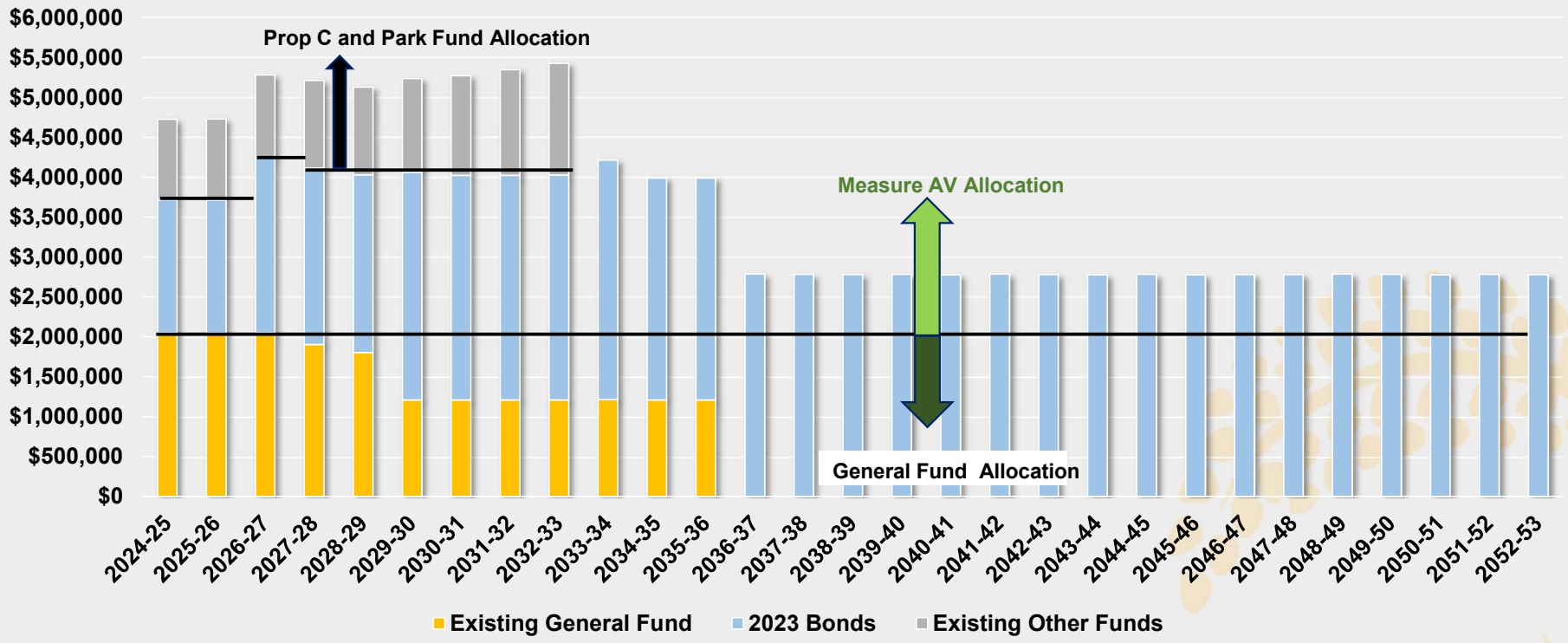
5.14% for Tax-Exempt Series A (Including Cost of Bond Insurance)



6.87% for Taxable Series B (Including Cost of Bond Insurance)



Debt Service Allocation



Recommended Actions

- City Council Opens Public Hearing and Receives Testimony
- City Council Adopts Resolution
  - Approves Form of Legal Documents
  - Approves Form of Preliminary Official Statement (Offering Document)
  - Authorizes Contracts with Bond Consultants
- Financing Authority Adopts Resolution
  - Approves Form of Legal Documents
  - Approves Form of Preliminary Official Statement
  - Authorizes Executive Director to Issue the Bonds Within Parameters

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Laura Bettencourt, Mayor

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: November 1, 2023

During the period October 1, through October 31, 2023, I attended the following meetings and events:

Oct. 3:	Meeting with PWD
Oct. 4:	Regular Council Meeting
Oct. 18:	Regular Council Meeting
Oct. 18:	Meeting with Palmdale Regional Medical
Oct. 21:	Breast Cancer Awareness Walk
Oct. 21:	Children’s Bureau Family Resource Center Grand Opening
Oct. 23:	Red Ribbon Week Fight Fentanyl AV Kick-Off
Oct. 26:	Palmdale’s Dream Village (ACT) Groundbreaking
Oct. 28:	Walk A Mile In Her Shoes
Oct. 29:	Palmdale Sheriff’s Booster Trunk or Treat

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Austin Bishop, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: November 1, 2023

During the period October 1, through October 31, 2023, I attended the following meetings and events:

Oct. 1:	AV Fair & Alfalfa Festival
Oct. 4:	Regular Council Meeting
Oct. 6:	Kaleidoscope After Dark at Palmdale Amphitheater
Oct. 11:	AV Chamber Legislative Update with Tom Lackey
Oct. 13:	Fall Family Movie Nights-Palmdale Amphitheater
Oct. 14:	.308 Industries Ribbon Cutting
Oct.16:	Habitat For Humanity Builders Kick-Off Celebration
Oct. 16:	North County Transportation Corridor JPA Board Meeting
Oct. 16:	PRWA Board Meeting
Oct. 18:	Regular Council Meeting
Oct. 17:	AVAQMD Board Meeting
Oct. 17:	Visit Palmdale Board Meeting
Oct. 19:	Meeting with AV Chambers
Oct. 20:	AV Chambers Ribbon Cutting
Oct. 20:	Family Movie Nights at Palmdale Amphitheater
Oct. 21:	Breast Cancer Awareness Walk
Oct. 21:	Children’s Bureau Family Resource Center Grand Opening

Oct. 23:	Red Ribbon Week Fight Fentanyl AV Kick-Off
Oct. 26:	Palmdale’s Dream Village (ACT) Groundbreaking
Oct. 27:	Marie Kerr Haunted House
Oct. 29:	Palmdale Sheriff’s Booster Trunk or Treat

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Richard Loa, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: November 1, 2023

During the period October 1, through October 31, 2023, I attended the following meetings and events:

Oct. 1:	AV Fair & Alfalfa Festival
Oct. 3:	Meeting with PWD
Oct. 4:	Regular Council Meeting
Oct. 5:	Deputy Clinkunbroomer Memorial Service
Oct. 11:	Plant 42/Edwards Breakfast Meeting
Oct. 11:	NAHREP Educational Event for Homeownership
Oct. 11:	AV Chamber Luncheon Legislative Update with Tom Lackey
Oct.16:	North County Transportation Coalition JPA Board of Directors Meeting
Oct. 18:	Regular Council Meeting
Oct. 19:	High Desert Corridor JPA Board of Directors Meeting
Oct. 23:	Red Ribbon Week Fight Fentanyl AV Kick-Off
Oct. 24:	AVTA Board of Directors Meeting
Oct. 26:	Blue Ribbon Committee on Homelessness North County Sector Elections
Oct. 26:	Edwards Air Force Base Civilian-Military Support Group Banquet
Oct 28:	Walk A Mile In Her Shoes
Oct. 28:	Jacob Taylor Plaque Dedication Ceremony at Marie Kerr

Oct. 29:	Palmdale Sheriff’s Booster Trunk or Treat
Oct. 29:	Victory Outreach Palmdale 20 Years of Service Pastor Mike and Ribbon Cutting

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Eric Ohlsen, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: November 1, 2023

During the period October 1, through October 31, 2023, I attended the following meetings and events:

Oct. 1:	AV Fair & Alfalfa Festival
Oct. 4:	Regular Council Meeting
Oct. 6:	Kaleidoscope After Dark at Palmdale Amphitheater
Oct. 11:	Plant 42/Edwards Breakfast Meeting
Oct. 11:	NAHREP Educational Event for Homeownership
Oct. 13:	Howl-O-Ween at Yellen Dog Park
Oct.16:	Habitat For Humanity Builders Kick-Off Celebration
Oct. 18:	Regular Council Meeting
Oct. 19:	High Desert Corridor JPA Board of Directors Meeting
Oct. 20:	AV Chambers Ribbon Cutting
Oct. 20:	AV BOGA Retirement Party
Oct. 21:	Children’s Bureau Family Resource Center Grand Opening
Oct. 23:	Red Ribbon Week Fight Fentanyl AV Kick-Off
Oct. 24:	AVTA Board Meeting
Oct. 26:	Palmdale’s Dream Village (ACT) Groundbreaking

Oct. 26:	Edwards Air Force Base Civilian-Military Support Group Banquet
Oct 28:	Halloween Bike Parade-Yellen Park to Dominic Massari
Oct. 28:	Habitat For Humanity Home Dedication Celebration
Oct. 29:	Palmdale Sheriff’s Booster Trunk or Treat