

Ariana Green

From: Active Transportation Program <inquiry@atpcommunitycorps.org>
Sent: Tuesday, September 15, 2020 10:48 AM
To: Ariana Green
Cc: atp@ccc.ca.gov; Scott Ottmar (sottmar@ci.seaside.ca.us); Leslie Llantero
Subject: Re: ATP Cycle 5 - Broadway Ave Complete Streets Corridor Project

Hi Ariana,

Sal Munoz has indicated that it is not feasible for the corps to assist with this project. Please include this email in your application. Thank you for reaching out to the Local Conservation Corps.

Thank you,

Natalie

On Thu, Aug 27, 2020 at 4:54 PM Ariana Green <ariana@tamcmonterey.org> wrote:

Good Afternoon,

The City of Seaside and Transportation Agency for Monterey County are submitting an Active Transportation Program grant application to complete the Broadway Ave Complete Streets Corridor project. The Broadway Ave Complete Streets Corridor project includes the Environmental, Design, and Construction phases of a 1.25 mile road diet on Broadway Avenue from Fremont Boulevard to General Jim Moore Boulevard. The road diet will transform a 4- lane roadway to a 2-lane roadway with curb extensions, class II bike lanes, roundabouts, and Safe Routes to School improvements including off-set crosswalk, rectangular rapid flashing beacons, and accessibility improvements. The Project will reduce Broadway Avenue to a single lane in each direction between Fremont Boulevard to General Jim Moore Boulevard and continue the road diet from West Broadway (Del Monte Blvd to Fremont Blvd). The project will also include non-infrastructure community engagement and safe routes to school education and encouragement programming.

Please find the following required documents attached:

- ATP Corps Consultation Form
- Project Map
- Project Concepts

Please advise as to the ability of the California Conservation Corps to assist with this work. I'd be happy to answer any questions you have.

Best,
Ariana Green
Senior Transportation Planner
Transportation Agency for Monterey County
cell: 650-575-5025
ariana@tamcmonterey.org

--
Natalie Vergara | Program Associate
Environmental & Energy Consulting
1121 L Street, Suite 309
Sacramento, CA 95814
707-888-8661 (M)
916-720-0331 Direct Fax
inquiry@atpcommunitycorps.org

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Total Control Panel

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FINAL

2018

ROADWAYS



MONTEREY COUNTY
REGIONAL TRANSPORTATION PLAN

MASS TRANSIT



COMPLETE STREETS

CYCLING

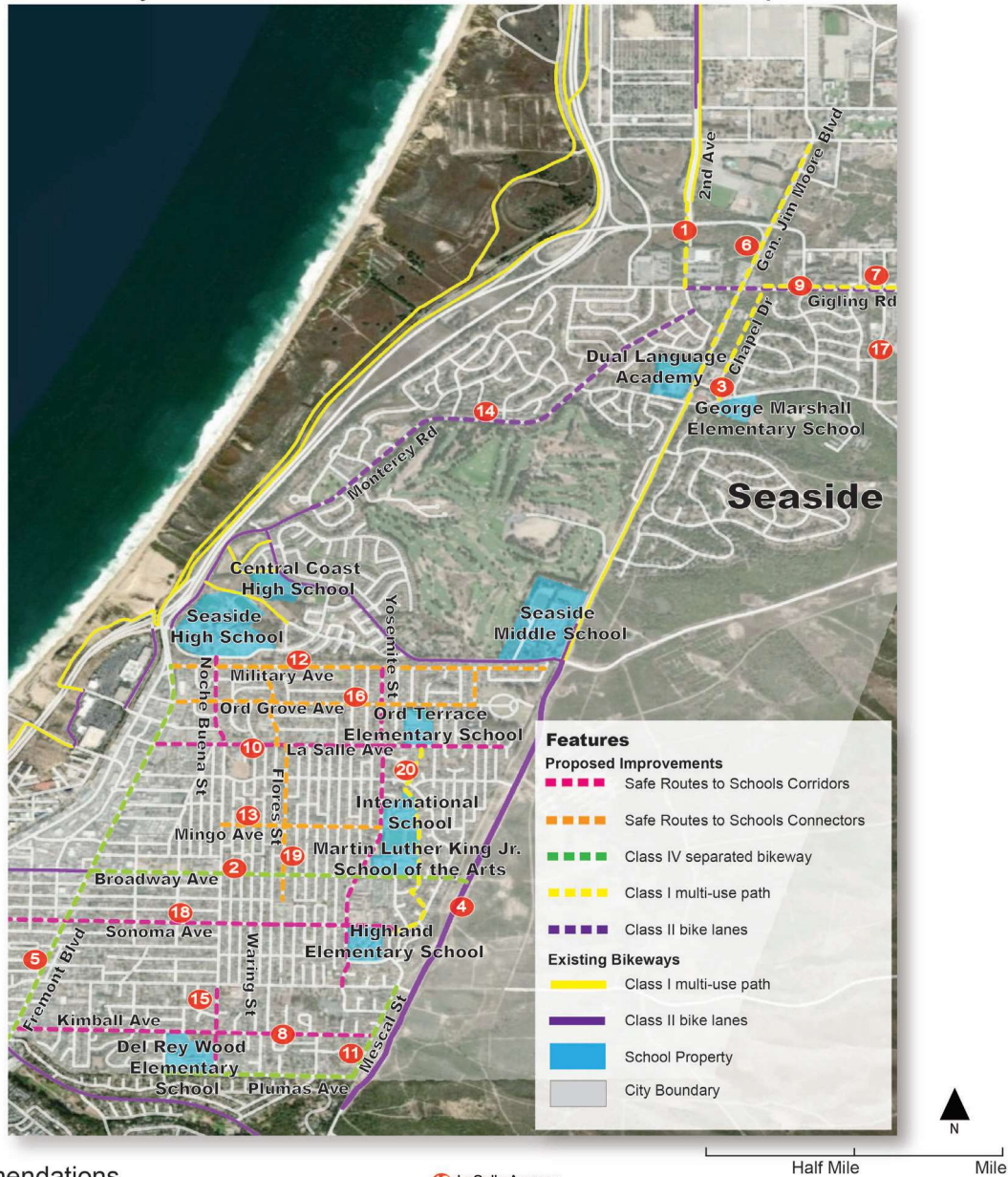


2018 Monterey County Regional Transportation Plan Project List

Regionally Significant Projects (Current Year; \$1,000's)

ID No.	Sponsor	Project Title	Project Description	Total Cost	2020	2035	2040
MON-MST011-MST	MST	Salinas Bus Rapid Transit	Construct Bus Rapid Transit improvements along Alisal Street and North Main Street.	\$20,000		\$20,000	
MON-MST016-MST	MST	South Monterey County Regional Transit Improvements	Increase the frequency of MST service between King City and Salinas .	\$27,500	\$5,000	\$22,500	
MON-MST017-MST	MST	Commuter Bus, Salinas Valley Transit Centers & Vanpools	Build two transit centers in the Salinas Valley (Salinas, King City) and expand commuter bus and vanpool service.	\$25,000	\$5,000	\$20,000	
MON-TAMC003-TAMC	TAMC	Rail Extension to Monterey County	Extends existing rail service from San Jose to Salinas and constructs station improvements in Gilroy, Pajaro, Castroville and Salinas. Kickstart phase to be completed by 2020 will establish stops in Gilroy and Salinas with limited Salinas station improvements.	\$135,710	\$68,025	\$67,685	
MON-TAMC004-TAMC	TAMC	Coast Rail Service	Establishes once daily rail service between downtown San Francisco and downtown Los Angeles with stops in Salinas, Soledad and King City.	\$500	\$500		
MON-TAMC009-TAMC	TAMC	Habitat Preservation/Advance Mitigation	Countywide Habitat Preservation/Advance Mitigation for projects	\$5,000	\$1,000	\$4,000	
MON-TAMC010-TAMC	TAMC	Safe Routes to School	Projects and programs that promote safe walking, bicycling and rides to schools, including transportation to Rancho Cielo.	\$20,000	\$2,000	\$8,000	\$10,000
MON-TAMC011-TAMC	TAMC	Senior & Disabled Transportation	Projects and programs to increase transportation for older adults and persons with disabilities.	\$15,000	\$1,500	\$6,000	\$7,500
Subtotal				\$1,463,190	\$167,945	\$1,014,335	\$280,910
Non-Regional Grouped Project Costs (Current Year; \$1,000's)							
Transit							
		Rail and Bus Rapid Transit New Facilities		\$6,086	\$6,086		
		Capital, Rehab & New Facilities		\$315,915	\$50,915	\$86,000	\$179,000
		Operations		\$556,099	\$60,277	\$305,000	\$190,822
		ADA & Mobility Management		\$266,000	\$63,000	\$170,000	\$33,000
		Subtotal		\$1,144,100	\$180,278	\$561,000	\$402,822
Highways							
		Highway Projects		\$15,491	\$3,116	\$12,375	\$0
		Highway Operations, Maintenance and Rehab		\$633,576	\$0	\$478,139	\$155,437
		Subtotal		\$649,067	\$3,116	\$490,514	\$155,437
Local Streets & Roads							
		Capital Expansion		\$221,987	\$6,492	\$93,615	\$121,880
		Operations, Maintenance & Rehab		\$440,421	\$48,266	\$345,580	\$46,575
		Subtotal		\$662,408	\$54,758	\$439,195	\$168,455
Active Transportation, Transportation Demand & System Management							
		Active Transportation		\$156,522	\$20,739	\$96,897	\$38,886
		Transportation Demand Management		\$5,250	\$1,500	\$3,750	
		Transportation Systems Management		\$1,670	\$435	\$1,235	
		Subtotal		\$163,442	\$22,674	\$101,882	\$38,886
Other							
		Airports		\$67,296	\$5,929	\$56,367	\$5,000
		Subtotal		\$67,296	\$5,929	\$56,367	\$5,000
Total				\$4,149,503	\$434,700	\$2,663,293	\$1,051,510

City of Seaside SRTS Recommendations Map



Recommendations

- 1** 2nd Avenue between Gigling Road and existing Class I path just north of Lightfighter Drive:
Install Class I shared-use path.
- 2** Broadway Avenue/Obama Way east of Fremont Boulevard:
Road diet to install protected bikeways or buffered bike lanes. Install protected bikeway on north side of Broadway between Yosemite and Mescal. Study feasibility of Safe Routes to Schools Corridor treatments, especially near school.
- 3** Chapel Drive between Normandy Road and Gigling Road:
Construct FORTAG major spur trail in utility right of way adjacent to Chapel Drive. Consider possible fire station project in final design.
- 4** East Seaside between Highland Elementary and Ord Terrace Elementary:
Explore feasibility of pathway connecting Highland Elementary and Ord Terrace Elementary on City parks, school property and public roadways.
- 5** Fremont Boulevard between Military Avenue and Canyon Del Rey Boulevard:
Study options for enhanced bike facility. If not feasible, install Class II bike lanes and a buffer where possible.
- 6** General Jim Moore Boulevard between Divarty Street and Normandy Road:
Install Class I shared-use path.
- 7** Gigling Road between 6th Division Road and 7th Avenue:
Install Class II bike lanes between 6th Division Road and General Jim Moore, and Class IV bike facility on south side of Gigling Road between General Jim Moore and 7th Avenue.
- 8** Kimball Avenue between Fremont Boulevard and Mescal Street:
Study feasibility of Safe Routes to Schools Corridor treatments, especially near school.
- 9** Gigling Road between General Jim Moore and 7th Avenue:
Install trail crossing at Gigling Road at terminus of FORTAG trail. Construct meandering trail on north side of Gigling Road, per Campus Town development plans.
- 10** LaSalle Avenue:
Study feasibility of Safe Routes to Schools Corridor treatments, especially near school.
- 11** Mescal Street/Plumas Avenue between Hilby Avenue and Tweed Street:
Install separated bikeway. Install sidewalks to close sidewalk gaps.
- 12** Military Avenue:
Study feasibility of Safe Routes to Schools Connector treatments, especially near school.
- 13** Mingo Avenue between Noche Buena and Yosemite:
Study feasibility of Safe Routes to Schools Connector treatments, especially near school.
- 14** Monterey Road between Buna Road and 6th Division Road:
Install Class II bike lanes.
- 15** Noche Buena Street near Seaside High and Del Rey Woods Elementary:
Study feasibility of Safe Routes to Schools Corridor treatments near schools.
- 16** Ord Grove Avenue + Hacienda Street:
Study feasibility of Safe Routes to Schools Connector treatments, especially near school.
- 17** Parker Flats Cut Off Road between Gigling Road and Normandy Road:
Study traffic volumes and consider removing center line and installing advisory bike lanes.
- 18** Sonoma Avenue from Mescal to Canyon Del Rey:
Study feasibility of Safe Routes to Schools Corridor treatments, especially near school.
- 19** Waring Street + Flores Street between Plumas Avenue and Military Avenue:
Study feasibility of Safe Routes to Schools Connector treatments, especially near school.
- 20** Yosemite Street between Military Avenue and Hilby Avenue:
Study feasibility of Safe Routes to Schools Corridor treatments, especially near school. Explore converting Yosemite to 1-way between Mingo and La Salle.





September 11, 2020

Caltrans Division of Local Assistance, MS-1
Attn: Chief, Office of Active Transportation and Special Program
P.O. Box 942874
Sacramento, CA 95814

RE: Support for Broadway Ave Complete Streets Corridor

Dear Active Transportation Program Selection Committee:

I am writing on behalf of the Transportation Agency for Monterey County (TAMC) to express support for the **Broadway Ave Complete Streets Corridor** Active Transportation Program grant application. The Transportation Agency's adopted Monterey County Regional Transportation Plan identifies transportation needs for Monterey County and sets policy goals and objectives for the future of the transportation system. This active transportation project supports the Regional Transportation goals to:

- "Improve the ability of Monterey County residents to meet most daily needs without having to drive. Improve the convenience and quality of trips, especially for walk, bike, transit, car/vanpool, and freight trips";
- "Design, operate, and manage the transportation system to reduce serious injuries and fatalities, promote active living, and lessen exposure to pollution";
- "Protect and enhance the County's built and natural environment. Act to reduce the transportation system's emission of greenhouse gases"; and
- "Reduce disparities in healthy, safe access to key destinations for transportation-disadvantaged populations. Demonstrate that planned investments do not adversely impact transportation-disadvantaged populations".

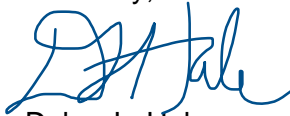
The project will build on the recently completed West Broadway Urban Village development funded through the Active Transportation Program to provide a continuous and safe corridor for bicyclists and pedestrians connecting residents to jobs and shopping on the west end and schools and affordable housing for families and seniors on the east end. The corresponding education and encouragement programming will be crucial to encourage and increase safe bicycling and walking and prevent unsafe behaviors that currently account for the high pedestrian and bicyclist collision rates involving children in our community. This programming will help ensure that students and parents are provided with the opportunity to learn and practice safe walking and biking skills and habits in a safe environment, reduce the amount of traffic surrounding schools, and increase the number of students walking, biking and carpooling to school in Seaside. The project will provide safer bicycling and walking facilities to help reduce our region's greenhouse gas emissions, improve our community's health and enhance quality of life.

The Monterey County Active Transportation Plan (adopted by the Transportation Agency in 2018) and the Seaside & Marina Safe Walking & Biking to School: Complete Street Plan (adopted by the Transportation Agency in February 2020) identified Broadway Ave and Yosemite Ave as important corridors for safe bicycle and pedestrian access to schools, transit and affordable housing. Both plans identify the improvements proposed in the Broadway Ave Complete Streets Corridor project. In addition to physical improvements the Plans call for non-infrastructure education and encouragement programming that will be piloted through the Project and sustained using a portion of the countywide Safe Routes to School program funded through local sales tax Measure X.

Through connections to regional multimodal routes, bus rapid transit, the Fort Ord Regional Trail and Greenway, and Monterey Bay Sanctuary Scenic Trail, the project will provide better opportunities for Seaside residents of all ages to access jobs, the natural environment, and places of higher learning, and will help meet the region's goals of developing a safer multimodal transportation system.

The Transportation Agency supports this important regional active transportation project and asks that you approve the grant request. Thank you for your consideration of this project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Debra L. Hale". The signature is fluid and cursive, with the first name being the most prominent.

Debra L. Hale
Executive Director



Part A1: Applicant Information

Implementing Agency: This agency must enter into a Master Agreement with Caltrans and will be financially and contractually responsible for the delivery of the project within all pertinent Federal and State funding requirements, including being responsible and accountable for the use and expenditure of program funds. This agency is responsible for the accuracy of the technical information provided in the application and is required to sign the application.

LOCODE:	IMPLEMENTING AGENCY'S NAME:
5316	Seaside, City of

IMPLEMENTING AGENCY'S ADDRESS	CITY	ZIP CODE
440 Harcourt Avenue	Seaside	CA 93955

IMPLEMENTING AGENCY'S CONTACT PERSON:	CONTACT PERSON'S TITLE:
Nisha Patel	Director of Public Works

CONTACT PERSON'S PHONE NUMBER:	CONTACT PERSON'S EMAIL ADDRESS :
831-899-6825	npatel@ci.seaside.ca.us

Applicants have the opportunity to insert a project picture, agency seal, or other image on the cover page. If you would like to do this, attach the image (*.jpg, *.bmp, *.png, etc.) by clicking in the box.



MASTER AGREEMENTS (MAs):

Does the Implementing Agency currently have a MA with Caltrans? Yes No

Implementing Agency's Federal Caltrans MA number

Implementing Agency's State Caltrans MA number

* Implementing Agencies that do not currently have a MA with Caltrans, must be able to meet the requirements and enter into an MA with Caltrans prior to funds allocation. The MA approval process can take 6 to 12 months to complete and there is no guarantee the agency will meet the requirements necessary for the State to enter into a MA with the agency. Delays could also result in a failure to meeting the CTC Allocation timeline requirements and the loss of ATP funding.

Project Partnering Agency:

The "Project Partnering Agency" is defined as an agency, other than Implementing Agency, that will assume the responsibilities for the ongoing operations and maintenance of the improved facility. The Implementing Agency must: 1) ensure the Partnering Agency agrees to assume responsibility for the ongoing operations and maintenance of the improved facility, 2) provide documentation of the agreement (e.g., letter of intent) as part of the project application, and 3) ensure a copy of the Memorandum of Understanding or Interagency Agreement between the parties is submitted with the first request for allocation. For these projects, the Project Partnering Agency's information shall be provided below.

Based on the definition above, does this project have a partnering agency? Yes No

PROJECT PARTNERING AGENCY'S NAME:

Monterey County Health Department

PROJECT PARTNERING AGENCY'S CONTACT PERSON:	CONTACT PERSON'S TITLE:
Elsa Jimenez	Director of Health

CONTACT PERSON'S PHONE NUMBER:	CONTACT PERSON'S EMAIL ADDRESS :
831-755-4500	Jimeneze@co.monterey.ca.us

Attach a "letter of intent" or other documentation.



COUNTY OF MONTEREY HEALTH DEPARTMENT

Elsa Jimenez, Director of Health

Administration
Behavioral Health

Clinic Services
Emergency Medical Services
Environmental Health/Animal Services

Public Health
Public Administrator/Public Guardian

Nationally Accredited for Providing Quality Health Services

September 2, 2020

CALTRANS
Division of Local Assistance
Attn: Office of State Programs
1120 N Street, MS 1
Sacramento, CA 95814

RE: Support for Broadway Ave Complete Streets Corridor

Dear Active Transportation Program Selection Committee:

The Monterey County Health Department (MCHD) supports the **Broadway Ave Complete Streets Corridor** grant application proposal. The project will build on the recently completed West Broadway Urban Village development funded through the Active Transportation Program to provide a continuous and safe corridor for bicyclists and pedestrians connecting residents to jobs and affordable housing for families and seniors. MCHD is committed to partnering in the corresponding education and encouragement programming that is crucial to help residents increase safe bicycling and walking, in communities that have higher rates of chronic disease. This programming will help ensure that all students, parents, and seniors are provided with the opportunity to learn and practice safe walking and biking skills in a safe environment and will support improved health outcomes for the residents of Seaside. MCHD has been promoting active transportation for over 20 years and is recognized for the success of our innovative health equity approaches and programs. In addition, we will continue to ensure communities are involved in improving resident awareness of the benefits of and help guide increased walking and biking to school and other community social sites in a safe manner.

MCHD supports this important active transportation project and education program and asks that you approve the grant request. Thank you for your consideration of this project.

With support from the Active Transportation Program (ATP) Cycle 5 grant we will be able to make an impact in this community. We look forward to partnering with TAMC on this project.

Sincerely,

DocuSigned by:

C7A30BA59CA8423
Elsa Jimenez, MPH
Director of Health



Project Vicinity

0 10 20 Mi
0 10 20 Km

APPROXIMATE SCALE OF MAP

Project Area

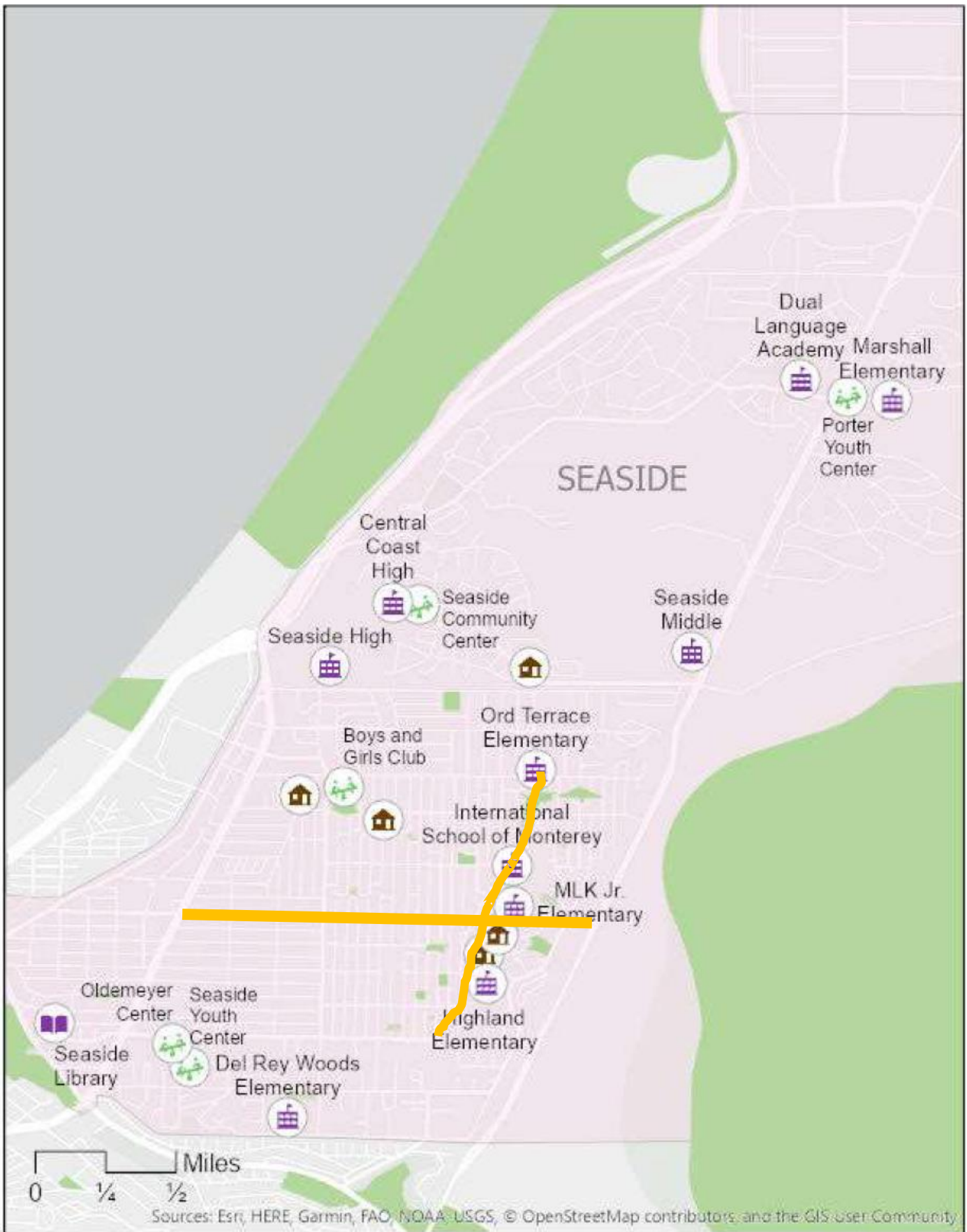


Monterey County

Area of map

CALIFORNIA

PACIFIC OCEAN



 **Broadway Ave Complete Street Corridor Project Area**

ATP Maps & Summary Data

The tool is designed to support the California Active Transportation Program (ATP), as well as active transportation users and practitioners throughout California. The tool utilizes interactive collision maps to allow users to track and document pedestrian and bicycle collisions and generate data summaries within specified project and/or community limits.

Step 1: Select a County/City, Bike/Ped, Severity, and Years

County: Monterey

City: Seaside

Include 1 mile buffer outside of selected County/City: No

Include State Highway Related Collisions: Yes

Involved With: Pedestrian and Bicycle

Collision Severity: Fatal, Severe Injury, Other Visible Injury, and Complaint of Pain

Year: 2008 - 2019

Collision Summary for initial parameters defined above:

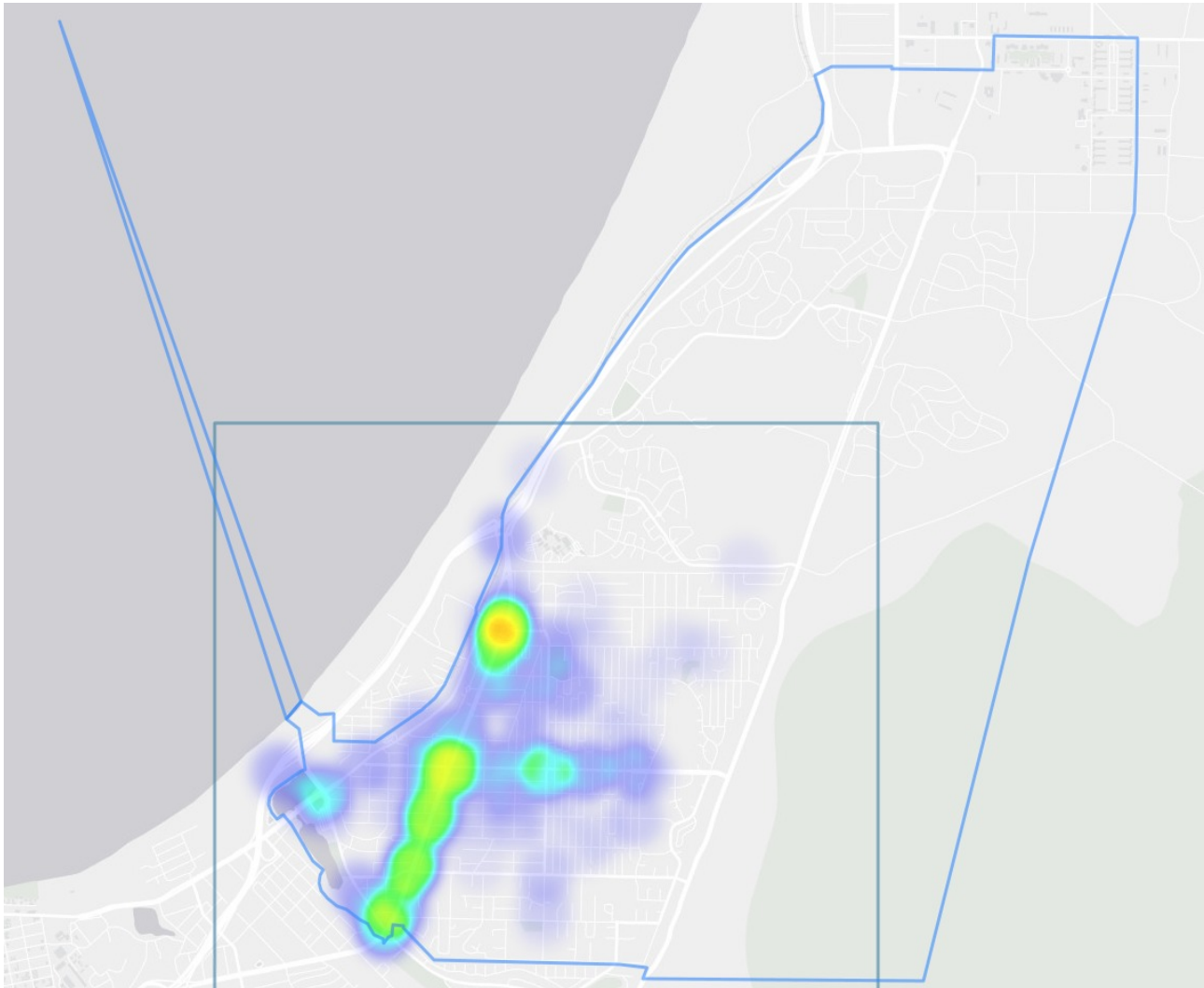
Number of Collisions by Collision Severity

Involved With	Fatal	Severe Injury	Visible Injury	Complaint of Pain	Total
Bicycle	0	3	43	37	83
Pedestrian	3	13	40	48	104

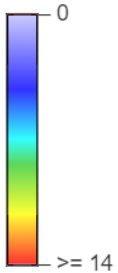
County/City Heat Map:

Step 2: Identify your project area to develop a more localized Community Heat Map

Select the size of your proposed project limits: Less than 3 miles across.



of Collisions



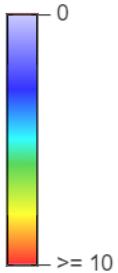
The heat map intensity scale is constant throughout the state.

Community Heat Map:

Step 3: Draw the project boundaries to get detailed collision data summaries and map



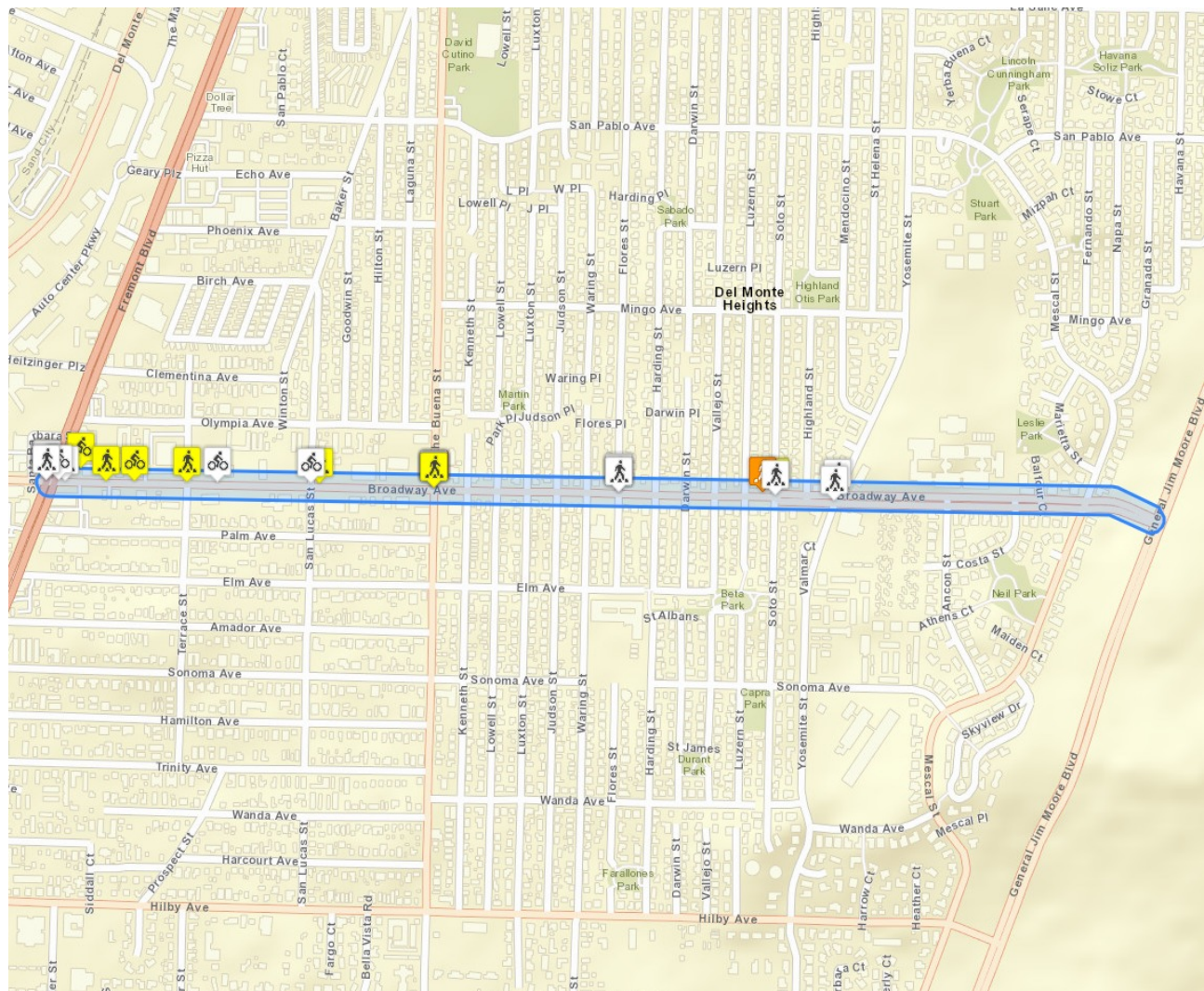
of Collisions



The heat map intensity scale is custom generated for the selected community.

Project Area Collision Map: 26 total collisions.

Step 4: Review the project-specific collision map



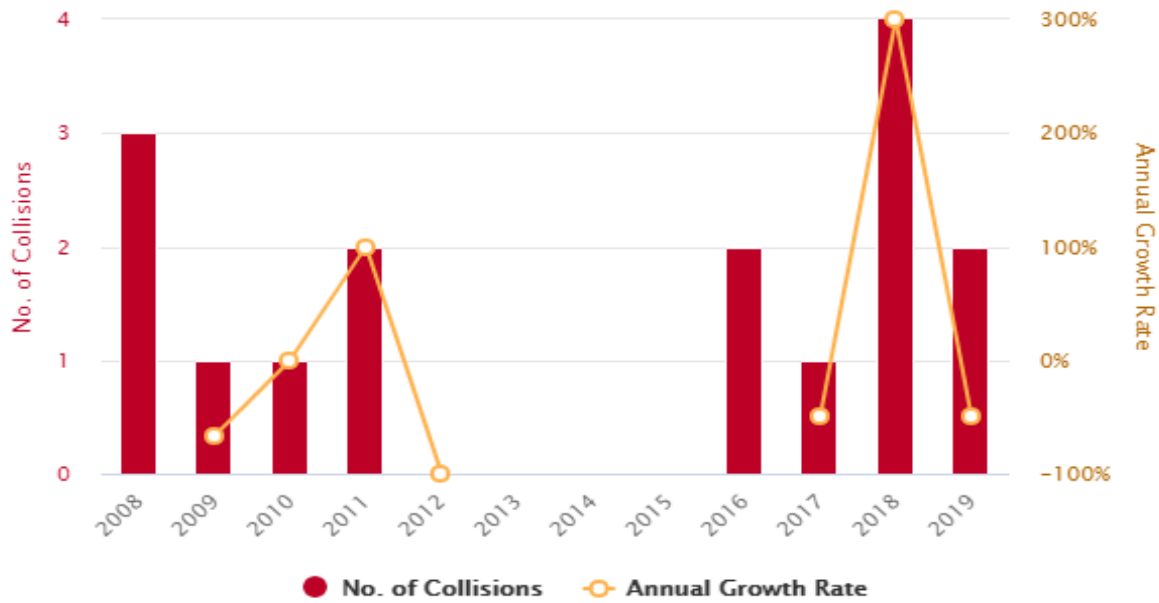
- Collision Severity**
- Fatal
 - Severe Injury
 - Other Visible Injury
 - Complaint of Pain

Step 5: Review the collision summary data, graphs and tables provided.

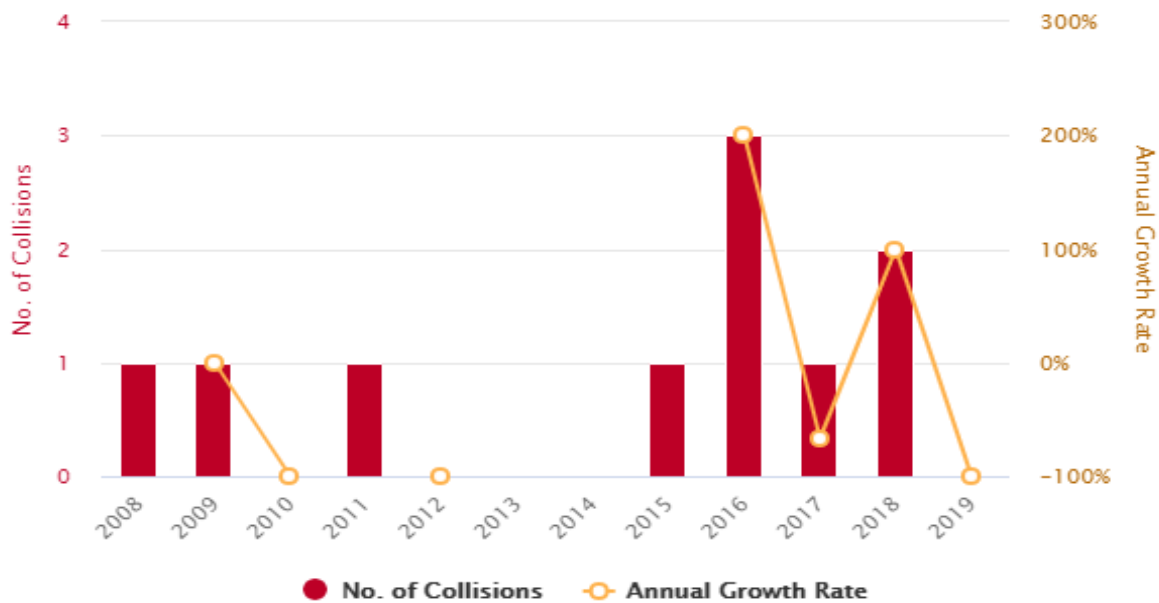
Summary Results

Involved With	Fatal	Severe Injury	Visible Injury	Complaint of Pain	Total
Bicycle	0	0	4	6	10
Pedestrian	0	2	5	9	16

Pedestrian Collisions Annual Growth (N/A)



Bicycle Collisions Annual Growth (N/A)



Collision List

CASE ID	Date	Time	Primary Rd	Secondary Rd	Dist & Dir from Int.	Bike	Ped	Killed	Injured
3964385	09/10/2008	16:30	Fremont Bl	Broadway Av	At Int	No	Yes	0	1
3957551	09/26/2008	19:35	Broadway Av	San Lucas St	54 ft East	No	Yes	0	1
4002044	11/17/2008	16:32	Broadway Av	Yosemite St	At Int	No	Yes	0	1
4019458	12/25/2008	07:40	Broadway Av	Soto St	At Int	Yes	No	0	1
4184084	03/23/2009	07:39	Fremont Bl	Broadway Av	At Int	Yes	No	0	1
4524622	10/28/2009	08:07	Broadway Av	Flores St	At Int	No	Yes	0	1
4572164	01/14/2010	18:10	Broadway Av	Noche Buena	At Int	No	Yes	0	1
5148578	02/01/2011	16:49	Broadway Av	Noche Buena St	8 ft West	No	Yes	0	1
5148629	02/20/2011	22:39	Broadway Av	San Lucas St	At Int	Yes	No	0	1
5379211	10/22/2011	15:23	Broadway Av	Soto St	77 ft West	No	Yes	0	1
7160753	12/31/2015	09:30	Broadway Av	Flores St	At Int	Yes	No	0	1
8067584	03/15/2016	15:03	Broadway Av	Terrace St	316 ft West	Yes	No	0	1
8126980	06/22/2016	20:22	Fremont Bl	Broadway Av	At Int	Yes	No	0	1
8183001	10/06/2016	07:54	Soto St	Broadway Av	At Int	No	Yes	0	1
8182997	10/18/2016	07:48	Broadway Av	Yosemite St	At Int	No	Yes	0	1
8314981	11/17/2016	17:26	Broadway Av	Noche Buena St	At Int	Yes	No	0	1
8481616	09/19/2017	07:45	Broadway Av	Noche Buena St	At Int	No	Yes	0	2
8513457	11/26/2017	15:29	Fremont Bl	Fremont Bl 1600	At Int	Yes	No	0	1
8582905	01/12/2018	06:40	Terrace St	Broadway Av	At Int	No	Yes	0	1
8587297	03/26/2018	20:40	Broadway Av	Fremont Bl	355 ft East	No	Yes	0	1
8720216	09/08/2018	18:07	Noche Buena St	Broadway Av	At Int	No	Yes	0	1
8720966	09/11/2018	16:36	Broadway Av	Terrace St	180 ft East	Yes	No	0	1
8761577	11/06/2018	19:33	Broadway Av	Broadway Av 1000	At Int	No	Yes	0	1
8800311	12/21/2018	17:52	Broadway Av	Fremont Bl	71 ft East	Yes	No	0	1
8827008	02/05/2019	20:15	Broadway Av	Fremont Bl	At Int	No	Yes	0	1
8827012	02/27/2019	07:44	Broadway Av	Flores St	At Int	No	Yes	0	1

SWITRS Query & Map

Result Summary

User Entered Case ID(s).

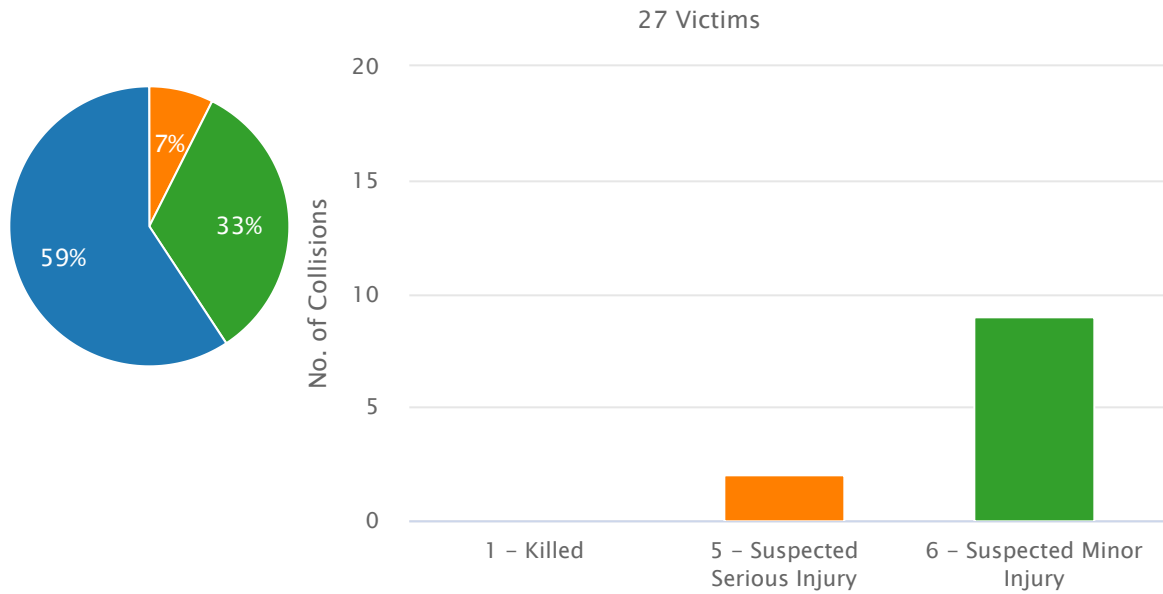
[Change Filters](#) [Download Raw Data](#)

Total Collisions	26	Total Victims	0 Killed & 27 Injured	State Highway	None
Ped Collisions	16 (61.5%)	Bike Collisions	10 (38.5%)	Motorcycle Collisions	None

[Victim Summary](#)

By Victim Degree of Injury

Number of Victims by Victim Degree of Injury



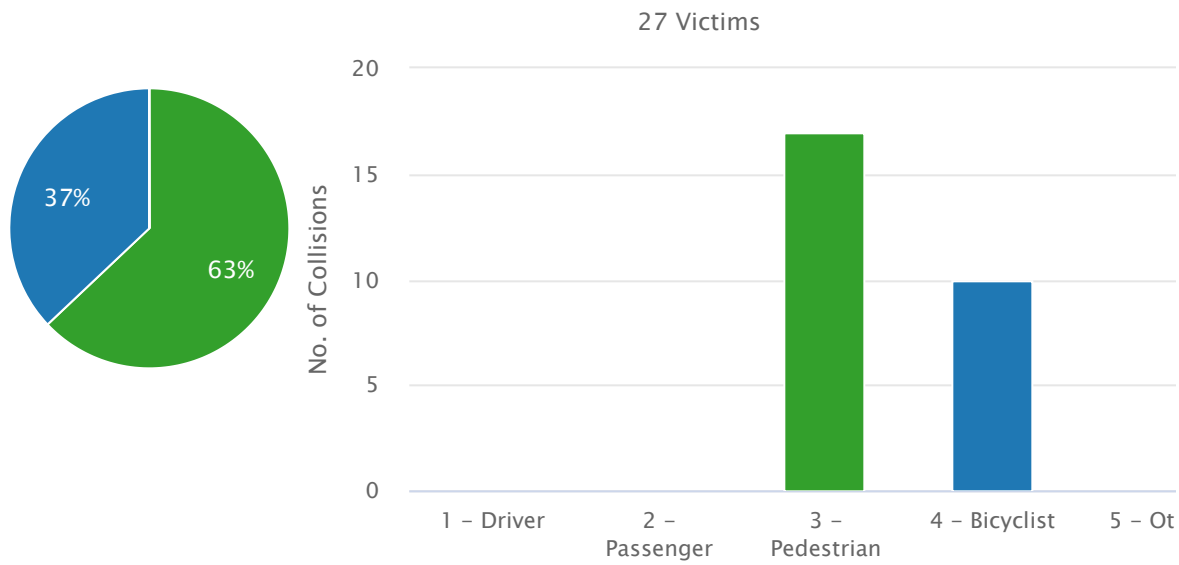
Victim Degree of Injury	Count
5 - Suspected Serious Injury	2
6 - Suspected Minor Injury	9
7 - Possible Injury	16

Victim Degree of Injury

- 1 - Killed
- 5 - Suspected Serious Injury
- 6 - Suspected Minor Injury
- 7 -

By Victim Role

Number of Victims by Victim Role



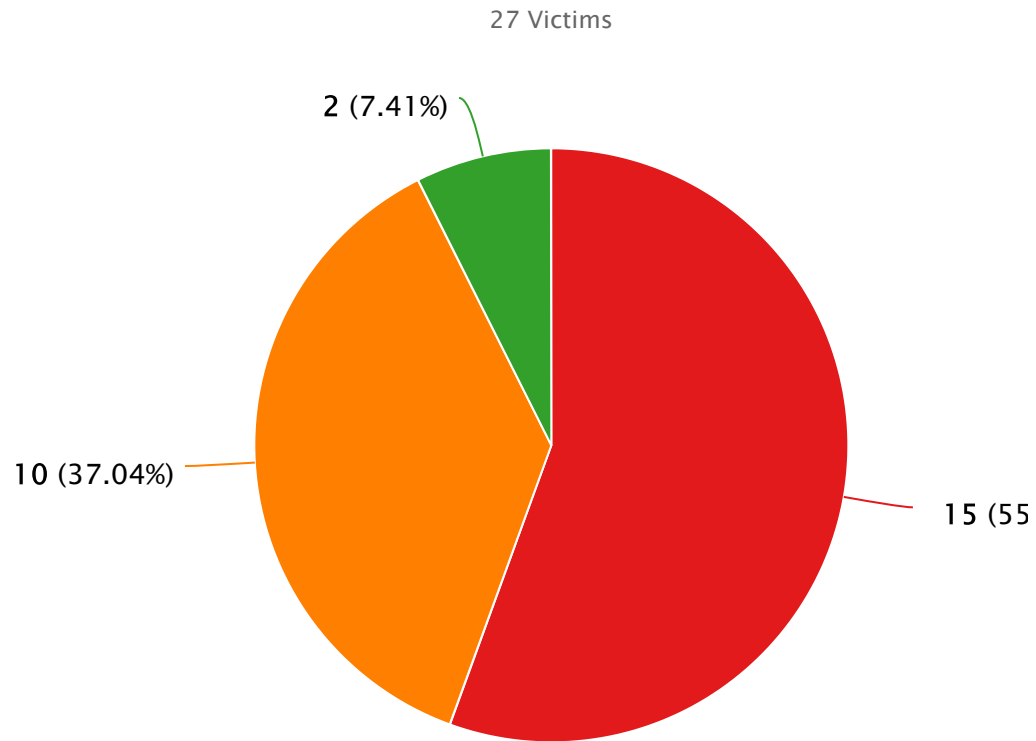
Victim Role	Count	%
3 - Pedestrian	17	62.96%
4 - Bicyclist	10	37.04%

Victim Role

- 1 - Driver
- 2 - Passenger
- 3 - Pedestrian
- 4 - Bicyclist
- 5 - Other
- 6 - Non-Injured Pa

By Victim Safety Equipment 1

Number of Victims by Victim Safety Equipment 1

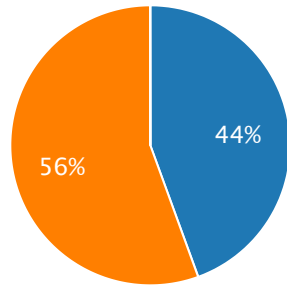


Victim Safety Equipment 1	Count
- or blank - Not Stated	15
P - Not Required	10
V - Driver, Motorcycle Helmet Not Used	2

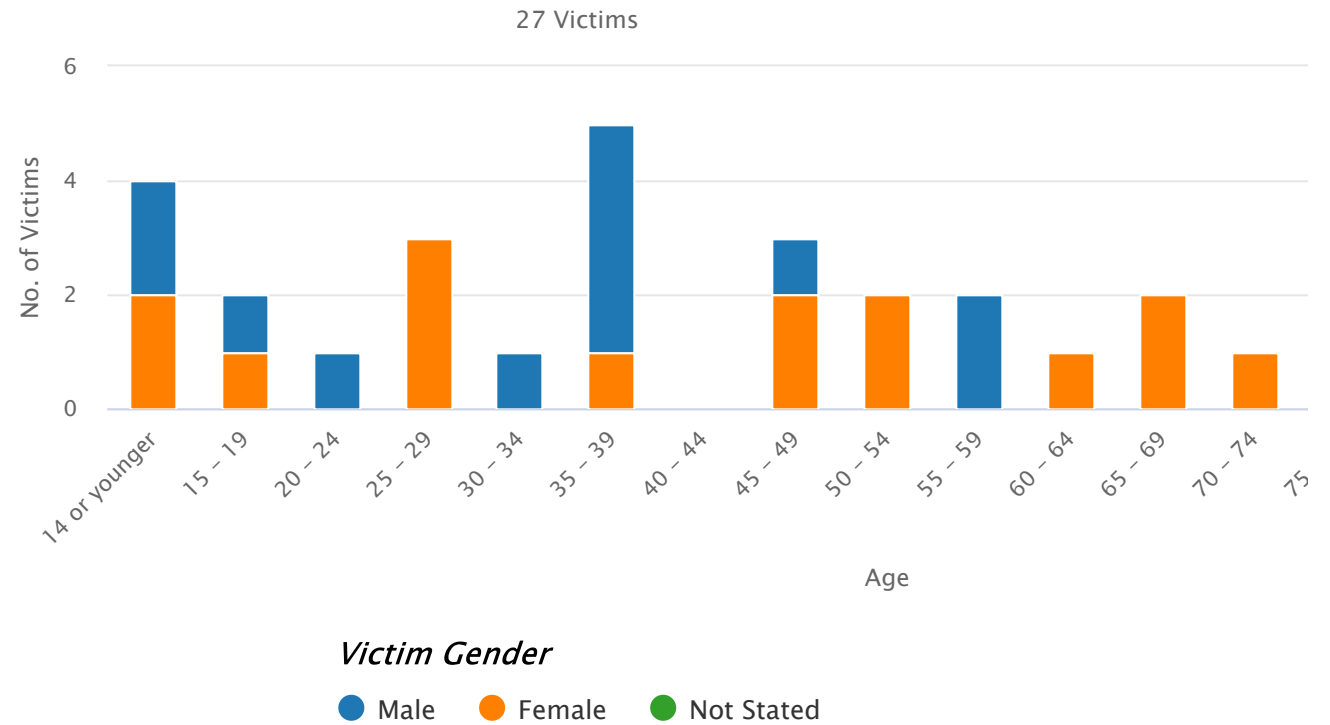
Victim Safety Equipment 1

- - or blank - Not Stated
- P - Not Required
- V - Driver, Motorcycle Helmet Not Used

By Victim Gender and Age



Number of Victims by Victim Gender and Age



SWITRS Query & Map

Result Summary

User Entered Case ID(s).

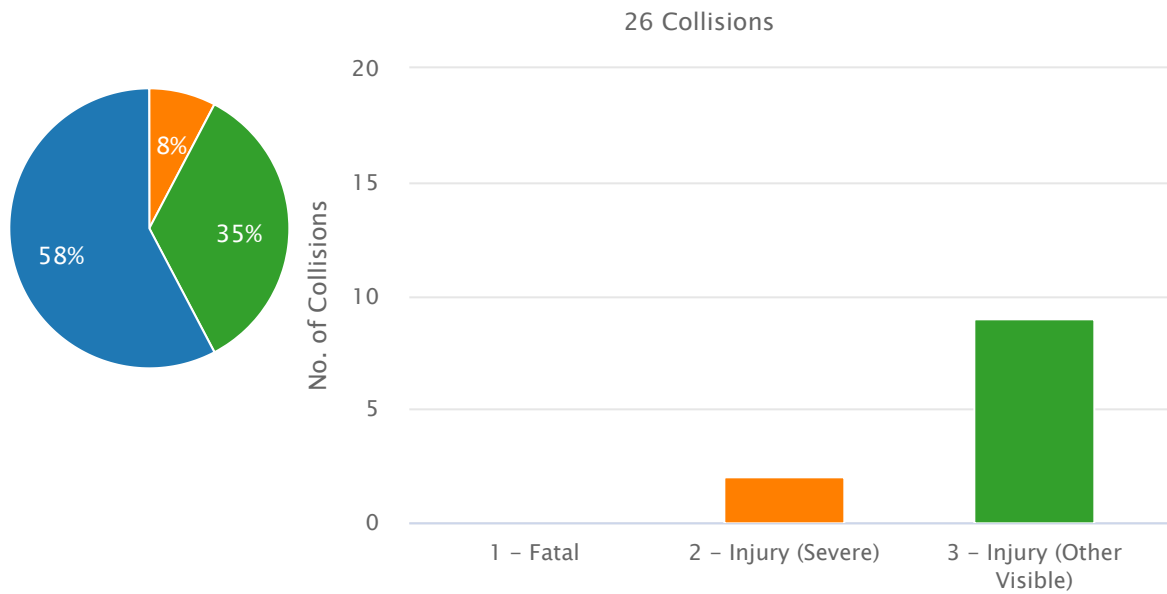
[Change Filters](#) [Download Raw Data](#)

Total Collisions	26	Total Victims	0 Killed & 27 Injured	State Highway	None
Ped Collisions	16 (61.5%)	Bike Collisions	10 (38.5%)	Motorcycle Collisions	None

Overall

By Collision Severity

Number of Collisions by Collision Severity



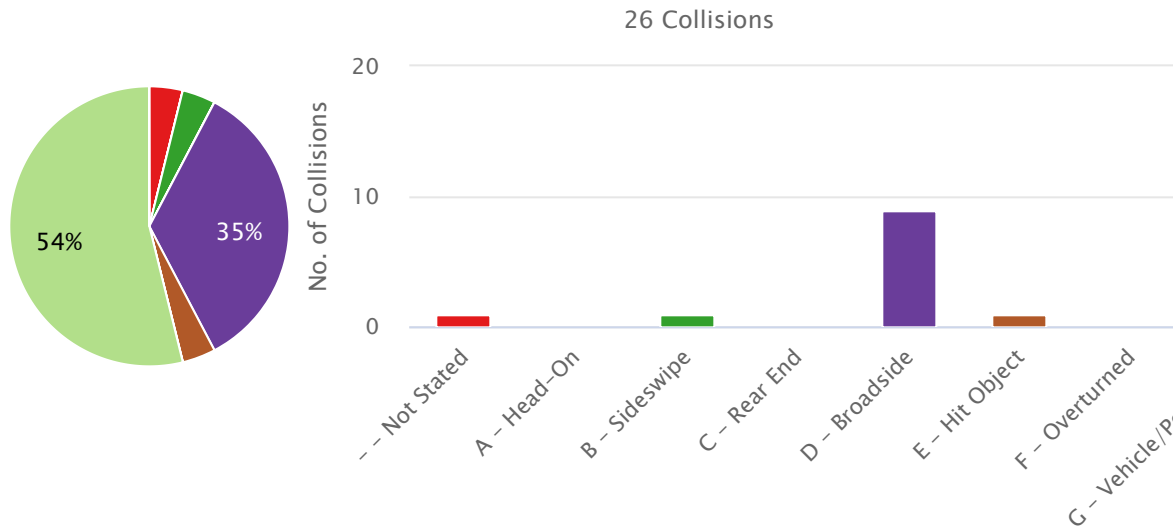
Collision Severity	Count	%
2 - Injury (Severe)	2	7.69%
3 - Injury (Other Visible)	9	34.62%
4 - Injury (Complaint of Pain)	15	57.69%

Collision Severity

- 1 - Fatal
- 2 - Injury (Severe)
- 3 - Injury (Other Visible)
- 4 - Injury (Complaint of Pain)

By Collision Type

Number of Collisions by Type of Collision



Type of Collision	Count	%
-- Not Stated	1	3.85%
B - Sideswipe	1	3.85%
D - Broadside	9	34.62%
E - Hit Object	1	3.85%
G - Vehicle/Pedestrian	14	53.85%

Type of Collision

- -- Not Stated
- A - Head-On
- B - Sideswipe
- C - Rear End
- D - Broadside
- E - Hit Object
- F - Overturned
- G - Vehicle/Pedestrian
- H - Other

By Day of Week and Time

By Primary Collision Factor (PCF) Violation

Disadvantaged Communities Seaside CA (2020) - DATA SUMMARY

Healthy Places Index: <https://map.healthypacesindex.org/>

Score	Census Tract	Percentage of Households w/out access to an automobile	Active Commuting (workers 16+); transit, walking or cycling	Bachelor's Education or Higher (%people over age 25)	Below Poverty
25.5	6053013700 (137 in HPI)	11.8%	12.73%	8.7%	58.94%

CalEnviroScreen 3.0 Overall Results and Individual Indicator Maps (Population Characteristics)

Census Tract Percentile	Census Tract	Linguistic Isolation	Poverty	Housing Burden
79	6053013700	86	83	97

Free and reduced-price meals: at least 75% of students are eligible to receive free or reduced-price meals;

School District	School Name	Student Enrollment	% Free & Reduced Price Meals	Distance from Project Area
Monterey Peninsula Unified School District	Highland Elementary	306	95%	0.3 miles
Monterey Peninsula Unified School District	Martin Luther King Jr. School of the Arts	401	88%	0 miles

Students Who Are Overweight or Obese, by Grade Level: 2014 - 2018

(Grade Level: **All**)

Monterey Peninsula Unified (School District)	Percent				
	2014	2015	2016	2017	2018
Grade 5	53.9%	47.2%	47.4%	45.6%	45.3%
Grade 7	46.5%	46.4%	49.1%	47.2%	48.4%
Grade 9	43.5%	43.9%	43.2%	38.4%	39.9%

Definition: Percentage of public school students in grades 5, 7, and 9 with body composition falling above the "Healthy Fitness Zone" of the FitnessGram assessment, by grade level (e.g., in 2018, 40.5% of California 5th graders were overweight or obese).

Data Source: [As cited on kidsdata.org](https://kidsdata.org), California Dept. of Education, Physical Fitness Testing Research Files (Dec. 2018).

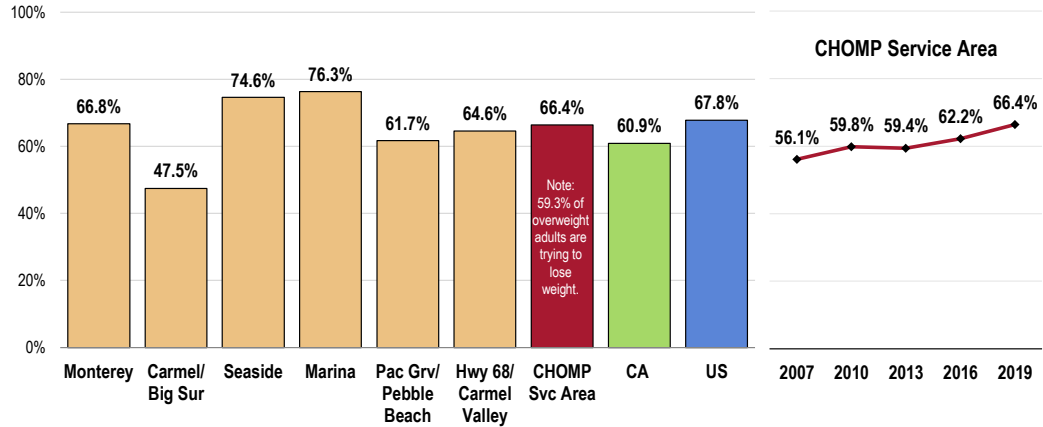
Overweight Status

Two-thirds of CHOMP Service Area adults (66.4%) are overweight.

Here, "overweight" includes those respondents with a BMI value ≥ 25 .

- **BENCHMARK:** Higher than the California prevalence.
- **TREND:** Denotes a statistically significant increase since 2007.
- **DISPARITY:** Highest in Seaside and Marina; lowest in Carmel/Big Sur.

Prevalence of Total Overweight (Overweight and Obese)



Sources: • 2019 PRC Community Health Survey, PRC, Inc. [Items 155, 191]
 • Behavioral Risk Factor Surveillance System Survey Data. Atlanta, Georgia. United States Department of Health and Human Services, Centers for Disease Control and Prevention (CDC): 2017 California data.
 • 2017 PRC National Health Survey, PRC, Inc.

Notes: • Based on reported heights and weights, asked of all respondents.
 • The definition of overweight is having a body mass index (BMI), a ratio of weight to height (kilograms divided by meters squared), greater than or equal to 25.0, regardless of gender. The definition for obesity is a BMI greater than or equal to 30.0.

Note that 29.9% of overweight adults have been given advice about their weight by a health professional in the past year (while most have not).

The overweight prevalence above includes 28.7% of CHOMP Service Area adults who are **obese**.

"Obese" (also included in overweight prevalence discussed previously) includes respondents with a BMI value ≥ 30 .

- **BENCHMARK:** Higher than the state percentage.
- **TREND:** Increasing significantly since 2007.
- **DISPARITY:** Highest in Seaside and Marina; lowest in Carmel/Big Sur and Pacific Grove/Pebble Beach. Reported more often among adults 40 to 64, low-income residents, and Hispanics in the service area.

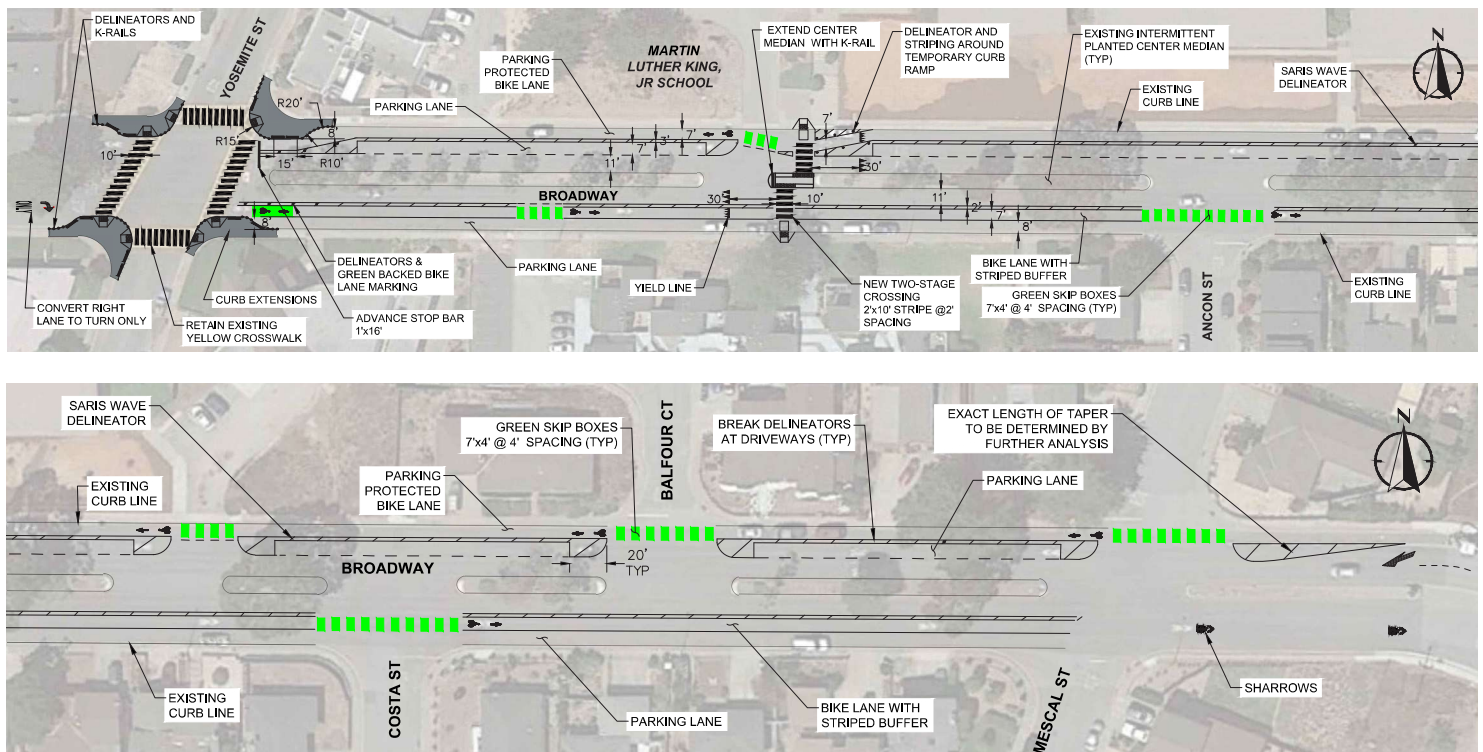
Chapter 6: Safe Streets Demonstrations

In May of 2019, the planning team hosted two events to demonstrate several of the recommendations from the Complete Streets Plan. The goal of the safe streets demonstrations was to see how the recommendations worked in practice and to get feedback from the community on whether they should be made permanent.

Seaside Demonstration

The Seaside demonstration took place on Broadway Avenue from May 1 to May 13, 2019. The demonstration was installed between Yosemite Avenue and Mescal Street in front of Martin Luther King Jr. School of the Arts (MLK). During the demonstration, Broadway Avenue was reduced from four travel lanes to two. A temporary parking-protected bike lane was installed on the north side of the street and a buffered bike lane on the south side, curb extensions at the intersection of Broadway Avenue and Yosemite Street, and an offset crosswalk on Broadway Avenue at the school driveway.

Demonstration Plans near Martin Luther King Jr. School of the Arts



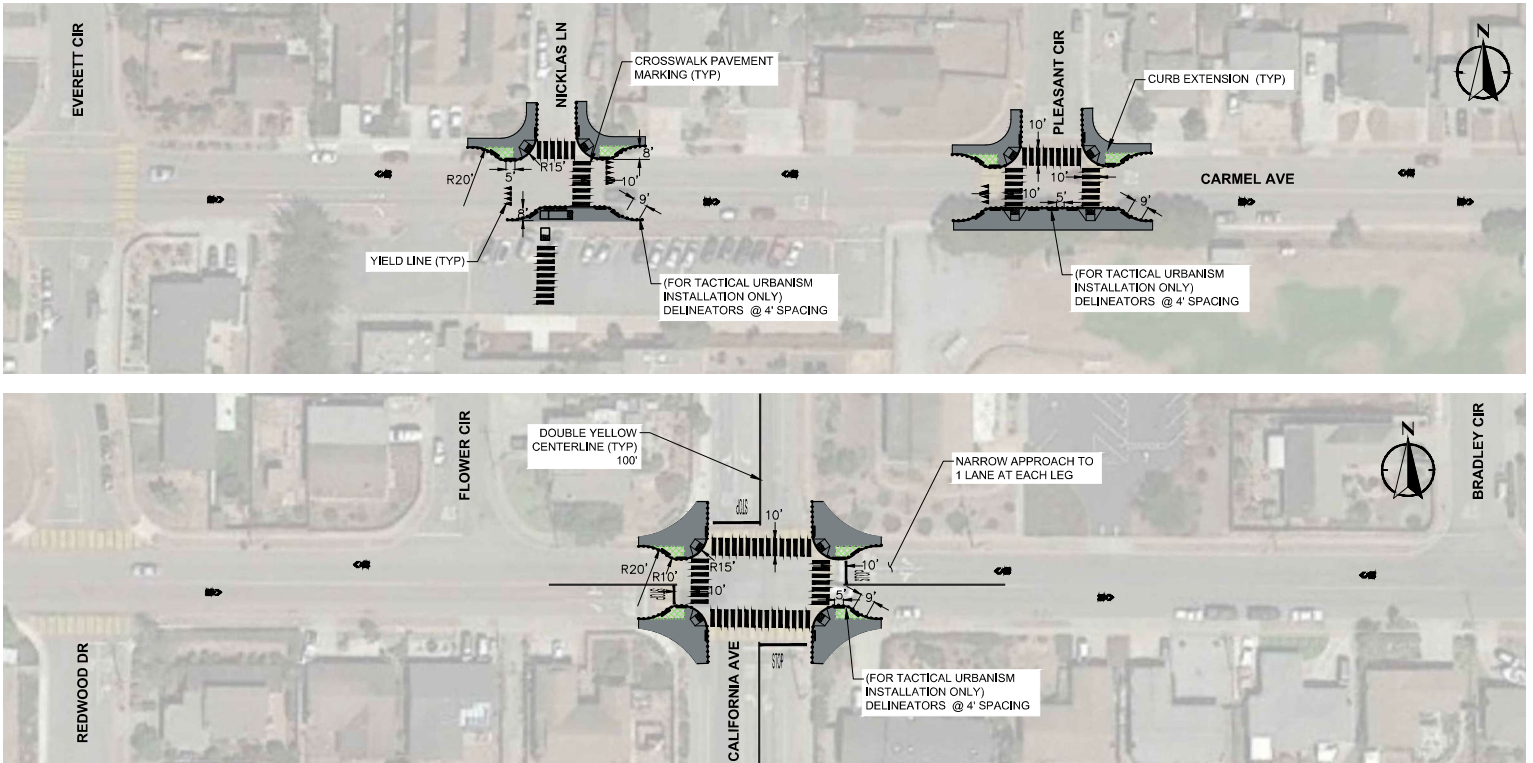
Source: Alta Planning + Design, 2019.

These changes were designed to address safety concerns along the Broadway Avenue corridor, including high traffic speeds, a lack of designated bicycle facilities, and pedestrian safety at the intersection of Broadway Avenue and Yosemite Street. The planning team also observed students and families crossing Broadway Avenue in front of the school without a marked crosswalk, and a temporary crosswalk was installed to give pedestrians a safe place to cross. The treatments included in the safe streets demonstration were designed to work together: the reduction from four travel lanes to two provided space for bicycle lanes and lowered traffic speeds, which made the new offset crosswalk safer.

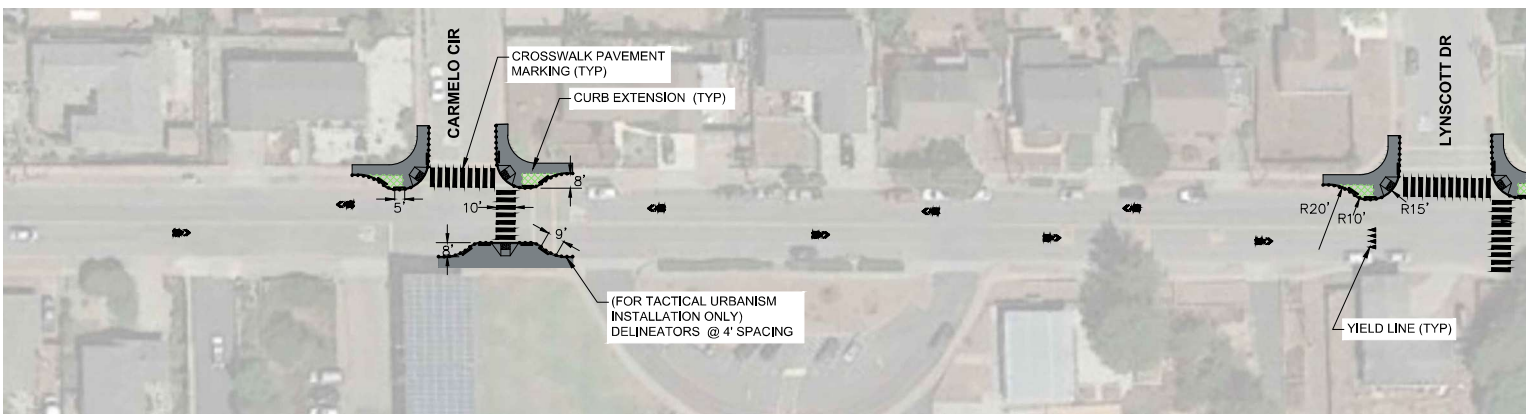
Marina Demonstration

The Marina demonstration took place on Carmel Avenue in Marina from May 14 to May 30, 2019. The demonstration was installed between Nicklas Lane and Lynscott Drive in front of Marina Vista Elementary and Crumpton Elementary. During the demonstration, a temporary crosswalk was installed on Carmel at Nicklas Lane, and the crosswalks near Crumpton Elementary were upgraded to high visibility. Temporary curb extensions were installed on Carmel at the intersections of Nicklas Lane, the Marina Vista school driveway exit, Pleasant Circle, California Avenue, Carmelo Circle, the Crumpton school driveway exit, and Lynscott Drive. The intersection of Carmel and California was reduced to one lane at each intersection approach.

Demonstration Plans near Marina Vista Elementary



Demonstration Plans Near Crumpton Elementary



Source: Alta Planning + Design, 2019.

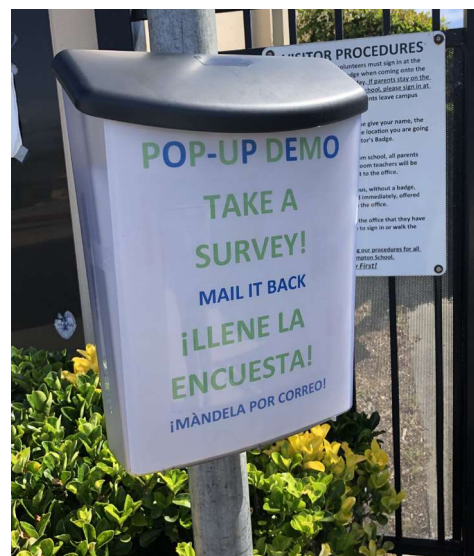
These treatments were designed to slow traffic on Carmel Avenue, increase the visibility of pedestrians, and provide a safe crossing of Carmel Avenue in front of Marina Vista Elementary. The Marina demonstration did not include new bike facilities, although sharrows were installed along Carmel Avenue. One goal of the temporary curb extensions was to slow traffic and create a more comfortable environment for bicycling.

Outreach Methods

Public input was a key measure of success for the demonstrations. A survey was developed that asked participants about their experiences with various elements of the demonstrations, and whether they would like to see the changes made permanent. Overall, 292 surveys were received from participants in the Seaside and Marina demonstration events.

The planning team worked to inform the community about the demonstrations and collect their feedback through the following outreach methods:

- Presentations to the Seaside City Council, Marina City Council, Seaside Traffic Advisory Committee, Marina Public Works Commission, Transportation Agency for Monterey County Bicycle and Pedestrian Facilities Advisory Committee, and Monterey Peninsula Unified School District Board.
- Project posters and fliers posted at businesses throughout Seaside and Marina.
- Press coverage in the Monterey Herald, Monterey Weekly, and KION news.
- Banners announcing the demonstrations installed in front of MLK, Marina Vista, and Crumpton, including an invitation and a link to take the survey.
- Fliers dropped off to neighbors on Broadway Avenue and Carmel Avenue a week before the demonstration, which included project information and a survey link.
- Announcements of the upcoming demonstration at meetings and community gatherings held at neighboring schools (Marina Vista, Olson, Crumpton).
- Project information and flier sent out through engaged parents (PTA).
- Project information and a survey link posted to the Safe Routes to Schools Plan website, the City of Seaside website, and Facebook, and emailed out to 130+ contacts on the Safe Routes to Schools Plan contact list.
- Survey link sent to parents at each school via Parentsquare and social media multiple times before, during, and after the demonstration.
- Staff members on-site on the first day of each demonstration, before and after school, to explain the project to parents and hand out surveys.



- Bike and walk to school days hosted by the Transportation Agency for Monterey County at MLK, Marina Vista, and Crumpton during the demonstrations. These events included a booth where staff conducted outreach and handed out surveys.
- Boxes of pre-stamped surveys installed on Broadway Avenue and Carmel Avenue during the demonstration.
- Surveys distributed to neighbors along the Broadway Avenue and Carmel Avenue corridors, and to Villa Del Monte residents in Seaside.
- Final outreach by staff to parents on the last day of each demonstration, handing out surveys and informing them that the demonstration was ending.

Data Analysis: Seaside

Traffic Counts

Traffic counts were conducted over an eight-day period for Broadway Avenue before and during the safe streets demonstration. The demonstration was successful in reducing traffic speeds: the average traffic speed was three miles per hour slower for eastbound traffic during the demonstration, and one mile per hour slower for westbound traffic. The 85th percentile speed, which is used as the basis for setting speed limits in California, was also reduced by three miles per hour for eastbound traffic and one mile per hour for westbound traffic. This outcome is consistent with studies conducted in other cities, which have found that reducing the number of travel lanes reduces traffic speeds.

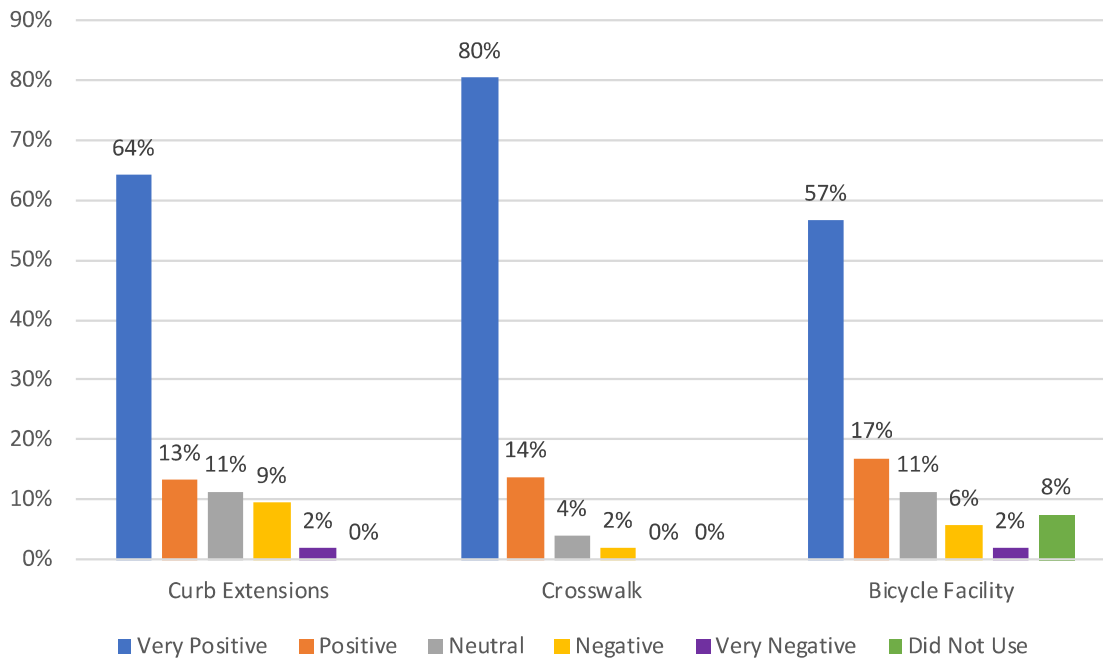


Survey Data

The planning team received 119 survey responses for the Seaside demonstrations: 73 electronic responses and 46 hard-copy ones.

The majority of respondents (83) experienced the demonstration event by car, 58 respondents walked, and 27 cycled (respondents could select more than one mode). Of those who walked, a strong majority had a “very positive” experience with the temporary curb extensions, offset crosswalk, and bicycle facilities. The offset crosswalk was the most popular feature among this group, with 94% of respondents reporting a positive or very positive experience. In addition, 85% of respondents said that the changes made walking on Broadway more comfortable, while 11% disagreed and 4% felt there was no change.

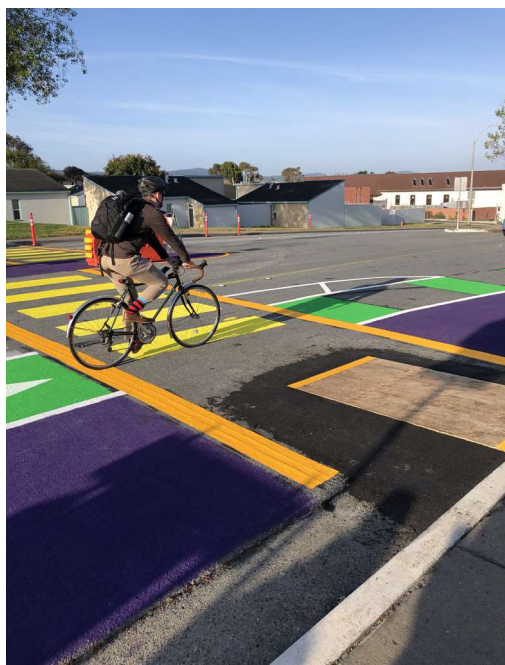
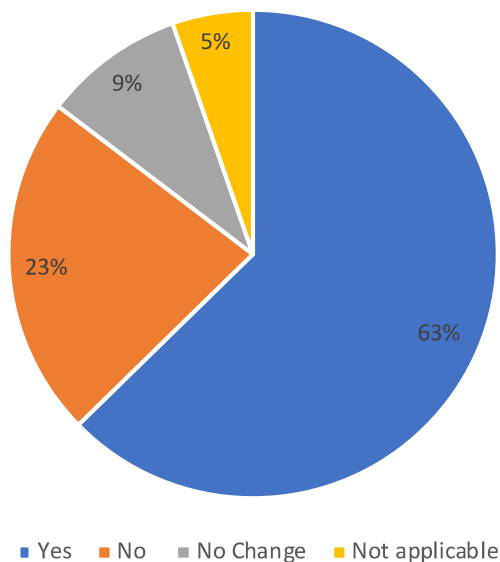
If you walked through the demonstration, describe your experience with the following treatments



Fewer respondents experienced the event on bicycle, but their response was also overwhelmingly positive. Of the 27 respondents who biked through the demonstration, 84% had a positive or very positive experience with the bicycle facilities, 81% had a positive or very positive experience with the curb extensions, and 85% had a positive or very positive experience with the crosswalks. In addition, 81% of respondents said that the temporary improvements made bicycling feel more comfortable .

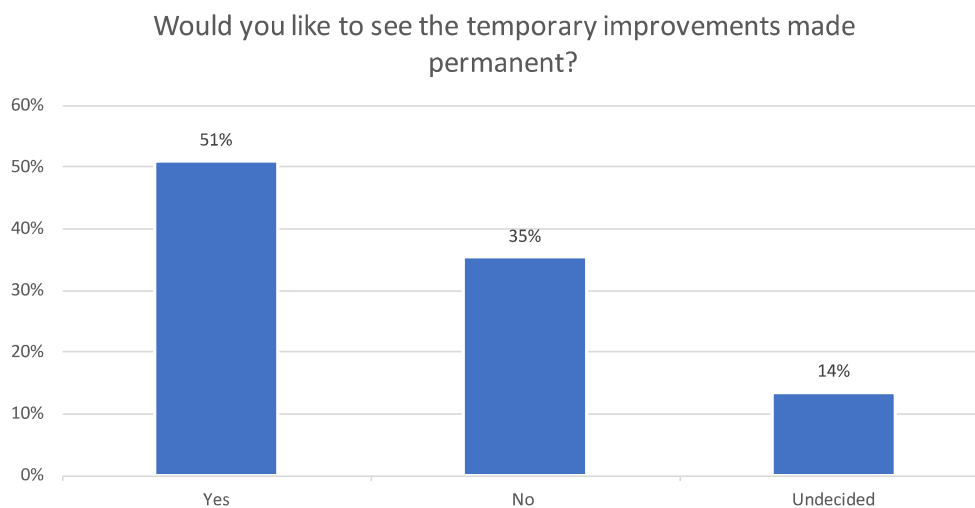
81% of respondents experienced the demonstration by car. Of this group, 58% had a positive or very positive experience with the curb extensions, while 26% had a negative or very negative experience. The crosswalk was again the most popular improvement, with 74% of respondents reporting a positive or very positive experience. Just under half of respondents had a positive or very positive experience with the bicycle facilities. The majority of respondents said that the temporary improvements made people who were walking or biking more visible, while 32% disagreed or saw no change. When asked if the temporary improvements made people who were biking and walking more predictable, 58% said yes, while 40% said no or saw no change.

When driving, do the temporary improvements make people walking or bicycling more visible?



The majority of respondents (62%) said that the demonstration was easy to navigate and understand. When asked what made the treatments confusing, the top two responses people gave were the difficulty of identifying the new lane lines, and general unclarity about the meanings of the purple paint, wave delineators, etc. Drivers wondered whether bike lanes on Broadway Avenue were necessary, as since they did not see high volumes of bicyclists using the street.

Just over half of respondents would like to see the temporary improvements made permanent, with 35% saying no and 14% undecided.



In addition, 36% of respondents said they were likely to use the facility on foot if it became permanent, and 27% would definitely use it; 37% were either not likely or not at all likely to use the facility on foot. Just under half of respondents (47%) said they were likely to or would definitely use the facility on bike, and 53% said they were not likely or not at all likely to. This is an increase from the number of respondents who said they had biked through the demonstration and indicated an increased interest in biking if there were dedicated bicycle facilities on Broadway Avenue. Most respondents (73%) said they were likely to or would definitely use the facility in a car if it were made permanent, and 26% said they were either not likely or not at all likely to drive through the demonstration.

When respondents were asked what their favorite thing about the demonstration was, increased safety was the top response (in 13 surveys) followed by the high-visibility crosswalks (9). Other common responses were the vibrant colors and the bicycle lanes. When asked what they would change about the demonstration, 13 people said that they wouldn't change anything. Five wanted to remove the bike lane, particularly the parking-protected bike lane, which some felt put parking spots in the middle of the street. Several respondents wanted to see a passing lane added so that through-traffic could pass drivers waiting to enter the school parking lot.

Finally, respondents were asked if they had any other comments they wanted to share. Ten people were happy about the demonstration. One respondent wrote, "I like the physical separation for the bikes—it is not safe with the regular bike lane." Twelve people did not see the need for the demonstration. For example, "I do not think that making Broadway one lane each way is a good idea. It is a main street. Not too many bikes."

Respondent Demographics

62% of respondents were parents of students at MLK Elementary or the International School of Monterey, and 3% had students at Highland Elementary, which is located a few blocks south of the demonstration site. 35% of respondents did not have children at a local school. 86% reported living at a zip code in Seaside, with 8% living in Marina and the remaining 8% in Del Rey Oaks, Monterey, or Pebble Beach. The most common reported age group was 36–50 (36%); 33% of respondents were 19–35 and 29% were 51 or older. Only two respondents were under 18. 65% of respondents were female, and the most common reported race was Hispanic/Latinx (44%). 29% of respondents were White/Caucasian, 6% were of mixed ethnicity, 5% were African American, and 4% were Asian or Asian American.

Data Analysis: Marina

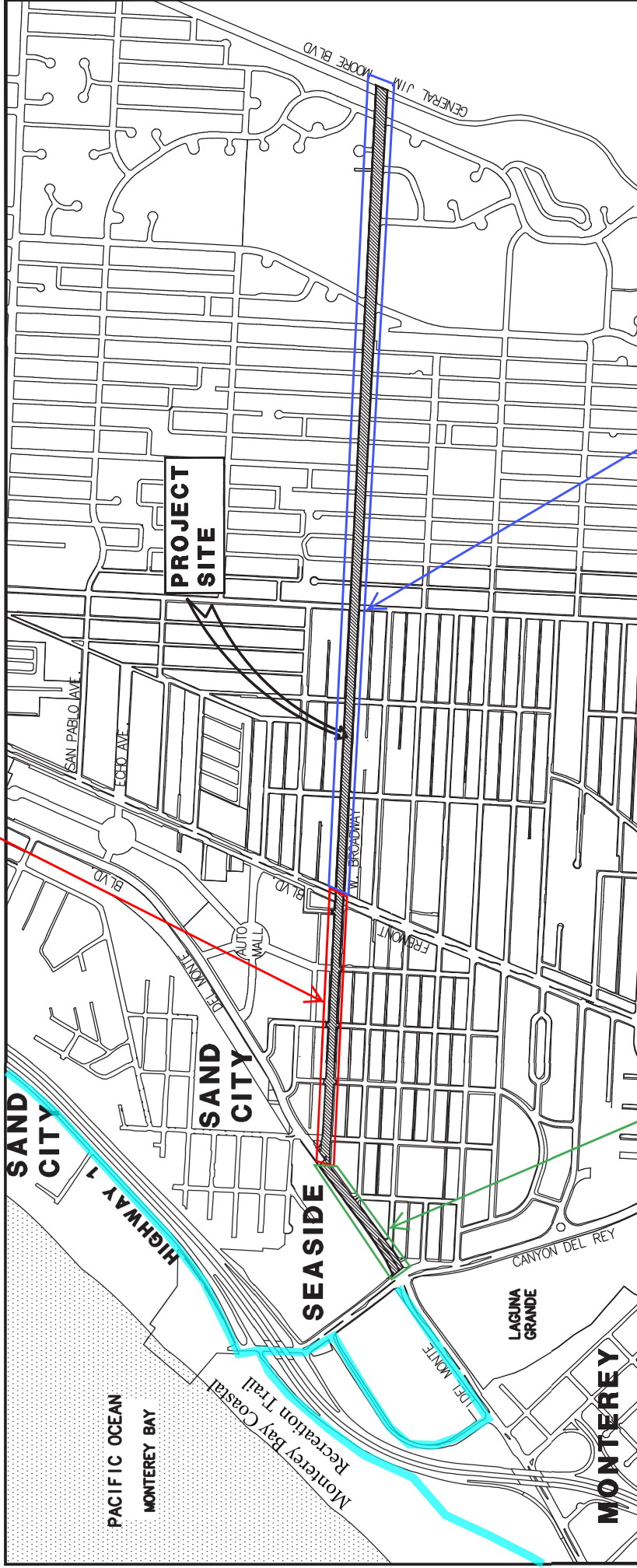
Traffic Counts

Traffic counts were conducted over an eight-day period at three locations before and during the safe streets demonstration: Carmel Avenue between Vaughn Avenue and Everett Circle, between Carmelo Circle and Lynscott Drive, and between Lynscott Drive and Barrett Lane. The demonstration was only moderately successful in reducing traffic speeds: two of the three count locations showed less than one mile per hour change in average speeds during the demonstration. The third location, Carmel Avenue between Carmelo Circle and Lynscott Drive, showed a one mile per hour speed reduction for both westbound and eastbound traffic during the demonstration. The 85th percentile speed, which is used as the basis for setting speed limits in California, was reduced by nearly two miles per hour for both westbound and eastbound traffic on Carmel Avenue between Carmelo Circle and Lynscott Drive.



West Broadway Urban Village Infrastructure Improvement Project

Improvements included bulbouts, traffic signal, Class II Bike Lane, high visibility crosswalks, wider sidewalks, benches, trash/recycle receptacles, road diet (one lane in each direction), storm drain and sewer improvements from Del Monte Blvd to Fremont Blvd



Improvements included slurry seal, striping, and Class II Bike Lane on Del Monte Blvd from Canyon Del Rey to West Broadway Ave

Improvements included striping and Class III (sharrows) from Fremont Blvd. to General Jim Moore Blvd.

MEMORANDUM

City of Seaside
Public Works Department

Date: September 15, 2020
To: ATP Cycle 5 Evaluation Committee
From: Nisha Patel, City Engineer/ Public Works Director
Subject: Broadway Ave. Complete Streets Corridor Project- Leveraging Funding

The City of Seaside believes the Broadway Ave. Complete Streets Corridor Project from Fremont Blvd. to General Jim Moore and Yosemite St. from Wanda Ave. to San Pablo Ave. (Project) is an important and necessary project. Thus the City is investing resources and funding to the Project, in addition to applying for ATP Cycle 5 Funding. Just west of the Project, the City designed and constructed the West Broadway Urban Village Infrastructure Improvement Project in the amount of \$7 million with the assistance of ATP Cycle 2 funds (\$3.692 million). In April 2019, the City delivered a pilot project to temporarily create a road diet, install dedicated class 2 bicycle lanes, and make pedestrian improvements along a portion of the Project in front of the elementary school. The City recently designed and is currently constructing curb extensions and or upgraded ramps (as part of the Pavement Rehabilitation Phase 3 Project) along the Project corridor ahead of the ATP Cycle 5 Project in the amount of \$1.140 million from Measure X (County Local Sales Tax Measure), and Safe Streets funding. The City performed an Intersection Control Evaluation and Feasibility Study with Conceptual Plans for the Project that was recently completed funded through RSTP fair share in the amount of \$220K. Additionally, the City applied and secured \$600K of RSTP competitive grant funding for the Environmental Phase of the Project which will start in the near future.

Attachments:

- 1.) Safe Streets grant award (Measure X)
- 2.) RSTP competitive grant funding and fair share grant funding
- 3.) Resolution Measure X funds (bonding of future funds)
- 4.) Pavement Rehabilitation Phase 3 Project- Resolution of contract Design & Award



December 13, 2019

Misty Bradshaw, Associate Engineer
City of Seaside
440 Harcourt Ave
Seaside, CA 93955

via email: mbradshaw@ci.seaside.ca.us

SUBJECT: Safe Streets Pilot Program – Funding Award

Dear Ms. Bradshaw:

At the December 4, 2019 meeting of the Transportation Agency for Monterey County, the Board awarded a total of \$817,000 in funding as part of the Safe Streets Pilot Program to six projects.

The City of Seaside was awarded \$200,000 for the Pedestrian Intersection Improvements Project. A full listing of the projects awarded through the Safe Streets Pilot Program is attached.

Funding for the Safe Streets Pilot Program comes from the Regional Surface Transportation Program funds that the Agency's Board of Directors set aside as the TAMC Reserve for Complete Street implementation. Use of these funds are conditioned on the terms covered in the November 4, 2014 Local Agency Funding Allocation Agreement between the City and TAMC. An updated Exhibit A, reflecting the \$200,000 grant award for the Seaside Pedestrian Intersections Improvement Project is attached.

We look forward to working together to further develop the connection between roadway maintenance and low-cost safety enhancements for bicyclists and pedestrians.

If you have any questions, please contact Madilyn Jacobsen of my staff at madilyn@tamcmonterey.org or (831) 775-4402.

Sincerely,

Debra L. Hale
Executive Director

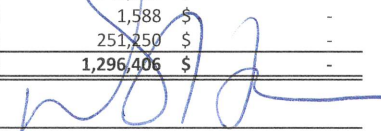
Transportation Agency for Monterey County
 Master State and Federal Funding Agreement
 Exhibit A

City of Seaside

Agency	Board Approval Date	Fund Expiration Date	Type	Active Projects	Budget	Paid	Balance Outstanding
Seaside	8/27/2014	6/30/2019	RSTP Competitive	West Broadway Urban Village Infrastructure Improvements Project	\$ 3,798,750	\$ 1,592,367	\$ 2,206,383
Seaside	3/22/2017	3/22/2020	RSTP Fair Share	Intersection Control Evaluation & Corridor Studies Project	\$ 221,901	\$ -	\$ 221,901
Seaside	12/4/2019	12/4/2022	RSTP Safe Streets	Pedestrian Intersection Improvements Project	\$ 200,000	\$ -	\$ 200,000
					\$ 4,220,651	\$ 1,592,367	\$ 2,628,284

Agency	Board Approval Date	Fund Expiration Date	Type	Completed Projects	Budget	Paid	Balance Outstanding
Seaside	8/27/2014	8/27/2017	RSTP Fair Share	Final Design & Construction of Coe Avenue Bikeway	\$ 606	\$ 606	\$ -
Seaside	3/26/2014	8/27/2017	RSTP Competitive	Broadway Ave. Improvements	\$ 500,000	\$ 500,000	\$ -
Seaside	8/27/2014	8/27/2017	RSTP Fair Share	Broadway Ave. Improvements	\$ 542,962	\$ 542,962	\$ -
Seaside	9/28/2016	9/28/2019	RSTP Fair Share	West Broadway Urban Village Infrastructure Improvements Project	\$ 1,588	\$ 1,588	\$ -
Seaside	8/27/2014	8/27/2017	TDA 2%	West Broadway Urban Village Infrastructure Improvements Project	\$ 251,250	\$ 251,250	\$ -
					\$ 1,296,406	\$ 1,296,406	\$ -

Last Revised: 12/4/2019

Approved by: 
 Debra L. Hale, Executive Director

Summary of Projects Funded for Safe Streets Pilot Program 2019

Jurisdiction	Project Title	Repaving Scheduled	1/2 mile School or Park	Transit Corridor	Identified in ATP	Grant Request	Comments
Recommended for Funding - Safe Streets Pilot Program 2019							
City of Salinas	E Rossi St Safe Street Project	Y	N	Y	N	\$ 152,000	E Rossi St bike lanes and ped safety improvements
City of Seaside	Pedestrian Intersection Improvements Project	Y	Y	Y	N	\$ 200,000	Series of bulb-outs aligned with 2020 repaving program
King City	Broadway Street Bulbout Project	N	Y	Y	Y	\$ 90,000	Blub-outs at Broadway and Second Ave
City of Marina	Cardoza Ave Corridor Improvement Project	Y	Y	Y	Y	\$ 100,000	Cardoza Ave pedestrian improvements
City of Pacific Grove	Forest Lodge Road / PG High School Sidewalk Improvement	N	Y	N	N	\$ 75,000	Sidewalk connection between PG High School and Forest Grove Elem
City of Monterey	Casa Verde/Helvic/Portola/McNear Intersection Improvements	N	Y	N	Y	\$ 200,000	Addition of bulbouts, rapid flashing beacon, raised crosswalk, intersection lighting
Funds recommended for award						\$817,000	

Transportation Agency for Monterey County
Master State and Federal Funding Agreement
 Exhibit A

City of Seaside

Agency	Board Approval Date	Fund Expiration Date	Type	Active Projects	Budget	Paid	Balance Outstanding
Seaside	3/22/2017	3/22/2020	RSTP Fair Share	Intersection Control Evaluation & Corridor Studies Project	\$ 221,900.96	\$ 138,365.00	\$ 83,535.96
Seaside	12/4/2019	12/4/2022	RSTP Safe Streets	Pedestrian Intersection Improvements Project	\$ 200,000.00	-	\$ 200,000.00
Seaside	3/25/2020	3/25/2023	RSTP Fair Share	Unprogrammed balance	\$ 204,721.24	-	\$ 204,721.24
Seaside	8/26/2020	8/26/2023	RSTP Competitive	Broadway Avenue Corridor Improvements	\$ 600,000.00	-	\$ 600,000.00
					\$ 1,226,622.20	\$ 138,365.00	\$ 1,088,257.20

Agency	Board Approval Date	Fund Expiration Date	Type	Completed Projects	Budget	Paid	Balance Outstanding
Seaside	3/26/2014	Completed	RSTP Competitive	Broadway Ave. Improvements	\$ 500,000.00	\$ 500,000.00	\$ -
Seaside	8/27/2014	Completed	RSTP Fair Share	Broadway Ave. Improvements	\$ 542,962.00	\$ 542,962.00	\$ -
Seaside	8/27/2014	Completed	RSTP Fair Share	Final Design & Construction of Coe Avenue Bikeway	\$ 606.00	\$ 606.00	\$ -
Seaside	8/27/2014	Completed	TDA 2%	West Broadway Urban Village Infrastructure Improvements Project	\$ 251,250.00	\$ 251,250.00	\$ -
Seaside	8/27/2014	Completed	RSTP Competitive	West Broadway Urban Village Infrastructure Improvements Project	\$ 3,359,801.29	\$ 3,359,801.29	\$ -
Seaside	9/28/2016	Completed	RSTP Fair Share	West Broadway Urban Village Infrastructure Improvements Project	\$ 1,588.00	\$ 1,588.00	\$ -
					\$ 4,656,207.29	\$ 4,656,207.29	\$ -

Last Revised: 8/26/2020

Approved by: 
 Debra L. Hale, Executive Director



**RESOLUTION NO. 2020-08 OF THE
TRANSPORTATION AGENCY FOR MONTEREY COUNTY**

**ADOPTING THE 2020 COMPETITIVE GRANTS PROGRAM OF PROJECTS
FOR FISCAL YEARS 2020/21 THROUGH 2022/23**

WHEREAS, the Transportation Agency for Monterey County is the state-designated Regional Transportation Planning Agency for Monterey County; and

WHEREAS, the Regional Surface Transportation Program was established by California State Statute utilizing Surface Transportation Block Grant Program Funds that are identified in Section 133 of Title 23 of the United States Code; and

WHEREAS, Local Transportation Funds are made available in accordance with Section 99233.3 of the Transportation Development Act (TDA) for Pedestrian and Bicycle Facilities; and

WHEREAS, the Transportation Agency for Monterey County distributes these funds to local agencies and funds regionally significant projects as part of its responsibilities as a Regional Transportation Planning Agency; and

WHEREAS, on February 24, 1993, the Transportation Agency Board of Directors approved the Transportation Development Act 2% Pedestrian and Bicycle Account Bylaws; and

WHEREAS, on March 25, 2020, the Transportation Agency Board of Directors adopted Guidelines & Policies for the Administration of Regional Surface Transportation Program Funds, which included the establishment of a Competitive Grants program and Call for Projects; and

WHEREAS, the Bicycle & Pedestrian Committee and the Technical Advisory Committee nominated committee members to serve on the Competitive Grants Review Committee, which evaluated and scored each of the Competitive Grants applications received from the jurisdictions; and

WHEREAS, the Bicycle & Pedestrian Committee and the Technical Advisory Committee have recommended approval of the Competitive Grants Program of Projects, which is attached hereto as Attachment 1 and incorporated fully by this reference; and

WHEREAS, the projects in Attachment 1 that are recommended to receive Transportation Development Act 2% funds meet the requirements of the Transportation Development Act Section 99234 Claims for Pedestrian and Bicycle Facilities; and

WHEREAS, the projects in Attachment 1 that are recommended to receive Regional Surface Transportation Program funds meet the criteria in Article XIX of the California State Constitution; and

WHEREAS, Transportation Development Act Chapter 3, Title 21, Rule 6651 requires that the transportation planning agency shall allocate funds only in accordance with a finding that the proposed expenditures are in conformity with the Regional Transportation Plan; and

WHEREAS, the projects in Attachment 1 that are recommended to receive Transportation Development Act 2% funds are consistent with the Regional Transportation Plan and in compliance with Transportation Development Act Section 99234 requirements for claims for pedestrian and bicycle facilities; and

NOW, THEREFORE, BE IT RESOLVED THAT: the Board of Directors of the Transportation Agency for Monterey County hereby adopts, authorizes and approves the 2020 Competitive Grants Program of Projects for Fiscal Years 2020/21 through 2022/23 and deprograms funding for projects from prior cycles as identified in Attachment 1 in accordance with this Resolution; and

BE IT ALSO RESOLVED, that no claims for Transportation Development Act 2% funds shall be paid until each claimant complies with all the requirements listed on the Transportation Development Act 2% Pedestrian and Bicycle Account Bylaws approved by the Transportation Agency for Monterey County on February 24, 1993; and

BE IT ALSO RESOLVED, that no claims for Regional Surface Transportation Program funds shall be paid until each claimant executes a Master Agreement with the Transportation Agency for Monterey County and complies with all the requirements listed on the Regional Surface Transportation Program Guidelines and Policies approved by the Transportation Agency for Monterey County on March 25, 2020.

PASSED AND ADOPTED by the Transportation Agency for Monterey County, State of California this 26th day of August 2020 by the following vote:

AYES: Adams, M; Alejo, L; Askew, W; Cromeenes, S; Delgado, B; Hawthorne, G; Huitt, R; Kerr, A; LeBarre, M; Lopez, C; Oglesby, I; Potter, D; Smith, E; Stratton, J and; Untalon, A.

NOES:

ABSENT: Chavez, A; Orozco M



LUIS ALEJO, CHAIR
TRANSPORTATION AGENCY FOR MONTEREY COUNTY

ATTEST:



DEBRA L. HALE, EXECUTIVE DIRECTOR
TRANSPORTATION AGENCY FOR MONTEREY COUNTY

**Resolution 2020-08 Attachment 1
2020 Competitive Grants Program of Projects**

Project Title	Sponsor	Regional Surface Transportation Program	Transportation Development Act 2%	Recommended Funding
Boronda Road Congestion Relief Project - Phase 1	Salinas	\$4,000,000	\$0	\$4,000,000
Bardin Road Safe Routes to School Enhancement Project	Salinas	\$1,800,000	\$0	\$1,800,000
Complete Streets Downtown Streetscape Bulbout Improvements	King City	\$950,000	\$0	\$950,000
Traffic System, Pedestrian and Bike Upgrades Citywide	Monterey	\$1,680,000	\$0	\$1,680,000
Pedestrian Crossing Enhancements	Salinas	\$545,000	\$0	\$545,000
Point Pinos Trail Project	Pacific Grove	\$222,000	\$160,000	\$382,000
Walnut Avenue Pedestrian and Bikeway Improvements	Greenfield	\$0	\$590,000	\$590,000
Funding for projects below this break-line are contingent upon the deprogramming of a sufficient amount of competitive funds from the prior cycle				
Coe Avenue and General Jim Moore Boulevard Intersection Improvements	Seaside	\$0	\$0	\$0
Broadway Avenue Corridor Improvements	Seaside	\$600,000	\$0	\$600,000
Del Monte Boulevard and Patton Parkway Extension Project	Marina	\$0	\$0	\$0
		\$9,797,000	\$750,000	\$10,547,000

Prior Competitive Projects Proposed for Deprogramming				
Sponsor	Project Title	Awarded	Paid	Balance
Monterey	Holman Highway 68 Roundabout	\$248,249	\$142,675	\$105,574
Pacific Grove	Highway 68 Complete Streets Corridor	\$502,268	\$0	\$502,268
Salinas	Commuter Railroad - Lupine & Gateway Grants	\$233,980	\$0	\$233,980
Seaside	West Broadway Urban Village Infrastructure Improvements Project	\$3,798,750	\$3,359,801	\$438,949
				\$1,280,771

RESOLUTION NO. 18-92

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEASIDE

MAKING A FINDING OF SIGNIFICANT PUBLIC BENEFIT IN CONNECTION WITH THE SALE AND ISSUANCE OF CITY OF SEASIDE JOINT POWERS FINANCING AUTHORITY LEASE REVENUE BONDS (MEASURE X ROAD IMPROVEMENTS), ISSUE OF 2018, APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE SALE AND ISSUANCE OF SAID BONDS, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

RECITALS:

WHEREAS, the City of Seaside Joint Powers Financing Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to 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 that certain Joint Exercise of Powers Agreement, dated as of April 1, 1988, as amended by that certain Amendment No. 1, dated as of May 4, 2006, each by and between the City and the Redevelopment Agency of the City of Seaside (the "Former Redevelopment Agency"), and as further amended by that certain Amendment No. 2, dated as of July 1, 2018, by and among the City, the Successor Agency to the Redevelopment Agency of the City of Seaside, as the successor to the Former Redevelopment Agency (the "Successor Agency") by operation of law, and the Parking Authority of the City of Seaside (the "Parking Authority") (pursuant to which Amendment No. 2, the Parking Authority was added to the Authority as a member and the Successor Agency withdrew from the Authority); and

WHEREAS, the Authority is authorized pursuant to Article 4 of the Act to issue bonds for the purpose of financing and refinancing public capital improvements; and

WHEREAS, the Authority has proposed to sell and issue City of Seaside Joint Powers Financing Authority, Lease Revenue Bonds (Measure X Road Improvements), Issue of 2018 (the "Measure X Road Bonds") to be issued and secured pursuant to Trust Agreement (as defined herein); and

WHEREAS, a portion of the proceeds from the sale of the Measure X Road Bonds will be applied to assist the City with the financing of the rehabilitation, reconstruction, preservation, and improvement of public streets and roadways within the corporate limits of the City (the "Project"), which improvements are eligible to be paid by the City from its allocation of revenues of the Measure X sales tax, approved by the County of Monterey voters on November 8, 2016; and

WHEREAS, in connection with the issuance of the Measure X Road Bonds, it is proposed that the Authority will enter into a Property Lease (as defined herein), under which the Authority will lease certain public facilities (the "Property") from the City, and a Lease Agreement (as defined herein), under which the City will sublease the Property from the

Authority and make rental payments, calculated to be sufficient to allow the Authority to pay debt service on the Measure X Road Bonds; and

WHEREAS, on July 19, 2018, the City Council approved a local debt policy (the “Local Debt Policy”) in furtherance of Section 8855(i) of the California Government Code, as amended by SB 1029, enacted as Chapter 307, Statutes of 2016; and

WHEREAS, pursuant to Section 6586.5 of the California Government Code, after notice duly published in accordance with law, the City Council of the City (the “City Council”) held a public hearing on this date with respect to the proposed financing;

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

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Local Debt Policy. The City Council hereby determines that (a) the Local Debt Policy is consistent with the requirements of Government Code Section 8855(i), and (b) the proposed Measure X Road Bonds to be issued in accordance with the parameters set forth in the resolution of the Authority Board approving such issuance (which resolution is on file with the City Clerk in connection with the public hearing) and in this Resolution are consistent with the Local Debt Policy.

Section 3. Approval of Financing. The City Council hereby finds that the Authority’s issuance of the Measure X Road Bonds to assist the City with the financing of the Project will result in significant public benefits to the constituents of the City, including more efficient delivery of City services to its residential and commercial development. The City Council hereby approves the issuance of the Measure X Road Bonds.

Section 4. Property Lease. The Property Lease (the “Property Lease”), proposed to be entered into by and between the City and the Authority, in the form on file in the office of the City Clerk, is hereby approved. Each of the Mayor (or in his absence, the Mayor Pro Tem) and the City Manager (each, an “Authorized Officer”) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Property Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer’s execution and delivery thereof).

Section 5. Lease Agreement. The Lease Agreement (the “Lease Agreement”), proposed to be entered into by and between the Authority and the City, in the form on file in the office of the City Clerk, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Lease Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer’s execution and delivery thereof).

Section 6. Trust Agreement. The Trust Agreement (the “Trust Agreement”), proposed to be entered into by and among the City, the Authority, and U.S. Bank National

Association, as Trustee, in the form presented and on file in the office of the City Clerk, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 7. Continuing Disclosure Agreement. The Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), proposed to be entered into by and between the City and Urban Futures, Inc., as Dissemination Agent, in the form on file in the office of the City Clerk, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 8. Bond Purchase Agreement. The Bond Purchase Agreement (the "Bond Purchase Agreement"), proposed to be entered into by and among the City, the Authority, and Piper Jaffray & Co., as underwriter (the "Underwriter"), in the form presented and on file in the office of the City Clerk, is hereby approved. Subject to the parameters specified in the Authority's resolution approving the issuance of the Measure X Road Bonds, each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 9. Preliminary Official Statement. The Preliminary Official Statement relating to the Measure X Road Bonds (the "Preliminary Official Statement"), in the form on file with the City Clerk, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12, promulgated pursuant to the Securities and Exchange Act of 1934, as amended. The distribution of the Preliminary Official Statement by the Underwriter to prospective purchasers of the Measure X Road Bonds pursuant to the Authority's resolution approving the issuance of the Measure X Road Bonds is hereby approved.

Section 10. Official Statement. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the City, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement (the "Official Statement"), and to execute the same for and in the name and on behalf of the City, with such additions or changes therein as such Authorized Officer may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 11. Other Acts. The Mayor, the Mayor Pro Tem, the City Manager, the Assistant Finance Director, and other officers of the City are hereby authorized and directed, jointly and severally, to do any and all things (including negotiating with respect to obtaining a

municipal bond insurance policy or debt service reserve surety bond), to execute and deliver any and all documents that they may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Measure X Road Bonds, or otherwise to effectuate the purposes of this Resolution, the Property Lease, the Lease Agreement, the Trust Agreement, the Continuing Disclosure Agreement, the Bond Purchase Agreement, and the Official Statement, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 12. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Seaside duly held on the 6th day of September, 2018, by the following vote:

AYES:	5	COUNCILMEMBERS:	Alexander, Campbell, Jones Pacheco, Rubio
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None



Ralph Rubio, Mayor

ATTEST:


Lesley Milton-Rerig, City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2018

NEW ISSUE – BOOK ENTRY ONLY

S&P: “AA-”
See “RATING” herein.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018), and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal income taxes imposed only on certain corporations. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.

§ _____
**CITY OF SEASIDE JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(MEASURE X ROAD IMPROVEMENTS)
ISSUE OF 2018**

Dated: Date of Delivery

Due: May 1, as shown on the inside front cover

The City of Seaside Joint Powers Financing Authority (the “Authority”) will issue its Lease Revenue Bonds (Measure X Road Improvements), Issue of 2018 (the “Bonds”), under a Trust Agreement, dated as of October 1, 2018 (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). Proceeds of the Bonds will be used to (i) finance the costs of rehabilitation, reconstruction, preservation, and improvement of public streets and roadways within the corporate limits of the City of Seaside (the “City”), which improvements are eligible (but not limited) to be paid from Measure X Revenues (as defined herein), including expenditures for planning, environmental reviews, engineering and design costs, related right-of-way acquisition, project management, and other incidental costs (the “Project”), (ii) [fund the Reserve Account][purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Account for the Bonds]; (iii) purchase a municipal bond insurance policy to guarantee the payment of principal of and interest on the Bonds; and (iv) pay costs of issuance of the Bonds.

The Bonds will be payable solely from and secured by the Trust Estate, consisting primarily of (i) certain lease payments (the “Lease Payments”) to be made by the City to the Authority pursuant to a Lease Agreement, dated as of October 1, 2018 (the “Lease Agreement”), by and between the Authority, as lessor, and the City, as lessee, for subleasing of certain real property (the “Property”), and (ii) certain funds and accounts held under the Trust Agreement. The City covenants under the Lease Agreement to take such action as necessary to include the Lease Payments and Additional Rental Payments (as defined in the Lease Agreement) in its annual budget and to make all necessary appropriations therefor, subject to abatement of such payments.

The Bonds will be subject to optional redemption, mandatory term bond redemption, and extraordinary redemption from insurance and condemnation proceeds prior to their maturity as described in this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds will be payable on their maturity dates set forth on the inside front cover hereof. Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing May 1, 2019. Upon its receipt of payments of principal and interest, DTC will in turn be obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS AND ADDITIONAL RENTAL PAYMENTS UNDER THE LEASE AGREEMENT WILL NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION OR THE CITY WILL BE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS AND ADDITIONAL RENTAL PAYMENTS UNDER THE LEASE AGREEMENT WILL CONSTITUTE AN INDEBTEDNESS OF THE CITY, STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

See the section of this Official Statement entitled “BONDOWNERS’ RISKS” for a discussion of certain of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Certain legal matters will also be passed on for the Authority by Richards, Watson & Gershon, as Disclosure Counsel. Certain legal matters will also be passed on for the Authority and the City by Perry & Freeman, Carmel-by-the-Sea, California, as Authority General Counsel and City Attorney, and for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about October __, 2018.

[Piper Jaffray & Co. logo]

Dated: September __, 2018

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement in its final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE*

\$ _____
**CITY OF SEASIDE JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(MEASURE X ROAD IMPROVEMENTS)
ISSUE OF 2018**

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base: 812478)
	\$	%	%	%	

\$ _____ - _____ % Term Bonds due May 1, 20 __, Yield _____ %; Price: _____; CUSIP†: _____
\$ _____ - _____ % Term Bonds due May 1, 20 __, Yield _____ %; Price: _____; CUSIP†: _____

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP © 2018 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. None of the Authority, the City nor the Underwriter take any responsibility for the accuracy of such numbers.

CITY OF SEASIDE JOINT POWERS FINANCING AUTHORITY

CITY OF SEASIDE, CALIFORNIA

City Council/Authority Board of Directors

Ralph Rubio, *Mayor/Chairman of the Authority*
Dennis Alexander, *Mayor Pro Tem/Vice-Chairman of the Authority*
Jason Campbell, *Council Member/Board Member*
David R. Pacheco, *Council Member/Board Member*
Kayla Jones, *Council Member/Board Member*

City/Authority Staff

Craig Malin, *City Manager/Executive Director*
Daphne Hodgson, *Deputy City Manager of Administrative Services/Treasurer*
Don Freeman, *City Attorney/General Counsel*
Travis Foster, *Assistant Finance Director/Assistant Treasurer*
Richard Riedl, PE, *Director of Public Works & City Engineer*
Lesley Milton-Rerig, *Public Affairs Officer & City Clerk/Secretary*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Richards, Watson & Gershon, A Professional Corporation
Los Angeles, California

Authority Counsel and City Attorney

Perry & Freeman
Carmel-by-the-Sea, California

Trustee

U.S. Bank National Association
Seattle, Washington

Municipal Advisor

C.M. de Crinis & Co., Inc.
Glendale, California

Dissemination Agent

Urban Futures, Inc.
Tustin, California

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 other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any Bonds by any person in any jurisdiction in which such offer of solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matter of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," or other similar words and include, but are not limited to, statements under the captions "THE CITY," "CITY FINANCIAL AND GENERAL FUND OVERVIEW," "ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION," and "BONDOWNERS' RISKS – State Finances." The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the City has agreed to provide certain on-going financial and other data pursuant to a continuing disclosure agreement (see "CONTINUING DISCLOSURE"), neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

The information set forth in this Official Statement has been obtained from the Authority, the City and other sources that are believed to be reliable, but it is not guaranteed as to its accuracy or completeness. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof. All summaries of the resolutions, the Trust Agreement, laws and statutes or other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Piper Jaffray & Co. (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, the Underwriter's responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement 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.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Agreement been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exception from the registration requirements contained in such acts. The Bonds have not been registered or qualified under the securities laws of any state.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY 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 BONDS TO CERTAIN DEALERS AND OTHERS AT A PRICE LOWER THAN THE OFFERING PRICE. THE OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE ORIGINAL PURCHASERS. 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.

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§ _____
**CITY OF SEASIDE JOINT POWERS FINANCING
AUTHORITY
LEASE REVENUE BONDS
(MEASURE X ROAD IMPROVEMENTS)
ISSUE OF 2018**

INTRODUCTION

This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used in this Official Statement and not defined herein shall have the meanings set forth in “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

General

This Official Statement, including the cover page, inside front cover and appendices, is provided to furnish information in connection with the sale by the City of Seaside Joint Powers Financing Authority (the “Authority”) of its \$ _____* aggregate principal amount of Lease Revenue Bonds (Measure X Road Improvements), Issue of 2018 (the “Bonds”). The Bonds are being issued pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, including the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 thereof (the “Law”), and an Trust Agreement, dated as of October 1, 2018 (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

Proceeds of the Bonds will be used to (i) finance the costs of rehabilitation, reconstruction, preservation, and improvement of public streets and roadways within the corporate limits of the City, which improvements are eligible (but not limited) to be paid from Measure X Revenues (as defined herein), including expenditures for planning, environmental reviews, engineering and design costs, related right-of-way acquisition, project management, and other incidental costs (the “Project”), (ii) [purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Account for the Bonds]; (iii) purchase a municipal bond insurance policy to guarantee the payment of principal of and interest on the Bonds; and (iv) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing May 1, 2019. The Bonds will mature in the amounts and on the dates and bear interest at rates shown on the inside front cover of this Official Statement.

The Bonds will be issued in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. See “THE BONDS – Book-Entry Only System” and “APPENDIX D – DTC’S BOOK-ENTRY ONLY SYSTEM.”

* Preliminary; subject to change.

Security for the Bonds

The Bonds will be payable solely from and secured by a pledge of the Trust Estate (defined below, see “SECURITY FOR THE BONDS”) and moneys in certain funds and accounts held under the Trust Agreement. The Trust Estate consists primarily of certain lease payments (the “Lease Payments”) to be made by the City to the Authority pursuant to a Lease Agreement, dated as of October 1, 2018 (the “Lease Agreement”), by and between the Authority and the City for subleasing of the Property (as defined herein – see “PLAN OF FINANCE” and “THE PROPERTY”).

Concurrently with the issuance of the Bonds, the Authority will lease the Property (see “THE PROPERTY”) from the City under a Property Lease, dated as of October 1, 2018 (the “Property Lease”). The City will sublease the Property from the Authority and agree to make Lease Payments under the Lease Agreement.

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS AND ADDITIONAL PAYMENTS UNDER THE LEASE AGREEMENT WILL NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION OR THE CITY WILL BE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION.

The Authority may issue additional bonds, notes or other indebtedness which are payable out of the Trust Estate in whole or in part, as provided in the Trust Agreement. See “SECURITY FOR THE BONDS – Parity Obligations.”

As security for payment of the Bonds and pursuant to an Assignment Agreement, dated as of October 1, 2018 (the “Assignment Agreement”), by and between the Authority and the Trustee, the Authority will assign to the Trustee 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 City will covenant under the Lease Agreement to take such action as necessary to include the Lease Payments and Additional Rental Payments (as defined therein) in its annual budget and to make all necessary appropriations therefor (subject to abatement under certain circumstances described in the Lease Agreement).

The Bonds will be subject to extraordinary redemption, as a whole or in part, from a condemnation award or from insurance proceeds as described in the Lease Agreement and the Trust Agreement.

See “SECURITY FOR THE BONDS,” “THE BONDS – Redemption – *Extraordinary Redemption From Insurance or Condemnation Proceeds*,” and “BONDOWNERS’ RISKS.”

Reserve Account

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account within the Project Trust Fund is established pursuant to the Trust Agreement in an amount equal to the Reserve Requirement. “Reserve Requirement” means, as of the date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service on the then Outstanding Bonds and Parity

Obligations, if any; (ii) 10% of the initial amount of the Bonds and Parity Obligations, if any (“amount” meaning the principal amount of each issue of the Bonds and any Parity Obligations, unless an issue was issued with original issue discount greater than two percent of the principal amount, or original issue premium greater than the sum of two percent of the principal amount plus original issue premium attributable exclusively to reasonable underwriters’ compensation, in which case “amount” means issue price); or (iii) 125% of Average Annual Debt Service on the then Outstanding Bonds and Parity Obligations, if any. The Reserve Requirement will be satisfied by the deposit into the Reserve Account of a municipal bond debt service reserve insurance policy (the “2018 Reserve Policy”) to be issued by [name of Bond Insurer].

City

The City of Seaside (the “City”) was founded in 1887 and incorporated on October 13, 1954 as a general law city. The City is an approximately ten-square mile ocean-side community located on the Monterey Peninsula in Monterey County (the “County”) on the central coast of California, approximately 120 miles south of San Francisco. Based on an estimate by the California Department of Finance, the City’s population was 34,270, as of January 1, 2018. A portion of Fort Ord, a former United States Army post which has been converted to civilian use, is located in the City. Located on the site of the former Fort Ord military base are the Monterey Bay campus of California State University (CSUMB) and the Monterey College of Law. The City’s Bayonet and Black Horse Golf Courses, a host to PGA Tour events (including the 2012 PGA Professional National Championship, the 2015 Senior PGA Professional National Championship, and the 2018 PGA Professional National Championship), are also located on the site of the former Fort Ord military base.

The City has a Council-Manager form of government. The five-member City Council is a legislative and policy-making body that is elected on a nonpartisan basis to represent the residents. The Mayor is elected every two years in a general election held in November of even-numbered years. There are four members of the City Council who have overlapping terms, with two members of the City Council elected every two years by the voters through a general election. Each member of the City Council, including the Mayor, have one-vote and are not subject to term limits. The City Manager is appointed by the City Council to manage the daily operations of the City and is responsible for making policy recommendations to the City Council and implementing City Council policy directives. The City’s Fiscal Year 2018-19 budget provides authorization for employment of 149 full-time equivalent City employees.

Professionals Involved in the Offering

U.S. Bank National Association, Seattle, Washington, will act as Trustee with respect to the Bonds.

The City has retained C.M. de Crinis & Co., Inc., Glendale, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and a registered Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) and is not engaged in the business of underwriting, trading or distributing municipal or other securities public or otherwise.

All proceedings in connection with the issuance of the Bonds will be subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Certain legal matters will also be passed on for the Authority by Richards, Watson & Gershon, as Disclosure Counsel. Certain legal matters will also be passed on for the Authority and the City by Perry

& Freeman, Carmel-by-the-Sea, California, as Authority General Counsel and City Attorney, and for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

Continuing Disclosure

The City will covenant in a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), for the benefit of the beneficial holders of the Bonds, to prepare and deliver an annual report of certain financial information regarding the City and to provide notices of the occurrence of certain enumerated events in compliance with Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE” and “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

Summaries of Documents

There follows in this Official Statement descriptions of the Bonds, the Trust Agreement, the Property Lease, the Lease Agreement, the Assignment Agreement, and various other agreements and documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors’ rights generally. Capitalized terms not defined herein shall have the meanings set forth in the Trust Agreement. Copies of the Trust Agreement, the Property Lease, the Lease Agreement, and the Assignment Agreement are available for inspection during business hours at the corporate trust office of the Trustee in Seattle, Washington.

Other Information

This Official Statement speaks only as of its date as set forth on the cover hereof, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

Unless otherwise expressly noted, all references to internet websites in this Official Statement, including without limitation, the City’s website, are shown for reference and convenience only, and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the City and the City makes no representation regarding the information therein.

PLAN OF FINANCE

The Bonds are being issued to finance the costs of the rehabilitation, reconstruction, preservation, and improvement of public streets and roadways within the corporate limits of the City, which improvements are eligible (but not limited) to be paid from Measure X Revenues (as defined herein, see “MEASURE X”), including expenditures for planning, environmental reviews, engineering and design costs, related right-of-way acquisition, project management, and other incidental costs (collectively, the “Project”). The designation of the particular streets and roadways to be improved is made by the City Council of the City, in consultation with the City Engineer. Construction is projected to commence on the Project in [month], 2019 and to be completed by [month], 2021.

As consideration for the issuance of the Bonds and the payment by the Authority to the City of advanced rental under the Property Lease, constituting the net proceeds of the Bonds, the City will lease certain City-owned real property and the improvements thereon (collectively referred to herein as the

“Property”) to the Authority. Simultaneously therewith, the Authority will sublease the Property to the City pursuant to the terms of the Lease Agreement. For additional information, see the discussions under the captions “ESTIMATED SOURCES AND USES OF FUNDS,” “THE PROPERTY,” and “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – PROPERTY LEASE” and “ – LEASE AGREEMENT” herein.

Although the obligation of the City to make Lease Payments is an obligation of the City’s General Fund, the City intends and has covenanted in the Lease Agreement to use the Measure X Revenues, to extent distributed to the City, to make the Lease Payments prior to any other expenditures eligible under the Measure X Ordinance and Measure X Funding Agreement (as such capitalized terms are defined below). See “THE LEASE AGREEMENT – Measure X Special Revenue Fund” and “MEASURE X” herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following is a summary of the anticipated sources and uses of funds relating to the issuance of the Bonds:

Sources:	
Principal Amount	\$
Plus: Net original issue [premium/discount]	
Less: Underwriter’s discount	
Total Sources	\$
 Uses:	
Project Account	\$
Reserve Account	[(1)]
Costs of Issuance ⁽²⁾	
Total Uses	\$

[(1)] The 2018 Reserve Policy will be deposited in the Reserve Account in an amount equal to the initial Reserve Requirement for the Bonds. See “SECURITY FOR THE BONDS – Project Trust Fund – *Reserve Account*.”]

[(2)] Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Trustee, printing expenses, title insurance, rating fees, [the premium for the 2018 Bond Insurance Policy, the premium for the 2018 Reserve Policy,] and other costs. [On the Delivery Date, the Underwriter will retain from the purchase price of the Bonds an amount equal to the premiums for the 2018 Bond Insurance Policy and the 2018 Reserve Policy and pay such premiums to the Bond Insurer on the Delivery Date on behalf of the Authority.]

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ANNUAL DEBT SERVICE

The following table shows the annualized debt service for the Bonds by Bond Year (assuming no optional redemption or extraordinary redemption prior to scheduled maturity):

Bond Year Ending May 1	Principal	Interest	Annual Debt Service
2019	\$	\$	\$
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
TOTAL	\$	\$	\$

THE BONDS

General

The Bonds will be issued in the aggregate principal amount and will mature on the dates and bear interest at the rates per annum as set forth on the inside front cover of this Official Statement. The Bonds will be issued in authorized denominations of \$5,000 or integral multiples thereof and will be dated their date of delivery. The Bonds will be initially delivered as one fully registered certificate for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. See “– Book-Entry Only System” below and “APPENDIX D – DTC’S BOOK ENTRY-ONLY SYSTEM” herein.

While the Bonds are subject to the book-entry system, the principal and interest with respect to the Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Bonds. See “– Book-Entry Only System” below and “APPENDIX D – DTC’S BOOK ENTRY-ONLY SYSTEM” herein.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and payable on May 1 and November 1 of each year, commencing May 1, 2019 (each an “Interest Payment Date”), until maturity or earlier redemption thereof. Interest with respect to any Bond will be payable to the person appearing on the registration books of the Trustee as the Owner thereof, such interest to be paid by check or draft mailed to such Owner on the Interest Payment Date by first class mail at such Owner’s address as it appears on such registration books at the close of business on the fifteenth day of the calendar month preceding an Interest Payment Date (each, a “Record Date”). Payment of interest with respect to the Bonds may, at the option of any Owner of at least \$1,000,000 in aggregate principal amount of Bonds, be transmitted by wire transfer to an account specified in writing to the Trustee at least fifteen (15) days prior to the applicable Record Date by said Owner. Any such written request will remain in effect until rescinded in writing by the Owner

Transfer and Exchange

The following provisions regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC’s book-entry system. While the Bonds are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “– Book-Entry Only System” below and “APPENDIX D – DTC’S BOOK ENTRY-ONLY SYSTEM” herein.

The Bonds may be transferred or exchanged on the books maintained by the Trustee under the terms and conditions set forth in the Trust Agreement, including payment of any tax, fee or other governmental charge on such transfer or exchange. The Trustee may deem and treat the person in whose name any Bond will be registered upon the books of the Trustee as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, if any, of and interest with respect to such Bond and for all other purposes. Each Bond will be transferable only upon the books of the Trustee which will be kept for that purpose at the corporate trust office of the Trustee, by the Bondowner in person or by such Bondowner’s attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Bondowner or such Bondowner’s duly authorized attorney. Upon the transfer of any such Bond the Trustee will deliver in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity and interest rate as the surrendered Bond. The Trustee will not be required to transfer or exchange any Bonds selected for redemption or within 15 days before the selection of Bonds for redemption.

Redemption

Optional Redemption. The Bonds maturing on or before May 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after May 1, 20__ are subject to optional redemption prior to maturity, at the option of the City pursuant to the Lease Agreement, as a whole or in part on any date on or after May 1, 20__ from available finds in the Redemption Account including the amount of the Lease Prepayment Price in the event the City exercises its option to prepay the Lease Payments under the Lease Agreement, at a redemption price equal to 100 percent of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Term Bond Redemption. The Bonds maturing on May 1, 20__ and May 1, 20__ are subject to mandatory redemption, by lot, in the principal amounts hereinafter set forth, without premium, on May 1 of each year, commencing on May 1, 20__ and May 1, 20__, respectively, from the principal portion of the Lease Payments required to be on deposit in the Lease Payment Account on the Lease Payment Date immediately prior to May 1 of each of the years and in the amounts as follows:

Term Bonds maturing May 1, 20__

Year	Principal
	\$

(Maturity)

Term Bonds maturing May 1, 20__

Year	Principal
	\$

(Maturity)

Extraordinary Redemption From Insurance or Condemnation Proceeds. The Bonds are subject to redemption in whole or in part, without premium, on any date in the principal amount thereof, together with accrued interest to the date fixed for redemption, upon the occurrence of damage, destruction or condemnation of the Property, or any portion thereof, which results in (a) Net Insurance Proceeds remaining after the repair, restoration or replacement of the Property pursuant to the Lease Agreement or (b) the City's election to apply the Net Insurance Proceeds to the redemption of all or a portion of the Bonds pursuant to the Lease Agreement.

As defined in the Trust Agreement and the Lease Agreement, "Net Insurance Proceeds" means any insurance or condemnation proceeds paid with respect to the Property and remaining after payment therefrom of all expenses incurred in the collection thereof; and, with respect to insurance, if and at such time as the City elects to provide self-insurance under the Lease Agreement, any moneys paid from any self-insurance fund of City.

See "THE LEASE AGREEMENT – Abatement" and "– Insurance" and "SECURITY FOR THE BONDS – Project Trust Fund – *Insurance and Condemnation Account*" herein for further discussion regarding the provisions of the Trust Agreement pertaining to the Insurance and Condemnation Account.

Selection of Bonds for Redemption. If less than all of the Bonds of a single maturity are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected by the Trustee by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000.

Unless the City directs the Trustee in writing as to any other method of redemption, whenever provisions are made for the redemption of Bonds in part, the Bonds to be redeemed will be redeemed from each maturity, with the mandatory redemption schedule set forth above to be adjusted accordingly, in order to maintain substantially the same proportionate amount of annual principal payments with respect to the remaining maturities of the Bonds as existed prior to redemption.

Notice of Redemption. When redemption of Bonds is required under the Trust Agreement, the Trustee will, at the expense of the City, give notice of the redemption of such Bonds, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the letters and numbers of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will further state that on such date there will become due and payable upon each Bond to be redeemed the principal amount to be redeemed, together with interest accrued to the redemption date, and that from and after such date interest on the principal amount redeemed will cease to accrue and be payable. The Trustee will mail a copy of such notice, postage prepaid, first class United States mail, not less than 30 days and not more than 60 days before the redemption date, to the Bondowners of any Bonds or portions of Bonds which are to be redeemed, at their addresses as the same appear upon the registry books, but neither the failure of a Bondowner to receive such notice nor any immaterial defect therein will affect the validity of the proceedings for the redemption of Bonds.

The Authority will have the right to rescind any optional redemption by written notice to the Trustee prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under this Trust Agreement. The Authority, the City, and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent

However, while the Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Trust Agreement. See "-- Book-Entry Only System" below and "APPENDIX D – DTC'S BOOK ENTRY-ONLY SYSTEM" herein.

Effect of Redemption. When notice of redemption has been duly given as set forth in the Trust Agreement, 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 will become due and payable, interest on the Bonds so called for redemption will cease to accrue, those Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of those Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. All moneys held by or on behalf of the Trustee for the payment of principal of or interest on Bonds, whether at redemption or maturity, will be held in trust for the account of the Owners thereof and the Trustee will not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

Book-Entry Only System

The Bonds will be issued as one fully registered bond certificate without coupons for each maturity (unless the Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described in this Official Statement. So long as DTC's book-entry system is in effect with respect to the Bonds, notices to Owners of the Bonds by the Authority or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. See "APPENDIX D — DTC'S BOOK-ENTRY ONLY SYSTEM" for further information regarding DTC and the book-entry system.

SECURITY FOR THE BONDS

The following is a summary of selected provisions of the Trust Agreement. This summary does not purport to be complete or definitive and it is qualified in its entirety by reference to the Trust Agreement, a copy of which is available upon request from the Authority or the corporate trust office of the Trustee. See also "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT."

Pledge of Trust Estate under Trust Agreement

The Trust Agreement provides that the Bonds are special obligations of the Authority and are secured by an irrevocable pledge of, and are payable as to principal and interest from, the Trust Estate. As defined in the Trust Agreement, "Trust Estate" means all right, title and interest of the Trustee in and to the Lease Payments, Additional Payments and the Lease Agreement including, without limitation, all amounts from time to time deposited in accordance with the provisions of the Lease Agreement in the accounts and subaccounts created pursuant to the Trust Agreement, including all investments and investment earnings thereon, excluding, however, all moneys deposited or required to be deposited in the Rebate Fund or the Project Account of the Project Trust Fund.

So long as the Lease Agreement is in effect, all Lease Payments, insurance proceeds, requisition or indemnity payments and other payments of any kind constituting a part of the Trust Estate payable to the Trustee with respect to the Property under the terms of the Lease Agreement and the Assignment Agreement, will be paid directly to the Trustee for distribution, in accordance with the Trust Agreement, to or for the Bondowners. **All amounts payable by the Trustee with respect to the Bonds pursuant to the Trust Agreement will be paid only from the income of and proceeds from the Trust Estate and only to the extent that the Trustee will have actually received sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of the Trust Agreement.**

Project Trust Fund

There is established with the Trustee a special trust fund to be designated as the "Project Trust Fund." The Trustee will keep the Project Trust Fund separate and apart from all other funds and moneys held by it. Within the Project Trust Fund, the Trust Agreement establishes the following accounts that comprise a portion of the Trust Estate, subject to the terms and conditions of the Trust Agreement: a

Lease Payment Account, a Reserve Account, a Redemption Account, and an Insurance and Condemnation Account.

Lease Payment Account. All Lease Payments received by the Trustee with respect to the Lease Agreement will be deposited by the Trustee in the Lease Payment Account immediately upon their receipt. On or about May 1 of each year the Trustee will give written notice to the Authority of the amount of Lease Payments due in the next following Bond Year. The Trustee will pay from the Lease Payment Account, on each Interest Payment Date, the amount required for the interest payable on such date and the amount required for the principal payable, if any, on such date. Such amounts will be applied by the Trustee on the due dates thereof.

The Trustee will also transfer to the Redemption Account from the Lease Payment Account any amount available therein to pay principal, premium, if any, and the accrued interest with respect to Bonds to be redeemed pursuant to the Trust Agreement.

Reserve Account. The Reserve Requirement will be maintained by the Trustee in the Reserve Account until the Lease Payments are paid in full, the Bonds have been redeemed with Net Insurance Proceeds, the City has paid the Lease Prepayment Price and any related Additional Payments in accordance with the Lease Agreement, or the Trust Agreement is terminated. The Trustee will apply moneys in the Reserve Account as provided in the Trust Agreement. The Trustee shall value the investment of moneys in the Reserve Account, pursuant to the Trust Agreement.

If on any Interest Payment Date the amount in the Lease Payment Account is less than the amount required for the interest payable with respect to the Bonds on said date, the Trustee will withdraw from the Reserve Account and deposit in the Lease Payment Account the amount necessary to make good the deficiency. Any amounts transferred from the Reserve Account will not be considered payment in full or in part of a Lease Payment and such amount will, upon receipt of the delinquent Lease Payment, be repaid from such Lease Payment to the Reserve Account.

If on an Interest Payment Date the amount in the Lease Payment Account is less than the amount required for the principal payable with respect to the Bonds on such date, the Trustee will withdraw from the Reserve Account and deposit in the Lease Payment Account the amount necessary to make good the deficiency. Any amounts transferred from the Reserve Account will not be considered payment in full or in part of any Lease Payment and shall, upon receipt of the delinquent Lease Payment, be repaid from such Lease Payment to the Reserve Account.

Whenever the amount in the Reserve Account, together with the amount in the Lease Payment Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms, the funds on deposit in said Reserve Account will be transferred to the Lease Payment Account and applied to the payment of Bonds. Any provision of the Trust Agreement to the contrary notwithstanding, so long as there shall be held in the Lease Payment Account an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms, no deposits will be required to be made into the Reserve Account.

Moneys in the Reserve Account will be used solely for the purpose of:

- (a) making up deficiencies in the Lease Payment Account for the payment of interest and principal on the Bonds as provided in the Trust Agreement; or
- (b) providing for the payment of the final Lease Payment in which event the Trustee will transfer all amounts on deposit in the Reserve Account to the Lease Payment Account to be applied as a credit against said final Lease Payment.

If ten (10) days prior to any Lease Payment Date the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will notify the Authority and the City, and the City will include the amount necessary to meet the Reserve Requirement with its next Lease Payment on such Lease Payment Date as an Additional Payment.

The Authority reserves the right to substitute, at any time and from time to time, one or more Alternative Reserve Account Security Instruments in substitution for or in place of all or any portion of the Reserve Requirement, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes thereof. Upon deposit by the Authority with the Trustee of any such Alternative Reserve Account Security Instrument, the Trustee will withdraw from the Reserve Account and transfer to the Authority for deposit in the Lease Payment Account an amount equal to the principal amount of such Alternative Reserve Account Security Instrument.

[The Reserve Account will initially be funded with the 2018 Reserve Policy to be issued by the 2018 Reserve Insurer in the amount of the Reserve Requirement for the Bonds. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts drawn under the 2018 Reserve Policy shall be available only for the payment of scheduled principal and interest on the Bonds when due.]

If and to the extent that the Reserve Account has been funded with a combination of cash (or Investment Securities) and an Alternative Reserve Account Security Instrument, then all such cash (or Investment Securities) shall be completely used before any demand is made on such Alternative Reserve Account Security Instrument, and replenishment of the Alternative Reserve Account Security Instrument will be made prior to any replenishment of any such cash (or Investment Securities). If the Reserve Account is funded, in whole or in part, with more than one Alternative Reserve Account Security Instruments, then any draws made against such Alternative Reserve Account Security Instrument shall be made pro-rata among the Alternative Reserve Account Security Instruments (calculated by reference to the coverage then available thereunder).

Redemption Account. The Trustee will apply moneys in the Redemption Account as provided in the Trust Agreement. Amounts in the Redemption Account will be applied to the redemption of Bonds. Interest on Bonds so redeemed will be paid from the Lease Payment Account, except to the extent Net Insurance Proceeds are used to pay such interest, and all expenses in connection with such redemption will be paid by the City.

The Trustee will deposit in the Redemption Account, as received, all moneys, if any, paid to it by the City for prepayment of Lease Payments pursuant to the Lease Agreement and the Trust Agreement. Also, in the event of termination of the Lease Term pursuant to the Lease Agreement, the Trustee will transfer to the Redemption Account all moneys on hand in the Lease Payment Account. All of said moneys will be set aside in the Redemption Account for the purpose of redeeming the Bonds in advance of their maturity and will be applied on or after the date of redemption designated pursuant to the Trust Agreement to the payment of principal, premium, if any, and accrued interest, if any, with respect to the Bonds to be redeemed upon presentation and surrender of such Bonds.

Insurance and Condemnation Account. Subject to the provisions of the Lease Agreement, the proceeds of insurance, if any, maintained pursuant to the Lease Agreement against physical loss of or damage to the Property or any portion thereof, any proceeds of title insurance maintained pursuant to the Lease Agreement, and any condemnation awards constituting Net Insurance Proceeds will be deposited in the Insurance and Condemnation Account immediately upon receipt and applied as provided in the Lease Agreement.

Assignment of Rights; Events of Default; No Acceleration

Pursuant to the Assignment Agreement, the Authority has transferred, assigned and set over to the Trustee all of the Authority's rights in and to the Lease Agreement (except the Authority's rights to indemnification, to give approvals and consents thereunder, and to payment or reimbursement for any costs or expenses thereunder), including without limitation all of the Authority's right to receive Lease Payments from the City under the Lease Agreement, its right to receive the proceeds of insurance or of an eminent domain award on the Property, its right to re-let the Property in the event of default by the City under the Lease Agreement (an "Event of Default"), its right to enforce payment of such Lease Payments when due, or otherwise protect its interests and enforce its rights under the Lease Agreement.

The Trustee shall have no right to declare the principal of or interest on the Bonds to be due and payable immediately.

Parity Obligations

In addition to the Bonds, the Authority has the right under the Trust Agreement to issue any bonds, notes, or other similar evidences of indebtedness, payable out of the Lease Payments and which, as provided in the Trust Agreement or any Supplemental Trust Agreement, rank on a parity with the Bonds (the "Parity Obligations"). Any such Parity Obligations will be issued under and pursuant to a Supplemental Trust Agreement which shall specify: (i) the maturity date or dates of such Parity Obligations, which shall be May 1 in any given year; (ii) the interest payment dates, which shall be May 1 and November 1; (iii) the terms, if any, for call and redemption of such Parity Obligations prior to maturity; and (iv) the interest rate or rates on such Parity Obligations and any other matters deemed appropriate or necessary and not inconsistent with the provisions of the Trust Agreement.

All of the Parity Obligations will be executed by the Authority for issuance under the Trust Agreement and delivered to the Trustee and thereupon shall be delivered by the Trustee upon a Certificate of Authorized Representative of the Authority but only upon receipt by the Trustee of the following documents or money or securities:

(a) A certified copy of the Supplemental Trust Agreement authorizing the issuance of such Parity Obligations;

(b) A Certificate of Authorized Representative of the Authority as to the delivery of such Parity Obligations;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Authority has the right and power under the Law to execute and deliver such Supplemental Trust Agreement, and such Supplemental Trust Agreement has been duly executed and delivered by the Authority, and the Trust Agreement and such Supplemental Trust Agreements are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and similar qualifications); (ii) such Parity Obligations are valid and binding special obligations of the Authority, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and are subject to the terms of the Trust Agreement and all Supplemental Trust Agreements and entitled to the benefits of the Trust Agreement and all such Supplemental Trust Agreements and the Law, and such Parity Obligations have been duly and validly issued in accordance with the Law and the Trust Agreement and all such Supplemental Trust Agreements; and (iii) the obligation of the City to make the

Lease Payments during the term of the Lease Agreement as amended pursuant to the Trust Agreement is a valid and binding obligation of the City;

(d) A Certificate of the Authority (i) certifying that the Authority is in compliance with all agreements and covenants contained herein in all material respects and that no Event of Default has occurred or is continuing; (ii) stating that the Authority and the City have entered into an amendment to the Lease Agreement pursuant to which the City is obligated to make Lease Payments at times and in amounts sufficient to provide for payment of the principal of and interest on the Bonds (including such Parity Obligations) which will be Outstanding following the sale and delivery of such Parity Obligations; (iii) stating that provisions have been made for the deposit into the Reserve Account for such issue of Parity Obligations; and (iv) containing such additional statements as may be reasonably necessary to show compliance with the requirements of the Trust Agreement;

(e) An executed copy of the amendment to the Lease Agreement; and

(f) Such further documents, money and securities as are required by the provisions of the Trust Agreement and the Supplemental Trust Agreement providing for the issuance of such Parity Obligations.

See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT."

THE LEASE AGREEMENT

The following is a summary of selected provisions of the Lease Agreement between the City and the Authority. This summary does not purport to be complete or definitive and it is qualified in its entirety by reference to the Lease Agreement, a copy of which is available upon request from the Authority or the corporate trust office of the Trustee. See also "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT."

General

The City and the Authority have entered into the Lease Agreement, whereby the Authority will sublease the Property to the City in consideration of the payment by the City of Lease Payments sufficient to pay principal and interest on the Bonds.

Lease Payments

Lease Payment Date. Subject to the provisions of the Lease Agreement, the City agrees to pay to the Authority, its successors and assigns, as annual rental for the use and possession of the Property, the Lease Payments (denominated into interest portions and principal portions) to be due and payable in arrears on the 15th day of the month preceding an Interest Payment Date or if such a day is not a Business Day then on the next succeeding Business Day (each such day a "Lease Payment Date").

Credits. Any amount held in the Lease Payment Account on any Lease Payment Date (other than amounts required for payment of past due principal or interest with respect to any Bonds that have matured or been called for redemption and have not been presented for payment or amounts which have been paid with respect to a prior Lease Payment Date but not yet distributed to Bond Owners) will be credited toward the Lease Payment then due and payable.

No Lease Payment will be made on any Lease Payment Date if the amounts then held in the Lease Payment Account (other than those amounts excluded under the prior sentence) are at least equal to the cumulative total of Lease Payments then required to be paid.

Rate on Overdue Payments. In the event the City should fail to make any Lease Payment required by the Lease Agreement, or any portion of any such Lease Payment, the Lease Payment or portion 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, to the extent permitted by law, from the date such amount was originally payable at the highest rate of interest on any Outstanding Bond.

No Withholding. Notwithstanding any dispute between the Authority and the City, the City shall make all Lease Payments when due and shall not withhold any Lease Payment pending the final resolution of such dispute.

Fair Rental Value. The Lease Payments and the Additional Payments shall be paid by the City in consideration of the right of possession of, and the continued quiet use and enjoyment of, the Property during each such period for which said rental is to be paid. The parties thereto have agreed and determined that such total rental to be paid thereunder does not exceed the fair rental value of the Property during the term of the Lease Agreement. In making such determination, consideration has been given to the fair rental value of the Property (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

Budget and Appropriation. The City covenants in the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Payments due thereunder in its proposed annual budget and its final adopted annual budget and to make the necessary appropriations for any amount of Lease Payments and Additional Payments to be paid therefor. The City will furnish to the Trustee a notice on or before each July 15 if it has not adopted such final annual budget providing for such payments of all Lease Payments and Additional Payments.

The obligation of the City to pay Lease Payments and Additional Payments under the Lease Agreement shall constitute a current expense of the City payable from the general fund of the City or any other legally available funds and shall not in any way be construed to be a debt of the City, or the State, or any political subdivision thereof, in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, the State, or any political subdivision thereof, or an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Assignment of Lease Payments. The Authority's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City thereunder, have been assigned by the Authority to the Trustee, subject to certain exceptions, pursuant to the Assignment Agreement, to which assignments the City consents in the Lease Agreement. The Authority directs the City, and the City agrees, to pay to the Trustee at the Trustee's corporate trust office, or to the Trustee at such other place as the Trustee may direct in writing, all Lease Payments or prepayments thereof payable by the City under the Lease Agreement. The Authority will not assign or pledge the Lease Payments or other amounts derived from the Property or from its other rights under the Lease Agreement except as provided under the terms of the Lease Agreement, or its duties and obligations except as provided under the Trust Agreement.

Additional Payments. In addition to the Lease Payments, the City will also pay such amounts (the "Additional Payments") as are required for the payment of all administrative costs of the Authority

relating to the Property, including without limitation all expenses including usual and ordinary legal fees and expenses, assessments, compensation and indemnification of the Authority and the Trustee payable by the City, any amounts required to be rebated to the federal government in order to comply with the provisions of Section 148 of the Code, taxes of any sort whatsoever payable by the Authority as a result of its lease of the Property or undertaking of the transactions contemplated in the Lease Agreement or the Trust Agreement, fees of auditors, accountants, attorneys or engineers, insurance premiums and other items required by the Lease Agreement and all other necessary administrative costs of the Authority or charges required to be paid by it in order to comply with the terms of the Bonds or of the Trust Agreement (including but not limited to any Additional Payment required pursuant to the Trust Agreement) or to indemnify the Trustee and its officers and directors. All such Additional Payments to be paid under the Lease Agreement will be paid when due directly by the City to the respective parties to whom such Additional Payments are owing.

Measure X Special Revenue Fund

As long as the Measure X Sales Tax may be legally imposed by the Transportation Agency for Monterey County ("TAMC") and the Measure X Revenues may be allocated to the City and for so long as the Lease Payments are due to the Authority under the Lease Agreement, the City agrees in the Lease Agreement to establish a Measure X Special Revenue Fund to be held by the Treasurer or other appropriate financial officer of the City (the "Treasurer"). All Measure X Revenues will be deposited with the Treasurer and credited to the Measure X Special Revenue Fund.

Commencing November 1, 2018, the Treasurer will transfer moneys from the Measure X Special Revenue Fund to pay the Lease Payments in accordance with the Lease Agreement. Any Measure X Revenues in excess of the amounts budgeted, as required by the Lease Agreement, for the payment of the Lease Payments coming due in the applicable Fiscal Year will constitute surplus revenues in the Measure X Special Revenue Fund. After all covenants contained in the Lease Agreement have been duly performed, and provided that there are no amounts then owing to Authority or the Trustee by the City, such surplus revenues may be used for: (1) extensions and betterments of the Project; or (2) any lawful purpose of the City.

Notwithstanding anything in the Lease Agreement to the contrary, neither the establishment of the Measure X Special Revenue Fund nor any other provision of the Lease Agreement will be construed as a pledge of the Measure X Revenues or any other general or special fund of the City. See "MEASURE X" herein.

Substitution of Property

Notwithstanding anything in the Lease Agreement to the contrary, the real or personal property constituting the Property (including without limitation the Site and the public facilities and improvements thereon) may be substituted, in whole or in part, by other properties, at the option of the City; provided, that the following conditions shall have been satisfied: (i) such substitution does not, in the opinion of Bond Counsel, adversely affect the tax-exempt status of the Bonds; (ii) the City certifies to the Authority and the Trustee that the fair rental value of the substituted property is at least equal to the Lease Payments each year for the remaining term of the Lease Agreement; (iii) the City has been advised by the rating agencies then rating the Bonds that such substitution will not, in and of itself, result in a reduction of such ratings on the Bonds; (iv) in the event that the substituted property consists in whole or in part of real property, a California Land Title Association insurance policy (or, at the City's sole discretion, an American Land Title Association insurance policy) on the substituted property has been obtained and evidence that any existing title insurance with respect to the portion of the Property remaining after such substitution is not affected; and (v) the parties to the Lease Agreement will amend the Lease Agreement

(and any “short form” or “Memorandum of Lease Agreement” recorded pursuant to the Lease Agreement) to properly reflect such substitution.

Abatement

Lease Payments and Additional Payments are payable by the City on each Lease Payment Date for and in consideration of the right to use and occupy the Property. Except as otherwise specifically provided in the Lease Agreement, the obligation of the City to pay Lease Payments and Additional Payments due under the Lease Agreement shall be abated during any period in which, by reason of material damage or destruction to, or condemnation of, the Property or any portion thereof, or defects in title to the Property, there is substantial interference with the use and possession by the City of all or such portion of the Property. The amount of abatement will be such that the resulting Lease Payments and Additional Payments during which such interference continues, do not exceed the fair rental value of the portions of the Property as to which such damage, destruction, condemnation or title defects do not substantially interfere with the City’s use and possession of the Property. Such abatement will continue for the period commencing with the date of such interference and ending with the restoration of the Property to tenable condition. Except as provided in the Lease Agreement, in the event of such damage, destruction or taking, the Lease Payments and Additional Payments shall continue in full force and effect, and the City waives any right to terminate the Lease Agreement by virtue of any such damage, destruction or taking.

See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” See also “BONDOWNERS’ RISKS – Abatement.”

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Lease Payments due under the Lease Agreement in certain of the funds and accounts established under the Trust Agreement or are otherwise legally available to the Trustee under the Trust Agreement and the Lease Agreement for such payments (including as a result of the availability of insurance proceeds), such Lease Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

Events of Default; No Acceleration

Events of default under the Lease Agreement shall be any one or more of the following events:

(a) Payment Default. Failure by the City to pay any Lease Payment or Additional Payment required to be paid thereunder on the date such payment is due thereunder.

(b) Covenant Default. Failure by the City to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed therein or otherwise with respect thereto or in the Property Lease, other than as referred to in clause (a) above, for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, then no event of default shall have occurred so long as corrective action is instituted by the City within the applicable period and diligently pursued until the failure is corrected.

(c) Bankruptcy or Insolvency. The filing by the City of a case in bankruptcy, or the subjection of any right or interest of the City under the Lease Agreement to 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 the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

Remedies on Default. Whenever any event of default referred to in the Lease Agreement 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 the Lease Agreement; provided, however, that notwithstanding anything therein or in the Trust Agreement to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN DUE OR PAST DUE TO BE IMMEDIATELY DUE AND PAYABLE.

Insurance

Pursuant to the Lease Agreement, the City will procure and maintain insurance on the Property, as follows: (a) a commercial general liability insurance policy or policies naming as additional insureds the Authority, the Trustee, and their directors, officers, agents and employees, insuring against all direct or contingent loss or liability for damages for bodily injury, death or property damage occasioned by reason of the use or operation of the Property, in the form of a combined single limit policy in the minimum amount of \$10,000,000 (such insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City); (b) workers' compensation insurance to the extent required by the laws of the State of California and to the extent applicable to the City; (c) insurance against loss or damage to any part of the Property against all perils included within the classification of fire, extended coverage, vandalism, and malicious mischief (including, as nearly as practicable, loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, sprinkler damage, boiler explosion and such other hazards as are normally covered by such insurance), in an amount equal to 100 percent of the replacement cost of the improvements on the Property, which insurance may include a deductible in an amount not exceeding \$100,000 (expressed in 2018 dollars, to be adjusted annually for the rate of inflation, as measured by the Consumer Price Index for the State, as maintained by the Bureau of Labor Statistics, United States Department of Labor); and (d) rental interruption insurance to cover loss, total or partial, of the use of any part of the Property as the result of any of the hazards covered in the insurance required by clause (c) above and the resulting loss of rental income to the Trustee, as assignee of the Authority, in an amount sufficient to pay the maximum remaining principal and interest portions of Lease Payments due under the Lease Agreement for a period of at least 24 months, provided the Net Insurance Proceeds of such rental interruption insurance will be paid to the Trustee for deposit in the Lease Payment Account and will be credited towards the payment of Lease Payments in the order in which such Lease Payments become due and payable. The City shall annually certify to the Trustee that the insurance policies required by the Lease Agreement are in full force and effect and will provide the Trustee with copies of such policies upon request.

As an alternative to providing the insurance required by clauses (a) or (b) of the foregoing paragraph, the City may provide a self-insurance method or plan of protection (but only from a special fund of the City or other source for which the General Fund of the City is not in any fashion obligated nor to which the City is otherwise obligated to make payments), covering one or all of the insurance coverages required to be provided by clauses (a) and (b), so long as (i) such self-insurance method or plan of protection will afford reasonable protection to the Authority and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by counties in the State other than the City, (ii) the City shall have provided evidence to the Authority and the Trustee that the City has segregated amounts in a special insurance reserve meeting the requirements of this Section, and (iii) in the reasonable opinion of the City's risk manager or a reputable independent insurance consultant, such self-insurance is maintained at an actuarially sound level for the purpose of the Lease Agreement.

In the event of any damage to or destruction of the Property caused by the perils covered by such insurance, the Net Insurance Proceeds will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Property. The City will begin such reconstruction, repair or replacement promptly after such damage or destruction occurs, and will continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and will pay out of such Net Insurance Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Property will be free and clear of all claims and liens except as provided in the Lease Agreement.

Notwithstanding the foregoing, the City will prepay Lease Payments in whole or in part if (i) replacement or repair of any portion of the Property are not economically feasible or in the best interest of the City, or (ii) the City is not able make both of the following certifications: (a) the Net Insurance Proceeds, together with any other funds supplied by the City in its discretion for such purpose, are sufficient to restore the Property to a use which will have an annual fair rental value not less than the annual Lease Payments and Additional Payments due under the Lease Payments (assuming that the annual Additional Payments due in the future will equal the average annual Additional Payments prior to such date), and (b) in the event that damage, destruction or taking results in an abatement of Lease Payments and Additional Payments, such replacement or repair can be fully completed within a period not in excess of the period in which legally available funds will be available to pay in full all Lease Payments and Additional Payments coming due during such period. In the event the City prepays less than all of the remaining principal portion of the Lease Payments, the amount of such prepayment will be applied to reduce the principal portion of the remaining Lease Payments corresponding to the resulting prepayment of the principal portion with respect to the Bonds. In such event, the City will deposit with the Trustee (but solely to the extent of legally permitted funds) an amount which when combined with the Net Insurance Proceeds will prepay enough Lease Payments such that the fair rental value of the remaining portion of the Property are sufficient to pay the principal portions and interest portions due under the Lease Agreement after such Net Insurance Proceeds and such deposit by the City are applied to such prepayment.

The City will provide adequate reserves to cover the amount of any deductible provisions of the insurance required to be maintained pursuant to the Lease Agreement.

Title Insurance. The City will obtain a California Land Title Association insurance policy (or, at the City's sole discretion, an American Land Title Association insurance policy) at the time of and dated as of the Delivery Date for the Bonds in an aggregate amount not less than the aggregate principal amount of the Bonds, payable to the Trustee, insuring the respective interests of the City and the Authority in the Property, and insuring the validity of the Assignment Agreement, subject only to Permitted Encumbrances, issued by a title insurance company qualified to do business in the State of California and acceptable to the Insurer. To the extent permitted under the Trust Agreement, the costs of obtaining such title insurance policy or policies may be paid out of the sale proceeds of the Bonds.

See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT."

THE PROPERTY

Lease Payments will be made by the City to the Authority under the Lease Agreement for the beneficial use and occupancy of the Property, consisting of the real property described in the Lease Agreement, together with all improvements and facilities at any time situated thereon, as follows.

City Hall. Located at 440 Harcourt Avenue in the City, City Hall is an 18,432 square foot, two-story reinforced concrete building. The City Council chambers and administrative offices of the City are located on the upper level, and the City's Police Department occupies the lower level. City Hall is located in a FEMA 100-Year Flood Zone. The City maintains both flood and earthquake insurance with respect to City Hall. Coverage limits are \$150,000,000 per occurrence and in the annual aggregate for covered locations under each of the flood insurance and earthquake insurance policies, with a deductible under the flood insurance policy of \$100,000 per occurrence and a deductible under the earthquake insurance policy of 5% per unit of insurance subject to a minimum of \$100,000 per occurrence. See "BONDOWNERS' RISKS – Natural Calamities" herein. Excluding personal property, the 2017-18 insured value is approximately \$4.8 million.

Community (Oldemeyer) Center. Also known as the Oldemeyer Center, the Community Center is a 25,000 square foot, two story concrete block building located at 986 Hilby Avenue in the City. The Community Center is located within in a FEMA 500-Year Flood Zone. The City maintains both flood and earthquake insurance with respect to the Community Center. Coverage limits are \$150,000,000 per occurrence and in the annual aggregate for covered locations under each of the flood insurance and earthquake insurance policies, with a deductible under the flood insurance policy of \$100,000 per occurrence and a deductible under the earthquake insurance policy of 5% per unit of insurance subject to a minimum of \$100,000 per occurrence. See "BONDOWNERS' RISKS – Natural Calamities" herein. The Community Center offers a wide range of meeting rooms designed to offer meeting space for organizations and individuals seeking a comfortable venue: the Bayonet Room, the Blackhorse Room, Dance Studio, Laguna Grande Hall, the Seahorse Room, and the Seaside Room. Excluding personal property, the 2017-18 insured value is approximately \$4.3 million.

Fire Station. Located at 1635 Broadway in the City, the Fire Station consists of 8,312 square feet and is a two-story, concrete block building. The Community Center is located within in a FEMA 500-Year Flood Zone. The City maintains both flood and earthquake insurance with respect to the Community Center. Coverage limits are \$150,000,000 per occurrence and in the annual aggregate or covered locations under each of the flood insurance and earthquake insurance policies, with a deductible under the flood insurance policy of \$100,000 per occurrence and a deductible under the earthquake insurance policy of 5% per unit of insurance subject to a minimum of \$100,000 per occurrence. See "BONDOWNERS' RISKS – Natural Calamities" herein. The City's entire Fire Department operates out of this Fire Station. Excluding personal property, the 2017-18 insured value is approximately \$1.9 million.

As described under the caption "THE LEASE AGREEMENT – Substitution of Property," the City has the right to substitute other facilities after complying with the conditions of the Lease Agreement.

AERIAL VIEWS OF THE PROPERTY

[insert aerials views of City Hall, Oldemeyer Community Center, and the Fire Station here]

THE CITY

General

The City was founded in 1887 and incorporated on October 13, 1954 as a general law city. The City is an approximately ten-square mile ocean-side community located on the Monterey Peninsula in Monterey County (the "County") on the central coast of California, approximately 120 miles south of San Francisco. Based on an estimate by the California Department of Finance, the City's population was 34,270, as of January 1, 2018. A portion of Fort Ord, a former United States Army post which has been converted to civilian use, is located in the City. Located on the site of the former Fort Ord military base are the Monterey Bay campus of California State University (CSUMB) and the Monterey College of Law. The City's Bayonet and Black Horse Golf Courses, a host to PGA Tour events (including the 2012 PGA Professional National Championship), are also located on the site of the former Fort Ord military base.

The County borders the Pacific Ocean almost at the midpoint of the California coastline, approximately 130 miles south of San Francisco and 240 miles north of Los Angeles and was incorporated in 1850 as one of the State's original 27 counties. The City of Salinas is the County seat. The County covers an area of approximately 3,300 square miles, with a population in excess of 400,000. Agriculture, tourism, and government are major contributors to the County's economy. The Salinas Valley, located in the eastern portion of the County, is a rich agricultural center and one of the nation's major vegetable producing areas. The Monterey Peninsula, famed for its scenic beauty, is a year-round tourist attraction. Pebble Beach, Cypress Point, Spyglass Hill, Poppy Hills and The Links at Spanish Bay are well known Monterey Peninsula golf courses. The Monterey Bay Aquarium and the City of Carmel also are attractions that draw tourists to the Monterey Peninsula.

City Government

The City has a Council-Manager form of government. The five-member City Council is a legislative and policy-making body that is elected on a nonpartisan basis to represent the residents. The Mayor is elected every two years in a general election held in November of even-numbered years. There are four members of the City Council who have overlapping terms, with two members of the City Council elected every two years by the voters through a general election. Each member of the City Council, including the Mayor, have one-vote and are not subject to term limits. The City Manager is appointed by the City Council to manage the daily operations of the City and is responsible for making policy recommendations to the City Council and implementing City Council policy directives. The City's Fiscal Year 2018-19 budget provides authorization for employment of 149 full-time equivalent City employees.

The current City Council members and their respective term expiration dates are as follows:

<u>Name and Office</u>	<u>Term Expires</u>
Ralph Rubio, <i>Mayor</i>	December, 2018
Dennis Alexander, <i>Mayor Pro Tem</i>	December, 2018
Jason Campbell, <i>Council Member</i>	December, 2020
David R. Pacheco, <i>Council Member</i>	December, 2020
Kayla Jones, <i>Council Member</i>	December, 2020

Craig Malin is the City Manager of the City and the Executive Director of the Authority. The City Manager is appointed by the City Council as the administrative head of the City. Mr. Malin was appointed City Manager in December 2015 and is responsible to direct the daily operations of the City, enforce City laws, prepare the municipal budget, and implement the policies and programs initiated by the

City Council. The City Manager appoints all of the department heads and directly oversees their operations.

Mr. Malin's career in community building and organizational development spans three decades, with experience in both public and private sectors. From 2001 through 2015, Mr. Malin served as City Administrator of the City of Davenport, Iowa, which is the county seat of Scott County in the State of Iowa. Prior to 2001, Mr. Malin's experience includes working with five cities, two counties, a metropolitan planning organization, and a park district.

Mr. Malin is a member of the International City / County Management Association (ICMA) and American Planning Association (APA), holding the American Institute of Certified Planners (AICP) credential. He has attained the ICMA Credentialed Manager designation and has served on numerous national ICMA and National League of Cities committees, including helping found the Sustainable Communities Committee and rewriting the credentialing exam for the profession. Mr. Malin holds Masters Degrees in Public Administration from University of Illinois, Human Resources Development from Webster University, and Urban Planning & Policy from Roosevelt University. Mr. Malin was the first city manager to complete both the National Preparedness Leadership Initiative and Senior Executive in State & Local Government program at Harvard's John F. Kennedy School of Government.

Daphne Hodgson is the Deputy City Manager of Administrative Services of the City; this position presently serves as the Finance Director and Treasurer of the City and the Treasurer of the Authority and is responsible for the financial affairs of the City and the Authority. Ms. Hodgson assumed the responsibilities of the Finance Director of the City in January 2002 and has served in that capacity for over 16 years. Prior to her work with the City, Ms. Hodgson served in the finance director capacity in several other cities for over 12 years and worked for several years in county government. She holds a Bachelors Degree in Accounting from California State University of Sacramento and is a certified public accountant. Ms. Hodgson is a member of California Society of Municipal Finance Officers and the American Institute of Certified Public Accountants.

Ms. Hodgson is planning to retire in September 2018, after the sale of the Bonds has been completed. The City Council is presently conducting a search for a new Finance Director. The Assistant Finance Director, Travis Foster, will assume the responsibilities of the Finance Director of the City until a new Finance Director has been selected and appointed by the City Manager.

Travis Foster is the Assistant Finance Director of the City and the Assistant Treasurer of the Authority. Mr. Foster has been with the City since April 3, 2017. As the Assistant Finance Director, he is responsible for the day-to-day financial processing, reporting and record-keeping activities as well as complex accounting duties including preparation of the City-wide budget and financial statements. Mr. Foster previously worked in Public Accounting and in the private sector as a Controller. He received his Bachelor of Science Degree in Finance and his Master's in Accountancy from San Jose State University. Mr. Foster is a member of the California Society of Municipal Finance Officers and the Government Finance Officers Association, as well as a CPA in the State of California

Richard Riedl, PE, is the Public Works Director and City Engineer for the City. Mr. Riedl has been with the City since August 2007 and has worked in a variety of engineering capacities. He performs a variety of management, engineering, planning and project management activities. He manages staff for the public works department including the engineering division. As the City Engineer his responsibilities include the design, investigation, construction, and administration of public works projects, including the improvement and maintenance of the municipal water system, the sewer system, the storm drain system, streets, parks and government buildings. In this capacity, Mr. Riedl oversees and approves studies and contract documents for capital projects for these municipal programs and private land development

programs. He oversees preparation of master planning documents and supporting studies and documents for all public works projects and land development projects.

Mr. Riedl managed the reconstruction of the City’s downtown corridor and is currently managing the reconstruction of several park facilities and city streets. Mr. Riedl managed the user fee increases for the water utility and sewer utility, guiding them through the ballot and implementation process. Mr. Riedl also manages the Seaside water conservation program and participates in the Seaside Watermaster TAC, the Monterey Peninsula Regional Water Authority TAC, and the Monterey Peninsula Integrated Regional Water Management Program. As an engineering consultant, Mr. Riedl designed and constructed several wastewater and groundwater treatment systems, storm drain improvements, road improvements, and site improvements for land development projects.

Mr. Riedl is a registered professional civil engineer in the State of California, holds a Bachelor of Science degree in Mechanical Engineering from California State Long Beach and a Master of Science degree in Civil and Environmental Engineering from Stanford University. Mr. Riedl is a member of and has served on the Board of Directors for Monterey Bay Chapter of American Public Works Association and the Monterey Bay Chapter of the California Society of Professional Engineers.

Lesley Milton-Rerig is the City Clerk and Public Affairs Officer of the City and the Authority Secretary. Ms. Milton-Rerig was appointed by the City Manager to serve as City Clerk in August 2014 and oversees the compliance of the City’s nine Boards Commissions and Committees. Ms. Milton-Rerig has more than 15 years of public service history, 7 years working in the City Clerk profession. As City Clerk, Ms. Milton-Rerig serves the public as the City’s election official and compliance officer for the Political Reform Act, the Brown Act and Public Records Act. She also serves as the legislative record manager managing the City’s legislative actions, historical records, municipal code as well as legal agreements. As Public Affairs Officer, Ms. Milton-Rerig facilitates the City’s public media programs including the website and social media accounts and serves as the City’s Public Information Officer. Ms. Milton-Rerig has a Bachelor’s Degree in Criminal Justice and Master’s Degree in Public Administration. She has achieved certifications as a Certified Municipal Clerk, a Certified Project Manager and a Certified Human Resources Specialist. Ms. Milton-Rerig is a member of the California City Clerks Association, the International Institute of Municipal Clerks, the California Public Information Officers Association, and the International City Managers Association.

Population

The following table shows the population for the City and Monterey County for the years shown:

**TABLE 1
City of Seaside
City and County Population ⁽¹⁾⁽²⁾
Calendar Years 2009-2018**

Calendar Year	City	County	Calendar Year	City	County
2009	32,660	412,233	2014	33,796	429,308
2010	32,955	415,108	2015	34,189	432,740
2011	32,856	417,892	2016	34,165	438,175
2012	33,352	423,072	2017	34,185	442,149
2013	33,757	427,147	2018	34,270	443,281

(1) As of January 1 of each year.
 (2) Based on 2000 & 2010 census benchmark.
 Source: Demographic Research Unit, California State Department of Finance.

Employment and Industry

The following table shows certain employment statistics and the unemployment rate for the City, the County and the State, for calendar years 2013 through 2017.

TABLE 2
City of Seaside
City, County and State Average Annual Employment Statistics ⁽¹⁾
Calendar Years 2013 through 2017

Year	City			County	State
	Labor Force	Employed	Unemployment Rate	Unemployment Rate	Unemployment Rate
2013	18,100	16,200	10.6%	10.3%	8.9%
2014	18,300	16,600	9.3	9.0	7.5
2015	18,300	16,800	8.3	8.1	6.2
2016	18,400	17,000	7.8	7.7	5.5
2017	18,200	16,800	7.5	7.2	4.8

(1) Not seasonally adjusted. Figures represent the 12-month average for each such year.

Source: California Employment Development Department, Labor Market Information Division.

The following table shows the distribution of the labor force in the County from 2013 through 2017.

TABLE 3
County of Monterey
Annual Average Employment by Industry
Calendar Years 2013-2017

	2013	2014	2015	2016	2017 ⁽¹⁾
Total Farm	52,200	53,000	53,300	52,500	52,500
Natural Resources, Mining & Construction	4,700	5,100	5,500	6,100	6,200
Manufacturing	5,300	5,400	5,500	5,400	5,600
Trade, Transportation and Utilities	25,400	25,700	26,000	26,100	26,100
Information	1,500	1,400	1,300	1,100	1,100
Financial Activities	4,000	4,000	4,100	4,200	4,300
Professional and Business Services	11,300	12,100	12,800	13,400	13,200
Educational and Health Services	17,500	18,000	18,400	18,800	19,600
Leisure and Hospitality	21,900	22,800	23,400	24,300	24,500
Other Services	4,800	4,900	5,000	5,100	5,200
Government	30,200	30,600	31,100	31,900	33,000
Total All Industries ⁽²⁾	176,700	182,000	186,100	189,500	191,100
Total Civilian Labor Force ⁽³⁾	216,400	218,200	218,800	219,500	220,200

(1) Most recent year for which annual data is available (as of July 13, 2018).

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(3) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

Source: California Employment Development Department, Labor Market Information Division.

Largest Employers

The following table lists the principal employers in the City for Fiscal Year 2017-18. The City is not aware of any significant changes since May 2016 to the principal employers shown in Table 4.

TABLE 4
City of Seaside
Principal Employers
Fiscal Year 2017-18

<u>Employer</u>	<u>Product/Function</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
U.S. Defense Department	Military	1,300	40%
California State University Monterey Bay	Education	1,000	31
Monterey Peninsula Unified School District	Education	200	6
Seaside Auto Center, and related auto services	Auto sales and service	200	6
City of Seaside	Government	150	5
Embassy Suites	Lodging/visitor services	150	5
California Department of Motor Vehicles	Government	100	3
Home Depot	Retail	100	3
Holiday Inn Express	Lodging/visitor services	40	1
Total Employment Listed		3,240	100%

Source: City of Seaside, compiled from City of Seaside Draft General Plan Update, May 2016, and other local resources.

Per Capita Personal Income

The following table shows the annual per capita personal income for the City, the County, the State, and the United States of America from 2011 through 2016:

TABLE 5
City of Seaside, County of Monterey,
State of California, and the United States of America
Per Capita Personal Income ⁽¹⁾⁽²⁾
Calendar Years 2011 through 2016

<u>Year</u>	<u>City ⁽³⁾</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2011	\$21,478	\$42,422	\$45,849	\$42,463
2012	21,876	43,803	48,369	44,283
2013	22,703	44,816	48,570	44,489
2014	22,537	47,107	51,344	46,486
2015	21,331	51,256	54,718	48,429
2016	21,064 ⁽⁴⁾	52,448 ⁽⁴⁾	56,374	49,204

(1) Dollar estimates in current dollars (not adjusted for inflation).

(2) County, State and U.S. data computed using U.S. Bureau of the Census midyear population estimates. Estimates for 2011-2016 reflect county, State, and U.S. population estimates available as of March 2017.

(3) City population for calculating per capita personal income is based on U.S. Census population estimates and includes estimated populations for military barracks and college dormitories. CSUMB is located entirely within the City's jurisdictional boundaries, and CSUMB student population is estimated at approximately 7,500.

(4) Most recent year for which data is available (as of July 13, 2018).

Source: City of Seaside, as shown in the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017, for City data, and City of Seaside for footnote 3; U.S. Department of Commerce, Bureau of Economic Analysis for data for County, State, and U.S.

Median Household Income

The following table shows the “median household income in the past twelve months” for the City, the County, the State, and the United States of America based on data collected over the most recent five-year periods for which data is available. Dollar estimates in the first four years of each five-year period are adjusted for inflation to the ending year of the applicable period based on the national consumer price index. Data for single-year periods are not available for populations of less than 65,000, for insufficient sample size reasons. Data should not be interpreted as year-by-year changes, due to overlapping years in each data period.

TABLE 6
City of Seaside, County of Monterey,
State of California, and the United States of America
Median Household Income in the Past Twelve Months
Using Five-Year Estimates ⁽¹⁾

<u>Data Period</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2007-2011	\$58,403	\$59,737	\$61,632	\$52,762
2008-2012	59,057	60,143	61,400	53,046
2009-2013	55,871	59,168	61,094	53,046
2010-2014	52,538	58,582	61,489	53,482
2011-2015	51,704	58,783	61,818	53,889
2012-2016 ⁽²⁾	53,406	60,889	63,783	55,322

(1) Represents data collected over the five-year periods, with dollar estimates in first four years of each five-year period adjusted for inflation to the ending year of the applicable period based on the national consumer price index. Data for single-year periods are not available for populations of less than 65,000, for insufficient sample size reasons. Data should not be interpreted as year-by-year changes, due to overlapping years in each data period.

(2) Most recent five-year period for which data is available (as of July 30, 2018).

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates.

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Taxable Transactions

A summary of taxable sales within the City, by type of business, during the past five years for which data is available is shown in the following table.

**TABLE 7
City of Seaside
Taxable Transaction Valuation ⁽¹⁾
Calendar Years 2012-2016**

Business	2012	2013	2014	2015 ⁽²⁾	2016 ⁽²⁾⁽³⁾
Motor Vehicle and Parts Dealers	\$234,970	\$263,636	\$284,768	\$331,226	\$356,805
Home Furnishings and Appliance Stores	6,533	7,142	7,711	7,760	7,062
Building Material, Garden Equip & Supplies	# ⁽⁴⁾	# ⁽⁴⁾	# ⁽⁴⁾	72,402	75,116
Food and Beverage Stores	14,334	16,167	16,900	17,370	18,753
Gasoline Stations	37,775	34,569	33,262	29,346	26,400
Clothing and Clothing Accessories Stores	1,063	852	758	837	879
General Merchandise Stores	5,683	5,583	5,774	5,828	5,224
Food Services and Drinking Places	34,479	39,211	47,629	49,089	56,555
Other Retail Group	80,631	86,916 # ⁽⁴⁾	91,554 # ⁽⁴⁾	25,204	24,536
Total Retail and Food Services	\$415,467	\$454,076	\$488,357	\$539,062	\$517,331
All Other Outlets	51,869	57,303	57,947	64,376	67,488
Total All Outlets	\$467,336	\$511,379	\$546,304	\$603,438	\$638,819

(1) In thousands of dollars (1,000s).

(2) Beginning in 2015, the outlet counts in the California Board of Equalization Taxable Sales in California Reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Therefore, industry-level data for 2015 and subsequent years are not comparable to that of years prior to 2015.

(3) Most recent year for which taxable sales data by industry is available (as of July 14, 2018).

(4) Omitted from Business category with “#” notation, because per the California Board of Equalization, the publication of such data would result in the disclosure of confidential information; omitted dollar amounts included in “Other Retail Group” Business category.

Source: California Board of Equalization.

The number of sales permits and the valuation of taxable transactions in the City subject to sales tax are presented in the following table.

**TABLE 8
City of Seaside
Permit Numbers and Taxable Transaction Valuation
Calendar Years 2011-2016**

Year	No. of Retail and Food Permits	Retail and Food Outlets ⁽¹⁾	No. of Total Permits	Total All Outlets ⁽¹⁾
2011	368	\$357,220	529	\$407,240
2012	369	415,467	518	467,336
2013	379	454,076	527	511,379
2014	366	488,357	505	546,304
2015 ⁽²⁾	357	539,062	537	603,438
2016 ⁽²⁾⁽³⁾	366	571,331	566	638,819

(1) In thousands of dollars (‘000s)

(2) Beginning in 2015, the outlet counts in the California Board of Equalization Taxable Sales in California Reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Therefore, number of Retail and Food Outlets also may not be comparable to that of calendar years prior to 2015.

(3) Most recent year for which data is available (as of July 14, 2018).

Source: California Board of Equalization.

Building Activity

The following is a summary of the valuation of building permits issued by the City in the past four calendar years.

TABLE 9
City of Seaside
Building Permit Valuation
Calendar Years 2014-2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Construction Cost:</u>				
<u>Residential:</u>				
New single-family units	--	\$ 120,000	\$ 500,000	\$ 100,000
New multi-family	--	--	--	--
Additions, alterations	\$3,924,166	5,304,341	5,407,931	5,643,945
Total Residential:	<u>\$3,924,166</u>	<u>\$ 5,424,341</u>	<u>\$ 5,907,931</u>	<u>\$ 5,743,945</u>
<u>Non-Residential:</u>				
New commercial	--	--	--	--
New industrial or other non-residential	--	--	--	--
Additions, alterations	\$4,596,327	\$ 6,990,507	\$ 8,799,647	\$11,576,460
Total Non-Residential:	<u>\$4,596,327</u>	<u>\$ 6,990,507</u>	<u>\$ 8,799,647</u>	<u>\$11,576,460</u>
Total Valuation (Residential & Non-Residential):	<u>\$8,520,493</u>	<u>\$12,414,848</u>	<u>\$14,707,578</u>	<u>\$17,320,405</u>
<u>Number of New Dwelling Units:</u>				
Single-family	0	1	1	1
Multi-family	0	0	0	0
Total Units:	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>

Source: City of Seaside.

Former Fort Ord Army Base

The City is in various stages of negotiations with several developers for the development of land within a portion of the former Fort Ord military base located in the north end of the City. As with any real estate development, such projects are subject to various conditions and may not materialize, and some projects are presently in preliminary stages. Among these proposed developments, the City anticipates that two are approaching the completion of their entitlement processes toward the end of calendar year 2018.

The proposed Campus Town mixed use development, an integrated mixed use project on approximately 90 acres, is located just south of the California State University Monterey Bay campus. Pursuant to a Purchase and Sale Agreement, dated as of February 6, 2017, with KB-Bakewell Seaside Venture, LLC, the developer is expected to purchase the land in two phases from the City and the Successor Agency upon the satisfaction of certain conditions to closing. The second phase of the land acquisition is to be expected to occur not less than one year after the closing of the first phase of the land acquisition. The transfer by the Successor Agency of the land to the City for future disposition to the developer was included in the Successor Agency's Long-Range Property Management Plan, which originally was approved by its Oversight Board in August 2014, with subsequent amendments to the plan approved by the Oversight Board in March and May 2015 and the California Department of Finance approval issued on May 29, 2015. Based on the current status of performance under the Purchase and

Sale Agreement, the City presently anticipates that approval of all discretionary entitlements necessary for construction of the project (e.g., a specific plan, review under the California Environmental Quality Act (CEQA), the tentative map, and a development agreement) will be considered by the City's Planning Commission and the City Council sometime between November 2018 and January 2019, and that the close of escrow for the first phase of the developer's land acquisition will occur shortly after all discretionary entitlements have been approved, including but not limited to approval of a finding of consistency with the Base Reuse Plan by FORA (see "– FORA Transition Plan" below). However, under the Purchase and Sale Agreement, the close of escrow for the first phase of the developer's land acquisition could occur as late as calendar year 2022, and if certain conditions are not met, it is possible that the land acquisition closings and the completed project could not occur at all. The Purchase and Sale Agreement contemplates that the Campus Town mixed use development will include the following components: 383 single family detached residences, 168 townhomes, 181 apartment units, 119,730 square feet of neighborhood commercial space, 226,311 square feet of regional commercial space, 57,400 square feet of flex-tech commercial buildings, a hotel, and a park.

The proposed Main Gate mixed use development is situated north of Lightfighter Drive between Highway 1 and 2nd Avenue in the City, northwest of the proposed Campus Town mixed use development. The property consists of approximately 56 acres, adjacent to the California State University Monterey Bay campus, with ocean views and on the east side of the entrance for the recently opened Fort Ord Dunes State Park situated along the Pacific Ocean west of Highway 1. Previously, the Main Gate property was proposed for development as a regional open-air, "lifestyle" commercial center and a hotel/spa/conference facility. Although the development negotiations with the prior developer ceased, the City proceeded in July 2010 to certify an Environmental Impact Report and adopt the Projects at Main Gate Specific Plan, and in October 2010, FORA approved a determination of consistency with the Base Reuse Plan. In view of changed market conditions since 2010, the City conducted a Request for Proposals process in late 2016 with respect to development of the Main Gate site as a mixed-use project instead of the previously entitled regional open-air, "lifestyle" commercial center and hotel/spa/conference facility. Following this process, the City entered into an Exclusive Negotiating Agreement, dated as of February 17, 2017, with the Seaside Development Company, LLC, a subsidiary of Petrovich Development Company in Sacramento. The Exclusive Negotiating Agreement provides the developer with time to design a project and undertake required steps to modify the existing entitlements as necessary to implement the Main Gate mixed use development. The Exclusive Negotiating Agreement also provides for the City and the developer to negotiate with each other on an exclusive basis to establish the terms and conditions of a Purchase and Sale Agreement that would result in the developer's acquisition and development of the property, and it is presently anticipated that such land acquisition will occur over five phases. The transfer by the Successor Agency of the land to the City for future disposition to a developer was included in the Successor Agency's Long-Range Property Management Plan, which originally was approved by its Oversight Board in August 2014, with subsequent amendments to the plan approved by the Oversight Board in March and May 2015 and the California Department of Finance approval issued on May 29, 2015. Based on the current status of performance under the Exclusive Negotiating Agreement, the City presently anticipates that approval of a Purchase and Sale Agreement and all discretionary entitlements necessary for construction of the project, including modification of existing entitlements (e.g., a specific plan update, a CEQA addendum, and the tentative map), will be considered by the City's Planning Commission and the City Council in or about September or October 2018 [update in September], and that the close of escrow for the first phase of the developer's land acquisition will occur shortly after all discretionary entitlements or entitlement modifications have been approved, including but not limited to approval of a finding of consistency by FORA. However, as with any real estate development, if certain conditions are not met, it is possible that the land acquisition closings and the completed project could not occur at all. The plans and other project-related documents submitted by the developer to the City pursuant to the Exclusive Negotiating Agreement presently contemplate that the Main Gate mixed use development will include the following

components: 100 single family detached units, 110 single family attached units, 200 multi-family units, 250 student housing units, 100,000 square feet of neighborhood retail space, 35,000 square feet of retail shops, 60,000 square feet of restaurant space, 12,000 square feet of brewery space, and hotel accommodations for 450 rooms.

On March 9, 2018, two Petitions for Writ of Mandate were filed in the Superior Court of the State, County of Monterey, against the Marina Coast Water District (“MCWD”): (i) *Keep Fort Ord Wild v. Marina Coast Water District*, Case No. 18CV000883, and *LandWatch Monterey County v. Marina Coast Water District*, Case No. 18CV000877. Both lawsuits allege that approval by the Board of Directors of MCWD, on February 20, 2018, of the Ord Community Sphere of Influence Amendment and Annexation (the “SOI Amendment and Annexation”) was premised on improper or inadequate CEQA proceedings. MCWD is a County Water District organized and operating under the County Water District Law (California Water Code Section 30000, et seq.), located on the coast of Monterey Bay at the northwest end of the Salinas Valley and occupying an area of approximately 4.5 square miles. MCWD provides potable water, wastewater treatment and collection, and reclaimed water services within the City of Marina and also currently provides water, wastewater, and recycled water service within the boundaries of the former Fort Ord Army Base, also referred to as the “Ord Community,” under an agreement with FOR A that terminates upon the termination of the legal existence of FORA (currently anticipated in 2020). As described in MCWD’s CEQA documents relating to the SOI Amendment and Annexation, the SOI Amendment and Annexation amends MCWD’s sphere of influence and expands its service area to include a portion of the former Fort Ord already served by MCWD, portions of the City and the City of Marina, specified undeveloped parcels within the Ord Community with initiated development approvals as of December 19, 2017 (including territory of the Campus Town and Main Gate mixed use projects described above), and unincorporated County territory within the Ord Community, including property under the ownership of the U.S. Department of Defense and CSUMB, among others. Keep Fort Ord Wild is an unincorporated association under California law, and LandWatch Monterey County is a California non-profit public benefit corporation exempt from federal income taxation under Section 501(c)(3) of the U.S. Internal Revenue Code. In the petitions, both entities assert an inadequacy of MCWD’s water supplies to serve the areas subject to the SOI Amendment and Annexation and the failure of MCWD to consider certain information in its CEQA proceedings. Among the relief sought in the petitions, the plaintiffs seek to invalidate the CEQA-related actions taken by the MCWD Board on February 20, 2018, to enjoin MCWD from acting under the SOI Amendment and Annexation, and to compel CEQA compliance by MCWD in connection with any further efforts of annexation within the contemplation of the SOI Amendment and Annexation. The City cannot predict the outcome of the aforementioned litigation, or if successful, whether and to what extent the outcome may affect development proposed for the land situated within a portion of the former Fort Ord military base in the City, including but not limited to the proposed Campus Town and Main Gate mixed use developments.

See “BONDOWNERS’ RISKS – Development Risks” for further considerations regarding the development of property within the former Fort Ord military base. As a conservative measure, the City has not included any projected property tax, sales tax, transient occupancy tax, or other revenues from the Campus Town mixed used development, the Main Gate mixed used development, or any other potential developments in its adopted Fiscal Year 2018-19 budget.

FORA Transition Plan

The Fort Ord Reuse Authority Act (California Government Code Section 67650, et seq.) (the “FORA Act”) established the Fort Ord Reuse Authority (“FORA”) in 1994 to prepare and implement a plan for the use and development of the territory within the previous Fort Ord military base (the “Reuse Plan”) and to provide oversight of the Monterey Bay area economic recovery from the closure and reuse planning of the former Fort Ord military base. Pursuant to Government Code Section 67700, the FORA

Act will become inoperative when the FORA board determines that 80% of the territory of Fort Ord that is designated for development or reuse in the Reuse Plan has been developed or reused in a manner consistent with the Reuse Plan, or June 30, 2020, whichever occurs first. On January 1, 2021, the FORA Act is repealed unless State legislation is passed to extend the sunset date.

The Monterey County Local Agency Formation Commission will provide for the orderly dissolution of FORA, including ensuring that all contracts, agreements, and pledges to pay or repay money entered into by FORA are honored and properly administered and that all assets of FORA are appropriately transferred. The FORA board is required to approve a transition plan (“Transition Plan”) by a majority vote, and submit the Transition Plan to the Monterey County Local Agency Formation Commission on or before December 30, 2018, or 18 months before the anticipated inoperability of the FORA Act, whichever occurs first. The Transition Plan must assign assets and liabilities, designate responsible successor agencies, and provide a schedule of remaining obligations.

At its June 8, 2018 meeting, the FORA board received from staff a draft Transition Plan (dated 6/5/18). It is expected that the draft will be revised and a Transition Plan will be presented to the board for its consideration and approval in the September - October 2018 timeframe.

At its July 13, 2018 meeting, FORA staff presented the FORA board a draft compilation of assignment charts (by jurisdiction), which are the basis for how remaining revenue generating obligations and project implementation will be accomplished.

At its August 10, 2018 meeting, the FORA board received an update on the transition planning process, including a draft memorandum, dated May 30, 2018, prepared by EPS. The EPS memorandum reviews the financial implications of the pending transition, including but not limited to projected property tax revenue implications to, and development forecasts with respect to, the County, the City, and two other cities located within the former Fort Ord under certain FORA dissolution scenarios - including statutory extension of the FORA dissolution date to June 2028. The EPS memorandum also notes that certain financial and infrastructure obligations of FORA will transition to the succeeding entities. The FORA board also received a draft resolution adopting a Transition Plan. Since the August 10, 2018 meeting, a final version of the EPS memorandum, dated August 21, 2018, has become available on FORA’s website.

The City, along with the neighboring City of Marina, have contracted with Willdan Financial Services to prepare a fiscal impact analysis of the potential dissolution of FORA specific to the City and the City of Marina, including both projected successor obligations and expenses (such as transportation, water augmentation, and habitat management) and projected successor assets and revenues (such as land sales, property tax, and community facilities district special taxes). The City presently expects that the final draft of the Willdan report will be reviewed by the City Council at its September 20, 2018 meeting and available on the City’s website in connection with the agenda for such meeting. **[update before posting]** See “BONDOWNERS’ RISKS – Development Risks” for further considerations regarding the development of property within the former Fort Ord military base.

The draft Transition Plan, assignment charts, EPS memorandum, and other documents related to Transition Plan are available on FORA’s website at <http://www.fora.org/>. *The website reference is for informational purposes only. None of the content of the website is any way incorporated into this Official Statement. The City and the Authority make no representation concerning, and do not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website.*

Government Services and Education

The City provides municipal services including police and fire protection, community and economic development, planning, building and code enforcement, recreation, and parks and street maintenance. The City's Police Department currently operates with 51 members, comprised of 40 sworn officers and 11 non-sworn personnel. The City's Fire Department is staffed by a total of nine firefighters, six engineers, six captains, three division chiefs, one administrative assistant, one fire chief, and fire reserve firefighters. There is one fire station that houses five fire engines, three utility trucks, and three SUVs.

There are three water service providers for Seaside residents and businesses depending upon the location of the home or business: City of Seaside, Marina Coast Water District and California American Water. Sewer services are provided by the Seaside County Sanitation District, the Marina Coast Water District, and the Monterey Regional Water Pollution Control Agency, and wastewater is treated by the Monterey Regional Water Pollution Control Agency. Pacific Gas and Electric Company provides both natural gas and electric service to the City. Cable is provided by Comcast.

Public school education in the County is available through fifteen elementary districts, two high school districts, and seven unified school districts. Five private schools are located within the County. There are fourteen educational institutions located in Monterey County that provide post-secondary opportunities and several other universities located within close driving distance. California State University at Monterey Bay and the Monterey College of Law are located in the City.

Transportation

Two major north-south highways connect the County with surrounding counties. State Highway I follows the coast. U.S. 101 follows the Salinas Valley. Highway 68 links the City of Salinas to the Monterey Peninsula. Highways 156 and 198 link U.S. 101 with the parallel inland route in adjacent counties. Local transit needs are served by the Monterey-Salinas Transit system. Greyhound provides regularly scheduled intrastate and interstate transportation. Amtrak passenger service is available from Salinas, which is located on the Southern Pacific mainline route between San Francisco and Los Angeles.

County residents and visitors utilize commercial airlines flying out of Monterey Peninsula Airport, located 3.5 miles from downtown Monterey. The Monterey Peninsula Airport is designated a primary airport within the National Airport System Plan and is in the small hub airport category based on passenger enplanement criteria. It provides scheduled airline and general aviation services. Union Pacific Railroad provides freight service for the interior of the County. Several intrastate and transcontinental trucking firms also provide freight transportation.

CITY FINANCIAL AND GENERAL FUND OVERVIEW

General

The City's local economy includes tourism generated by the Monterey Bay, attractions along the Central Coast, and California State University Monterey Bay (CSUMB). The Monterey Peninsula, famed for its scenic beauty, is a year-round tourist attraction. Pebble Beach, Cypress Point, Spyglass Hill, Poppy Hills and The Links at Spanish Bay are well known Monterey Peninsula golf courses. The City's Bayonet and Black Horse Golf Courses, a host to PGA Tour events (including the 2012 PGA Professional National Championship, the 2015 Senior PGA Professional National Championship, and the 2018 PGA Professional National Championship), are also located on the site of the former Fort Ord military base, a portion of which is located in the City. The Monterey Bay Aquarium and the City of Carmel also are

attractions that draw tourists to the Monterey Peninsula. Unique eateries have become prominent in the City, drawing customers from as far away as the San Francisco Bay Area.

The City is also home to a regional auto sales and services mall that was established in the mid-1970s, also called Seaside's Motor City or the Seaside Auto Mall. The Seaside Auto Mall provides significant income to the City and creates employment opportunities in the City. Auto dealers located on the Seaside Auto Mall include Honda, Mazda, Chevrolet, Volkswagen, Toyota, Lexus, BMW, Porsche, Audi, Tesla, Cadillac, Chrysler, Dodge, Jeep, Ram, Fiat, Ford, Lincoln, Jaguar, Land Rover, Hyundai, Nissan, and Subaru. The City's most significant revenue source is the Seaside Auto Mall.

The City continues to experience positive growth, as auto sales have been strong in the last several years and continue to be strong. Transient occupancy tax also continues to be a significant revenue source for the City. Property taxes have improved as housing values have recovered after the recession, and the City's General Fund is now collecting previous redevelopment tax increment following the statutory dissolution - effective February 1, 2012 - of all redevelopment agencies in the State of California, including the former Redevelopment Agency of the City of Seaside (the "Former Redevelopment Agency"). Approximately \$1 million of previous redevelopment tax increment received by the City is attributable to distributions (in proportion to the City's share of property tax revenues in the tax rate area for the applicable fiscal year) of residual amounts of incremental redevelopment project area property taxes, after allocations for tax sharing and enforceable obligations of the Former Redevelopment Agency and the Successor Agency to the Redevelopment Agency of the City of Seaside (the "Successor Agency") and administrative costs of the County and the Successor Agency. As enforceable obligations of the Former Redevelopment Agency and the Successor Agency are paid and retired, this residual amount distributed to the City is expected to increase over time. The Dissolution Act also provides for proceeds of the sale of land owned by redevelopment agencies at the time of their statutory dissolution to be remitted to the applicable county auditor-controller for distribution to the affected taxing entities within the applicable redevelopment project area (including the City) in proportion to such taxing entity's share of property tax revenues in the tax rate area for the applicable fiscal year, and this amount is variable depending upon the existence, timing and amount of land sales.

At the June 6, 2017 election, the electorate of the City approved two revenue initiatives: Measure L approving a ½ cent per dollar (0.5%) local transaction (sales) tax to maintain City services, and Measure G approving a tax on marijuana businesses of up to 10 percent of gross receipts to fund City services. Both new taxes were approved with no sunset date and continue until and unless modified or rescinded by the City's electorate.

Together with current revenues, the City's new Measure L sales tax revenues and Measure G marijuana business tax revenues allow the City to implement the Strategic Directions established by the City Council. The City began to implement the new Strategic Directions in its 2017-18 budget. The Quality of Life Strategic Direction includes public safety, stewardship, community investment, and 21st century engagement. The Fiscal Strength Strategic Direction includes economic development and jobs, modernizing operations, long range fiscal planning, and revenue diversification/optimization.

The Quality of Life Strategic Direction and the Fiscal Strength Strategic Direction established by the City Council are divided into three categories for enhancement: (1) Community and Capital Improvements, (2) Service Improvements and Enhancements, and (3) Programming Enhancements. The City Council has further specified details for these three categories of implementation of the Strategic Directions as follows:

- (1) Community and Capital Improvements include street repair and maintenance, Cutino Park revitalization and improvements to other parks, vehicle replacements, bike safety

improvements, City Hall carpet replacement, economic development and planning satellite office, and future facilities planning.

- (2) Service Improvements and Enhancements include new personnel - two police officers, a senior engineer, a building inspector, public works and parks staff, a human resources technician, and an associate planner.
- (3) Programming enhancements include a Farmer's Market, a community fireworks display, social media improvements, and opportunities for CSUMB interns.

The West Broadway Urban Village Specific Plan, a pedestrian friendly development in downtown Seaside, is the result of a planning process to revitalize and enhance the economic, social, cultural, and recreational fabric of the City's West Broadway Avenue. Under construction and nearing its completion, the project is funded in part by grant funding received by the City for the needed infrastructure, streetscape, and road improvements.

The total net position of the City as of June 30, 2017, was \$42 million, a decrease of approximately \$36,000 or 0.1% from the net position at the prior fiscal year end. This minor change in net position does not reflect the significant amount of activity that occurred in the fiscal year. During Fiscal Year 2016-17, revenues increased, and expenditures increased as well as the new Strategic Directions were implemented. The net position of governmental activities (i.e., general government, public safety, recreation, public works, and community development) increased by approximately \$176,000 or 0.5%, and the net position of business-type activities (i.e., the City's Water System and Bayonet and Black Horse Golf Courses) decreased by approximately \$212,000 or 2%. The City's governmental activities are primarily supported by property and sales taxes, user fees, interest income, franchise fees, and state and federal grants. The City's business-type activities are supported by charges paid by users based on the amount of the service they use. The small decrease in Fiscal Year 2016-17 in the net position of business-type activities was due to increases in costs of operations that had not yet been reflected in the rates charged to customers. In Fiscal Year 2016-17, total City revenues were approximately \$33.4 million, an increase of approximately \$500,000 or 1.5% from Fiscal Year 2015-16, and total City expenses were approximately \$33.4 million, an increase of approximately \$2.2 million or 7% from Fiscal Year 2015-16.

The City's Fiscal Year 2016-17 net investment in capital assets of \$57.9 million reflects its investment in capital assets such as land, infrastructure, buildings, intangible assets, vehicles, and equipment, minus any related outstanding debt. The City's most significant capital asset is the Bayonet and Black Horse Golf Courses, which are operated by B&B Golf Course Properties under a lease agreement with the City; the value of the golf course property is \$7.9 million net of related debt. A Fiscal Year 2016-17 decrease in capital assets in the governmental activities of approximately \$258,000 reflects some of the activity occurring during the fiscal year as part of the execution of the new Strategic Directions. Prior to the deduction of outstanding debt, the net capital assets of the City's governmental activities as of June 30, 2017 totaled approximately \$50.5 million, and the net capital assets of the City's business-type activities totaled approximately \$12.3 million. Prior to deduction for accumulated depreciation, the total net capital assets of the City as of June 30, 2017 represent an increase of approximately \$1.8 million over total net capital assets as of the prior fiscal year end. This increase is due to the construction in the West Broadway Urban Village and the purchase of new Public Works vehicles.

Additional information can be found in the "Management's Discussion and Analysis" and the Deputy City Manager's cover letter included the City's Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2017 ("FY 2016-17 CAFR") included in Appendix A. *The discussions of this "CITY FINANCIAL AND GENERAL FUND OVERVIEW" section of this Official Statement and the*

FY 2016-17 CAFR contain “forward-looking statements” based on the City’s current expectations and assumptions. While the City believes that these expectations and assumptions are reasonable, there is no guarantee that future circumstances and the actual results will not materially differ from current expectations.

Financial Statements (General Fund)

Set forth in Tables 10 and 11 on the following pages are the City’s General Fund Balance Sheets and Statements of Revenues, Expenditures and Changes in General Fund Balance for Fiscal Years 2012-13 through 2016-17, based on the City’s audited financial statements. The Balance Sheets and Statements of Revenues, Expenditures and Changes in General Fund Balance presented in this Official Statement are subject to the various notes attached to the City’s audited financial statements for the respective years. A complete copy of the City’s FY 2016-17 CAFR, which includes the City’s 2016-17 audited financial statements and the Independent Auditor’s Report issued by CliftonLarsonAllen LLP (the “Auditor”) regarding such financial statements, is set forth in Appendix A. The Auditor was not requested to consent to the inclusion of its report in Appendix A, and it has not undertaken to update financial statements included in Appendix A. No opinion is expressed by the Auditor with respect to any event subsequent to its report. Complete copies of the City’s Comprehensive Annual Financial Report for prior years can be obtained from the City’s Finance Department and are currently posted on the City’s website.

The City’s audited financial statements have been prepared in conformity with the accounting principles generally accepted in the United States as applied to government units, and pursuant to the accounting and financial principles established by the Governmental Accounting Standards Board (“GASB”).

Also set forth in Tables 10 and 11 are the City’s estimated, unaudited actual figures for Fiscal Year 2017-18 for the General Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in General Fund Balance, which present data as of June 30, 2018 including Fiscal Year 2017-18 accruals through July 31, 2018; it should be noted, however, that the City’s accrual period for Fiscal Year 2017-18 continues through and ends on September 30, 2018. Therefore, the Fiscal Year 2017-18 figures shown in Tables 10 and 11 are estimated, preliminary, and subject to change upon completion of the accrual period.

The City’s General Fund reported a fund balance at June 30, 2017 of \$12.8 million, an increase of approximately \$729,000 or 6% from the prior fiscal year end. Of the total fund balance, approximately \$3.1 million is in a non-spendable form, approximately \$500,000 is restricted, approximately \$6.1 million is committed, approximately \$5,000 is assigned, and approximately \$3.1 million is unassigned. These restrictions and commitments do not significantly restrict the availability of resources for ongoing uses, as the unassigned fund balance of approximately \$3.1 million represents 11% of General Fund operations. The committed fund balance includes fund balances for the City’s capital reserve, special reserve, and emergency reserve. See “– Financial and Budget Policies – Reserve Policy” herein. In Fiscal Year 2016-17, General Fund revenues, including transfers in and capital lease proceeds, were approximately \$29.7 million, and total General Fund expenditures, including transfers out, were approximately \$29 million.

See also “ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION” herein.

TABLE 10
City of Seaside
General Fund Balance Sheets
Fiscal Years 2012-13 through 2017-18

	2012-13	2013-14	2014-15	2015-16	2016-17	(Estimated) 2017-18 ⁽¹⁾
Assets						
Cash and investments	\$2,572,366	\$ 4,836,709	\$ 4,550,987	\$ 4,610,749	\$ 5,672,684	\$10,728,816
Restricted cash and investments	27,478	76,316	98,286	--	475,582	476,596
Accounts receivable	764,464	745,688	696,230	900,870	961,889	885,823
Due from other governments	1,455,918	1,609,752	1,853,218	3,737,204	2,640,548	1,396,167
Interest receivable	4,556	4,011	5,397	--	--	--
Due from other funds	907,442	668,596	1,687,743	1,838,997	1,944,051	1,943,878
Loans receivable	439,000	437,750	368,950	372,376	320,801	270,098
Land held for resale	--	--	--	--	--	--
Prepaid assets	--	2,249	30,882	--	14,100	17,606
Advances to other funds	383,298	383,298	383,298	383,298	383,298	383,298
Advances to Private Purpose Trust Fund ⁽²⁾	2,333,431	2,333,431	2,333,431	2,333,431	2,333,431	2,333,431
Total assets	<u>\$8,887,953</u>	<u>\$11,097,800</u>	<u>\$12,008,422</u>	<u>\$14,176,925</u>	<u>\$14,746,384</u>	<u>\$18,435,713</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 764,202	\$ 982,775	\$1,154,247	\$1,098,386	\$ 949,948	\$ 321,369
Accrued salaries and benefits	161,575	222,830	334,868	418,623	547,007	992,582
Deposits from others	9,498	5,146	7,211	5,496	7,019	11,169
Other liabilities	--	--	--	--	103,416	103,416
Unearned revenue	--	--	--	47,150	102,411	103,759
Due to other funds	251,686	--	--	184,072	184,243	--
Total liabilities	<u>\$1,186,961</u>	<u>\$1,210,751</u>	<u>\$1,496,326</u>	<u>\$1,753,727</u>	<u>\$1,893,944</u>	<u>\$1,532,295</u>
Deferred Inflows of Resources:						
Unavailable revenue - Intergovernmental	--	--	--	\$348,857	\$48,750	\$48,750
Fund Balances:						
Nonspendable	\$3,155,729	\$3,156,728	\$ 3,116,562	\$ 3,089,105	\$ 3,051,630	\$ 3,051,630
Restricted	27,478	76,316	98,286	98,286	482,428	482,428
Committed	4,121,112	5,243,069	4,827,407	4,827,407	6,120,075	6,120,075
Assigned	569	209	4,875	4,875	4,877	--
Unassigned	396,104	1,410,727	2,464,966	4,054,668	3,144,680	7,200,535
Total fund balances	<u>\$7,700,992</u>	<u>\$9,887,049</u>	<u>\$10,512,096</u>	<u>\$12,074,341</u>	<u>\$12,803,690</u>	<u>\$16,854,668</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$8,887,953</u>	<u>\$11,097,800</u>	<u>\$12,008,422</u>	<u>\$14,176,925</u>	<u>\$14,746,384</u>	<u>\$18,435,713</u>

(1) Estimated, unaudited balances as of June 30, 2018, including Fiscal Year 2017-18 accruals through July 31, 2018 (accrual period ends on September 30, 2018).

(2) Represents the remaining amount owed by the Successor Agency to the Redevelopment Agency of the City of Seaside (the "Successor Agency") to the City under a June 1995 financing agreement between the City and the Former Redevelopment Agency, which amount was originally declared invalid under the Redevelopment Dissolution Act (California Health and Safety Code Section 34161 et seq.) pending receipt by the Successor Agency of a finding of completion, at which point the loan is eligible to be re-established as an enforceable obligation of the Successor Agency upon certain findings made by the Successor Agency's Oversight Board and approval by the California Department of Finance. The Successor Agency received its finding of completion on March 28, 2014. The City expects that, in Fiscal Year 2018-19, the Successor Agency (the governing body of which is comprised of the same individuals as the City Council) will bring forward for approval by the Successor Agency's Oversight Board and the California Department of Finance a resolution to re-establish this loan.

Source: City of Seaside audited financial statements for Fiscal Years 2012-13 through 2016-17, as included in the City's Comprehensive Annual Financial Reports for the respective Fiscal Years; Estimated Actuals for Fiscal Year 2017-18 and footnotes from City of Seaside Finance Department.

TABLE 11
City of Seaside
Statements of Revenues, Expenditures and Changes in General Fund Balance
Fiscal Years 2012-13 through 2017-18

	2012-13	2013-14	2014-15	2015-16	2016-17	(Estimated) 2017-18 ⁽¹⁾
Revenues						
Taxes ⁽²⁾	\$19,790,958	\$20,732,419	\$22,531,390	\$25,029,799	\$25,527,624	\$26,960,560
Licenses and permits	298,160	435,167	569,437	453,758	547,258	746,988
Fines and penalties	94,638	68,191	57,146	94,131	81,595	71,685
Use of money and property	181,954	165,112	161,773	181,332	207,609	183,036
Intergovernmental revenue	106,872	109,771	662,911	187,956	586,873	570,077
Charges for services	595,871	605,895	974,139	884,360	672,138	1,906,411
Other revenue	3,234,424	1,588,969	594,170	619,877	969,290	531,777
Total revenues	\$24,302,877	\$23,705,524	\$25,551,026	\$27,451,213	\$28,592,387	\$30,970,534
Expenditures						
Current						
General government	\$ 929,588	\$ 1,052,598	\$ 979,770	\$ 806,501	\$ 1,027,025	\$1,199,417
Public safety	15,229,956	15,239,606	16,425,540	17,167,133	18,333,697	19,273,772
Recreation	1,477,209	1,703,931	1,994,985	2,243,179	2,398,164	2,426,994
Public works	1,240,256	1,795,855	2,358,975	2,035,611	2,339,837	1,931,016
Community development	1,108,588	741,925	958,621	1,531,027	1,709,930	1,834,163
Capital outlay	--	--	--	--	--	--
Debt Service:						
Principal	129,433	265,061	531,442	390,383	311,801	204,345
Interest and fiscal charges	31,843	36,614	38,256	18,549	21,328	38,983
Total expenditures	\$20,146,873	\$20,835,590	\$23,287,589	\$24,192,383	\$26,141,782	\$26,908,690
Excess (deficiency) of revenues over (under) expenditures	\$ 4,156,004	\$ 2,869,934	\$ 2,263,437	\$ 3,258,830	\$ 2,450,605	\$ 4,061,844
Other financing sources (uses)						
Capital leases proceeds	\$ 397,749	\$ 218,772	\$ 567,814	\$ 28,477	\$1,127,047	\$ 33,278
Transfers in	--	230,510	--	--	--	--
Transfers out ⁽³⁾	(1,519,375)	(1,133,159)	(2,206,204)	(1,725,062)	(2,848,803)	(223,333)
Total other financing sources (uses)	(1,121,626)	(683,877)	(1,638,390)	(1,696,585)	(1,721,256)	(190,055)
Net change in fund balance	3,034,378	2,186,057	625,047	1,562,245	729,349	\$3,871,189
Fund Balances:						
Beginning of year	\$4,666,614	\$7,700,992	\$ 9,887,049	\$10,512,096	\$12,074,341	\$12,803,690
End of year	<u>\$7,700,992</u>	<u>\$9,887,049</u>	<u>\$10,512,096</u>	<u>\$12,074,341</u>	<u>\$12,803,690</u>	<u>\$16,674,879</u>

(1) Estimated, unaudited Revenues and Expenditures as of June 30, 2018, including Fiscal Year 2017-18 accruals through July 31, 2018 (accrual period ends on September 30, 2018).

(2) See “– Primary General Fund Tax Revenue Sources” for a discussion regarding certain top tax revenues sources.

(3) Transfer out consist primarily of transfers to (ii) the City’s Stormwater Fund to fund the operation of the City’s storm drain and stormwater management system per federal and state requirements, (ii) the City’s Gas Tax Fund to supplement funding for the maintenance and repair of City streets and roads, and (iii) as to Fiscal Year 2016-17, the City’s Capital Projects Fund for Parks to supplement funding for capital costs of maintenance of the City’s public parks.

Source: City of Seaside audited financial statements for Fiscal Years 2012-13 through 2016-17, as included in the City’s Comprehensive Annual Financial Reports for the respective Fiscal Years; Estimated Actuals for Fiscal Year 2017-18 and footnotes from City of Seaside Finance Department.

Financial and Budget Policies

Accounting, Auditing and Financial Reporting Policy. The City receives an independent audit annually and maintains an internal audit capacity. The City prepares a CAFR (Comprehensive Annual Financial Report) and all other annual financial reports in compliance with Generally Accepted Accounting Procedures (GAAP), as outlined by the Governmental Accounting Standards Board (GASB). The City maintains a strong system of internal controls, which has resulted in an unqualified audit opinion for many years.

Reserve Policy. The City Council has established three reserve policies as listed below:

- **Capital Reserve:** The capital reserve is to be used to fund capital purchases or projects. This reserve is funded by the City Council setting aside funds to be deposited into this reserve. This fund is to have a year-end balance of not less than five percent (5%) of operating expenditures.
- **Special Reserve:** The special reserve is established to be used for extraordinary items that may arise from time to time. This reserve is funded by the City Council setting aside funds to be deposited into this reserve. This fund is to have a year-end balance of not less than ten percent (10%) of operating expenditures.
- **Emergency Reserve:** The emergency/contingency reserve is to be maintained to have a year-end minimum balance of not less than fifteen percent (15%) of any given year's general fund operating expenditures; at each year end the reserve is to have not less than fifteen percent of the year's operating expenditures. This reserve is to be used for non-budgeted emergencies that may occur, including weather emergencies, economic emergencies, equipment breakdown emergencies, and other unforeseen emergencies.

The capital reserve, special reserve, and emergency reserve balances are reflected in the "Committed" fund balance on the City's Balance Sheets. See Table 10.

Budget Policy. The following represents the City's budget policy.

- The City Council will adopt and maintain a balanced annual operating budget and a five-year capital improvement budget.
- Current annual operating revenues will be equal to or greater than current operating expenditures.
- The City will set fees and user charges for enterprise fund activities at a level that fully supports the total direct and indirect program costs.
- The City will establish fees for service based upon an awareness of the total direct and indirect costs of offering the service. It is recognized that certain services may be subsidized by general taxes as determined by the City Council.
- The identification of funding sources will be required for new or expanded programs.
- The City will provide for maintenance and replacement of fixed assets and equipment, as appropriate.
- The City will comply with all the requirements of Generally Accepted Accounting Principles (GAAP).

- The City will annually retain the services of an independent Certified Public Accounting firm to audit the City's financial statements and conduct any tests of the City's records deemed necessary to render an opinion on the City's compliance with Generally Accepted Accounting Principles (GAAP).
- The Adopted Budget may be adjusted from time to time during the fiscal year as needed to accomplish the goals of the City Council. An adjustment of less than \$10,000 within a department may be proposed by the department head and approved by the Finance Director and the City Manager. Budget adjustments of more than \$10,000 require City Council Approval.
- The City's General, Special Revenue, Capital Project and Trust Funds are budgeted and accounting for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. Property tax revenues and assessments receivable are accrued when collected within 90 days following year-end. Other revenues that are accrued include sales taxes, transaction taxes, utility users and transient occupancy taxes, interest, rent, grants earned and certain other intergovernmental revenue. Expenditures are generally recognized when the liability is incurred, except that interest and principal on general long-term obligations are recognized when due. Enterprise and Internal Service Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred.
- Cost allocations will be made for internal service charges as follows: Equipment Maintenance is allocated based on the number of vehicles a department uses. Management Information Services is allocated based on the number of computers a department uses. Insurance is allocated based on the department budget. Administrative charges are allocated to activities based on the City's Annual Adopted Cost Allocation Plan.

Capital Improvement Program Policy. The City's budget is formatted to include a section on the City's Five-Year Capital Improvement Program (CIP). This program provides a multi-year plan for capital improvements which is updated annually to ensure compliance with the program.

Cash Management and Investment Policy. In accordance with California Government Code Sections 53601 through 53659, the City of Seaside annually reviews and approves the Investment Policy. The policy identifies the rules and procedures that apply to investment instruments that may be used to invest idle cash. It is important to note that the City does not invest in high risk investments such as derivatives and reverse purchase agreements. All investments are made within the parameters of the Government Code and the City of Seaside Investment Policy.

Local Debt Policy. Pursuant to California Government Code Section 8855, as amended by Senate Bill No. 1029, effective January 1, 2017, the City has adopted a Local Debt Policy that includes the five elements required under the statutes, as follows: (1) the purposes for which the debt proceeds may be used; (2) the types of debt that may be issued; (3) the relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable; (4) policy goals related to the issuer's planning goals and objectives; and (5) the internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use. As to General Fund supported debt, the Local Debt Policy provides that the City should strive to maintain its net General Fund-backed annual debt service at or less than 10% of available annually budgeted revenue. This ratio is defined as the City's annual debt service requirements on General Fund supported debt (including, but not limited to, lease revenue bonds and pension

obligation bonds) compared to total annual General Fund revenues net of interfund transfers. The policy further provides that, for purposes of calculating the ratio described in the preceding paragraph, any portion of annual debt service on General Fund supported debt that is paid from a dedicated stream of restricted revenues that has been directed toward the payment of annual debt service through a bond covenant or other similar legal obligation shall be excluded from the amount of “net General Fund-backed annual debt service” stated in the numerator of the ratio. Examples of such restricted revenues include, but are not limited to, a voter-approved sales tax restricted for transportation infrastructure (such as the Measure X Sales Tax (as defined herein) - see “MEASURE X” herein) or a voter-approved parcel tax for specific purposes.

Budgetary Process; General Fund Budget

The fiscal year of the City begins on July 1 of each year and ends on June 30 of the following year. The annual budget assures the efficient, effective, and economic uses of the City’s resources, as well as establishing that the highest priority objectives are accomplished. Through the budget, the City Council sets the direction of the City, allocates its resources, and establishes its priorities. The City Council and management staff routinely conduct two strategic planning sessions each year, one in June and one in January. The long-term goals and six-month objectives developed in these sessions form the basis for the development of the budget.

The City uses the following procedures in establishing the annual budget:

1. Before the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year commencing July 1 and a forecasted budget for the following fiscal year. Proposed budgets are presented to the City Council in May of each year and a follow-up study session follows.
2. Two public meetings are held in June to discuss the budget, including the conduct of a public hearing to obtain public comment and community input.
3. The budget is adopted in June through passage of a resolution and is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end.
5. Legally adopted budget appropriations are set for the General Special Revenue, Debt Service, and Capital Projects Funds.
6. Budgetary control is at the City Manager level. A department head, with City Manager approval, may transfer up to \$10,000 of appropriations within the department. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer appropriations within a fund, or change appropriations between funds.

The Fiscal Year 2018-19 budget, adopted by the City Council on June 21, 2018, includes estimated General Fund revenues of \$32,140,044, an increase of approximately \$1 million, or 3% from the Fiscal Year 2017-18 amended budget. This increase is largely due to increases in sales and use tax revenue (Measure L) and anticipated revenue from the marijuana business tax (Measure G), both approved by the City’s voters in June 2017 (see “CITY FINANCIAL AND GENERAL FUND OVERVIEW – General” herein). Other revenues such as franchise fees, utility user taxes, business license taxes, and fees and charges are anticipated to also increase. The key revenue sources to the City’s General Fund are sales tax, property tax, transaction tax, transient occupancy tax, vehicle-in-lieu, and

utility user tax. These six revenues account for 84%, or approximately \$27 million, of the estimated \$32.1 million in General Fund revenues, as follows: sales and use tax (estimated \$7.5 million), property tax (estimated \$3.54 million), transaction tax (estimated \$6.6 million), transient occupancy tax (estimated \$3.2 million), vehicle-in-lieu (estimated \$3.51 million), and utility user tax (estimated \$2.782 million). The transaction tax represents sales taxes collected under the City's Measure R sales tax and the City's Measure L sales tax and is accounted for separately from the revenues derived from the statewide rate of sales and sales tax, because auto sales are handled differently under local sales tax measures than the statewide sales tax. See "ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION – Primary General Fund Tax Revenue Sources – *Sales and Use Tax; Transaction Tax*" herein. Total Fiscal Year 2018-19 budgeted expenditures are \$32,097,969, representing a projected surplus of revenues over projected expenditures in the General Fund of \$42,075. The Fiscal Year 2018-19 budget features slightly increased personnel expenditures due to implementation of collective bargaining unit memoranda of understanding (see "ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION – Employee Relations" herein), increases in retirement and medical rates, and the addition of two new full-time positions: a Community Services Officer, a non-sworn support position in the City's Police Department, and a Geographic Information System Coordinator.

The Fiscal Year 2017-18 adopted budget reflected a reorganization of some departments: Community and Economic Development, Recreation, and Human Resources were moved under the City Manager. The City's Fiscal Year 2017-18 fee schedule was increased by the consumer price index (CPI) in June 2016 with the adoption of the Fiscal Year 2017-18 budget to keep fees current with the cost of living. The Fiscal Year 2017-18 original revenue budget for the City's General Fund was approximately \$29.52 million, and the original expenditure budget was approximately \$29.44 million, calculated to allow the City to build reserves to exceed \$6 million. Based on unaudited, estimated actual figures for Fiscal Year 2017-18, including accruals through July 31, 2018, actual 2017-18 General Fund revenues are estimated at \$30.97 million, exceeding budgeted 2017-18 General Fund revenues by approximately \$1.45 million. Based on unaudited, estimated actual figures for Fiscal Year 2017-18, including accruals through July 31, 2018, actual 2017-18 General Fund expenditures are estimated at \$26.9 million, which is approximately \$2.53 million lower than budgeted 2017-18 General Fund revenues. Estimated 2017-18 figures are subject to change as the City's accrual period for both revenues and expenditures in Fiscal Year 2017-18 continues through and ends on September 30, 2018.

The Fiscal Year 2016-17 original revenue budget for the City's General Fund was approximately \$27 million, and the City collected approximately \$28.6 million, or 6% more than budgeted. This increase is primarily attributable to increased receipts for property taxes due to increased assessed valuations after the recovery from the recession, allocation under the Redevelopment Dissolution Act of Former Redevelopment Agency property tax increment to the City's General Fund, strong sales taxes collections because of continued strong auto sales, and continued strong transient occupancy tax collections. The original expenditure budget was approximately \$24.8 million. Actual expenditures were greater than the original budget by approximately \$1.3 million or 5%. This is largely due to the implementation of the City Council's new Strategic Direction.

The Fiscal Year 2015-16 original revenue budget for the City's General Fund was approximately \$25.8 million, and the City collected approximately \$1.7 million, or 6.6% more than budgeted. This increase is primarily attributable to funds allocated to the City under the Redevelopment Dissolution Act from the dissolution of the Former Redevelopment Agency. The original expenditure budget was approximately \$24.3 million, and actual expenditures were less than the original budget by approximately \$100,000 or less than 1%.

MEASURE X

Covenant to Use Measure X Revenues for Lease Payments

Although the obligation of the City to make Lease Payments is an obligation of the City's General Fund, the City intends and has covenanted in the Lease Agreement to use the Measure X Revenues, to extent distributed to the City, to make the Lease Payments prior to any other expenditures eligible under the Measure X Ordinance and Measure X Funding Agreement (as such capitalized terms are defined below). As discussed in more detail above under "THE LEASE AGREEMENT – Measure X Special Revenue Fund," commencing November 1, 2018, the Treasurer of the City will transfer moneys from the Measure X Special Revenue Fund to pay the Lease Payments in accordance with the Lease Agreement.

General

Measure X was a ballot measure in the November 8, 2016 election in the County that proposed a three-eighths cent (0.375%) retail transactions and use tax increase on each dollar of taxable sales (originating in or made from the County) (the "Measure X Sales Tax") for thirty years in order to pay for transportation infrastructure projects. The Measure X Sales Tax applies to transactions involving tangible personal property sold at retail in the County and upon the storage, use or other consumption in the County of tangible personal property purchased from a retailer for storage, use or other consumption in the County. Measure X was approved by voters with 67.71% of the vote, just over the two-thirds majority required by the California law to raise local taxes.

The ballot measure adopted Ordinance No. 2016-01 of the Transportation Agency for Monterey County ("TAMC), called the Transportation Safety and Investment Plan and Retail Transactions and Use Tax Ordinance (the "Measure X Ordinance"), which included an expenditure plan defining specific projects to be funded, policies, and allocation of proceeds of the Measures X Sales Tax. TAMC is a public agency separate from the County or any city but with a governing body comprised of representatives of the County and every city within the County, including the City, and is responsible for regional transportation planning and projects. The Measure X Ordinance became effective on April 1, 2017, and is set to expire on March 31, 2047. Projects to be funded include regional road safety and congestion improvements, pedestrian and bike safety and mobility projects, and funds for local cities and the County to spend on local road maintenance, pothole repairs, and safety improvements. 60% of the Measure X Sales Tax is designated for allocation to cities within the County and the County itself for local road projects; 40% is designated for TAMC to use for regional projects. TAMC allocates and distributes proceeds of the Measure X Sales Tax monthly to cities and the County in accordance with a formula that is based 50% on population and 50% on lane miles. TAMC will update the funding shares formula annually at the beginning of each fiscal year using California Department of Finance population figures and Association of Monterey Bay Area Governments (or equivalent) lane mile data City and county formula shares are distributed to each city and the County by the County Auditor-Controller on a quarterly basis subject to an agreement TAMC and the County.

TAMC may issue bonds secured by the regional share of the proceeds of the Measure X Sales Tax, which under the Measure X Ordinance enjoy the first pledge and lien on all proceeds of the Measure X Sales Tax, subject to the 60% allocation to local agencies under the Measure X Ordinance. Accordingly, proceeds of the Measure X Sales Tax are allocated first by the CDTFA to TAMC, or as directed by TAMC, to the trustee for any bonds issued by TAMC secured by proceeds of the Measure X Sales Tax ("TAMC Senior Bonds"), second to TAMC after reservation by the trustee for annual debt service on TAMC Senior Bonds, and third by TAMC to local agencies, including the City, of the corresponding local agency share after deduction of CDTFA and TAMC administrative costs. There are

no outstanding TAMC Senior Bonds issued to date, although TAMC indicates that it expects to issue TAMC Senior Bonds sometime in calendar year 2019. The City's allocation of proceeds of the Measure X Sales Tax in accordance with the foregoing process, is defined in the Lease Agreement and the Trust Agreement as "Measure X Revenues."

Measure X Revenues must be used for transportation purposes authorized by the Measure X Ordinance, as approved by TAMC. As provided in the Measure X Ordinance, the City has entered into a Master Programs Funding Agreement, effective August 7, 2017 (the "Measure X Funding Agreement"), with TAMC that includes enforcement procedures designed to reassure the public that tax revenues are spent in accordance with the ballot language. The Measure X Funding Agreement provides that Measure X Revenues may be expended on any or all of the following categories: (i) road and street maintenance and repairs, including but not limited to filling potholes, repairing, or resurfacing or reconstruction of roads, streets, and bridges (including walkways or bikeways), or otherwise conducting maintenance to extend the lifetime of the roadway network and/or reduce or eliminate liability and safety concerns; (ii) road safety and operations, consisting of improvements designed to reduce traffic collisions and related injuries and fatalities, as well as projects designed to reduce traffic delays, such as roundabouts, turning lanes, traffic signals or other intersection improvements, hazard eliminations, safety barriers, traffic calming or speed reduction measures (but excluding new lane miles or roadways, with the exception of the Pinnacles Parkway Connection project); (iii) walkability and pedestrian safety projects designed to make neighborhoods or corridors walkable by making walking safer, more comfortable and convenient; (iv) bike safety projects, such as new or improved bikeways, removing barriers to bicycling (curbs, medians, etc.), signal detectors, and bicycle racks, lockers and other storage facilities; (v) street enhancements, including but not limited to lighting, landscaping, and drainage improvements; (vi) new technology to promote transportation safety, mobility, cost savings or air quality improvements (such as electric vehicle chargers, vehicle detection systems, traffic signal synchronization); (vii) costs of planning, engineering, design and environmental review and mitigation and acquisition necessary to undertake any project described in the foregoing clauses (i) through (vi); and (viii) the direct costs of fulfilling the reporting and implementation requirements imposed by the Measure X Funding Agreement, including the preparation of audits and reports.

Under the Measure X Funding Agreement, the City must complete a separate independent audit of the City's financial statements for the prior fiscal year ended June 30 of Measure X funds received and used, and provide such audit to TAMC by December 31 of each year. The City is required to account for Measure X funds, including any interest received or accrued, separately from any other funds received from TAMC or any other source. The City is required to prepare and submit to TAMC a Measure X 5-Year Capital Improvement Program that identifies the eligible transportation projects that are anticipated to be funded with the jurisdiction's share of Local Road Projects funds, and to update this document on an annual basis no later than December 31 of each year thereafter. The City must also submit annual Pavement Management Program reports in a form specified by TAMC no later than December 31st each year on the conditions of City's streets, to ensure timely repairs and keep the public informed. The City must also annually certify, no later than December 31 of each year thereafter, in an annual Maintenance of Effort Report verification that the Measure X funds are used to augment and not supplant local resources spent, and the City must expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the preceding three fiscal years, as reported to the Controller pursuant to the California Streets and Highways Code, but excluding from such calculation one-time capital expenses, and expiration of any voter-approved fund sources that were used for local transportation purposes.

Failure to meet the conditions of the Measure X Funding Agreement will result in the suspension of the distribution of Measure X Revenues to the City. Resumption of funding distribution to the City shall resume only after full repayment for any misuse, and confirmation by TAMC of compliance to each

of the conditions in the Agreement. Local road projects program funding accrued due to the failure of a city/county to meet the above conditions will be held in trust for up to two (2) years for said jurisdiction, after which the funds will be redistributed to the remaining cities/county in the County per formula. Resumption of funding to the City can occur at any time during the life of Measure X upon compliance with the conditions included in the Measure X Funding Agreement and full repayment of any prior misused funds.

Historical Measure X Revenue Collections. Since commencement of the Measure X Sales Tax on April 1, 2017, the City has received the following amounts of Measure X Revenues:

<i>Fiscal Year (Portion)</i>	<i>Fiscal Quarter</i>	<i>Measure X Revenue Amount</i>
2016-17 ⁽¹⁾	April 1, 2017 ⁽¹⁾ through June 30, 2017	\$151,786.93
	Total for FY 2016-17 (portion since inception):	\$151,786.93
2017-18	July 1, 2017 through September 30, 2017	\$247,794.45
2017-18	October 1, 2017 through December 31, 2017	267,486.15
2017-18 ⁽²⁾	January 1, 2018 through March 31, 2018 ⁽²⁾	<u>261,902.06</u>
	Total for FY 2017-18 (portion received to date):	\$777,182.66

⁽¹⁾ Measure X was approved by the County voters at the November 8, 2016 election, and by the terms of the Measure X Ordinance, the Measure X Sales Tax commenced on April 1, 2017.

⁽²⁾ March 31, 2018 is the most recent quarter end for which Measure X Revenues have been distributed to the City.

Special Revenue Fund; Use of Tax Proceeds. Unless and until the Measure X Sales Tax is repealed by the voters, the proceeds of the Measure X Sales Tax shall be placed in a special fund (the “Measure X Special Revenue Fund”) to be used for payment of the Lease Payments that secure and provide the source of repayment of the Bonds. Although the obligation of the City to make Lease Payments is an obligation of the City’s General Fund, the City intends and has covenanted in the Lease Agreement to use the Measure X Revenues, to extent distributed to the City, to make the Lease Payments prior to any other expenditures eligible under the Measure X Ordinance and Measure X Funding Agreement. See “THE LEASE AGREEMENT – Measure X Special Revenue Fund” herein.

Collection With Sales and Use Taxes. The Measure X Sales Tax is collected by the California Department of Tax and Fee Administration in the same manner as the statewide base sales and use tax. Collection of the Measure X Sales Tax began on April 1, 2017.

Termination of the Measure X Tax. Under the terms of the Measure X Ordinance, the Measure X Sales Tax continues until March 31, 2047.

County Taxable Transactions

As noted above, the Measure X Sales Tax applies to transactions involving tangible personal property sold at retail in the County and upon the storage, use or other consumption in the County of tangible personal property purchased from a retailer for storage, use or other consumption in the County.

The number of sales permits and the valuation of taxable transactions in the County subject to sales tax are presented in the following table.

**County of Monterey
Permit Numbers and Taxable Transaction Valuation
Calendar Years 2011-2016**

Year	No. of Total Permits	Total All Outlets ⁽¹⁾⁽²⁾
2011	10,268	\$5,312,732
2012	10,184	5,637,445
2013	10,389	5,910,531
2014	10,535	6,200,747
2015 ⁽³⁾	11,534	6,406,117
2016 ⁽³⁾⁽⁴⁾	11,725	6,665,936

(1) In thousands of dollars (1,000s).

(2) Reflects sales from incorporated and unincorporated areas of the County.

(3) Beginning in 2015, the outlet counts in the California Board of Equalization Taxable Sales in California Reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Therefore, number of Outlets also may not be comparable to that of calendar years prior to 2015.

(4) Most recent year for which data is available (as of August 8, 2018).

Source: California Board of Equalization.

A summary of taxable sales within the County, by type of business, during the past five years for which data is available is shown in the following table.

**County of Monterey
Taxable Transaction Valuation ⁽¹⁾
Calendar Years 2012-2016**

Business	2012	2013	2014	2015 ⁽²⁾	2016 ⁽²⁾⁽³⁾
Motor Vehicle and Parts Dealers	\$ 666,429	\$ 742,343	\$ 821,637	\$ 929,924	\$1,010,625
Home Furnishings and Appliance Stores	81,177	87,719	88,134	200,659	229,678
Building Material, Garden Equip & Supplies	287,797	317,910	332,583	376,468	394,572
Food and Beverage Stores	294,742	308,182	320,804	327,246	327,444
Gasoline Stations	656,046	644,586	625,619	543,872	496,532
Clothing and Clothing Accessories Stores	294,017	312,175	323,291	340,549	354,360
General Merchandise Stores	500,337	507,088	521,361	478,901	477,803
Food Services and Drinking Places	637,659	677,471	743,876	791,066	832,547
Other Retail Group	508,890	539,549	562,105	512,008	540,363
Total Retail and Food Services	\$3,927,095	\$4,137,019	\$4,339,409	\$4,500,693	\$4,663,925
All Other Outlets	1,710,350	1,773,512	1,861,338	1,905,434	2,002,011
Total All Outlets	\$5,637,445	\$5,910,531	\$6,200,747	\$6,406,117	\$6,665,936

(1) In thousands of dollars (1,000s).

(2) Beginning in 2015, the outlet counts in the California Board of Equalization Taxable Sales in California Reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Therefore, industry-level data for 2015 and subsequent years are not comparable to that of years prior to 2015.

(3) Most recent year for which taxable sales data by industry is available (as of August 8, 2018).

Source: California Board of Equalization.

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE TRUST AGREEMENT. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS AND

ADDITIONAL RENTAL PAYMENTS UNDER THE LEASE AGREEMENT WILL NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION OR THE CITY WILL BE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS AND ADDITIONAL RENTAL PAYMENTS UNDER THE LEASE AGREEMENT WILL CONSTITUTE AN INDEBTEDNESS OF THE CITY, STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION

The City's General Fund provides primary funding for the City's governmental activities, including general government, public safety, recreation, public works, and community development. General Fund revenues include, but are not limited to, property and sales taxes, user fees, investment income. As shown in Tables 11 and 12, tax revenues consistently comprise the most significant General Fund revenue source, ranging from approximately 81 to 91 percent of General Fund revenues over each of the past six Fiscal Years. The primary tax revenues sources are detailed on the following pages.

In addition to the ongoing costs of providing governmental services, General Fund expenditures also encompass and are affected by considerations such as long-term contractual obligations, pension obligations and post-retirement health benefits, collective bargaining contracts, and risk management. Additional information regarding such considerations are set forth in this section, following the discussion of primary General Fund tax revenues.

The discussions of this "ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION" section of this Official Statement and the FY 2016-17 CAFR contain "forward-looking statements" based on the City's current expectations and assumptions. While the City believes that these expectations and assumptions are reasonable, there is no guarantee that future circumstances and the actual results will not materially differ from current expectations.

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Primary General Fund Tax Revenue Sources

As shown in Table 12, the largest source of the City's General Fund revenues is from tax revenues. Such revenues are based on various types of taxes, such as sales tax, transactions tax, property tax, transient occupancy tax, franchise tax, documentary transfer tax, and utility users taxes. Among the largest tax revenues sources, consistently from Fiscal Years 2012-13 through 2016-17, are the sales tax, transaction tax, property tax, property tax in-lieu of motor vehicle license fees (the "VLF In-Lieu Tax"; see "*Vehicle License Fee (VLF) In-Lieu Property Taxes*" herein), transient occupancy tax, and utility users tax. The transaction tax represents sales taxes collected under the City's Measure R sales tax and the City's Measure L sales tax and is accounted for separately from the revenues derived from the statewide rate of sales tax, because auto sales are handled differently under local sales tax measures than the statewide sales tax. See "ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION – Primary General Fund Tax Revenue Sources – *Sales and Use Tax; Transaction Tax*" herein. The table below provides the amount of primary tax revenues and the corresponding share of General Fund revenues that each represents for Fiscal Years 2012-13 through 2016-17.

TABLE 12
City of Seaside
Primary General Fund Tax Revenues Sources ⁽¹⁾
Fiscal Years 2012-13 through 2016-17

Tax Revenue Source	2012-13		2013-14		2014-15		2015-16		2016-17	
	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues
Sales and Use Tax ⁽²⁾	\$ 5,307,695	21.8%	\$ 5,902,317	24.9%	\$ 5,319,525	20.8%	\$ 7,404,844	27.0%	\$ 7,282,908	25.5%
Transaction Tax	3,304,931	13.6	3,434,628	14.5	2,909,810	11.4	3,781,475	13.8	3,899,854	13.6
Property Tax ⁽³⁾	2,343,970	9.6	2,019,943	8.5	3,128,393	12.2	3,304,592	12.0	3,591,490	12.6
VLF In-Lieu Tax	2,497,644	10.3	2,633,620	11.1	2,853,889	11.2	3,009,438	11.0	3,185,307	11.1
Transient Occupancy Tax	2,092,390	8.6	2,419,935	10.2	2,380,355	9.3	2,902,459	10.6	2,701,624	9.4
Utility Users Tax	2,360,028	9.7	2,302,678	9.7	2,005,386	7.8	2,236,407	8.1	2,484,448	8.7
Subtotal Primary Tax Revenues	\$17,906,658	73.7%	\$18,713,121	78.9%	\$18,597,358	72.8%	\$22,639,215	82.5%	\$23,145,631	81.0%
Other Tax Revenues	1,884,300	7.8	2,019,298	8.5	3,934,032	15.4	2,390,584	8.7	2,381,993	8.3
Total Tax Revenues	\$19,790,958	81.4%	\$20,732,419	87.5%	\$22,531,390	88.2%	\$25,029,799	91.2%	\$25,527,624	89.3%
Total General Fund Revenues ⁽⁴⁾	\$24,302,877	100.0%	\$23,705,524	100.0%	\$25,551,026	100.0%	\$27,451,213	100.0%	\$28,592,387	100.0%

(1) General Fund Tax Revenues exclude Measure X Revenues, because Measure X Revenues are restricted in use for road improvement and other authorized transportation infrastructure purposes and are accounted for in the Special Revenue Funds of the City. See "MEASURE X" herein.

(2) Through Fiscal Year 2015-16, includes amounts received by the City as property tax in lieu of sales tax pursuant to the "Triple Flip." See "*Sales and Use Tax – Triple Flip*" below.

(3) Property Tax revenues shown include fluctuations for one-time distributions of property tax from land sales as a result of statutory dissolution of the Former Redevelopment Agency, as follows: \$0 in Fiscal Years 2012-13 and 2013-14, \$299,581 in Fiscal Year 2014-15, \$365,649 in Fiscal Year 2015-16, and \$720,184 in Fiscal Year 2016-17. See "CITY FINANCIAL AND GENERAL FUND OVERVIEW – General."

(4) See Table 11 (Statement of Revenues, Expenditures and Changes in General Fund Balance) above.

Source: City of Seaside.

The Fiscal Year 2018-19 budget, adopted by the City Council on June 21, 2018, includes the City's projections for tax revenues for Fiscal Year 2018-19, as well as the tax revenues from the City's amended Fiscal Year 2017-18 budget. As set forth in the adopted Fiscal Year 2018-19 budget, the budgeted revenues derived from the historical six largest sources of tax revenues for the City for Fiscal Years 2017-18 and 2018-19 are as follows:

TABLE 13
City of Seaside
Budgeted Primary General Fund Tax Revenues ⁽¹⁾
Fiscal Years 2017-18 and 2018-19

Tax Revenue Source	2017-18 Amended Budget		2018-19 Adopted Budget	
	Revenues	% of General Fund Revenues	Revenues	% of General Fund Revenues
Sales and Use Tax	\$ 7,473,000	24.0%	\$ 7,500,000	23.3%
Transaction Tax	5,432,000	17.4	6,600,000	20.5
Property Tax ⁽²⁾	3,470,655	11.1	3,545,422	11.0
VLF In-Lieu Tax	3,335,000	10.7	3,510,000	10.9
Transient Occupancy Tax	3,200,000	10.3	3,200,000	10.0
Utility Users Tax	2,588,000	8.3	2,782,000	8.7
Subtotal Primary Tax Revenues	\$25,498,655	81.9%	\$27,137,422	84.4%
Total General Fund Revenues	\$31,140,516	100.0%	\$32,140,044	100.0%

(1) General Fund Tax Revenues exclude Measure X Revenues, because Measure X Revenues are restricted in use for road improvement and other authorized transportation infrastructure purposes and are accounted for in the Special Revenue Funds of the City. See "MEASURE X" herein.

(2) Property Tax revenues shown include fluctuations for one-time residual distributions of property tax from land sales as a result of statutory dissolution of the Former Redevelopment Agency, budgeted/projected at \$300,000 for each of Fiscal Years 2017-18 and 2018-19. See "CITY FINANCIAL AND GENERAL FUND OVERVIEW – General."

Source: City of Seaside.

Sales and Use Tax; Transaction Tax. A sales and use tax (referred to collectively herein as "sales tax" or "sales taxes") is imposed on retail sales or consumption of personal property. As reflected in Tables 12 and 13 above and the City's adopted budgets, the City accounts for revenues described as "Sales and Use Tax" separately from revenues described as "Transaction Tax." While both categories consist of what is typically known as a sales tax, the City uses the "Sales and Use Tax" category to account for revenues allocated to the City from the statewide rate of sales tax and the "Transaction Tax" category to account for revenues derived from the City's voter-approved local Measure R and Measure L sales taxes

The City uses this distinction between "Sales and Use Tax" and "Transaction Tax," because under State law auto sales are handled differently with respect to local sales tax measures than the statewide sales tax. Sales taxes are governed by the Bradley-Burns Uniform Local Sales and Use Tax Law, set forth in California Revenue and Taxation Code Section 7200 *et seq.* (the "Sales and Use Tax Law"). Under the Sales and Use Tax Law, the total tax rate in effect in the City (i.e., the statewide rate, together with the local transaction (sales) tax rates) generally applies to sales delivered or shipped into the City by a retailer that is engaged in business in the City. However, the gross receipts from sales of tangible personal property at retail to be used outside of the City and which is shipped to a point outside of the City are exempted from the computation of the amount of the City's local transaction (sales) tax, but not the statewide rate of sales tax. With respect to vehicles (other than commercial vehicles),

“delivery to a point outside of the City” is determined by registration of the vehicle to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is his or her principal place of residence. As to commercial vehicles, “delivery to a point outside of the City” is determined by registration to a place of business out of the City and by a declaration under penalty of perjury, signed by the buyer, stating that such address will be operated from that address. Therefore, auto dealers located in the City who sell vehicles to purchasers registering the vehicle to an address outside of the City are required to report, collect, and pay the statewide rate of sales tax but not the City’s local transaction (sales) tax.

Moreover, for purposes of the local transaction (sales) tax, any retailer of vehicles is deemed to be “engaged in business in the City” when the purchaser of the vehicle registers or licenses the vehicle at an address in the City. Therefore, auto dealers not located in the City but who sell vehicles to purchasers registering the vehicle to an address within the City are required to report, collect, and pay the City’s local transaction (sales) tax, as well as the statewide rate of sales tax (although the portion of the statewide rate of sales tax allocated to local governments in this case does not accrue to the City but instead the city or county in which the selling auto dealer is located).

Sales Tax Rates

The City’s sales and use tax revenue reflected in Tables 12 and 13 above represents the City’s share of the statewide rate of sales tax, imposed on taxable transactions occurring within the City’s boundaries. The statewide rate of the sales tax is currently 7.25%.

The City’s transaction tax revenue reflected in Tables 12 and 13 above represents, collectively, proceeds of (i) the City’s Measure R sales tax, a one cent per dollar (1.0%) local transaction (sales) tax approved by its voters on February 5, 2008, and (ii) the City’s Measure L sales tax, a ½ cent per dollar (0.5%) local transaction (sales) tax approved by its voters on June 6, 2017. Both Measure R and Measure L were approved by the voters to fund, protect, and maintain general City services.

The State collects and administers sales taxes, and makes distributions on taxes collected within the City. Effective July 1, 2017, the Taxpayer Transparency and Fairness Act of 2017 restructured the State Board of Equalization (the “BOE”) and separated its functions among three separate entities. The BOE continues to perform the duties assigned to it by the State Constitution, while all other duties have been transferred to the recently established California Department of Tax and Fee Administration (the “CDTFA”) and the Office of Tax Appeals. The California Government Operations Agency is responsible for coordinating the transition of the restructure of the BOE and the establishment of the CDTFA.

Businesses remit sale tax collections to the CDTFA at the end of each month. The CDTFA makes distributions of the allocable portion of sales tax revenues derived from the statewide rate to the City and the County, and from sales tax revenues derived from voter-approved local sales tax measures to the applicable local agency, after deduction of the State’s administrative costs, three months after the end of each fiscal quarter. As to the Measure X Sales Tax, the City receives its allocation of its local share directly from the Transportation Agency for Monterey County (“TAMC”), after TAMC receives the Measure X Sales Tax Revenues from the CDTFA on a quarterly basis. Pursuant to Measure X requirements, the City accounts for the Measure X Sales Tax Revenues separately from all other sales and transaction taxes and within the Special Revenue Funds of the City; Measure X Sales Tax Revenues are not included in General Fund Revenues. See “MEASURE X” herein.

The sales tax rate currently in effect in the City consists of the following base tax and voter-approved sales tax rates:

TABLE 14
City of Seaside
Sales Tax Rate
As of January 1, 2018

<u>Jurisdiction</u>	<u>Rate</u>
State of California (includes 1.25% allocation to local agencies)	7.250%
City of Seaside (Measure R and Measure L transaction tax) ⁽¹⁾	1.500
Transportation Agency for Monterey County (Measure X) ⁽²⁾	0.375
Other special districts	0.125
Total	9.250%

(1) Voter-approved Measure R and Measure L transaction taxes do not have any sunset or final date for receipt of taxes.

(2) Voter-approved Measure X sales tax expires pursuant to the terms of the authorizing ordinance on March 31, 2047. See "MEASURE X" herein.

Source: California Department of Tax and Fee Administration, and City of Seaside.

As shown in Table 12, sales and use tax revenues derived from the statewide base rate of sales tax represented the largest source of tax revenues for the City's General Fund in each of Fiscal Years 2012-13 through 2016-17, comprising approximately 25.5 percent of the City's total General Fund revenues in Fiscal Year 2016-17 (inclusive of property tax in lieu of sales tax and the City's receipts of regular sales and use taxes derived from the statewide rate of sales tax). As discussed further under the subcaption "*– Triple Flip*" below, the final Fiscal Year in which property tax in lieu of sales tax was distributed to the City is Fiscal Year 2015-16. Based on the City's 2017-18 amended budget, the sales and use tax revenues are projected at \$7,473,000, representing approximately 24.0 percent of the City's total budgeted General Fund revenues in Fiscal Year 2017-18. Based on a sampling of data over the past five Fiscal Years, the City estimates that 50 to 60 percent of its sales and use tax revenues is generated from the auto dealers located in the Seaside Auto Mall.

As shown in Table 12, transaction tax revenues (derived from the City's voter-approved local Measure R and Measure L sales taxes) represented the second largest source of tax revenues for the City's General Fund in each of Fiscal Years 2012-13, 2013-14, 2015-16, and 2016-17 and the third largest source of tax revenues for the City's General Fund in Fiscal Year 2014-15, comprising approximately 13.6 percent of the City's total General Fund revenues in Fiscal Year 2016-17. Based on the City's 2017-18 amended budget, the transaction tax revenues are projected at \$5,432,000, representing approximately 17.4 percent of the City's total budgeted General Fund revenues in Fiscal Year 2017-18.

See Tables 7 and 8 under the caption "THE CITY – Taxable Transactions" for information regarding taxable transactions in the City for calendar years 2012 through 2016 and 2011 through 2016, respectively.

Triple Flip

The figures shown in Table 12 for sales and use tax revenues through Fiscal Year 2015-16 include property tax that the City received in lieu of sales tax because of the "Triple Flip." In 2004, state voters approved the "California Economic Recovery Act," which authorized the issuance of \$15 billion in bonds (the "Economic Recovery Bonds") to finance state budget deficits. \$11.3 billion of the Economic Recovery Bonds were issued in 2004 and an additional \$3.3 billion were issued in 2008. To repay the Economic Recovery Bonds, the State pledged one quarter cent of the local government's share of sales

tax revenues. In such connection, the State instituted a complex series of revenue exchanges commonly referred to as the “Triple Flip” which generally consisted of the following steps:

- Flip 1:* Shifted one-quarter cent of the cities’ and counties’ portion of the sales and use tax rate imposed by the Bradley-Burns Uniform Local Sales and Use Tax Law to the State to repay the Economic Recovery Bonds,
- Flip 2:* Replaced the diverted local sales taxes, dollar-for-dollar, with property taxes shifted from school and community college districts – specifically, from county Education Revenue Augmentation Funds (“ERAF”), and
- Flip 3:* Offset the school and community college district tax losses from the redirection of ERAF to cities and counties by increased State education aid under Proposition 98 minimum guarantee.

On August 5, 2015, the State Department of Finance announced the final repayment of the Economic Recovery Bonds. Consequently, the process of unwinding of the Triple Flip was completed by the end of Fiscal Year 2015-16, subject to any final settle-up amounts attributable to sales taxes received in to the Fiscal Recovery Fund (i.e., debt service fund for the Economic Recovery Bonds) after repayment of the Economic Recovery Bonds in full.

Property Taxes. Property taxes represent a significant source of the City’s General Fund revenues. As shown in Table 12, property tax revenues represented the third largest source of tax revenues for the City’s General Fund in each of Fiscal Years Fiscal Years 2015-16 and 2016-17 and the second largest source of tax revenues for the City’s General Fund in Fiscal Year 2014-15. Property tax revenues comprised approximately 12.8 percent of the City’s total General Fund revenues in Fiscal Year 2016-17. The figures shown in Table 12 for property tax revenues include neither: (i) property tax that the City received in lieu of sales tax because of the “Triple Flip” (see “*Sales and Use Tax – Triple Flip*” above), and (ii) property tax that the City received in lieu of vehicle license tax (see “– *Vehicle License Fee (VLF) In-Lieu Property Taxes*” below). However, property tax revenues shown in Table 12 include fluctuations for one-time distributions of property tax from land sales as a result of statutory dissolution of the Former Redevelopment Agency, as follows: \$0 in Fiscal Years 2012-13 and 2013-14, \$299,581 in Fiscal Year 2014-15, \$365,649 in Fiscal Year 2015-16, and \$720,184 in Fiscal Year 2016-17. See “CITY FINANCIAL AND GENERAL FUND OVERVIEW – General.” Based on the City’s 2017-18 amended budget, property tax revenues are projected at \$3,470,655 (including an estimated amount of \$300,000 for a one-time distribution of property tax from land sales as a result of statutory dissolution of the Former Redevelopment Agency), representing approximately 11.1 percent of the City’s total budgeted General Fund revenues in Fiscal Year 2017-18.

As reflected in Table 15 below, the City’s assessed value increased by approximately \$119.4 million, or 5.8 percent, between Fiscal Years 2015-16 and 2016-17, and by approximately \$113.3 million, or 5.2 percent, between Fiscal Years 2016-17 and 2017-18. See Table 15 for a ten-year history of the assessed valuation of taxable property within the City.

Proposition 13 Limitations. Article XIII A of the State of California Constitution imposes limits on annual adjustments to real property assessed values and to the amount of ad valorem tax that may be levied on real property. See “LIMITATIONS ON TAX REVENUES AND APPROPRIATIONS – Article XIII A.”

Tax Levies and Delinquencies. Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Effective July 1,

1983, real property that changes ownership or is newly constructed is reassessed at the time the change in ownership occurs or the new construction is completed. If the property is reassessed at a higher value, one or more supplemental tax statements will be added to the annual tax bill. If the property is reassessed at a lower value, the property owner may receive a refund.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. If the first installment is not paid by December 10, a ten percent delinquent penalty is added to any unpaid balance. If the second installment is not paid by April 10, a ten percent penalty plus a charge of \$10 is added to the unpaid balance. Since supplemental tax bills are mailed throughout the year, they may or may not be due or delinquent at the same time as annual tax bills. The same penalties and charges accrue for delinquent supplemental taxes as for delinquent annual taxes.

Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent of the unpaid tax per month to the time of redemption, plus costs and a redemption fee. If taxes remain unpaid for a period of five years following tax default, the property becomes subject to the County Tax Collector's power of sale. Properties may be redeemed under an installment plan by paying the current year's taxes, plus an initial payment of twenty percent of the redemption amount and an installment setup fee. The installment plan of redemption allows for the payment of delinquent taxes over a five-year period beginning the date the installment plan account is opened. An installment plan account can be opened anytime after the property becomes tax defaulted and within five years of that date. After the five-year period an installment plan account may not be opened, as the property becomes subject to the County Tax Collector's power of sale.

Property taxes on the unsecured roll are due as of the January 1 lien date and, in general, become delinquent on August 31 and are thereafter subject to a ten percent penalty plus a collection fee. If unsecured taxes are unpaid on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The City has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court 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) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Valuation. A ten-year history of the City's assessed valuation and property tax collection rate is as follows:

TABLE 15
City of Seaside
Assessed Value of Taxable Property and Property Tax Collection Rate
Fiscal Years 2008-09 through 2016-17

Fiscal Year Ended June 30	Taxable Assessed Valuation	Property Tax Levies	Property Tax Collections	Percentage of Collections	Collections in Subsequent Years	Total Percentage of Collections (Including Subsequent Years)
2009	\$1,947,923,797	\$4,491,133	\$4,406,535	98.12%	\$74,570	99.78%
2010	1,801,257,448	4,152,979	4,033,233	97.12	64,980	98.68
2011	1,767,355,846	4,074,876	3,964,361	97.29	42,081	98.32
2012	1,729,492,140	3,987,517	3,896,417	97.72	28,074	98.42
2013	1,713,329,873	3,950,392	3,851,877	97.51	26,976	98.19
2014	1,796,501,318	4,142,013	4,041,845	97.58	21,222	98.09
2015	1,947,956,363	4,491,208	4,386,410	97.67	25,288	98.23
2016	2,055,048,202	4,738,119	4,630,765	97.73	23,528	98.23
2017	2,174,493,548	5,013,295	4,892,145	97.58	21,339	98.01
2018	2,287,820,166	5,274,569	5,154,972	97.73	--	--

Source: City of Seaside Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017, based on information from County of Monterey as to Fiscal Years Ended June 30, 2009 through June 30, 2017 (excluding column for Total Percentage of Collections (Including Subsequent Years)); City of Seaside as to Fiscal Year Ended June 30, 2018 and column for Total Percentage of Collections (Including Subsequent Years), based on information from County of Monterey.

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Top Tax Payers.

The top ten property taxpayers, based on assessed values of taxable property in the City, as shown on the 2017-18 tax roll, are set forth in the following table:

TABLE 16
City of Seaside
Top Ten Taxpayers Based on Assessed Value
Fiscal Year 2017-18
(current as of June 30, 2018)

	<u>Property Owner</u>	<u>Primary Use</u>	<u>Taxable Assessed Value</u>	<u>% of Total</u>
1.	Sunbay Resorts Associates LLC	Residential	\$ 38,183,206	1.67%
2.	Seaside Laguna Limited	Unsecured	26,500,000	1.16
3.	Verducci Enterprises LP	Commercial	19,963,026	0.87
4.	B & B Golf Course Properties LLC	Unsecured	17,092,950	0.75
5.	Hovercraft LLC and BJC Seaside LLC	Commercial	16,568,879	0.72
6.	Seaside Hospitality LP	Commercial	15,597,011	0.68
7.	California- American Water Company	Miscellaneous	15,153,695	0.66
8.	P and S Real Estate Company	Commercial	15,078,699	0.66
9.	Lithia Real Estate Inc.	Commercial	11,875,681	0.52
10.	Peninsula Real Estate Investment LLC	Commercial	9,792,000	0.43
	Total Top Ten Taxpayers:		\$ 185,805,147	8.12%
	City's Total Assessed Valuation		\$2,287,820,166	100.00%

Source: City of Seaside, based on information compiled from Monterey County tax roll.

Vehicle License Fee (VLF) In-Lieu Property Taxes.

The motor vehicle license fee ("VLF") is an annual fee on the ownership of a registered vehicle in California. Automobiles, motorcycles, pick-up trucks, commercial trucks and trailers, rental cars and taxicabs are all subject to the VLF. This fee is collected by the State's Department of Motor Vehicles and in the past had been disbursed to other governmental agencies by the State Controller. Cities and counties received a portion of this revenue based on population.

Prior to 1999, State residents paid a VLF of 2% of the market value of their respective vehicles to the Department of Motor Vehicles. This VLF funding was passed through to cities and counties throughout California. The State legislature reduced the VLF tax rate from 2% to 0.65%, commencing in 1999. The same legislation also guaranteed cities and counties that the State would "backfill" the difference between the two rates.

On June 19, 2003, due to the State budget crisis, the VLF tax rate was restored to the pre-1999 rate of 2%. Due to the increase of the VLF tax rate, the need for the State to backfill local governments was eliminated. On November 17, 2003, the then new Governor of the State issued an executive order lowering the rate back down to 0.65% and reinstating the backfill to local governments. During the time it took the DMV to initiate the increase (approximately three months), the State did not make VLF backfill payments to local governments. The State Legislature characterized the amount of VLF backfill revenues it failed to pay to cities and counties during this three-month period as a loan, which was repaid on August 15, 2006.

The 2004-05 State budget permanently reduced the VLF tax rate from 2% to 0.65% and deleted the requirement for backfill payments for the difference between the two rates. Moreover, the 2004-05 State budget provided that the amount of the VLF tax rate of 0.65% allocable to cities and counties under the California Revenue and Taxation Code instead would be met by an increase in the property tax allocation to cities and counties. As a result, the State no longer distributes any portion of the VLF to the City, and instead the County provides the City with the VLF In-Lieu Tax, consisting of an amount derived and paid from property taxes collected by the County equivalent to the City's allocation of the VLF under the California Revenue and Taxation Code.

As shown in Table 12, VLF In-Lieu Tax revenues represented the fourth largest single source of tax revenues for the City's General Fund in each of Fiscal Years 2014-15 through 2016-17 and the third largest single source of tax revenues in each of Fiscal Years 2012-13 and 2013-14. In Fiscal Year 2016-17, the City's VLF In-Lieu Tax revenues represented approximately 11.1 percent of the City's General Fund revenues for Fiscal Year 2016-17. Based on the City's 2017-18 amended budget, VLF In-Lieu Tax revenues are projected at \$3,335,000, representing approximately 10.7 percent of the City's total budgeted General Fund revenues in Fiscal Year 2017-18.

Transient Occupancy Tax.

The authority to levy a transient occupancy tax is granted to the legislative bodies of cities and counties in the State by the California Revenue and Taxation Code. The tax may be levied for the privilege of occupying a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging unless the occupancy is for a period of more than 30 consecutive days. As shown in Table 12, transient occupancy tax revenues comprised approximately 8.6 through 10.6 percent of the City's total General Fund revenues in Fiscal Years 2012-13 through 2016-17. Based on the City's 2017-18 amended budget, transient occupancy tax revenues are projected at \$3,200,000, representing approximately 10.3 percent of the City's total budgeted General Fund revenues in Fiscal Year 2017-18.

The City's transient occupancy tax ordinance originally was adopted in 1965, has been amended several times since its adoption, and presently is codified as Chapter 3.24 of the City's Municipal Code. The ordinance provides that the City's transient occupancy tax rate is 12 percent of the rent charged by the operator of the premises. The City's Finance Director serves as the tax administrator, and operators of properties subject to the City's transient occupancy tax remit the tax directly to tax administrator, together with completed reporting forms, on or before the last day of the month following the close of each calendar month. A delinquent penalty of 10 percent of the amount of the tax attaches to delinquent transient occupancy tax on the first day of the month after the tax is due. If the operator continues to fail to remit the delinquent remittance within the next thirty days following the date on which the remittance first became delinquent, a second delinquent penalty of another 10 percent of the amount of the tax attaches, in addition to the amount of the tax and the first 10 percent penalty. In addition to the penalties imposed, interest accrues on delinquent transient occupancy tax at the rate of 0.5 percent per month or fraction thereof on the amount of the unpaid tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

In addition, on July 5, 2018, the City Council adopted an ordinance amending Chapter 17 (the Zoning Code) of the City's Municipal Code to impose regulations upon both hosted and non-hosted short-term rentals of residential property from one day to no longer than 30 days, including but not limited to licensing requirements and restrictions upon noise, trash, and other aspects of the short-term rental. By the City Council's adoption of a companion ordinance on July 5, 2018, the City Council amended Chapter 3.24 of the City's Municipal Code to include short-term rentals of residential property as use that is subject to the collection of the transient occupancy tax in the same manner as a hotel and to add a new section within Chapter 3.24 providing for 50 percent of the transient occupancy tax collected from short-

term rentals to be deposited into the City's housing fund to assist with affordable housing projects and activities and remaining 50 percent to be directed toward community and neighborhood park improvements. The transient occupancy taxes to be derived from such short-term rentals are required under these municipal code provisions to be deposited into a separate fund account within the General Fund from the traditional transient occupancy tax revenues. The City's Fiscal Year 2018-19 budget includes an estimate of \$100,000 for transient occupancy tax revenues derived from short-term rentals of residential property.

Utility Users Taxes.

Revenues from the utility users taxes represent a significant source of revenues for the General Fund. Pursuant to State law, the City may impose utility users tax on consumption of utilities services. The current tax rate of the City's utility users tax on electricity, natural gas, telephone, water, and cable bills is six percent, which is the rate authorized by the voters within the City at an election held on November 5, 2002 and is imposed by Chapter 3.30 of the City's Municipal Code. The City's utility users taxes constitute taxes levied for general governmental purposes, are not considered restricted funds, and can be used by the City for any General Fund purpose. As shown in Table 12, utility users taxes represented the sixth largest single source of tax revenues for the City's General Fund in each of Fiscal Years 2014-15 through 2016-17, comprising approximately 8.7 percent of the City's total General Fund revenues in Fiscal Year 2016-17. Based on the City's 2017-18 amended budget, utility users taxes are projected at \$2,588,000, representing approximately 8.3 percent of the City's total budgeted General Fund revenues in Fiscal Year 2017-18.

Investment Policy and Portfolio

The City's current investment policy (the "Investment Policy"), rendered annually to the City Council by the City Treasurer pursuant to Section 53646 of the Government Code of the State was approved by the City Council on July 19, 2018. The City may amend or update its Investment Policy from time to time, as permitted by State law. The City and its related entities invest their monies on a pooled basis, which are accounted for separately by respective fund. As permitted under State law, the Investment Policy delegates responsibility for the management of the City's investment program to the City Treasurer. The Investment Policy further provides that the City Treasurer and the City Manager shall jointly establish procedures to implement and monitor the Improvement Policy.

The Investment Policy sets forth the City's objective that the level of investment of all idle funds be maintained as near 100 percent as possible through daily and projected cash flow determinations, with the Director of Finance-City Treasurer having responsibility over idle cash management and investment transactions. Criteria under the Investment Policy for selecting investments and the respective order of priority are as follows: (i) safety, (ii) liquidity, and (iii) yield. The Investment Policy provides that all investment shall be made in accordance with Sections 53600 et seq. of the Government Code and as described within the policy. Under the current Investment Policy, the City may invest in the following investments, subject to provisions of the Government Code and the limitations set forth in the policy (including certain credit quality requirements and concentration limitations): government obligations for which the full faith and credit of the United States of America is pledged for the payment of principal and interest; obligations issued by agencies or instrumentalities of the U.S. government, repurchase agreements used solely as short-term investments not to exceed one year, banker's acceptances, commercial paper, medium term corporate notes, federally insured or fully collateralized time deposits (non-negotiable certificates of deposit), negotiable certificates of deposit, the State of California's Local Agency Investment Fund (LAIF), and money market mutual funds.

The par value, market value, cost basis, and percent of total investments by market value for each category of the City's investments, as of the quarter ended June 30, 2018, are set forth in the following table:

TABLE 17
City of Seaside ⁽¹⁾
Cash and Investment Report
as of June 30, 2018

<u>Category</u>	<u>Yield</u>	<u>Book Value ⁽²⁾</u>	<u>% of Total</u>	<u>Market Value ⁽²⁾</u>
<u>Investments</u>				
State Treasurer LAIF - City Account	1.16%	\$12,800,263.66	48.09%	\$12,800,263.66
<u>Checking Account</u>				
Rabobank - General Checking	0.00%	1,939,444.37	7.29	1,939,444.37
Rabobank - Money Market	0.20%	8,671,342.27	32.58	8,671,342.27
PARS Retirement Account	1.39%	10,689.83	0.04	10,689.83
Bank of America-York Checking	0.00%	39,256.98	0.15	39,256.98
US Bank - Redevelopment Agency Merged Area Refunding 2014 Bonds				
Installment Payment, Reserve	0.00%	729,297.57	2.74	729,297.57
US Bank - Golf Course 2006 Bonds				
Installment Payment, Reserve	0.20%	552,757.42	2.08	552,757.42
US Bank - PNC Equipment Lease				
Escrow Account	0.20%	1,868,739.32	7.02	1,868,739.32
Wells Fargo Bank - Pension Obligation Bond Program Reserve Account	0.83%	4,721.56	0.02	4,721.56
Total Cash and Investments		\$26,616,512.98	100.00%	\$26,616,512.98

(1) Includes investments of the City's General Fund and other funds, as well as investments of the related entities of the City for which financial information is reported in the City's Comprehensive Annual Financial Report. See Appendix A.
Source: City of Seaside Department of Finance, Cash and Investment Report for the quarter ended June 30, 2018.

Long-Term Liabilities

In addition to the Bonds, the City makes scheduled periodic payments pursuant to certain other outstanding long term agreements. Set forth in the following summary table are descriptions of some outstanding long-term agreements, in connection with which General Fund appropriations are made annually, as appropriate. This excludes bonds payable by the City or its related entities from special revenues, such as tax allocation bonds or Golf Course revenue bonds. For additional information, see the notes to the City's 2016-17 audited financial statements included in the FY 2016-17 CAFR set forth in Appendix A.

Moreover, concurrently with the issuance of the Bonds, the Authority expects to issue its \$ _____* aggregate initial principal amount Lease Revenue Bonds (Cutino Park Improvement Project), Series 2018, in connection with which the City will enter into a lease agreement with the Authority and make lease payments pursuant to General Fund appropriations in the amount of approximately \$385,000 each Fiscal Year through and including Fiscal Year 2037-38.

* Preliminary; subject to change.

<p><i>California Statewide Communities Development Authority (CSCDA) 2007 Taxable Pension Obligation Bonds, Series A-1 (Current Interest)</i></p>	<p>These bonds were issued by CSCDA to fund the prepayment by various local California agencies of their respective unfunded actuarial accrued liability under their defined benefit retirement plans. The City makes payments under a related agreement with CSCDA. The original principal amount of the City's obligation was \$6,880,000, and proceeds were used by the City to prepay the side fund unfunded actuarial accrued liability related to the City's only two defined benefit retirement plans at the time, one for safety employees (now called the Safety First Tier Plan) and the other for miscellaneous employees (now called the Classic Miscellaneous Plan). The final maturity date is December 1, 2025. The principal and interest payments, on an annualized basis, range from \$698,497 to \$805,987, between Fiscal Year 2018-19 and Fiscal Year 2024-25. As of June 30, 2017, \$4,710,000 in principal amount remained outstanding.</p>
<p><i>Note Payable – California Energy Commission (CEC)</i></p>	<p>The City issued this note to the CEC to finance the implementation of City-wide efficiency measures. The term of this note will end in Fiscal Year 2019-20. The remaining principal and interest payments, on an annualized basis, are \$8,249 for Fiscal Year 2018-19 and \$4,124 for Fiscal Year 2019-20. As of June 30, 2017, \$20,316 in principal amount remained outstanding.</p>
<p><i>Energy Conservation Lease - PNC</i></p>	<p>The City entered into this lease-purchase agreement in 2016 in connection with the acquisition of energy conservation equipment and improvements for various City facilities. The City's quarterly payment under this lease is \$22,677, with the final payment scheduled in December 2031.</p>

Direct and Overlapping Debt

The following is a direct and overlapping debt report as of August 1, 2018, prepared by California Municipal Statistics, Inc. This report is included for informational purposes only. The Authority and the City have not reviewed the report for completeness or accuracy and make no representation in connection therewith.

**TABLE 18
City of Seaside
Direct and Overlapping Debt
As of August 1, 2018**

2017-18 Assessed Valuation: \$2,287,820,166

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Monterey Peninsula Community College District	6.694%	\$ 8,354,348
Monterey Peninsula Unified School District	19.032	17,411,161
Monterey County Water Resources Agency Benefit Assessment District, Zone 2C	1.271	<u>290,932</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$26,056,441
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Monterey County General Fund Obligations	3.646%	\$6,065,056
Monterey County Board of Education Certificates of Participation	3.646	54,508
City of Seaside Pension Obligation Bonds	100.	<u>4,290,000</u> (1)
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$10,409,564
Less: Monterey County supported obligations		<u>1,327,144</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 9,082,420
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
	100. %	\$2,500,000
 GROSS COMBINED TOTAL DEBT		
		\$38,966,005 (2)
NET COMBINED TOTAL DEBT		
		\$37,638,861

- (1) Excludes lease revenue bonds to be sold.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.14%
Total Direct Debt (\$4,290,000)	0.19%
Gross Combined Total Debt.....	1.70%
Net Combined Total Debt.....	1.65%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,335,763,353):

Total Overlapping Tax Increment Debt	0.19%
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Source: California Municipal Statistics, Inc.

Pension Plans

All qualified City employees are eligible to participate in the Public Employee’s Retirement Fund of the California Public Employees’ Retirement System (“CalPERS” or “PERS”). CalPERS is an agent multiple employer public employee retirement system and issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership

information that can be found on the CalPERS website. CalPERS acts as a common investment and administrative agent for participating public entities within the State. A menu of benefit provisions as well as other requirements of the CalPERS program are established by the Public Employees' Retirement Law set forth in California Government Code (commencing with Section 20000). The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance, resolution, or other local methods. Contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. CalPERS participants are required to make contribution to the CalPERS fund based on a percentage of their covered annual salary.

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) Employee Pension Plans (collectively, the "Safety Plan") and Miscellaneous (all other) Employee Pension Plans (collectively, the "Miscellaneous Plan," and together with the Safety Plan, the "Plans"), cost-sharing multiple employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City's CalPERS Safety Plans consists of individual rate plans (benefit tiers) within a safety risk pool and presently include a Safety First Tier Plan (police and fire), a Safety Fire Second Tier Plan, a PEPRA Safety Fire Plan, a Safety Police Second Tier Plan, and a PEPRA Safety Police Plan. The City's CalPERS Miscellaneous Plans consists of individual rate plans (benefit tiers) within a miscellaneous risk pool presently include a Classic Miscellaneous Plan and a PEPRA Miscellaneous Plan. See Note 4 of the "Notes to Basic Financial Statements" section of the City's FY 2016-17 CAFR set forth in Appendix A.

In addition, the City established a Supplemental Retirement Plan (the "SRP") with Public Agency Retirement Services (PARS) for Miscellaneous (Non-LIUNA) full-time employees who worked for the City on or after July 1, 2002. The SRP provides an additional benefit so that a participant's total benefit, including the CalPERS benefit is 2.5% at 55. The SRP is closed to new hires on and after July 1, 2010.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

California Governor Jerry Brown signed the California Public Employee's Pension Reform Act of 2013 ("PEPRA") into law on September 12, 2012. For non-safety CalPERS participants hired after January 1, 2013 (the "Implementation Date"), the Reform Act changes the normal retirement age by increasing the eligibility for the 2 percent age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5 percent to age 67. PEPRA also implements certain other changes to CalPERS including the following: (a) all new participants enrolled in CalPERS after the Implementation Date are required to contribute at least 50 percent of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalPERS is required 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 (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100 percent of the federal Social Security

contribution and benefit base for members participating in Social Security or 120 percent for CalPERS members not participating in social security.

The Plans' provisions and benefits in effect at June 30, 2017 are summarized as follows:

	<u>Miscellaneous</u>		
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013 (PEPRA)</u>	
Hire Date			
Benefit Formula	2.0% @ 55	2% @ 62	
Benefit Vesting Schedule	5 Years Service	5 Years Service	
Benefit Payments	Monthly for Life	Monthly for Life	
Retirement Age	50 - 63	52 - 67	
Monthly Benefits, as a % of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%	
Required Employee Contribution Rates	7%	6.25%	
Required Employer Contribution Rates	11.92%	6.25%	

	<u>Safety Tier 1 (Fire & Police)</u>	<u>Fire Safety Tier 2</u>	<u>Police Safety Tier 2</u>
	<u>Fire: Prior to July 1, 2010 Police: Prior to Jan. 1, 2011</u>	<u>July 1, 2010 through December 31, 2012</u>	<u>Jan. 1, 2011 through December 31, 2012</u>
Hire Date			
Benefit Formula	3.0% @ 50	2.0% @ 50	3.0% @ 55
Benefit Vesting Schedule	5 Years Service	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50	50 - 63	50 - 55
Monthly Benefits, as a % of Eligible Compensation	3%	2.0% - 2.7%	2.4% - 3.0%
Required Employee Contribution Rates	9%	9%	9%
Required Employer Contribution Rates	28.65%	20.92%	17.875%

	<u>PEPRA Fire Safety</u>	<u>PEPRA Police Safety</u>
	<u>On or After January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2.7% @ 57	2.7% @ 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 57	50 - 57
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	2.0% - 2.7%
Required Employee Contribution Rates	11.50%	11.50%
Required Employer Contribution Rates	11.99%	11.99%

	<u>PARS</u>
Hire Date	<u>Prior to July 1, 2010</u>
	2.5% @ 55
Benefit Formula	Minus 2.0% @ 55
Benefit Vesting Schedule	3 Years Service
Benefit Payments	Monthly for Life
Retirement Age	50
Monthly Benefits, as a % of Eligible Compensation	0.50%
Required Employee Contribution Rates	-%
Required Employer Contribution Rates	13.86%

The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the Fiscal Year ended June 30, 2017, the contributions the City recognized as part of pension expense were \$2,935,035.

Pension Liabilities and Pension Expenses

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$11,291,439</u>
Safety	25,266,061
PARS	(2,965)
Total Net Pension Liability	<u>\$36,554,535</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2015 and 2016 measurement dates was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2015	0.30836%	0.48099%	0.41199%
Proportion - June 30, 2016	0.32504	0.48784	0.42248
Change - Increase (Decrease)	0.01668	0.00685	0.01049

Change in the Net Pension Liability — PARS Plan.

The change in the Net Pension Liability for the PARS Plan is as follows:

	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Balances - June 30, 2016	\$1,954,998	\$1,376,254	\$578,744
Changes in the Fiscal Year:			
Service Cost	68,049	-	68,049
Interest on Total Pension Liability	143,950	-	143,950
Difference Between Expected and Actual Experience	(358,987)	-	(358,987)
Benefit Payments	(193,614)	(193,614)	-
Employer Contributions	-	233,278	(233,278)
Net investment Income	-	157,637	(157,637)
Administrative Expenses	-	(7,217)	7,217
Change of Allocation	128,580	179,583	(51,003)
Net Changes	<u>(212,022)</u>	<u>369,667</u>	<u>(581,689)</u>
Balances - June 30, 2017	<u>\$1,742,976</u>	<u>\$1,745,921</u>	<u>\$(2,945)</u>

For the year ended June 30, 2017, the City recognized pension expense of \$3,705,121. Pension expense represents the change in net pension liability during the measurement period, adjusted for actual contributions and for the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions for total pension liabilities in the June 30, 2016 actuarial valuations – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Hired Prior to <u>1/1/2013</u>	Miscellaneous Hired After to <u>1/1/2013</u>	<u>Safety Tier 1</u>	Fire Safety <u>Tier 2</u>	<u>PARS</u>
Valuation Date	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2016
Measurement Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.00%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.00%	3.00%	3.00%	N/A
	3.3% -	3.3% -	3.3% -	3.3% -	Variable (3)
Projected Salary Increase	14.2% (1)	14.2% (1)	14.2% (1)	14.2% (1)	
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.0% (2)
Mortality	Based on CalPERS Specific Data				

- (1) Depending on age, service, and type of employment.
- (2) Net of pension plan investment expenses, including inflation.
- (3) Graded based on years of service. 3.5% after 30 years of services.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate for total pension liabilities – The discount rate used to measure the total pension liability was 7.65% for the Miscellaneous and Safety Plans, and 7.00% for the PARS plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. For additional information regarding the building-block method used by CalPERS to determine the long-term expected rate of return on pension plan investments, see Note 4 of the “Notes to Basic Financial Statements” section of the City’s FY 2016-17 CAFR set forth in Appendix A.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PARS</u>
1% Decrease	6.65%	6.65%	6.00%
Net Pension Liability	\$ 17,702,086	\$ 37,807,254	\$ 211,258
Current Discount Rate	7.65%	7.65%	7.00%
Net Pension Liability	\$ 11,291,439	\$ 25,266,061	\$ (2,965)
1% Increase	8.65%	8.65%	8.00%
Net Pension Liability	\$ 5,993,358	\$ 14,971,026	\$ (183,625)

See the discussion under the subcaption “– *Discount Rate and Certain CalPERS Actuarial Assumptions*” below.

Deferred Outflows and Inflows

Deferred Outflows and Inflows - Miscellaneous Plan.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the miscellaneous plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 853,571	\$ -
Change in Proportion	584,578	777,760
Change in Assumptions	-	381,300
Differences Between Expected and Actual Experience	40,303	9,234
Difference in Actual Contributions vs. Proportionate Share of Contributions	-	669,936
Net Differences Between Projected and Actual Earnings on Plan Investments	1,984,538	-
Total	<u>\$3,462,990</u>	<u>\$1,838,230</u>

Deferred Outflows and Inflows - Safety Plan.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the safety plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$2,154,782	\$ -
Change in Proportion	207,509	355,992
Change in Assumptions	-	648,108
Differences Between Expected and Actual Experience	-	148,646
Difference in Actual Contribution vs. Proportionate Share of Contributions	-	415,111
Net Differences Between Projected and Actual Earnings on Plan Investments	3,184,124	-
Total	<u>\$5,546,415</u>	<u>\$1,567,857</u>

Deferred Outflows and Inflows - PARS Plan.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the PARS pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Differences Between Projected and Actual Earnings on Plan Investments	\$ 44,631	\$ -
Total	<u>\$ 44,631</u>	<u>\$ -</u>

The City reported \$3,008,353 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Miscellaneous Plan</u>	<u>Safetv Plan</u>	<u>PARS Plan</u>	<u>Total</u>
2018	\$ (392,932)	\$ (282,321)	\$ 21,870	\$ (653,383)
2019	(275,571)	(147,864)	21,872	(401,563)
2020	925,673	1,425,041	10,413	2,361,127
2021	<u>514,019</u>	<u>828,920</u>	<u>(9,524)</u>	<u>1,333,415</u>
Total	<u>\$ 771,189</u>	<u>\$ 1,823,776</u>	<u>\$ 44,631</u>	<u>\$2,639,596</u>

The information included above under the caption "ADDITIONAL GENERAL FUND AND RELATED CITY FINANCIAL INFORMATION -- Pension Plans" is derived from the City's FY 2016-17 CAFR set forth in Appendix A. Please refer to the Note 4 to the basic financial statements portion and the various related schedules in the required supplementary information section of the City's FY 2016-17 CAFR for further details.

CalPERS Actuarial Calculations; Plans Funding Status

In the late summer or fall of each year, CalPERS provides the City report (each, a "PERS Report") providing the actuarial valuation (as of June 30 of the calendar year preceding the year of the PERS Report) for each of the City's Plans. *The following information is based on information available from PERS and the PERS Reports. The Authority and the City have not independently verified by the information provided by PERS and express no opinion regarding the accuracy of such information. PERS' actuarial assessments are based various assumptions (including demographic assumptions and economic assumptions) made by PERS, its actuaries, accountants and other consultants. One or more assumptions may not materialize or be changed in the future. The Authority and the City express no opinion regarding the quality such assumptions and cannot provide any guarantee as to the eventual results.*

As discussed under the subcaption "-- Discount Rate and Certain CalPERS Actuarial Assumptions" below, beginning December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2018-19 determined in the most recent PERS Reports, dated August 2017, were calculated using a discount rate of 7.375 percent. Employer contributions for Fiscal Years 2019-20 and 2020-21 are expected to assume that the discount rate will be lowered to 7.25 percent and 7.00 percent for the respective actuarial valuation years on which those employer contributions are determined, per the three year phase-in adopted by the CalPERS Board of Administration. The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. This policy has been temporarily suspended during the period over which the discount rate is being lowered. More details on the Risk Mitigation Policy can be found on the CalPERS website.

Per the PERS Reports received by the City in August 2017 (for the valuation date of June 30, 2016), the City's Fiscal Year 2018-19 required contributions, before any cost sharing and assuming an investment return for Fiscal Year 2016-17 of 7.375 percent, for the Plans are as follows: **[City to provide PERS Reports from fall 2018 once available, to update below]**

- (i) Classic Miscellaneous Plan – 9.409 percent of payroll, plus \$57,876.40 of monthly employer dollar UAL payment (or \$670,241 annual lump sum UAL prepayment option on or before July 31, 2018);

- (ii) PEPRA Miscellaneous Plan – 6.842 percent of payroll, plus \$124.81 of monthly employer dollar UAL payment (or \$1,445 annual lump sum UAL prepayment option on or before July 31, 2018);
- (iii) Safety First Tier Plan (Police and Fire) – 20.556 percent of payroll, plus \$132,566.08 of monthly employer dollar UAL payment (or \$1,535,190 annual lump sum UAL prepayment option on or before July 31, 2018);
- (iv) Safety Fire Second Tier Plan – 16.704 percent of payroll, plus \$74.67 of monthly employer dollar UAL payment (or \$865 annual lump sum UAL prepayment option on or before July 31, 2018);
- (v) PEPRA Safety Fire Plan – 12.141 percent of payroll, plus \$4.06 of monthly employer dollar UAL payment (or \$47 annual lump sum UAL prepayment option on or before July 31, 2018);
- (vi) Safety Police Second Tier Plan – 18.677 percent of payroll, plus \$10.51 of monthly employer dollar UAL payment (or \$122 annual lump sum UAL prepayment option on or before July 31, 2018); and
- (vii) PEPRA Safety Police Plan – 12.141 percent of payroll, plus \$21.05 of monthly employer dollar UAL payment (or \$244 annual lump sum UAL prepayment option on or before July 31, 2018).

The calculation of the funding requirement is based on various actuarial assumptions and adjustments such as, among others, the actuarial smoothing of losses and gains over multiple years. Thus, the UAL reflects an actuarial estimate and not as a fixed expression of the liability the City owes to CalPERS under its PERS plans.

The table below shows the funding status for the City’s Classic Miscellaneous Plan as of the most recent six valuation dates, as shown in the relevant PERS Report received by the City in August 2017:

Classic Miscellaneous Plan

Valuation Date	Accrued Liability	Plan’s Share of Pool’s Market Value of Assets	Plan’s Shared of Pooled Unfunded Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2011	\$39,414,120	\$32,043,791	\$7,370,329	81.3%	\$5,393,016
6/30/2012	40,140,088	30,766,874	9,373,214	76.7	5,043,463
6/30/2013	41,322,188	33,360,146	7,962,042	80.7	4,446,388
6/30/2014	44,329,127	37,124,643	7,204,484	83.8	4,407,101
6/30/2015	45,721,355	36,318,800	9,402,555	79.4	4,449,176
6/30/2016	47,264,619	34,639,670	12,624,949	73.3	4,020,463

The table below shows the funding status for the City's PEPR Miscellaneous Plan as of the most recent four valuation dates (*i.e.*, the only four thus far for such Plan), as shown in the relevant PERS Report received by the City in August 2017:

PEPRA Miscellaneous Plan

Valuation Date	Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Shared of Pooled Unfunded Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2013	\$ 4,633	\$ 6,216	\$ (1,583)	134.2%	\$ 229,444
6/30/2014	66,547	71,359	(4,812)	107.2	755,569
6/30/2015	216,709	207,455	9,254	95.7	1,582,442
6/30/2016	418,785	374,713	44,072	89.5	1,615,226

The table below shows the funding status for the City's Safety First Tier Plan (Police and Fire) as of the most recent six valuation dates, as shown in the relevant PERS Report received by the City in August 2017:

Safety First Tier Plan (Police and Fire)

Valuation Date	Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Shared of Pooled Unfunded Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2011	\$73,842,560	\$57,765,620	\$10,076,940	78.2%	\$6,559,107
6/30/2012	77,557,412	56,680,609	20,876,803	73.1	6,563,884
6/30/2013	79,657,662	61,202,443	18,455,219	76.8	6,078,294
6/30/2014	86,345,820	68,972,602	17,373,218	79.9	5,541,494
6/30/2015	89,713,379	68,003,398	21,709,981	75.8	5,600,148
6/30/2016	93,844,593	65,983,784	27,860,809	70.3	5,531,621

The table below shows the funding status for the City's Safety Fire Second Tier Plan as of the most recent six valuation dates, as shown in the relevant PERS Report received by the City in August 2017:

Safety Fire Second Tier Plan

Valuation Date	Accrued Liability	Plan's Share of Pool's Market Value of Assets	Plan's Shared of Pooled Unfunded Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2011	\$ 0	\$ 0	\$ 0	0.0%	\$ 63,848
6/30/2012	22,621	16,900	5,721	74.7	136,902
6/30/2013	74,901	59,056	15,845	78.8	221,607
6/30/2014	142,219	141,764	455	99.7	249,047
6/30/2015	236,345	233,284	3,061	98.7	236,440
6/30/2016	323,991	294,722	29,269	91.0	311,812

The table below shows the funding status for the City's PEPRAs Safety Fire Plan as of the most recent valuation date (*i.e.*, the only one thus far for such Plan), as shown in the relevant PERS Report received by the City in August 2017:

PEPRA Safety Fire Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Plan's Share of Pool's Market Value of Assets</u>	<u>Plan's Shared of Pooled Unfunded Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
6/30/2016	\$2,255	\$2,090	\$165	92.7%	\$137,989

The table below shows the funding status for the City's Safety Police Second Tier Plan as of the most recent two valuation dates (*i.e.*, the only two thus far for such Plan), as shown in the relevant PERS Report received by the City in August 2017:

Safety Police Second Tier Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Plan's Share of Pool's Market Value of Assets</u>	<u>Plan's Shared of Pooled Unfunded Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
6/30/2015	\$20,275	\$19,226	\$1,049	94.8%	\$ 85,600
6/30/2016	46,332	41,892	4,440	90.4	103,771

The table below shows the funding status for the City's PEPRAs Safety Police Plan as of the most recent two valuation dates (*i.e.*, the only two thus far for such Plan), as shown in the relevant PERS Report received by the City in August 2017:

PEPRA Safety Police Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Plan's Share of Pool's Market Value of Assets</u>	<u>Plan's Shared of Pooled Unfunded Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
6/30/2015	\$15,253	\$14,464	\$ 789	94.8%	\$159,622
6/30/2016	68,155	62,382	5,773	91.5	426,164

With respect to the PARS Supplemental Retirement Plan (SRP) for Miscellaneous (Non-LIUNA) full-time employees who worked for the City on or after July 1, 2002 and were hired on or prior to June 30, 2010, the City engaged an actuary to analyze liabilities associated with the SRP as of June 30, 2015 and as of June 30, 2017, which resulted in two reports issued on October 8, 2015 and November 17, 2017, respectively (collectively, the "SRP Reports"). The table below shows the funding status for the SRP as of the most recent four valuation dates assuming a discount rate of 7.00% and certain other actuarial assumptions, as shown in the SRP Reports:

<u>Valuation Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Fiduciary Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>
6/30/2014	\$1,877,678	\$1,157,549	\$720,129	61.65%	\$2,021,220
6/30/2015	1,954,998	1,376,254	578,744	70.40	2,081,857
6/30/2016	2,083,558	1,555,837	527,721	74.67	1,850,801
6/30/2017	1,742,956	1,745,921	(2,965)	100.17	1,906,325

Discount Rate and Certain CalPERS Actuarial Assumptions

The CalPERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies and actuarial assumptions have changed significantly in recent years and are expected to change or be modified further by CalPERS in the future. Certain significant recent changes in assumptions include the following.

1. On March 14, 2012, the CalPERS Board approved a change in the inflation assumption used in the actuarial assumptions used to determine employer contribution rates. This reduced the assumed investment return from 7.75% to 7.50%, reduced the long-term payroll growth assumption from 3.25% to 3.0%, and adjusted the inflation component of individual salary scales from 3.25% to a merit scale varying by duration of employment, an assumed annual inflation component of 3% and an annual production growth of 0.25%. Although the full impact of such changes is not yet clear, CalPERS has estimated that they could result in net increases in future contribution levels of approximately 1% to 2%.

2. On April 17, 2013, the CalPERS Board of Administration approved a plan: (i) to replace the current 15-year asset-smoothing policy with a 5-year direct-rate smoothing process; and (ii) to replace the current 30-year rolling amortization of unfunded liabilities with a 30-year fixed amortization period. CalPERS' Chief Actuary has 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 such as the City about future contribution rates. These changes are expected to accelerate the repayment of unfunded liabilities of the City's plans in the near term; the exact magnitude of the potential contribution rate increases is not known at this time, but may be significant. These changes are reflected beginning with the June 30, 2014 actuarial valuation affecting contribution rates for Fiscal Year 2016 and thereafter.

3. On February 19, 2014, the CalPERS Board approved changes to actuarial assumptions and methods based upon an experience study. These changes include: moving from using smoothing of the market value of assets to obtain the actuarial value of assets to direct smoothing of employer contribution rates; increased life expectancy; changes to retirement ages (earlier for some groups and later for others); lower rates of disability retirement; and other changes.

4. On December 21, 2016, the CalPERS Board of Administration approved an incremental lowering of the discount rate from 7.5% to 7.0% over the next three Fiscal Years. For Fiscal Years 2017-

18, 2018-19 and 2019-20, the Board of Administration approved discount rates of 7.375%, 7.25% and 7.0%, respectively. While the full impact of the discount rate changes on the City is not yet clear, CalPERS expects such changes to increase average employer rates by approximately 1% to 3% of normal cost as a percent of payroll for most miscellaneous retirement plans and by approximately 2% to 5% for most safety plans. CalPERS also expects the discount rate changes to result in increased unfunded accrued liability payments for employers, and estimates that many employers will see such payments increase by 30% to 40%.

5. On February 14, 2018, the CalPERS Board adopted the new Actuarial Amortization Policy including the recommendation to delay the effective date until the June 30, 2019 actuarial valuations and contributions beginning Fiscal Year 2021-22: (i) reduced period over which actuarial gains and losses are amortized, from 30 years to 20 years, to apply only to new gains/losses established on or after June 30, 2019; (ii) level dollar amortization payments for all unfunded accrued liability (UAL) bases throughout the amortization period, apply only to new UAL bases established on or after June 30, 2019; (iii) elimination of five-year ramp-up or ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses established on or after June 30, 2019; (iv) elimination of five-year ramp-down on investment gains/losses established on or after June 30, 2019 (the five-year ramp up from the current policy will continue); and (v) maximum amortization period of 15 years for the UAL of inactive employers (no active members in any CalPERS plan), effective for the June 30, 2017 actuarial valuations, with the actuary retaining the ability to further shorten the period on any valuation data based on the life expectancy of plan members and projected cash flow needs of the plan.

Information regarding CalPERS' administration of the plans, actuarial methods assumptions and asset valuation can be obtained from CalPERS at Lincoln Plaza North, 400 Q Street, Sacramento, California 95811 or (888) 225-7377. The comprehensive annual financial reports of CalPERS are available on CalPERS' website at www.calpers.ca.gov. *The website reference is for informational purposes only. None of the content of the website is any way incorporated into this Official Statement. The City and the Authority make no representation concerning, and do not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website.*

Other Post-Employment Benefits (Other Than Pensions)

GASB issued Statement No. 45 entitled "Accounting and Financial Reporting By Employers for Post Employment Benefits Other Than Pensions" ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post employment healthcare and other non-pension benefits, known collectively as "Other Post-Employment Benefits" or "OPEBs." GASB 45 generally requires state and local governmental employers to account for and report the cost of OPEBs and outstanding obligations and commitments related to OPEBs in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers are based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of their initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

In 2015, GASB issued Statement No. 75 entitled, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), which substantially revises the valuation and accounting requirements previously mandated under GASB Statement No. 45 with respect to how state and local governments should account for and report their costs and obligations related to post employment healthcare and other non-pension benefits, known collectively as "Other Post-Employment

Benefits” or “OPEBs.” GASB 75 is effective for fiscal years beginning after June 15, 2017. The City is in the process of implementing GASB 75 for its financial statements for Fiscal Year 2017-18.

In addition to providing pension benefits, City provides a plan to allow eligible retirees to elect postretirement healthcare (medical, dental and vision) insurance coverage (the “OPEB Plan”). The OPEB Plan is closed to new hires, as follows: Nonsafety, Public Safety Management, and Firefighter employees hired on or after July 1, 2010, are not eligible to participate in the OPEB Plan; Police Officer employees hired on or after January 1, 2011, are not eligible to participate in the OPEB Plan. The City has agreed to contribute on the retiree’s behalf the value of the “Employee-Only” medical insurance premium in accordance with Memorandums of Understanding (MOU) approved by the City Council. The OPEB Plan benefits are provided in the form of:

- An explicit subsidy where the City contributes 100% towards “Employee-Only” medical insurance premium of those active employees and retirees hired on or before the eligibility cutoff date (this varies depending on the existing MOUs). Both benefit and vesting services are credited from the date of hire.
- An explicit right to elect access to postemployment healthcare coverage (medical, dental and vision) for the retiree and their legal dependents. The City is not obligated to contribute towards dependent medical coverage nor dental and vision insurance premiums. Monthly premiums must be paid by the retiree to the City.
- Eligibility: Nonsafety, Public Safety Management, and Firefighter employees hired on or after July 1, 2010, are not eligible to participate in the OPEB Plan. Police Officer employees hired on or after January 1, 2011, are not eligible to participate in the OPEB Plan.
- The OPEB Plan does not include a death or a withdrawal of benefit.

Subject to the eligibility criteria above as to hire date, the City operates under an agreement to continue to provide access to healthcare insurance to all employees who retire after at least the age of 50 and who have 10 years of service to the City. Retiring disabled Safety employees need not be 50 years of age; however, the retiree must have 10 years of service. Upon retirement from active employment, a retiree must elect the types of insurance coverage they chose to purchase for themselves and/or their dependents. The City is only required to pay 100% of the “Employee-Only” portion of the medical insurance premium and the retiree pays for the excess cost for any additional insurance premiums. Any increases in “Employee-Only” medical insurance premiums after retirement are borne by the City and the retiree pays for all excess medical, dental and vision premium cost increases. The City’s obligation under the MOU agreements continues until (1) retiree reaches age 65 (age 70 for Firefighters), (2) retiree becomes eligible for Medicare, or (3) retiree chooses to discontinue insurance coverage, whichever comes first.

The cost of the retiree healthcare insurance benefits is recognized as an expenditure and insurance premiums are paid in advance on a monthly basis. For the fiscal year ended June 30, 2017, the retiree (i.e., “Employee-Only”) portion of the OPEB Plan costs allocated to the City is \$576,998 (actuarially calculated expected amount, based on census data, actuarial assumptions, and plan provisions used in the OPEB Plan’s January 1, 2017 actuarial valuation; see the subcaption “– *Funding Policy*” below).

Funding Policy

As required by GASB 45, an actuary has determined the City’s Annual Required Contributions (ARC) at least once every two fiscal years through and including the valuation date as of January 1, 2017;

going forward, the City will engage an actuary to determine the ARC at least once every fiscal year in accordance with GASB 75, commencing with the valuation date as of January 1, 2018. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for 1 year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the OPEB Plan and the ARC of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the notes, presents multiyear trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The following table shows the City's OPEB Plan assets/liabilities at June 30, 2017, and the allocated portion attributed to the City. The City has not established a separate irrevocable trust for its OPEB Plan, and anticipates using the pay-as-you-go method to fund the current cost.

Item	June 30, 2017	
	Governmental Activities	Business-Type Activities
Normal Cost	\$ 430,680	\$ 7,404
Amortization of UAAL	927,077	15,937
Interest	159,842	2,747
Amortization of Prior Year Net OPEB Obligation	(418,196)	(7,189)
Annual OPEB Cost (Expense)	1,099,403	18,899
Contributions Made	(567,247)	(9,751)
Increase in Net OPEB Obligation/(Asset)	532,156	9,148
Net OPEB Obligation - Beginning of Year	4,582,915	62,493
Net OPEB Obligation - End of Year	\$ 5,115,071	\$ 71,641

The City's allocated Annual OPEB Costs, the percentage of Annual OPEB Cost contributed to the OPEB Plan, and the Net OPEB Obligation (Asset) for the fiscal year ended June 30, 2017 are as follows:

Fiscal Year	Annual OPEB Cost ⁽¹⁾	Percentage of OPEB Contributed	Net OPEB Obligation
6/30/2015	\$ 879,314	47.1%	\$ 4,008,010
6/30/2016	933,511	31.7	4,645,408
6/30/2017	1,118,302	51.6	5,186,712

(1) Annual Required Contribution (ARC) plus actuarially calculated interest at 3.50% per annum and plus/less actuarial adjustments to the ARC.

As determined by the actuary engaged by the City to perform the GASB-required determinations of the City's Annual Required Contributions (ARC) for the OPEB Plan, the ARC for Fiscal Year Ended June 30, 2017 was \$1,381,098, which consists of \$438,084 attributable to normal cost for 1 year, and \$973,014 attributable to amortization of the total unfunded actuarial accrued liability (UAAL) over a closed 14-year amortization period. Because the City has used, and anticipates continuing to use the pay-as-you-go method to fund the current cost of the OPEB Plan, the UAAL consists of all of the expected

future benefits payable under the OPEB Plan. As noted above, the OPEB Plan is closed to new hires, as follows: Nonsafety, Public Safety Management, and Firefighter employees hired on or after July 1, 2010, are not eligible to participate in the OPEB Plan; Police Officer employees hired on or after January 1, 2011, are not eligible to participate in the OPEB Plan.

In the most recent actuarial valuation report prepared for the City’s OPEB Plan (with a January 1, 2017 valuation date), the actuary determined that expected benefit payments for Fiscal Years 2016-17, 2017-18, and 2018-19 (i.e., the retiree (“Employee-Only”) portion of the OPEB Plan costs allocated to the City) are \$576,998, \$624,396, and \$607,627, respectively. These calculations are based on actuarial methods and assumptions utilized in the January 1, 2017 valuation report, as described in more detail under the subcaption “– *Actuarial Methods and Assumptions*” below. The City pays the normal cost of the OPEB Plan on a monthly basis as invoiced by the insurance company providing the healthcare benefits under the OPEB Plan, and such amounts may differ from the actuarially-calculated annual benefit payments if the actual characteristics of the plan participants differ from the actuarial assumptions. In any event, since the OPEB Plan is a closed benefit plan with a finite number of eligible plan participants, the City expects to be able to continue paying for the normal cost (i.e., annual benefit payments) for the OPEB Plan on a pay-as-you-go basis through including in its annual budget the expected annual benefit payments. The City does not presently anticipate funding the UAAL for the OPEB Plan and does not expect that the annual benefit payments for the OPEB Plan will require the City to cut funding for its services or its other regular budgetary items requiring annual appropriation (including Lease Payments under the Lease Agreement).

Funding Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the funded status of the OPEB Plan and the actuarial value of OPEB Plan assets relative to the actuarial accrued liability for benefits was as follows:

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Actuarial Accrued Liability (AAL)	(C) Unfunded AAL (UAAL) (B)-(A)	(D) Funded Ratio (A)/(B)	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll (C)/(E)
1/1/2011	-	\$ 6,969,893	\$ 6,969,893	-	\$10,129,442	68.8%
7/1/2013	-	9,667,845	9,667,845	-	9,840,272	98.2
1/1/2017	-	10,476,872	10,476,872	-	6,582,854	159.2

Because the City has used, and anticipates continuing to use the pay-as-you-go method to fund the current cost of the OPEB Plan, there is no actuarial asset value, and the UAAL consists of all of the expected future benefits payable under the OPEB Plan. The OPEB Plan is closed to new hires after July 1, 2010 or July 1, 2011, depending upon the category of employee, as described further above.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the types of benefits provided under the OPEB Plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The OPEB Plan’s most recent actuarial valuation was performed as of January 1, 2017 (the “2017 OPEB Report”). In that valuation, the Entry Age Normal actuarial cost method and Level Dollar Amount Amortization Method was used to determine OPEB Plan costs. The benefits are currently funded on a

pay-as-you-go basis and there are currently no OPEB Plan assets. The actuarial assumptions included an interest rate of 3.5% per annum, inflation rate of 2.30% per annum, and an annual healthcare cost trend based on the Getzen Trend Model, which includes the estimated impact of any potential excise taxes on high cost health plans (the “Cadillac Tax”), including its delayed effective date from 2018 to 2020 and assumes a healthcare cost trend rate of 8.10% for calendar year 2017, gradually decreasing over time to approximately 5.60% in calendar years 2031 through 2039. The City’s UAAL is being amortized as a level percentage of payroll for 14 years on a closed basis, to reflect that the covered group is closed and that a 20-year closed method was established for the Fiscal Year ending June 30, 2011.

By way of contrast, the actuarial valuation for the OPEB Plan was performed as of July 1, 2013 assumed a discount (interest) rate of 4.0% per annum, rate of compensation increase of 3.00% per annum, and an annual healthcare cost trend of 5% increments annually. Moreover, the July 1, 2013 actuarial valuation of the OPEB Plan amortized the UAAL as a level percentage of payroll for 30 years on an open basis, with a remaining amortization period as of July 1, 2013 of 29 years.

A complete copy of the 2017 OPEB Report can be obtained from the City’s Finance Department. See Note 4 to the City’s Fiscal Year 2016-17 audited financial statements set forth in Appendix A for more information.

Employee Relations

The City has an existing Memorandum of Understanding with each of its five bargaining groups, effective through the respective expiration dates, as follows: (i) Seaside City Employees’ Association, expiring on June 30, 2019; (ii) Seaside Police Officers’ Association, expiring on December 31, 2019; (iii) Seaside Firefighters’ Association, expiring on June 30, 2020; (iv) Seaside Management and Supervisory Employees’ Association, December 31, 2018; and (v) Seaside Public Safety Manager’s Association, expiring on June 30, 2020. No contracts are currently under negotiation. However, negotiations are expected to commence in or about October 2018 with respect to the Memorandum of Understanding expiring on December 31, 2018 with the Seaside Management and Supervisory Employees’ Association.

The City’s Fiscal Year 2018-19 adopted budget includes slightly increased personnel expenditures due to implementation of the Memoranda of Understanding, increases in retirement and medical rates and the addition of two new positions, as discussed above in “CITY FINANCIAL AND GENERAL FUND OVERVIEW – Budgetary Process; General Fund Budget” herein. The City does not expect the implementation of the existing labor contracts to adversely impact City finances.

Risk Management

The City is a member of the California Joint Powers Insurance Authority (the “Insurance Authority”). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Insurance Authority’s pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Insurance Authority’s Board of Directors. The Board operates through a nine-member Executive Committee.

In the liability program, claims are pooled separately between police and nonpolice exposures. The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. Losses are managed through layers based on amount per occurrence,

and for higher losses per occurrence, include reinsurance agreements and excess insurance policies. The coverage limit for each member including all layers of coverage is \$50 million per occurrence.

In the workers' compensation program, claims are pooled separately between public safety (police and fire) and nonpublic safety exposures. The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. Losses are managed through layers based on amount per occurrence, and for higher losses per occurrence, include a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Other insurance policies purchased by the City include the following: (i) pollution legal liability insurance (formerly called environmental insurance), which is available through the Insurance Authority and covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City; (ii) all-risk property protection insurance, a program of the Insurance Authority, which is underwritten by several insurance companies; (iii) earthquake and flood insurance protection insurance with respect to a portion of the City's property (including all of the Property subject to the Lease Agreement; see "THE PROPERTY" herein), through the property protection insurance program of the Insurance Authority; and (iv) crime insurance coverage and fidelity coverage provided through the Insurance Authority. The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property; such insurance is paid by the tenant user to the City, which in turns pays the premium to the Insurance Authority.

See Note 4 to the City's Fiscal Year 2016-17 audited financial statements set forth in Appendix A for more information regarding the City's insurance coverage.

THE AUTHORITY

The Authority was established pursuant to the provisions of the Joint Exercise of Powers Act of the State of California, constituting Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Law"), and a Joint Exercise of Powers Agreement, dated as of April 1, 1988, as amended by that certain Amendment No. 1, dated as of May 4, 2006, each by and between the City and the Former Redevelopment Agency, and as further amended by that certain Amendment No. 2, dated as of July 1, 2018, by and among the City, the Successor Agency, as the successor to the Former Redevelopment Agency by operation of law, and the Parking Authority of the City of Seaside (the "Parking Authority"). Pursuant to Amendment No. 2, the Parking Authority was added to the Authority as a member and the Successor Agency withdrew from the Authority. The governing Board of the Authority is comprised of all of the individuals who currently are members of the City Council of the City. The Authority is qualified to assist in the financing of certain public improvements and to issue the Bonds under the Law. The Authority has no taxing power. The Authority and the City are each separate and distinct legal entities, and the debts and obligations of each such entity are not debts or obligations of the other entity.

BONDOWNERS' RISKS

Investment in the Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official

Statement in evaluating the Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Limited Obligations with Respect to Bonds

The Bonds will be limited obligations of the Authority payable solely from and secured by a pledge of the Trust Estate and certain funds and accounts held under the Trust Agreement. The Trust Estate consists primarily of Lease Payments payable by the City under the Lease Agreement and amounts on deposit from time to time in the funds and accounts held by the Trustee. If for any of the reasons described in this Official Statement, or for any other reason, the Lease Payments collected under the Lease Agreement are not sufficient to pay debt service on the Outstanding Bonds under the Trust Agreement, the Authority will not be obligated to utilize any other of its funds, other than certain amounts on deposit in the funds and accounts established under the Trust Agreement, to pay debt service on the Bonds.

The Authority has no taxing power. The obligation of the City to make Lease Payments under the Lease Agreement will not constitute an obligation of the City for which the City has levied or pledged any form of taxation or the City will be obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement will constitute an indebtedness of the City, the State or any of its political subdivisions in violation of any constitutional or statutory debt limitations.

Abatement

Pursuant to the Lease Agreement, the obligation of the City to pay Lease Payments will be abated during any period in which, by reason of any damage, destruction or condemnation, there is substantial interference with the use and occupancy of the Property or any portion thereof by the City. Such abatement will continue until the restoration of the Property to tenantable condition. See "THE LEASE AGREEMENT – Abatement" and "– Insurance." The City will be required under the Lease Agreement to obtain and maintain in effect rental interruption insurance insuring against any loss of Lease Payments for a period of two Fiscal Years from the date of damage or destruction of the Property. Under the Lease Agreement, the City will waive any right to terminate the Lease Agreement by virtue of an abatement event. Notwithstanding the provisions of the Lease Agreement specifying the extent of abatement in the event of the City's failure to have use and possession of the Property, such provisions may be superseded by operation of law. In the event that the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the Property or a redemption of the Bonds and Additional Bonds, if any, in whole (see "THE BONDS – Redemption – *Extraordinary Redemption From Insurance or Condemnation Proceeds*"), a default on the Bonds may occur.

Risk of Uninsured Loss

The City will covenant under the Lease Agreement to maintain certain insurance policies on the Property. These insurance policies do not cover all types of risk. The Lease Agreement does not require the City to maintain earthquake insurance on the Property. The Property could be damaged or destroyed due to a casualty for which the Property is uninsured. Additionally, the Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. There can be no assurances that

amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to redeem the Bonds and Additional Bonds, if any.

Limited Recourse on Lease Default; No Right of Acceleration

If an event of default occurs and is continuing under the Lease Agreement, there will be no remedy of acceleration of any Lease Payment which has not come due. The remedies provided for in the Lease Agreement include, in addition to all other remedies provided at law, re-letting the Property without effecting a surrender of this Lease Agreement, at such rent, upon such lawful conditions and for such term, and to do all other acts to maintain or preserve the Property, including the removal of persons or property therefrom or taking possession thereof, as the Authority, or its assignee, deems desirable or necessary. No action taken by the Authority or the Trustee under the Lease Agreement shall be deemed to terminate the Property Lease or the Lease Agreement, and the City will remain liable for the performance of all conditions therein contained and continue to remain liable for any deficiency in Lease Payments and Additional Payments that may arise out of such re-letting, payable only at the same time and in the same manner as provided for Lease Payments and Additional Payments in the Lease Agreement. The Trustee may 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 could prove both expensive and time-consuming.

The Lease Agreement will permit the Trustee, as the Authority's assignee, to take possession of and re-let the Property in the event of a default by the City under the Lease Agreement. To the extent that the Property serves essential governmental purposes, a court may determine to not permit such remedy to be exercised. Even if such remedy may be exercised, no assurance can be given that the Trustee could readily re-let the Property for rents which are sufficient to enable it to pay debt service on the Bonds in full when due.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, 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 governmental entities in the State.

Bond Counsel will limited its opinions as to the enforceability of the Bonds and the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds will not be subject to acceleration in the event of the breach of any covenant or duty under the Trust Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

City General Fund

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of, and taxes and other governmental charges levied against, the Property) will be payable from funds lawfully available to the City. A variety of national, state or regional factors, which are beyond the control of the City could reduce the City's General Fund revenues or increase the City's General Fund expenditures. The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Bonds. If the amounts which the City is obligated to pay in a Fiscal Year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare. See "STATE CONSTITUTION LIMITATIONS ON CITY REVENUES AND APPROPRIATIONS."

State Finances

The State's financial condition and budget policies affect communities and local public agencies throughout California. State budgets are affected by regional, national or even international economic conditions and a multitude of other factors over which the City has no control. The City cannot give any assurances regarding the financial conditions of the State during any period of time. Some of the State's budget solutions have caused in the past, and may cause in the future, increased financial stress to cities, counties and other local governments by: (i) decreasing local revenues (for example, the property tax, road improvement funding, public safety or other categorical funded initiatives), or (ii) increasing directly or indirectly demand for local programs (such as public safety or indigent health programs). In recent years, the State has faced significant financial and budgetary stress. AB X1 26 enacted in 2011, pursuant to which all redevelopment agencies in the State were dissolved, was enacted during the fiscal year 2011-12 budget process and was just one example where cities and counties throughout the State were significantly impacted. Even though California has experienced significantly improved fiscal condition during the past few fiscal years, the State is still facing continuing financial challenges and unfunded long-term liabilities.

According to the State Constitution, the Governor is required to propose a budget to the State Legislature by no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been frequently breached in the past. Before fiscal year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the State Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Governor Brown signed the fiscal year 2018-19 budget for the State on June 27, 2018. The City does not anticipate any material adverse effect on the City's finances based on this proposed fiscal year 2018-19 State budget. However, the City can make no predictions regarding the changes, if any, that will be made to proposed budget before it is finally adopted. The City also cannot predict what measures the State will adopt to respond to any future financial difficulties. The City can provide no guarantees regarding the outcome of future State budget negotiations, the actions that will be taken in the future by

the State Legislature and Governor to deal with changing State revenues and expenditures, or the impact that such budgets or actions will have on the City's finances and operations.

Information about the State budget and State spending is available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance, www.dof.ca.gov. An analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various official statements for State-issued bonds, 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. None of the websites referenced above are in any way incorporated into this Official Statement. They are cited for informational purposes only. The City makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites by the respective entities.

Natural Calamities

Seismic Factors. The City, like most regions in the State, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. The Alquist-Priolo Earthquake Fault Zone Act, passed in 1972 by the State of California, requires the State Geologist to establish regulatory zones (known as Earthquake Fault Zones) around the surface traces of active faults and issue appropriate maps to assist in the mitigation of the hazard of surface faulting to structures for human occupancy. According to the Safety Element of the City's General Plan, adopted August 5, 2004, the regional faults that are in close proximity to the City include the San Andreas Fault and its eastern branches, including the Monterey Bay Fault Zone and its onland extensions, the Chupines and Navy Faults, the San Gregorio-Palo Colorado Fault Zone, the King City-Reliz-Rinconada Fault, and the Zayante-Vergeles Fault. The Ord Terrace Fault and the Seaside Fault run through the City. All of these faults are considered active or potentially active and scientists estimate that large earthquakes on the San Andreas Fault occur approximately every 130 years.

Seismic activity poses two types of hazards: primary and secondary. Primary hazards include ground rupture, ground shaking, ground displacement and subsidence and uplift from earth movement. Primary hazards can induce secondary hazards including ground failure (lurch cracking, lateral spreading, and slope failure), liquefaction, water waves (tsunamis and seiches), movement on nearby faults (sympathetic fault movement), dam failure, and fires. Potential seismic hazards affecting the City include ground shaking, ground rupture, and ground failure, including liquefaction and lateral spreading. Most of the City is subject to moderately high ground shaking, although some areas are subject to higher potential. The coastal beach areas have a very high ground-shaking potential. Seismologists believe that a major earthquake, magnitude 7 or larger, is likely to occur somewhere in the San Francisco Bay area within the next 30 years. Expected ground shaking for the Monterey Bay region either from a 7 or 8 magnitude earthquake in the San Francisco or Monterey Bay areas would have significant implications for the City. The City implements the most recent Building Codes and requires the review of potential seismic impacts during the environmental review process.

Great earthquakes occurring around the Pacific Ocean can generate seismic sea waves, called tsunamis, which can cause damage along the California coast. Much of the City lies approximately 2,000 feet inland from the coastline, which should provide sufficient distance and protection from tsunamis. Additionally, water waves called seiches, generated by seismic ground-shaking, could occur in the City due to the location of Roberts Lake and Laguna Grande within the City. In order to reduce the risks to people and property from hazards related to seismic activity, the City requires investigation and mitigation of potential seismic hazards during the review of development proposals or location of proposed development away from such hazards.

Risk of Floods. According to the Safety Element of the City's General Plan, adopted August 5, 2004, the Monterey County Water Resources Agency (MCWRA) provides flood control services to the City. The areas surrounding Roberts Lake and Laguna Grande, including the Property consisting of City Hall, are located within Zone "A" 100-year flood plain, as defined by Federal Emergency Management Agency. The rest of the City, including the Property consisting of the Community Center and the Fire Station, is located within a Zone "B," therefore subject to inundation by a 100- to 500-year flood event. Areas within Flood Zone "A" are generally not developable given their location within the drainage corridors of the Roberts Lake or Laguna Grande Park. Areas that are planned for development within the Zone "A," will have to construct structures above the maximum flood elevation. The City strives to protect the community from flooding hazards by providing and maintaining adequate flood control facilities. Additionally, the City requires developers to provide flood control systems in new development areas that mitigate potential on-site flooding hazards and also avoid increasing flood hazards elsewhere.

Erosion. The potential for soil erosion hazards is severe in the northern one-third of the City and moderate in the southern two-thirds. Coastal erosion is primarily attributed to sea level rise, wave patterns, and the coastal geography of Monterey Bay. The coastal erosion rate has accelerated in this century from about 1.5 feet per year up to more than seven feet per year. This increase is due to sand mining along the coast, sediment trapping in reservoirs in the Salinas River watershed, and loss of vegetation in shoreline dunes. On July 13, 2017, the California Coastal Commission approved a settlement agreement to close the Cemex Sand Mining operation in the nearby City of Marina by the end of 2020. Once the closure is complete, the erosion rate is expected to be lessened.

Wildfires. The Safety Element of the City's General Plan, adopted August 5, 2004, states that the City is subject to both wildland fires and structural fires. The undeveloped areas in the northern and eastern portions of the City are highly prone to wildland fires. These areas contain grassland with many steeper areas with brushland and wooded slopes. The State of California Department of Forestry rates these areas in Monterey County as extreme wildfires hazard areas based on slope characteristics, climate, fuel loading, and water availability. These areas could create safety hazards for residents within the community. The City is served by a single fire station located at Yosemite and Broadway. The Department responds to fires, medical emergencies, rescues, and services calls under a 24-hour a day operation. The Fire Department has a fire prevention program that, under the direction of the Fire Marshal, conducts checks of plans for new construction and renovations of structures. Under the Uniform Fire Code and Uniform Building Code, plans are reviewed by the City's Planning Division, the Building Inspection Division, the City's Fire Department, and other applicable agencies prior to a building permit being granted.

Insurance and Abatement Considerations. The occurrence of one or more natural disasters could occur and could result in damage to improvements and property within the City of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement.

The casualty and liability insurance may not cover losses due to earthquake or flood damage. Although the City presently maintains both earthquake insurance and flood insurance on the Property, the City is not required to maintain earthquake or flood insurance under the Lease Agreement. Rental interruption insurance will not cover interruption of Lease Payments due to an earthquake and may not cover interruption of Lease Payments due to flood damage.

The occurrence of any natural calamity, including but not limited to an earthquake, uncontrolled fire or a major flood, may result in the substantial interference with the use and occupancy of the Property, which could result in Lease Payments being subject to abatement. Under such circumstances,

although the City maintains property insurance and rental interruption insurance and is required to continue to maintain such insurance under the Lease Agreement (see “THE LEASE AGREEMENT – Abatement” and “– Insurance.”), no assurance can be given that the insurance or other resources would be available to make repairs to the Property or to make Lease Payments under the Lease Agreement. For more information, see the Safety Element of the City’s General Plan on file with the City Clerk or available on the City’s website.

For more information see the Safety Element of the City’s General Plan on file with the City Clerk or available on the City’s website. The City is in the process of updating its General Plan, including the Safety Element, and a public draft General Plan (Seaside 2040) is available on the City’s website for review and public comment. While still subject to further review, possible modification, and final approval by the City Council of the City, the Safety Element of the public draft of General Plan (Seaside 2040) notes that climate change is anticipated to amplify existing natural hazards, including coastal flooding (a temporary condition caused by storms and high tides) and gradual sea level rise of potentially 16 to 63 inches of sea level rise by calendar year 2099, caused by thermal expansion of the oceans caused by ocean warming and loss of land-based ice due to increased melting of glaciers and ice sheets. The elevation of the City is generally cited as 33 feet; according to maps of the United States Geological Survey, the elevation of land within the City ranges from 0 to 541 feet.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenues supporting the City’s General Fund, would be the discovery of a hazardous substance that would limit the beneficial use of a significant amount of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. If this situation were to occur with respect to property not yet identified as contaminated, the costs of remedying such property could reduce the marketability and taxable value of the property.

The City has unique hazards associated with the former use of northern and eastern portions of the City as a U.S. Army base. Such areas contain unexploded ordnance and hazardous materials associated with these past military activities. Ford Ord was added to the “Superfund” National Priorities List of Hazardous Waste Sites on February 21, 1990. The City cooperates with the federal government to obtain Superfund monies and implement Superfund clean-up activities to eliminate the environmental hazards associated with past military activities. While most of former Fort Ord is not part of the Fort Ord National Monument, much of the area located in the City has been or will be converted from military to civilian land uses. In 2007, a remediation program was created to provide coordinated access for bikers, hikers, runners, and equestrians to the new Fort Ord National Monument.

For more information see the Safety Element of the City’s General Plan on file with the City Clerk or available on the City’s website. The City is in the process of updating its General Plan, including the Safety Element, and a public draft General Plan (Seaside 2040) is available on the City’s website for review and public comment. While still subject to further review, possible modification, and final approval by the City Council of the City, the Safety Element of the public draft of General Plan (Seaside 2040) identifies a number of hazardous waste sites located largely in the southwestern part of the City, as well as underground storage tanks located in the northeastern part of the City. Of these hazardous waste sites in the City, the draft General Plan (Seaside 2040) indicates that there is one Federal Superfund site, located on former Fort Ord lands, and two state response sites that have land use restrictions.

Development Risks

Real estate development projects are subject to risks of delay or non-development, including but not limited to (i) adverse changes in the general economic condition of the region or local market conditions, such as changes in the market value of real property in the vicinity of proposed development, the supply of or demand for competitive properties in such area, and the market value of the properties in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses or governmental fiscal policies; (iii) governmental policies, rules or regulations, or voter-initiated growth control initiatives (including, without limitation, zoning laws, laws relating to threatened and endangered species, and water conservation laws or regulations); (iii) natural disasters (including, without limitation, earthquakes and floods) or the discovery of hazardous substances, which may result in uninsured losses; and (iv) litigation seeking to preclude or modify the development project. The City cannot provide any assurances that future events such as a downturn in the economy or the real estate market, events such as earthquakes, droughts, or floods, stricter land use regulations, threatened or endangered species or other events will not adversely affect the timing, scope, or completion of any proposed developments described herein. See also “– Natural Calamities” and “– Hazardous Substances” above.

As described under the caption “THE CITY – General,” the Monterey Peninsula on which the City is located is famed for its scenic beauty and a year-round tourist attraction, while the Salinas Valley, located in the eastern portion of the County, is a rich agricultural center and one of the nation’s major vegetable producing areas. This combination of real property characteristics and land uses subjects properties and proposed developments in the County in general, including but not limited to the City, to risks of litigation from conservationist groups and agricultural proponents, among others. As a conservative measure, the City has not included any projected property tax, sales tax, transient occupancy tax, or other revenues from any potential real estate developments in its adopted Fiscal Year 2018-19 budget or projections of General Fund revenues.

Bankruptcy

The rights and remedies provided in the Trust Agreement and the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors’ rights. The City and the Authority are governmental units and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the “Bankruptcy Code”). However, the City and the Authority may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. The City or the Authority, upon become a debtor under the Bankruptcy Code, would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. The ability of the Trustee or the Owners of the Bonds to recover any claim in such case, as well as the timing and amount relating such recovery, will be subject to the uncertainty presented by the bankruptcy proceedings. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the affected entity, or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the affected entity, or otherwise enforcing the obligations of the affected entity, and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan (a “Plan”) for the adjustment of the affected entity’s various obligations 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 and in

the best interest of creditors. Neither the City nor the Authority is currently considering any filing for protection under the Bankruptcy Code.

Investment of Funds

The funds held under the Trust Agreement are required to be invested in Investment Securities as provided under the Trust Agreement, respectively. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” All investments, including Investment Securities, authorized by law from time to time for investments by the Authority contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement could have a material adverse effect on the security for the Bonds.

Future Initiative and Legislation

As discussed herein under “STATE CONSTITUTION LIMITATIONS ON CITY REVENUES AND APPROPRIATIONS,” the California’s Constitutional initiative process has resulted in the adoption of measures which pose certain limits on the ability of cities and local agencies to generate revenues, through property taxes or otherwise. From time to time, other initiative measures could be adopted, affecting the City’s ability to generate revenues and to increase appropriations. No assurances can be given as to the potential impact of any future initiative or legislation on the finances and operations of the City.

Loss of Tax Exemption for the Bonds

Compliance by Authority and City. In order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Authority and the City have covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as hedge bonds or private activity bonds, among other things. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the Authority and the City in violation of these covenants. See “TAX MATTERS.”

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the Bonds.

IRS Audit of Tax-Exempt Bonds. 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 Bonds will be selected for audit by the Internal Revenue Service. It is possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds or by an audit of similar bonds.

Secondary Market

There can be no assurance that there will be a secondary market for the Bonds, or if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general

market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

STATE CONSTITUTIONAL LIMITATIONS ON CITY REVENUES AND APPROPRIATIONS

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 XIII A") and similar measures, some of which are discussed below. Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. 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.

Property Tax Limitations - Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly referred to as "Proposition 13" or the "Jarvis-Gann Initiative") to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors.

Article XIII A further limits the amount of any ad valorem tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative that exempts from the one percent limitation any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property. On December 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*).

In the general election held on November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, do 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 amended Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to 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. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in certain other minor or technical ways.

Article XIII A Implementing Legislation

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1978.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based on their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Since the 1981-82 fiscal year, legislation enacted by the Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above and under the caption “— Property Tax Limitations, Article XIII A.” In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities, if any, are also applied to 100% of assessed value.

Challenges to Article XIII A

California trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules in three significant cases. The United States Supreme Court, in an appeal to one of these cases, upheld the constitutionality of Article XIII A’s tax assessment system. The City cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the City’s receipt of property tax revenues should a future decision hold unconstitutional the method of assessing property.

Appropriations Limitations - Article XIII B

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the government entity. 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 these public agencies. Revenues received in excess of the appropriations limit must be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the “proceeds of taxes” levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded

indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

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 Fiscal Year 2018-19 is \$32,821,627. The dollar amount of the City's budgeted appropriations subject to the limit for Fiscal Year 2018-19 is approximately \$25.73 million, comprising of an approximate 78.4 percent of the City's Fiscal Year 2018-19 appropriation limit.

Propositions 218 and 26 - Article XIII C and Article XIII D

On November 5, 1996, California voters approved Proposition 218, "the Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the California Constitution, providing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges.

Provisions of Article XIII C (i) require taxes for general governmental purposes to be submitted to the electorate and approved by a majority vote, and taxes for specific purposes, even if deposited into the General Fund, to be submitted to the electorate and approved by two-thirds vote, (ii) require any general purpose tax which the City imposed, extended or increased, without voter approval, after December 31, 1994, to be submitted to the electorate and approved by majority vote on November 5, 1998 and (iii) provide that all taxes, assessments, fees and charges to reduction or repeal at any time through the initiative process, subject to overriding constitutional principles relating to the impairment of contracts. Provisions of Article XIII D that affect the ability of the City to fund certain services or programs that it may be required or choose to fund include (i) adding notice, hearing, protest and, in some cases, voter approval requirements to impose, increase or extend certain assessments, fees and charges and (ii) adding stricter requirements for finding individualized benefits associated with such levies.

On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Relevant to local governments, Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. As a result, Proposition 26 requires a local government to obtain two-thirds voter approval for many fees, charges and levies that a local government was previously authorized to adopt by a majority vote of its legislative body. Specifically, Proposition 26 defines a "tax" as any levy, charge, or exaction of any kind imposed by a local government except those enumerated in seven specified exceptions, as follows:

- (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.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

In the event that charges included in the definition of a “tax” in Article XIII C cannot be appropriately increased, the City may have to choose whether to reduce or eliminate the service financed by such taxes or finance such service from its General Fund. Further, no assurance can be given that the City mayor will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

The foregoing discussion of Propositions 218 and 26 should not be considered an exhaustive or authoritative treatment of the provisions of Propositions 218 and 26 or the possible effects of Propositions 218 and 26. Interim rulings, final decisions, legislative proposals and legislative enactments affecting Propositions 218 and 26 may impact the City’s ability to make Lease Payments and Additional Rental Payments. The City does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity related to these issues. The City does not believe any of the fees or charges constituting City General Fund revenues, including without limitation the transient occupancy tax and the utility users tax, are imposed in violation of Propositions 218 or 26.

Proposition 62

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a “general tax”) must be submitted to the electorate and approved by a majority vote; (ii) any local tax for specific purposes (a “special tax”) must be submitted to the electorate and approved by a two-thirds vote; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency’s property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. The City does not believe any of the taxes constituting City revenues are levied in violation of Proposition 62.

Proposition 1A

Proposition 1A (“Proposition 1A”), proposed by the State Legislature in connection with the State Budget Act for fiscal year 2004-05 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 City must be approved by two-thirds of both houses of the State Legislature.

Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to eight percent 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.

Proposition 1A also provides that if the State reduces the vehicle license fee rate below 0.65 percent 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.

Future Initiatives

From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and appropriations.

LITIGATION MATTERS

To the Authority's and the City's knowledge, there is no litigation pending or threatened to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Trust Agreement, the Property Lease, the Lease Agreement or any proceedings of the City or the Authority with respect thereto. To the knowledge of the Authority and its counsel, there is no lawsuit or claim pending against the Authority which will materially impair the Authority's ability to enter into the Trust Agreement or restrain or enjoin the collection of Lease Payments as contemplated therein. To the knowledge of the City and the City Attorney, there is no lawsuit or claim pending against the City which will materially impair the City's ability to enter into the Lease Agreement or restrain or enjoin the payment of Lease Payments.

Disallowed 2008 Promissory Note. In 2008, the City, the Former Redevelopment Agency, the United States of America, acting through the Secretary of the Army, the California Department of Parks and Recreation ("State Parks"), and the Central California Council of American Youth Hostels negotiated and entered into a transaction exchanging various real estate interests. In connection with that transaction, a Promissory Note in favor of State Parks in the principal amount of \$3.4 million was executed by the City after joint approval of the transaction by the City Council and the Former Redevelopment Agency, with the intent that the Former Redevelopment Agency would make the payments on the note from its low- and moderate-income housing tax increment funds due to the additional affordable housing secured by the City and the Former Redevelopment Agency in connection with the real estate interest exchange transaction. The Promissory Note provides for payment of the principal amount over ten years in annual installments, together with 5% simple interest, with the first

year's payment in the amount of \$440,315.55 payable upon the closing of the 2008 transaction, followed by nine annual payments of \$440,315.55 each on June 1 each year commencing 2009. The Former Redevelopment Agency and the Successor Agency timely made five scheduled annual payments to State Parks on the Promissory Note, but in November 2013, the California Department of Finance disallowed any further payments by the Successor Agency on the Promissory Note. Under the Redevelopment Dissolution Act (Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code), all payments to be made by the Successor Agency must be approved by the California Department of Finance pursuant to a prescribed process in order to receive funding or be paid. Accordingly, no payments have been made to State Parks under the Promissory Note subsequent to June 1, 2013; the aggregate amount of the four remaining payments disallowed by the California Department of Finance totals \$1,761,262.20. The City does not believe that it has any responsibility for payment under the Promissory Note. Although State Parks has not initiated any litigation against the City or the Successor Agency, State Parks is seeking a means for payment and is presently in discussions with the City for a lawful resolution of the dispute.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Agreement, the City has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City and other data by not later nine months after the end of the City's Fiscal Year (which Fiscal Year currently commences on July 1 and ends on June 30 of each year) (the "Annual Report"), commencing March 31, 2019 Fiscal Year with the report for the 2017-18 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Report, and any notice of material event will be filed by the City or Urban Futures, Inc. (the "Dissemination Agent"), as the Dissemination Agent on behalf of the City, with the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access System (referred to as "EMMA"), at www.emma.msrb.org. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT." This undertaking has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.

Five-Year Continuing Disclosure History

The City has previously entered into continuing disclosure agreements with respect to two issues of bonds that have been outstanding within the past five years (the "Prior City Continuing Disclosure Agreements"). The Successor Agency, for which City staff provides administrative services, has previously entered into continuing disclosure agreements with respect to three tax allocation bond issues that have been outstanding within the past five years (the "Prior SA Continuing Disclosure Agreements," and collectively with the Prior City Continuing Disclosure Agreements, the "Prior Continuing Disclosure Agreements.") Except for one Prior SA Continuing Disclosure Agreement for which only annual financial statements were required, the annual reports required under each of the Prior Continuing Disclosure Agreements consist of two components: (i) updates as to certain information presented in the official statements with respect to the respective bond issue (the "Updated Operating and Financial Data"), and (ii) annual financial statements.

Pursuant to the Prior Continuing Disclosure Agreements, the City and the Successor Agency have timely filed the portion of the annual reports comprised of the Updated Operating and Financial Data for each of the last five years, with two minor exceptions. Updated Operating and Financial Data due on March 31, 2014 and March 31, 2015 were filed 5 days late and 6 days late, respectively. No issues

relating to incomplete Updated Operating and Financial Data were identified in a five-year continuing disclosure review performed by a third party engaged by the Underwriter.

As to the portion of the annual reports consisting of annual financial statements, the City and the Successor Agency have timely filed the annual financial statements in recent years, but with respect to the annual financial statements due on December 27, 2013 and December 27, 2014, the financial statements were filed 63 days late and 2 days late, respectively, even though the audited financial statements were completed several days prior to each such filing deadline.

The late filings were due in large part to lapses and coordination issues at the Dissemination Agent and the predecessor dissemination agent for the City and the Successor Agency. Since the late filings due in December 2013 through March 2015, the Dissemination Agent has instituted new procedures and changes in its operational practices to be more proactive with clients in preparing and obtaining the various items required for continuing disclosure, including financial statements. These changes from the prior dissemination agent and at the City's current Dissemination Agent have resulted in the timely filings for the most recent years.

A failure by the City to comply with the provisions of the Continuing Disclosure Agreement is not an event of default under the Trust Agreement (although the holders and beneficial owners of the Bonds do have remedies at law and in equity). However, a failure by the City to comply with the provisions of the Continuing Disclosure Agreement may adversely affect the marketability of the Bonds on the secondary market.

CERTAIN LEGAL MATTERS

The legality of the issuance of the Bonds is subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Bond Counsel's opinion with respect to the Bonds will be substantially in the form set forth in APPENDIX B of this Official Statement. Certain legal matters will also be passed on for the Authority by Richards, Watson & Gershon, as Disclosure Counsel. Certain legal matters will also be passed on for the Authority and the City by Perry & Freeman, Carmel-by-the-Sea, California, as Authority General Counsel and City Attorney, and for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The City and the Authority have made certifications and representations and have covenanted to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by, and compliance with such covenants of, the City and the Authority, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code, and (ii) the Bonds are not

“specified private activity bonds” within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the Bonds is not a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from State of California personal income taxes. Bond counsel expresses no opinion as to any other tax consequences regarding the Bonds.

Under the Code, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2017 Bonds. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issue of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issue of the Bonds, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for Federal income tax purposes, or have an adverse effect on the market value or marketability of the Bonds.

For example, federal tax legislation enacted on December 22, 2017, reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax for taxable years beginning after December 31, 2017, and eliminates tax-exempt advance refunding bonds, among other things. This legislation may increase, reduce, or otherwise change the financial benefits currently provided to certain owners of state and local government bonds. In addition, investors in the Bonds should be aware that future legislative actions may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for Federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for Federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

UNDERWRITING

The City and Piper Jaffray & Co. (the "Underwriter"), have entered into a bond purchase agreement (the "Purchase Agreement"). Under the Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$_____ (which is equal to the principal amount of the Bonds, [plus/less] original issue [premium/discount] of \$_____, and less an underwriter's discount of \$_____). The Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriter has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned their long-term municipal rating of "___" the Bonds. This rating reflects the view of S&P as to the credit quality of the Bonds. The rating reflects only the view of S&P, and explanation of the significance of the rating may be obtained from S&P Global Ratings, 55 Water Street, New York, New York 10041 (212) 483-2000. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the marketability or market price of the Bonds.

MISCELLANEOUS

All of the preceding description and summaries of the Bonds, the Trust Agreement and the Lease Agreement, other applicable agreements, legislation and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The Authority and the City have duly authorized the execution and delivery of this Official Statement by their duly authorized officers.

**CITY OF SEASIDE JOINT POWERS FINANCING
AUTHORITY**

By: _____
Executive Director

CITY OF SEASIDE

By: _____
Mayor

APPENDIX A

**CITY OF SEASIDE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2017**

APPENDIX B

FORM OF BOND COUNSEL OPINION

Upon issuance and delivery of the Bonds, Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Delivery Date]

City of Seaside Joint Powers Financing Authority
Seaside, California

Opinion of Bond Counsel

with reference to

§ _____
City of Seaside Joint Powers Financing Authority
Lease Revenue Bonds
(Measure X Road Improvements)
Issue of 2018

Ladies and Gentlemen:

We have examined (i) a record of proceedings relating to the issuance of the above-captioned bonds (the "Bonds") of the City of Seaside Joint Powers Financing Authority, a public entity of the State of California (the "Authority"); (ii) the Trust Agreement, dated as of October 1, 2018 (the "Trust Agreement"), by and among the Authority, the City, and U.S. Bank National Association, as trustee (the "Trustee"); (iii) the Property Lease, dated as of October 1, 2018 (the "Property Lease"), by and between the City of Seaside (the "City"), as lessor, and the Authority, as lessee; (iv) the Lease Agreement, dated as of October 1, 2018 (the "Lease Agreement"), by and between the Authority, as sublessor, and the City, as sublessee; (v) the Assignment Agreement, dated as of October 1, 2018 (the "Assignment Agreement"), by and between the Authority and the Trustee; and (vi) such other matters of law as we have deemed necessary to enable us to render the opinions expressed herein. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Trust Agreement. As to questions of fact material to this opinion, we have relied upon such certificates and documents without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to the Trust Agreement and the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended (the "Law"), including the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Law. The Bonds are issued for the purpose of assisting the City in financing the costs of rehabilitation, reconstruction, preservation, and improvement of public streets and roadways within the corporate limits of the City, which improvements are eligible (but not limited) to be paid from Measure X Revenues (as defined in the Trust Agreement), including expenditures for planning, environmental reviews, engineering and design costs, related right-of-way acquisition, project management, and other incidental costs.

From such examination, we are of the opinion under existing law that:

1. The Trust Agreement has been duly and lawfully authorized, executed and delivered by the Authority and the City, and no other authorization for the Trust Agreement is required. Assuming due

authorization, execution and delivery by the Trustee, the Trust Agreement is in full force and effect in accordance with its terms and is valid and binding upon the Authority and the City and enforceable in accordance with its terms. The Trust Agreement creates the valid pledge which it purports to create of (i) the Trust Estate (as defined in the Trust Agreement) and (ii) certain accounts and subaccounts established by the Trust Agreement, including the investments, if any, thereof; subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

2. The Authority is duly authorized and entitled to issue the Bonds, and the Bonds have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of California, including the Law, and in accordance with the Trust Agreement. The Bonds constitute the valid and binding obligations of the Authority as provided in the Trust Agreement, payable from the Trust Estate (including, without limitation, the Lease Payments (as defined in the Trust Agreement)), and are enforceable in accordance with their terms and the terms of the Trust Agreement and entitled to the benefits of the Law and the Trust Agreement. The Bonds are not an obligation of the State of California, any public agency thereof (other than the Authority), or any member of the Authority, and neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of the Authority is pledged for the payment of the Bonds. The Authority has no taxing power.

3. The Property Lease, the Lease Agreement, and the Assignment Agreement constitute the valid and binding agreements of the Authority and the City, as applicable, enforceable according to their terms. The obligation of the City to make Lease Payments during the term of the Lease Agreement constitutes a valid and binding obligation of the City, payable from funds of the City lawfully available therefor including without limitation Measure X Revenues, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

4. Interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenant described below, is excluded from gross income for Federal income tax purposes. The Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code") and, therefore, interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. However, we note a portion of the interest on Bonds earned by corporations may be subject to the Federal corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018).

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issue of the Bonds. The Authority and the City have covenanted in the Trust Agreement to satisfy, or take such actions as may be necessary to cause to be satisfied, each provision of the Code necessary to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

Certain requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving

opinion of nationally recognized bond counsel. We express no opinion as to any Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other bond counsel.

Except as stated in the foregoing paragraph numbered 4 and the paragraph immediately following paragraph 4, we express no opinion as to any Federal or state tax consequences of the ownership or disposition of the Bonds.

The opinions expressed in the paragraphs numbered 1, 2 and 3 hereof are qualified to the extent that the enforceability of the Trust Agreement, the Bonds, the Property Lease, the Lease Agreement, and the Assignment Agreement may be limited by any applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We do not express any opinion with respect to the quality of title to, or interests in, any of the real or personal property subject to the Property Lease or the Lease Agreement or with respect to the accuracy or sufficiency of the description of any real property contained therein and in the Trust Agreement and the Assignment Agreement.

The opinions expressed herein are based on an analysis of existing law and cover certain matters not directly addressed thereby. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. Furthermore, we have assumed compliance with all agreements and covenants contained in the Trust Agreement, the Assignment Agreement, the Property Lease, and the Lease Agreement. No opinion is expressed herein with respect to the accuracy, completeness or fairness of the Official Statement or any other offering material relating to the Bonds.

Respectfully submitted,

APPENDIX C
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC. The Authority and the City take no responsibility for the completeness or accuracy thereof. The City and the Authority cannot give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners: (i) payments of interest and principal with respect to the Bonds, (ii) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (iii) 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 without error, 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.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Trust Agreement.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Authority believe to be reliable, but the City and the Authority take no responsibility for the accuracy thereof.

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

RESOLUTION NO. 19-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEASIDE

AWARDING CONTRACT AMENDMENT #1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH HARRIS & ASSOCIATES FOR THE DESIGN OF ROADWAY IMPROVEMENTS TO INCLUDE ADDITIONAL STREETS FOR AN AMOUNT NOT TO EXCEED \$71,416

WHEREAS, The City of Seaside owns and maintains the roadways and pavement networks, which are often the most valuable asset an agency owns; and

WHEREAS, the passage of Measure X in Monterey County and the Road Maintenance and Rehabilitation Act (RMRA or SB1) in the State of California have made available an estimated \$1.5 million per year to the City of Seaside for improvements to the pavement networks; and

WHEREAS, the City Council approved the issuance of a bond of approximately \$10 Million for the design and construction of road improvements using the Measure X revenues; and

WHEREAS, on November 1, 2018, Council Awarded the contract for the Design of Roadway Improvements to Harris & Associates; and

WHEREAS, it was determined feasible with the available funding sources to include design of two additional streets; and

WHEREAS, Harris & Associates provided the City a proposal, dated January 2, 2019 to include two additional streets within their design scope; and

WHEREAS, in accordance with Title 14, California Code of Regulations, Section 15301.c, "Existing Facilities" the following actions are categorically exempt;

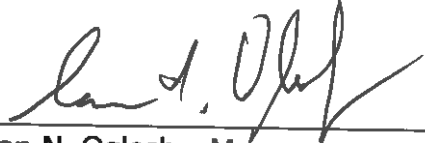
"Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities (this includes road grading for the purpose of public safety)", and

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Seaside awards a contract amendment to the professional services agreement with Harris & Associates for an amount not to exceed seventy one thousand four hundred sixteen dollars (\$71,416) for the design of two additional streets to the Pavement Rehabilitation Project attached hereto as Attachment A.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of

Seaside duly held on the 7th day of March 2019 by the following vote:

AYES:	5	COUNCIL MEMBERS:	Campbell, Kisperskey, Oglesby, Pacheco, Wizard
NOES:	0	COUNCIL MEMBERS:	None
ABSENT:	0	COUNCIL MEMBERS:	None
ABSTAIN:	0	COUNCIL MEMBERS:	None

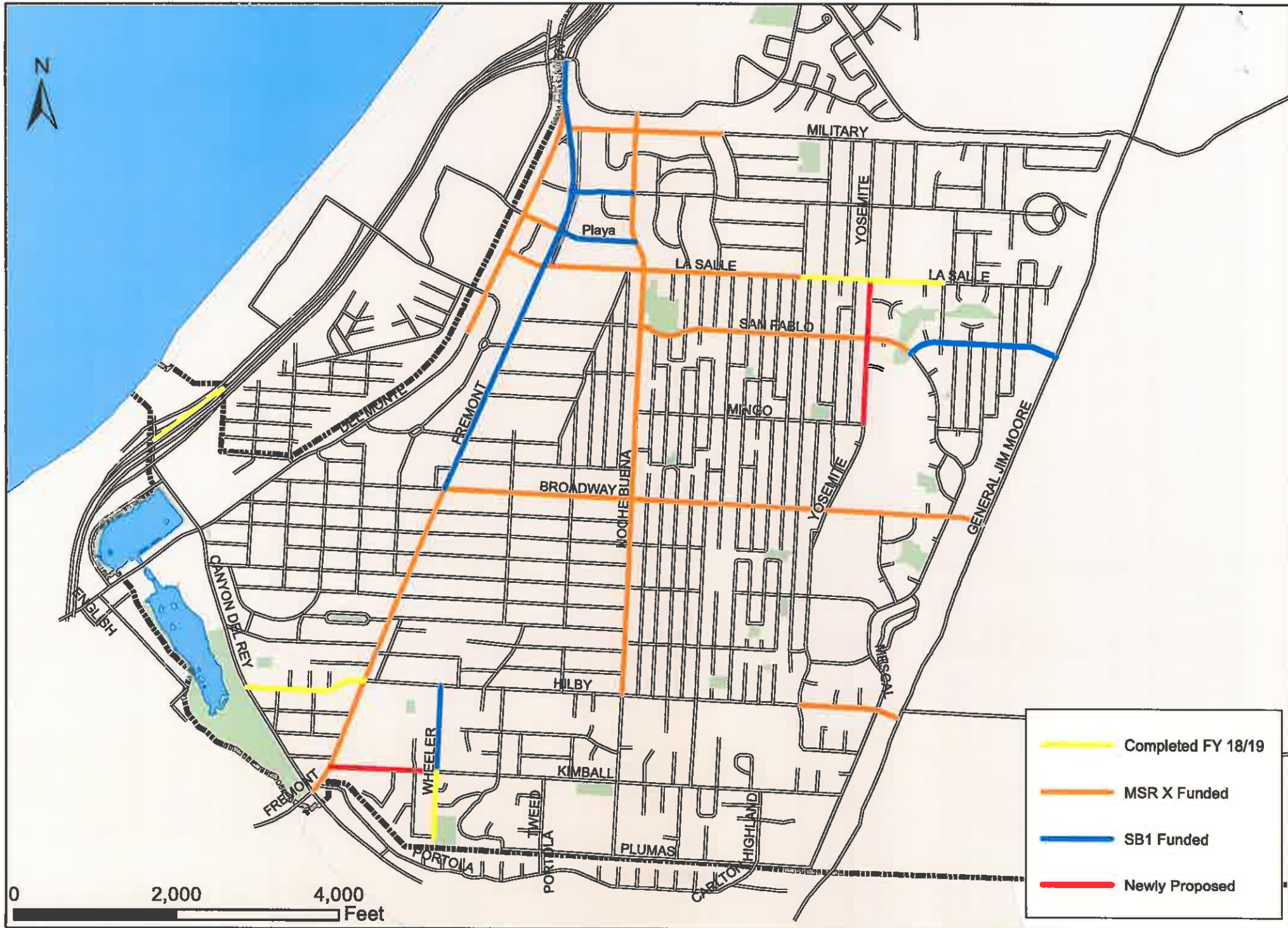


Ian N. Oglesby, Mayor

ATTEST:


Lesley Milton-Rerig, City Clerk

Arterial and Collector Resurfacing Project



Public Meetings - Poster and Banner



Join us in planning a safer way to school.

Over the next two years, members of our community will create a Safe Routes to Schools plan for 15 schools in Marina and Seaside to make it safer and easier for students to walk and bike to school. Join us for a public meeting to learn more about the planning process, share your concerns, and suggest ways to make walking and biking to school safer, easier, and more fun.



Dinner, childcare, and Spanish translation provided.

For more information and ways to participate in the process, visit www.ecoact.org/planningmonterey

<p>Wednesday, August 29, 6:30 – 8:00pm MLK Elementary 1713 Broadway Ave., Seaside</p>	<p>Thursday, August 30, 6:30 – 8:00pm Crompton Elementary 460 Carmel Ave., Marina</p>
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Safe Routes to School Audit Poster



YOU ARE INVITED!

Over the next two years, our community will create a Safe Routes to Schools Plan for 15 schools in Marina and Seaside. The plan will identify barriers to students walking and biking to school safely and include a list of projects that will improve access to schools.

Give your input on traffic safety issues around each school by participating in a school walking audit. See below for the list of dates and RSVP at www.ecoact.org/planningmonterey

All parents and community members are welcome!

	SCHOOL	JURISDICTION	AUDIT DATE	AUDIT TIME
1	Olson Elementary	Marina	9/5/2018	7:30-9:00a
2	Seaside Middle School	Seaside	9/6/2018	7:45-9:15a
3	Marina Vista Elementary	Marina	9/11/2018	7:30 – 9:00a
4	Marshall Elementary	Seaside	9/12/2018	7:30-9:00a
5	King Elementary	Seaside	9/13/2018	7:30-9:00a
6	International School of Monterey	Seaside	9/18/2018	7:30-9:00a
7	Central Coast High School	Seaside	9/19/2018	7:15-8:45a
8	Los Arboles Middle School	Marina	9/20/2018	8:00-9:30a
9	Crompton Elementary	Marina	9/25/2018	7:30-9:00a
10	Dual Language Academy	Seaside	9/26/2018	7:30-9:00a
11	Marina High School	Marina	9/27/2018	7:20-8:50a
12	Highland Elementary	Seaside	10/16/2018	7:30-9:00a
13	Ord Terrace Elementary	Seaside	10/17/2018	7:30-9:00a
14	Seaside High School	Seaside	10/18/18	7:00 – 9:00a
15	Del Rey Woods Elementary	Seaside	TBD	TBD

Spring Presentation Poster

SPRING SAFE ROUTES TO SCHOOLS PRESENTATIONS

We want to hear from you! Join us to give your feedback on recommendations to improve safety, reduce traffic and make it easier to bike and walk to your child's school.

SCHOOL	DATE	TIME
Highland Elementary – Parent Meeting	2/19/19	6:00pm
Seaside High School – ELAC Meeting	2/26/19	6:00pm
Del Rey Woods – Parent meeting	2/27/19	8:00am
Marshall Elementary – PTA Family Night	3/1/19	5:00pm
Marina Vista Elementary – PTA Meeting	3/5/19	5:30pm
International School of Monterey – Coffee with Admin	3/8/19	8:00am
Martin Luther King School	3/11/19	1:30pm
Olson Elementary – PTA Meeting	3/12/19	5:30pm
Seaside Middle School – Site Council Meeting	3/14/19	4:00pm
Dual Language Academy – Site Council Meeting	3/14/19	6:15pm
Ord Terrace Elementary – ELAC Meeting	4/9/19	8:15am
Central Coast High School – Open House	5/9/19	5:15pm
Los Arboles Middle School – Site Council Meeting	5/22/19	5:00pm
Crumpton Elementary	TBD	TBD
Marina High School	TBD	TBD

For more information on each meeting contact Gino Garcia, Assistant Planner with Ecology Action, at (831) 915-9750 or ggarcia@ecoact.org

<https://ecoact.org/planningmonterey>



COUNTY OF MONTEREY
HEALTH DEPARTMENT





Memorandum

To: Board of Directors
From: Madilyn Jacobsen, Transportation Planner
Meeting Date: December 4, 2019
Subject: Measure X Funding Agreement - Monterey-Salinas Transit

RECOMMENDED ACTION:

APPROVE and **AUTHORIZE** the Executive Director to enter into a Measure X Funding Agreement with Monterey-Salinas Transit, subject to approval by Agency Counsel, for an amount not to exceed \$1,450,000, to support the preliminary engineering and environmental analysis for the Highway 1 Busway project.

SUMMARY:

Monterey-Salinas Transit (MST) is the implementing agency for the proposed Busway project within TAMC's Monterey Branch Line right-of-way. This Funding Agreement between Monterey-Salinas Transit and TAMC allows MST's project costs to be funded and reimbursed through Measure X.

FINANCIAL IMPACT:

This funding agreement will allow the Transportation Agency to reimburse Monterey-Salinas Transit for expenses paid on the preliminary engineering and environmental analysis phase of the project, not to exceed \$1,450,000 in Measure X Funds; the remaining costs will be paid out of MST's share of the State of California's Local Partnership Program (\$100,000). Funding for all phases of the Highway 1 Busway project is identified in Measure X (up to a total of \$15 million). This project is also eligible for SB 1 gas tax and fee revenues through multiple grant programs.

DISCUSSION:

The Highway 1 Busway Project, recently re-branded as "*Surf!* Bus Rapid Transit," was identified as a regional project in Measure X. The proposed rapid bus corridor along Highway 1 between Monterey and Marina would be built within the Monterey Branch Line rail right-of-way owned by the Transportation Agency, to provide commuters a traffic-free alternative to Highway 1. The *Surf!* Bus Rapid Transit project was identified in Measure X to support commuters to the Monterey Peninsula, with the goals of:

- Increasing transit service
- Reducing transit and automobile delay along Highway 1, and
- Improving air quality

Monterey-Salinas Transit has hired a consultant to prepare preliminary engineering and environmental analysis for the *Surf!* Bus Rapid Transit project. The Scope of Work for this contract is available as a **web attachment**. This pre-construction phase kicked-off at the end of November 2019 and will extend into 2021.

WEB ATTACHMENTS:

[Scope of Work - Preliminary Engineering and Environmental Analysis](#)

HIGHLAND ELEMENTARY SCHOOL

1650 Sonoma Ave. - Seaside, California 93955
Phone: (831) 583-2024 Fax 831-899-3857
Hecate Rosewood, Principal

September 13, 2020

CALTRANS

Division of Local Assistance

Attn: Office of State Programs

1120 N Street, MS 1

Sacramento, CA 95814

RE: Support for Broadway Ave Complete Streets Corridor

Dear Active Transportation Program Selection Committee:

Highland Elementary School, in Monterey Unified School District, supports the **Broadway Ave Complete Streets Corridor** grant application proposal. The project will build on the recently completed West Broadway Urban Village development funded through the Active Transportation Program to provide a continuous and safe corridor for bicyclists and pedestrians connecting residents to jobs and shopping on the west end and schools and affordable housing for families and seniors on the east end. The corresponding education and encouragement programming will be crucial to encourage and increase safe bicycling and walking and prevent unsafe behaviors that currently account for the high pedestrian and bicyclist collision rates involving children in our community. This programming will help ensure that all students and parents are provided with the opportunity to learn and practice safe walking and biking skills and habits in a safe environment, reduce the amount of traffic surrounding schools, increase the number of students walking, biking, and carpooling to school and improve the health of children in Seaside.

The City adopted the Seaside & Marina Safe Walking & Biking to School: Complete Streets Plan in February 2020. The Plan identifies Broadway Avenue and Yosemite Avenue as important safe routes to school corridors serving four of the seven elementary schools in Seaside. Consistent with the Plan, the Broadway Ave Complete Streets Corridor will address the top community-identified safety concerns and barriers to children walking and biking to schools in the project area:

HIGHLAND ELEMENTARY SCHOOL

1650 Sonoma Ave. - Seaside, California 93955

Phone: (831) 583-2024 Fax 831-899-3857

Hecate Rosewood, Principal

the safety of intersections and crossings; the speed of traffic, and amount of traffic. These community concerns are validated by the history of bicycle and pedestrian-involved collisions on Broadway Avenue. Over the past decade, 13.5% of all bicycle and pedestrian collisions in Seaside occurred within the project area.

Our residents also have health struggles that could be helped by increased walking and bicycling especially for our children and the African American community. In 2018, nearly half of all 5th graders in Seaside were overweight or obese. Our African American community is the largest in Monterey County and disproportionately affected by heart disease, diabetes, and obesity. We need more places in our city where people can feel safe and comfortable walking and bicycling and programming to help start the movement. The Broadway Ave Complete Streets Corridor project will be a huge step in the right direction.

The Highland Elementary School, in Monterey Unified School District, supports this important active transportation project and education program and asks that you approve the grant request. Thank you for your consideration of this project. Feel free to contact me with any further questions.

Sincerely,

Hecate Rosewood

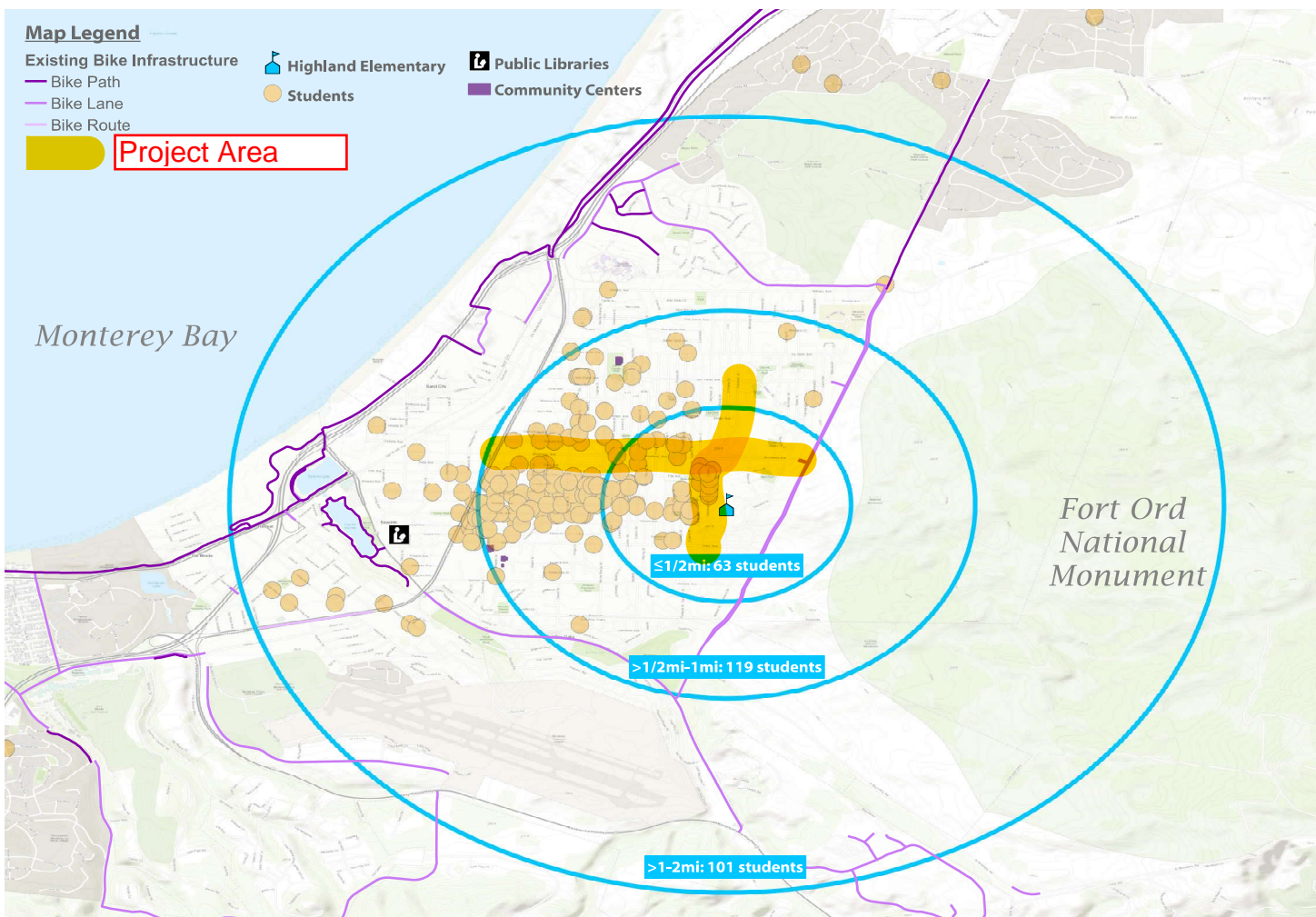
Ms. Hecate Rosewood
Principal
Highland Elementary School
(831) 359-1579 cell

City of Seaside

Highland Elementary

Highland is located in eastern Seaside near the Broadway Avenue corridor. It draws most of its students from the surrounding neighborhoods, though the majority live more than a half-mile from the school (see map below).

Grade Levels	Number of students	Students residing within one mile of school	Students qualifying for free or reduced-price meals	Students using active transportation
K-5	333	54.7%	93.7%	16%



Parent Survey

Highland parents were asked to complete a bilingual paper survey about their attitudes toward walking and biking to school in August of 2018, and 178 surveys were received. The full survey report is in Appendix 2.

The survey asked parents to select the most important factors in their decisions whether to allow their children to walk or bike to school. The top five issues for parents whose children do not currently walk or bike to school are listed in the graph below.

TOP FIVE ISSUES FOR HIGHLAND PARENTS



Current Infrastructure Conditions

Motorist Conditions

- The school parking lot is reserved for staff parking and bus drop-off only. The school instructs parents to drop children off in the school driveway, and school staff members escort students into the campus.
- Sonoma Avenue is congested before and after school.
- There are painted white loading areas on the south side of Sonoma Avenue adjacent to the school.



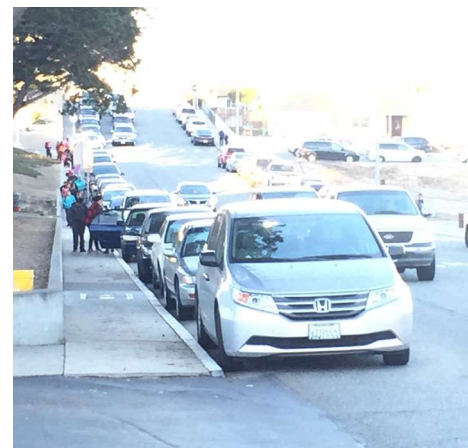
Pedestrian Conditions

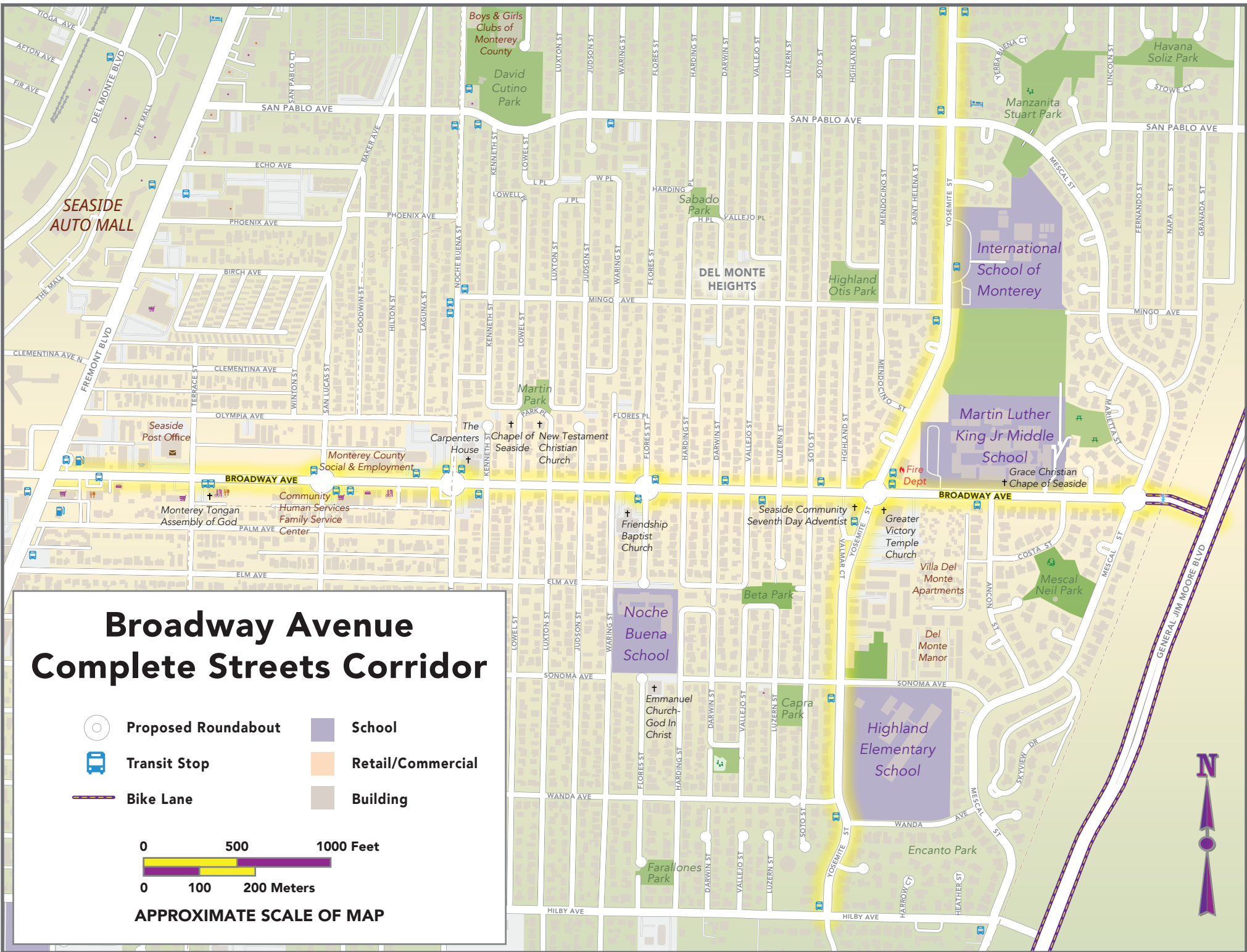
- There are complete sidewalks on both sides of Sonoma Avenue and other roadways near the school.
- There is a high-visibility yellow crosswalk on Sonoma Avenue in front of the school at the Del Monte Manor driveway.
- There are high-visibility yellow crosswalks on all legs of the intersection of Sonoma Avenue and Yosemite Street, across Mescal Street at Sonoma Avenue, and across Yosemite Street between Sonoma Avenue and Wanda Avenue.
- There is a back gate into campus on Yosemite Street with a steep ramp between the sidewalk and the campus.









Bicycling Conditions

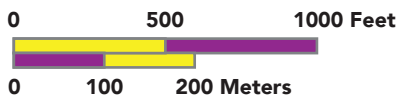
- There are no bicycle facilities on Sonoma Avenue or other roadways near the school.





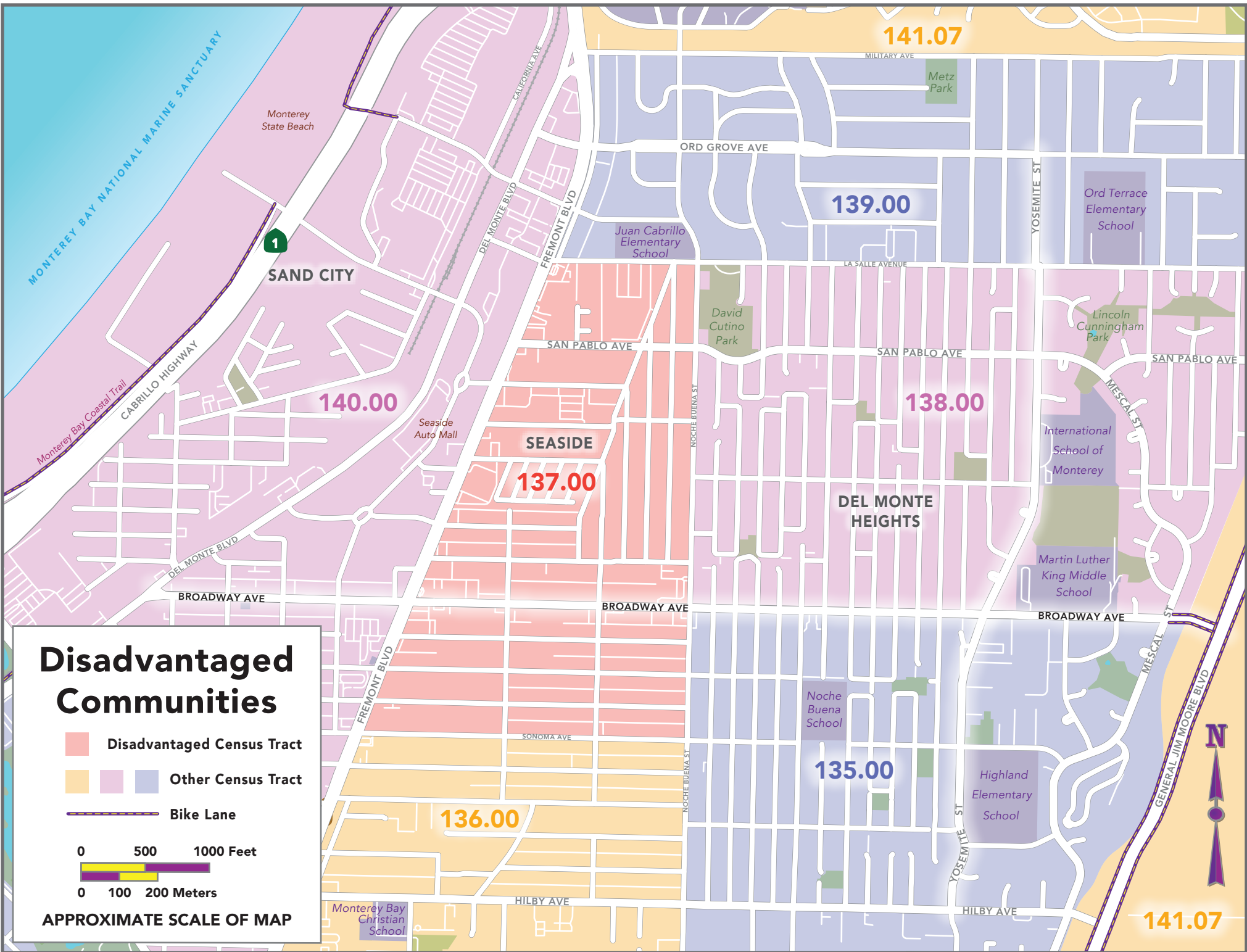
Broadway Avenue Complete Streets Corridor

-  Proposed Roundabout
-  Transit Stop
-  Bike Lane
-  School
-  Retail/Commercial
-  Building



APPROXIMATE SCALE OF MAP







School of the Arts

Dr. Martin Luther King, Jr.
School Of The Arts

1713 Broadway Ave.
Seaside, CA. 93955
(831) 392-3970
(831) 394-0859 Fax
www.mpusd.k12.ca.us/king

Monterey Peninsula
Unified School District

Dr. Allison Rowland

Principal TK-5

Our Mission & Vision

MLK School of the Arts:
Will empower students to
cultivate a passion for
learning through the arts.

MLK Artist Profile

- Proud
- Creative
- Inquisitive
- Open-Minded
- Caring

September 10, 2020

CALTRANS
Division of Local Assistance
Attn: Office of State Programs
1120 N Street, MS 1
Sacramento, CA 95814

RE: Support for Broadway Ave Complete Streets Corridor

Dear Active Transportation Program Selection Committee:

The Principal at Dr. Martin Luther King Jr. School of the Arts supports the **Broadway Ave Complete Streets Corridor** grant application proposal. The project will build on the recently completed West Broadway Urban Village development funded through the Active Transportation Program to provide a continuous and safe corridor for bicyclists and pedestrians connecting residents to jobs and shopping on the west end and schools and affordable housing for families and seniors on the east end. The corresponding education and encouragement programming will be crucial to encourage and increase safe bicycling and walking and prevent unsafe behaviors that currently account for the high pedestrian and bicyclist collision rates involving children in our community. This programming will help ensure that all students and parents are provided with the opportunity to learn and practice safe walking and biking skills and habits in a safe environment, reduce the amount of traffic surrounding schools, increase the number of students walking, biking and carpooling to school and improve the health of children in Seaside.

The City adopted the Seaside & Marina Safe Walking & Biking to School: Complete Streets Plan in February 2020. The Plan identifies Broadway Avenue and Yosemite Avenue as important safe routes to school corridors serving four of the seven elementary schools in Seaside. Consistent with the Plan, the Broadway Ave Complete Streets Corridor will address the top community-identified safety concerns and barriers to children walking and biking to schools in the project area: safety of intersections and crossings; speed of traffic and amount of traffic. These community concerns are validated by the history of bicycle and pedestrian involved collisions on Broadway Avenue. Over the past decade, 13.5% of all bicycle and pedestrian collisions in Seaside occurred within the project area.

Our residents also have health struggles that could be helped by increased walking and bicycling especially for our children and African American community. In 2018, nearly half of all 5th graders in Seaside were overweight or obese. Our African American community is the largest in Monterey County, and

disproportionately affected by heart disease, diabetes, and obesity. We need more places in our city where people can feel safe and comfortable walking and bicycling and programming to help start the movement. The Broadway Ave Complete Streets Corridor project will be a huge step in the right direction.

The Principal, Dr. Allison Rowland, supports this important active transportation project and education program and asks that you approve the grant request. Thank you for your consideration of this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allison Rowland', with a long, sweeping flourish extending upwards and to the right.

Allison Rowland, Ed.L.D. Principal

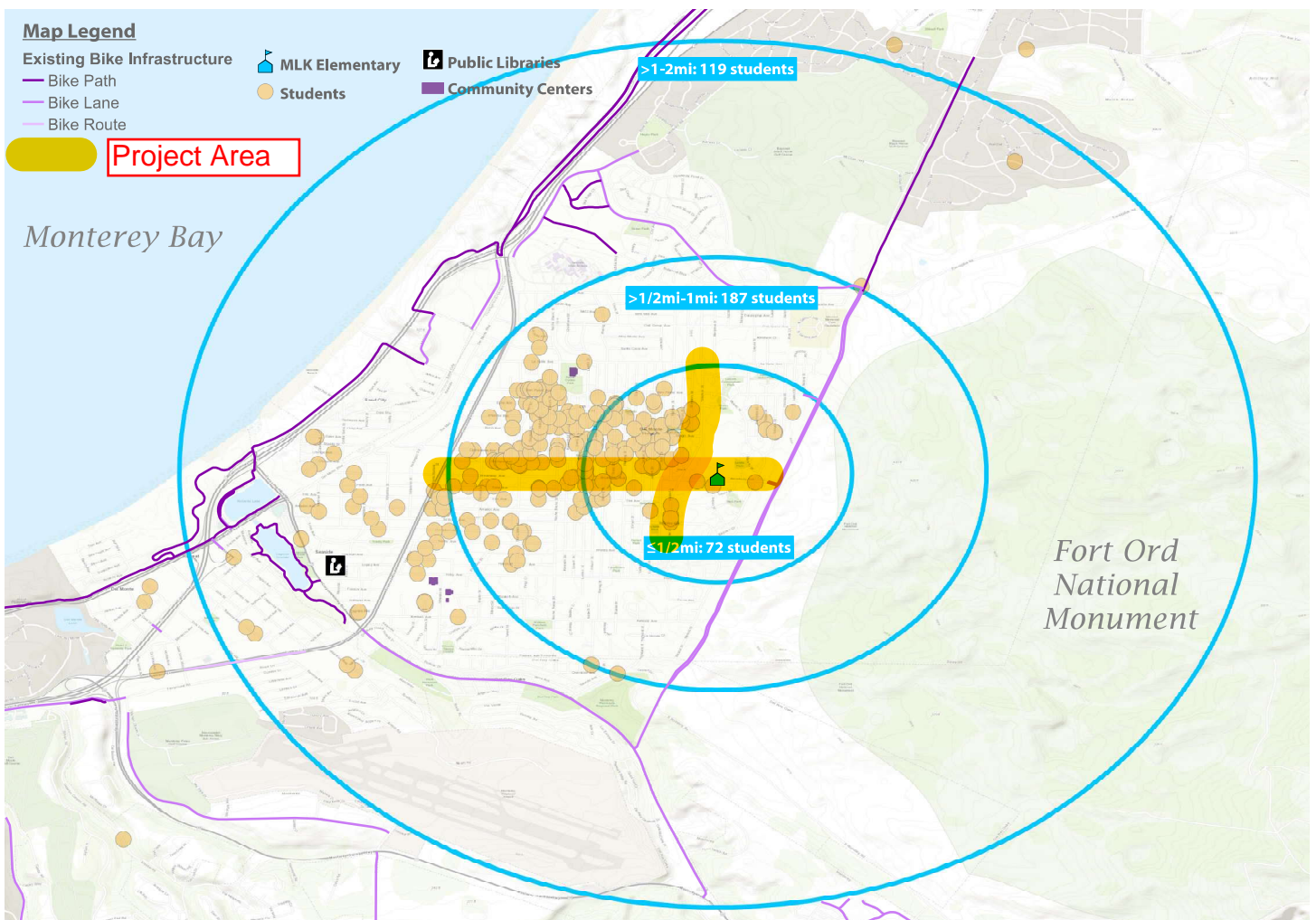
Dr. Martin Luther King Jr. School of the Arts

City of Seaside

Martin Luther King Jr. School of the Arts (MLK)

MLK is located in central Seaside along the Broadway Avenue corridor. Most MLK students live in the surrounding neighborhoods, though the majority live more than a half-mile from the school (see map below).

Grade Levels	Number of students	Students residing within one mile of school	Students qualifying for free or reduced-price meals	Students using active transportation
K-5	402	64.4%	88.6%	14%

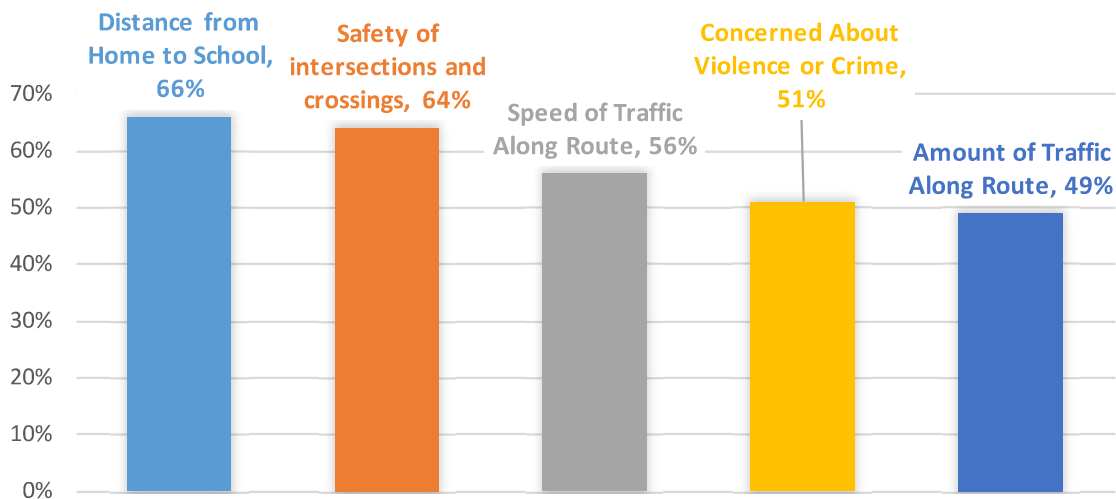


Parent Survey

MLK parents were asked to complete a bilingual paper survey about their attitudes toward walking and biking to school in August of 2018, and 164 surveys were received. The full survey report is in Appendix 2.

The survey asked parents to select the most important factors in their decisions whether to allow their children to walk or bike to school. The top five issues for parents whose children do not currently walk or bike to school are listed in the graph below.

TOP FIVE ISSUES FOR MLK PARENTS



Current Infrastructure Conditions

Motorist Conditions

- Broadway Avenue is a four-lane roadway with parking on both sides of the street. Most families live west of the school campus, and drivers coming from the west must make an unprotected left turn to reach the school parking lot.
- Drop-off occurs in the school parking lot and on both sides of Broadway Avenue. Left turns are restricted out of the school parking lot.
- Broadway Avenue and the intersection of Broadway Avenue and Yosemite Street are congested before and after school.

Pedestrian Conditions

- There are complete sidewalks on Broadway Avenue, Yosemite Street, and other roadways near the school.
- There are high-visibility yellow crosswalks on all legs of the intersection of Broadway Avenue and Yosemite Street. The intersection is large and has long crossing distances for pedestrians.
- There are no marked crosswalks on Broadway Avenue between Yosemite Street and General Jim Moore Boulevard.
- There are pedestrian pathways to campus from Yosemite Street near Mingo Avenue and from Mescal Street and Marietta Street. The gates to the school were not open at the time of the audit.

Bicycling Conditions

- There are no bicycle facilities on Broadway Avenue or other residential roadways near the school. There are Class II bike lanes on General Jim Moore Boulevard between Plumas Avenue and Coe Avenue.

