January 25, 2016 Regular Meeting

1. Meeting Agenda

   Documents: CC160125_AGENDA.PDF

2. Item 3B2
   Warrant Register No. 565

   Documents: CC160125_ITEM 3B2.PDF

3. Item 3B3
   Approval of Minutes - December 14, 2015

   Documents: CC160125_ITEM 3B3.PDF

4. Item 3B4
   Amendment to Agreement with Lorrie Feinberg, dba Iris Consulting

   Documents: CC160125_ITEM 3B4.PDF

5. Item 3B5
   Annual Audit Report and Management Letter for Fiscal Year 2014-2015

   Documents: CC160125_ITEM 3B5.PDF

6. Item 3B6
   Professional Services Agreement with Lance, Soll & Lunghard, LLP for Financial Auditing Services

   Documents: CC160125_ITEM 3B6.PDF

7. Item 3B7
   Amendment to Agreement with David Taussig and Associates, Inc.

   Documents: CC160125_ITEM 3B7.PDF

8. Item 4A
   Award of Community Development Block Grants for Fiscal Year 2016-17

   Documents: CC160125_ITEM 4A.PDF

9. Item 4B
   Updated Developer Fee Program for the Benefit of the Consolidated Fire Protect District of Los Angeles County

   Documents: CC160125_ITEM 4B.PDF

10. Item 4C
    City Council Acting as the Legislative Body of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Authorizing the Issuance of Special Tax Refunding

Documents: CC160125_ITEM 4C.PDF

11. Item 4D
    Update Commissioner Terms to Reflect change to Municipal Election Date

    Documents: CC160125_ITEM 4D.PDF

12. Item 4E
    City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility - Phase One)

    Documents: CC160125_ITEM 4E.PDF

13. Item 6A
    Mid-Year Commission Activity Report

    Documents: CC160125_ITEM 6A.PDF

Malibu City Council
Regular Meeting Agenda

Monday, January 25, 2016

6:00 P.M. – CLOSED SESSION
City Hall – Westward Room
23825 Stuart Ranch Road

6:30 P.M. – REGULAR CITY COUNCIL MEETING
City Hall – Council Chambers
23825 Stuart Ranch Road

Six p.m. **Closed Session**
This time has been set aside for the City Council to meet in a closed session to discuss matters pursuant to Government Code Section 54956.8. Based on the advice of the City Attorney, discussion in open session concerning these matters would prejudice the position of the City in this litigation. The City Attorney will give an additional oral report regarding the Closed Session at the beginning of the next regular City Council meeting.

Public Comment on Closed Session Items

Real Property Negotiation Matters pursuant to Government Code Section 54956.8:

1. Property Address: APN Nos. 4458-020-900 and 4458-020-901
   City Negotiator: City Manager Thorsen or Designee
   Property Negotiator: Dana Rothman,
   Under Negotiation: Price and terms of payment

Six-thirty p.m. **Regular Session**
Public Hearings will begin at 6:30 p.m., or as soon thereafter as possible, but in no event later than 7:30 p.m.

Call to Order - Mayor

Roll Call - Recording Secretary

Pledge of Allegiance

Closed Session Report

Approval of Agenda

Report on Posting of Agenda – January 14, 2016

1. Ceremonial/Presentations

None.

2. Written and Oral Communications from the Public

A. Communications from the Public concerning matters which are not on the agenda but for which the City Council has subject matter jurisdiction. City Council may not act on these matters except to refer the matters to staff or schedule the matters for a future agenda.

B. Commission / Committee / City Manager Updates

C. City Council Subcommittee reports / Mayor and Councilmember meeting attendance, reports and inquiries

3. Consent Calendar

A. Previously Discussed Items

None.

B. New Items

1. Waive Further Reading

Recommended Action: After the City Attorney has read the title, waive full reading of ordinances considered on this agenda for introduction on first reading and/or second reading and adoption.

Staff contact: City Attorney Hogin, 456-2489 ext. 228

2. Approve Warrants

Recommended Action: Allow and approve warrant demand numbers 46297-46430 listed on the register from the General Fund and direct the City Manager to pay out the funds to each of the claimants listed in Warrant Register No. 565 in the amount of the warrant appearing opposite their names, for the purposes stated on the respective demands in a total amount of $1,440,083.89. City of Malibu payroll check numbers 4621-4631 and ACH deposits were issued in the amount of $338,339.71.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

3. Approval of Minutes

Recommended Action: Approve the minutes for the December 14, 2015 Regular City Council meeting.

Staff contact: City Clerk Pope, 456-2489 ext. 228

4. Amendment to Agreement with Lorrie Feinberg

Recommended Action: Authorize the City Manager to execute Amendment No. 3 to Agreement with Lorrie Feinberg, dba Iris Consulting, for development and database management services.

Staff contact: Planning Director Blue, 456-2489 ext. 258

5. Annual Audit Report and Management Letter for Fiscal Year 2014-2015

Recommended Action: Receive and file the Comprehensive Annual Financial Report for Fiscal Year 2014-2015.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

6. Professional Services Agreement with Lance, Soll & Lunghard, LLP for Financial Auditing Services

Recommended Action: Authorize the City Manager to execute a Professional Services Agreement with Lance, Soll & Lunghard, LLP for financial auditing services.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

7. Amendment to Agreement with David Taussig and Associates, Inc. (DTA)

Recommended Action: 1) Authorize the City Manager to execute Amendment No. 2 to Professional Services Agreement with DTA in the amount of $14,500 to provide additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District; and 2) appropriate $14,500 from the General Fund Undesignated Reserve.

Staff contact: Public Works Director Brager, 456-2489 ext. 247

4. Ordinances and Public Hearings

A. Award of Community Development Block Grants (CDBG) for Fiscal Year 2016-17

Recommended Action: 1) Conduct the public hearing; 2) Award $6,935 in CDBG funds to the Malibu Community Day Labor Exchange Program; and 3) Adopt Resolution No. 16-03 authorizing and approving the Fiscal Year 2016-17 CDBG Program funding for the City of Malibu.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

B. Updated Developer Fee Program for the Benefit of the Consolidated Fire Protection District of Los Angeles County

Recommended Action: Adopt Resolution No. 16-04 adopting the updated developer fee and fire station plan for the benefit of the Consolidated Fire Protection District of Los Angeles County and rescinding Resolution No. 15-01.

Staff contact: Environmental Sustainability Director Peterson, 456-2489 ext. 251

C. City Council Acting as the Legislative Body of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Authorizing the Issuance of Special Tax Refunding

Recommended Action: 1) Adopt Resolution No. 16-05 of the City Council of the City of Malibu acting as the Legislative Body of Community Facilities District No. 2006-1 of the City of Malibu Carbon Beach Undergrounding authorizing the issuance of Special Tax Refunding Bonds in a principal amount not to exceed $4,000,000 and approving certain documents and actions in connection with refinancing the undergrounding of utilities at Carbon Beach; and 2) Approve Bond Counsel Agreement with Stradling, Yocca, Carlson & Rauth for bond counsel services.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

D. Update Commissioner Terms to Reflect Change to Municipal Election Date

Recommended Action: 1) After the City Attorney reads the title, introduce on first reading Ordinance No. 401 updating the terms of commissioners based on the City's General Municipal Elections being moved to November of even-numbered years; and 2) Direct staff to schedule second reading and adoption of Ordinance No. 401 for the February 8, 2016 Regular City Council meeting.

Staff contact: City Clerk Pope, 456-2489 ext. 228

E. City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase One)

Recommended Action: 1) Conduct Public Hearing as required by Proposition 218;
Prior to Close of Public Hearing:
2) Ratify the prior approval authorizing the City Manager to cast a ballot in favor of assessment for City-owned Parcel Nos. 4458-018-902 and 4458-018-904 (Bluffs Park), 4458-020-902 (Legacy Park), 4458-020-903 (Legacy Park Commercial Properties), and 4458-021-901 (City Hall);
3) Ratify the prior approval authorizing City funding for oversizing elements associated with Phase Two of the project;
After Close of Public Hearing:
4) If over 50% of the weighted assessment ballots are returned in favor of the proposed assessments, adopt Resolution No. 16-06 making determinations, confirming assessments and proceedings and designating the Superintendent of Streets to collect and receive assessments and to establish a special fund for City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility - Phase 1);
5) Appropriate $1,183,000 from the General Fund Undesignated Reserve for the City Hall assessment, Bluffs Park assessment and the oversizing costs for Phase Two and $712,000 from the Legacy Park Project Fund for the City-owned commercial properties; and
6) Adopt Resolution No. 16-07 approving Engineer's Report for City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1); OR
7) If over 50% of the weighted assessment ballots are returned against the proposed assessments, adopt Resolution No. 16-08 declaring abandonment of proceedings for City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1).

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

5. Old Business

None.

6. New Business

A. Mid-Year Commission Activity Report

Recommended Action: 1) Receive and file mid-year activity reports from the Cultural Arts Commission, Harry Barovsky Memorial Youth Commission, Parks and Recreation Commission, Public Safety Commission and Public Works Commission; and 2) amend Commission assignments for Fiscal Year 2015-2016, if appropriate.

Staff contact: City Manager Thorsen, 456-2489 ext. 226

7. Council Items

None.

Adjournment

Future Meetings

Monday, February 8, 2016	6:30 p.m.	Regular City Council Meeting	City Hall Council Chambers
Wednesday, February 10, 2106	6:30 p.m.	Special Council/Planning Commission Mtg.	Council Chambers
Monday, February 22, 2016	6:30 p.m.	Regular City Council Meeting	City Hall Council Chambers
Monday, March 14, 2016	6:30 p.m.	Regular City Council Meeting	City Hall Council Chambers
Monday, March 28, 2016	6:30 p.m.	Regular City Council Meeting	City Hall Council Chambers

Guide to the City Council Proceedings

The Oral Communication portion of the agenda is for members of the public to present items, which are not listed on the agenda but are under the subject matter jurisdiction of the City Council. No action may be taken under, except to direct staff unless the Council, by a two-thirds vote, determines that there is a need to take immediate action and that need came to the attention of the City after the posting of the agenda. Although no action may be taken, the Council and staff will follow up, at an appropriate time, on those items needing response. Each speaker is limited to three (3) minutes. Time may be surrendered by deferring one (1) minute to another speaker, not to exceed a total of eight (8) minutes. The speaker wishing to defer time must be present when the item is heard. In order to be recognized and present an item, each speaker must complete and submit to the Recording Secretary a Request to Speak form prior to the beginning of the item being announced by the Mayor (forms are available outside the Council Chambers). Speakers are taken in the order slips are submitted.

Items in Consent Calendar Section A have already been considered by the Council at a previous meeting where the public was invited to comment, after which a decision was made. These items are not subject to public discussion at this meeting because the vote taken at the previous meeting was final. Resolutions concerning decisions made at previous meetings are for the purpose of memorializing the decision to assure the accuracy of the findings, the prior vote, and any conditions imposed.

Items in Consent Calendar Section B have not been discussed previously by the Council. If discussion is desired, an item may be removed from the Consent Calendar for individual consideration. Councilmembers may indicate a negative or abstaining vote on any individual item by so declaring prior to the vote on the motion to adopt the entire Consent Calendar. Items excluded from the Consent Calendar will be taken up by the Council following the action on the Consent Calendar. The Council first will take up the items for which public speaker requests have been submitted. Public speakers shall follow the rules as set forth under Oral Communication.

For Public Hearings involving zoning matters the appellant and applicant will be given 15 minutes each to present

their position to the City Council, including rebuttal time. All other testimony shall follow the rules as set forth under Oral Communication.

Old Business items have appeared on previous agendas but have either been continued or tabled to this meeting with no final action having been taken. Public comment shall follow the rules as set forth under Oral Communication.

Items in New Business are items, which are appearing for the first time for formal action. Public comment shall follow the rules as set forth under Oral Communication.

City Council Items are items, which individual members of the City Council may bring up for action, to propose future agenda items or to suggest future staff assignments. No new items will be taken-up after 10:30 p.m. without a two-thirds vote of the City Council.

City Council meetings are aired live and replayed on City of Malibu Government Access Channel 3 and on the City's website at www.malibucity.org/video. Copies of the staff reports or other written documentation relating to each item of business described above are on file in the office of the City Clerk, Malibu City Hall, 23825 Stuart Ranch Road, Malibu, California and are available for public inspection during regular office hours which are 7:30 a.m. to 5:30 p.m., Monday through Thursday and 7:30 a.m. to 4:30 p.m., Friday. Written materials distributed to the City Council within 72 hours of the City Council meeting are available for public inspection immediately upon distribution in the City Clerk's office at 23825 Stuart Ranch Road, Malibu, California (Government Code Section 54957.5.b.2). Copies of staff reports and written materials may be purchased for $0.10 per page. Pursuant to State law, this agenda was posted at least 72 hours prior to the meeting.

The City Hall phone number is (310) 456-2489. To contact City Hall using a telecommunication device for the deaf (TDD), please call (800) 735-2929 and a California Relay Service operator will assist you. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Environmental Sustainability Director Victor Peterson, (310) 456-2489, ext. 251. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADD Title II]. Requests for use of audio or video equipment during a Council meeting should be directed to Alex Montano at (310) 456-2489 ext. 227 or amontano@malibucity.org. Material must be submitted by 12:00 p.m. on the meeting day.

I hereby certify under penalty of perjury, under the laws of the State of California that the foregoing agenda was posted in accordance with the applicable legal requirements. Regular and Adjourned Regular meeting agendas may be amended up to 72 hours in advance of the meeting. Dated this 14th day of January 2016.

Lisa Pope

Lisa Pope, City Clerk

City Council Meeting
01-25-16
Item 3.B.2.

WARRANT REGISTER NO. 565

On January 25, 2016, the Malibu City Council allowed and approved the above warrant demand numbers 46297 – 46430 from the General Fund. The City Manager is hereby directed to pay out the funds named hereon to each of the claimants listed above, the amount appearing opposite their name for the purpose stated on the respective demands, making a total of $1,440,083.89. City of Malibu payroll check numbers 4621 - 4631 and ACH deposits were issued in the amount of $338,339.71.

PASSED, APPROVED and ADOPTED this 25th day of January 2016.

_____
Laura Rosenthal
Mayor

ATTEST:

_____
Lisa Pope
City Clerk

CERTIFICATE

In accordance with Government Code Section 37202, I certify that the above demands are accurate and that funds are available for payment thereof. This certification is based on an examination of source documents relating to randomly selected sample of transactions and analysis of cash flow reports.

EXECUTED this 25th day of January 2016, AT MALIBU, CALIFORNIA

_____
Jim Thorsen
City Manager

Accounts Payable

Checks by Date - Summary By Check Number

User: jhand
Printed: 1/13/2016 - 9:00 AM

Check Number	Vendor No	Vendor Name	Check Date	Check Amount
46297	USBANK4	US Bank N.A.	12/21/2015	442,425.52
46298	AMERIGA	Amerigas Propane LP	12/24/2015	407.46
46299	ANDERSJ	Juan Anderson	12/24/2015	105.00
46300	ARTTREK	ART Trek, Inc	12/24/2015	80.00
46301	BSNSPOR	Sports Supply Group, Inc.	12/24/2015	1,003.78
46302	BURKHAR	Steve Burkhardt	12/24/2015	80.00
46303	CASTRATE	California Strategies & Advocacy	12/24/2015	12,500.00
46304	CHAVEZL	Larry Chavez	12/24/2015	170.00
46305	CRASHDAT	Crash Data Group, Inc	12/24/2015	189.00
46306	CRPRINT	CR PRINT	12/24/2015	1,645.45
46307	DAVIDTA	David Taussig & Associates Inc	12/24/2015	359.50
46308	DIMALANT	Jermaine Dimalanta	12/24/2015	80.00
46309	DUTHIEEL	Duthie Electrical Services	12/24/2015	290.00
46310	FEDEXP	FedEx	12/24/2015	28.20
46311	FILMTHIS	Film This!	12/24/2015	500.00
46312	FIORIA	Adrianna Fiori	12/24/2015	1,260.00
46313	GLASERH	Heather Glaser	12/24/2015	155.26
46314	GRAINGER	W.W. Grainger,Inc	12/24/2015	88.12
46315	GRANICUS	Granicus, Inc	12/24/2015	1,200.00
46316	GUNNDYL	Dylan Gunning	12/24/2015	56.91
46317	HARKREB	Rebecca Harkness	12/24/2015	50.00
46318	HEMPYK	Kevin Hempy	12/24/2015	90.00
46319	IPC INC	Integrated Performance Consultan	12/24/2015	525.00
46320	KENNEYK	Kevin R Kenney	12/24/2015	90.00
46321	KUSTOM	Kustom Signals, Inc	12/24/2015	263.50
46322	LACOANI	LA Co Animal Care & Control	12/24/2015	5,832.09
46323	LACOCLE	LA County Registrar-Recorder LA	12/24/2015	75.00
46324	LACOCLE	LA County Registrar-Recorder LA	12/24/2015	75.00
46325	LACOCLE	LA County Registrar-Recorder LA	12/24/2015	75.00
46326	LACOSHE	LA Co Sheriff'S Department	12/24/2015	507,752.11
46327	LACOWAT	LA Co MalibuTreasurer-Waterwo	12/24/2015	412.02
46328	LAWREL	Eleanor Lawrence	12/24/2015	52.00
46329	LITTHEL	Helena Little	12/24/2015	155.00
46330	LIVESCAN	Paige S Apar	12/24/2015	110.00
46331	MALITIM	Malibu Times	12/24/2015	345.00
46332	MARTIN&	Martin & Chapman	12/24/2015	545.00
46333	MASTERCO	Master Cooling Corporation	12/24/2015	1,881.17
46334	MCDERMO2	McDermott Pumping, Inc.	12/24/2015	1,100.00
46335	MICHBAK	Michael Baker International Inc	12/24/2015	16,827.53
46336	MONAHAN	Ann Monahan	12/24/2015	210.00
46337	NATIONA2	National Seminars Training	12/24/2015	199.00
46338	NEXTEL	Nextel / Sprint Communication	12/24/2015	83.14
46339	PATTONJ	Jonathan Patton	12/24/2015	80.00
46340	PERSBRA	Brandi Perse	12/24/2015	60.00
46341	POPEL	Lisa Pope	12/24/2015	179.40

Check Number	Vendor No	Vendor Name	Check Date	Check Amount
46342	PURCHAS	Purchase Power	12/24/2015	4,512.00
46343	READYREF	Nestle Waters North America Inc	12/24/2015	38.69
46344	RECTOR	Christy Rector	12/24/2015	521.52
46345	REMOTESA	Remote Satellite Systems Int'l	12/24/2015	105.00
46346	RPBARRI	R P Barricade, Inc.	12/24/2015	198.67
46347	SAGONAS	Ronald A Sagona/ Sagona's All-Ci	12/24/2015	265.00
46348	SESAC	SESAC	12/24/2015	378.00
46349	SMASH	Smash Athletics Inc	12/24/2015	129.76
46350	SMITHPI	Smith Pipe & Supply Inc	12/24/2015	661.19
46351	STOVER	Stover Seed Company	12/24/2015	1,714.03
46352	SUPPLYWO	Interline Brands Inc	12/24/2015	849.98
46353	TELEPAC	TelePacific Communications	12/24/2015	1,727.17
46354	VALLEYCR	ValleyCrest Landscape Maintenan	12/24/2015	25,071.70
46355	VERIZFIO	Verizon	12/24/2015	835.00
46356	VERIZONC	Verizon California	12/24/2015	55.72
46357	WOODROW	Miriam Woodrow	12/24/2015	119.29
46358	BlueShie	Blue Shield of California	12/24/2015	1,102.99
46359	DELTADE	Delta Dental of California	12/24/2015	7,710.56
46360	ICMA457	ICMA Retirement Trust 457 - 303	12/24/2015	15,482.51
46361	ICMACM	ICMA 401-Plan # 108658	12/24/2015	504.89
46362	ICMADH	ICMA 401-Plan # 108650	12/24/2015	692.28
46363	MANAGED	Managed Health Network	12/24/2015	144.21
46364	PERSHEA	CalPERS Health	12/24/2015	84,731.76
46365	PERSRET	CalPERS Retirement	12/24/2015	34,013.95
46366	STANDARD	Standard Insurance Company N2	12/24/2015	169.45
46367	USBANK2	U.S. Bank	12/24/2015	853.78
46368	ICMA457	ICMA Retirement Trust 457 - 303	12/30/2015	18,125.75
46369	ICMACM	ICMA 401-Plan # 108658	12/30/2015	504.89
46370	ICMADH	ICMA 401-Plan # 108650	12/30/2015	692.28
46371	PERSRET	CalPERS Retirement	12/30/2015	33,714.59
46372	STANDARD	Standard Insurance Company N2	12/30/2015	5,427.01
46373	USBANK2	U.S. Bank	12/30/2015	615.54
46374	ALVAJOE	Joe F Alvarez	12/31/2015	781.75
46375	AQUATIC	Aquatic Bioassay & Consulting L:	12/31/2015	1,475.00
46376	CACHAMB	California Chamber of Commerce	12/31/2015	267.86
46377	CCTA	Coastwalk Inc	12/31/2015	500.00
46378	CHEVRON	Chevron & Texaco Bus. Card Srv	12/31/2015	704.06
46379	DAPEERR	Dapeer Rosenblit & Litvak LLP	12/31/2015	5,527.93
46380	DAVISB	Brad Davis	12/31/2015	116.71
46381	ELYJRS	Hilario Simental Jr	12/31/2015	920.00
46382	FERCANOL	Laura DeMieri Fercano	12/31/2015	408.80
46383	Fugro	Fugro Consultants, Inc.	12/31/2015	20,050.04
46384	GUNNDYL	Dylan Gunning	12/31/2015	17.91
46385	HDL	Hinderliter, deLlamas, & Assoc	12/31/2015	3,384.69
46386	HYPERNET	HyperNet, Inc	12/31/2015	550.00
46387	MALIBAY	Malibu Bay Company	12/31/2015	1,766.00
46388	MNS	MNS Engineers, Inc.	12/31/2015	2,571.24
46389	ODELT	Theresa Odello	12/31/2015	40.83
46390	PARSARS	Public Agency Retirement Srvcs	12/31/2015	300.00
46391	RINCONC	Rincon Consultants, Inc	12/31/2015	11,254.35
46392	ROUNDSTA	Round Star West LLC	12/31/2015	388.50
46393	STAPLES	Staples Advantage	12/31/2015	238.61
46394	TRIYOGA	Tri - Yoga	12/31/2015	175.00
46395	VENCOPOW	Venco Power Sweeping, Inc	12/31/2015	6,935.00
46396	ZAHNCL	Claudia Zahn	12/31/2015	75.00

Check Number	Vendor No	Vendor Name	Check Date	Check Amount
46397	ACMS	All City Management Services Inc	01/07/2016	3,018.40
46398	AMERICAN	Paul Nguyen	01/07/2016	2,920.00
46399	AMERIGA	Amerigas Propane LP	01/07/2016	1,920.29
46400	BACKNAT	Natalie Backman	01/07/2016	100.00
46401	BIOSOLUT	Bio Solutions, Inc	01/07/2016	250.00
46402	CAMEB	Barbara A. Cameron	01/07/2016	8,077.97
46403	CANON	Canon Solutions America, Inc	01/07/2016	79.26
46404	Cardiac	Cardiac Science Corporation	01/07/2016	219.50
46405	COMPLIA	Compliance Biology, Inc.	01/07/2016	5,187.50
46406	COOPERM	Marsha Cooper	01/07/2016	651.00
46407	CROWLEYM	Mark Crowley	01/07/2016	200.00
46408	CRPRINT	CR PRINT	01/07/2016	1,256.23
46409	DAVIDTA	David Taussig & Associates Inc	01/07/2016	142.50
46410	GOVERNF	Governmental Financial Service	01/07/2016	1,437.50
46411	HYPERNET	HyperNet, Inc	01/07/2016	550.00
46412	JHDOUGLA	J.H. Douglas & Associates	01/07/2016	1,000.00
46413	LACOFIR	LA Co Fire Department	01/07/2016	22,093.00
46414	LACOSHE	LA Co Sheriff'S Department	01/07/2016	576.78
46415	LEGENDS	Legends Photography Studio	01/07/2016	731.50
46416	LIPPMAN	Peter Lippman	01/07/2016	250.00
46417	MALIBURE	Malibu R E Investments LLC	01/07/2016	35,000.00
46418	MALIYEL	Khaled R. Karame	01/07/2016	14,709.60
46419	MARQUEZD	David Marquez	01/07/2016	650.00
46420	MCCRORYC	Charles McCrory	01/07/2016	450.00
46421	NAICKERV	Vasudevan Naicker	01/07/2016	125.00
46422	PRECISI	Precision Business Machine Inc	01/07/2016	164.88
46423	PROHOLME	Priscilla Holmes	01/07/2016	2,200.00
46424	RAMOREB	Rebecca Ramos	01/07/2016	41.58
46425	RECTOR	Christy Rector	01/07/2016	191.98
46426	SMITHPI	Smith Pipe & Supply Inc	01/07/2016	1,726.56
46427	SOLIDWA	Solid Waste Solutions, Inc.	01/07/2016	32,409.61
46428	SOUTHEAS	Southeastern Security Consultants	01/07/2016	37.00
46429	TOTALGRA	Brian Shore	01/07/2016	123.35
46430	VERIZONW	Verizon Wireless Services LLC	01/07/2016	1,783.30
			Report Total:	1,440,083.89

Accounts Payable

Transactions by Account

User: jhand
Printed: 01/13/2016 - 9:07AM
Batch: 00000.00.0000

Checks from: 00046297 To: 00046430

Account Number	description	Vendor	Description	Check No	Amount
Fund: 100					
Dept:0000					
100-0000-2021-00	COBRA Payable	Blue Shield of California	PR 12.2015 Vision Care - Tent	46358	8.50
100-0000-2021-00	COBRA Payable	Blue Shield of California	PR 12.2015 Vision Care - Thomas	46358	15.54
			Vendor Subtotal for Dept:0000		24.04
Dept:0000					
100-0000-2021-00	COBRA Payable	Delta Dental of California	PR 12.2015 Dental Insurance - H	46359	166.06
100-0000-2021-00	COBRA Payable	Delta Dental of California	PR 12.2015 Dental Insurance - Pa	46359	102.15
100-0000-2021-00	COBRA Payable	Delta Dental of California	PR 12.2015 Dental Insurance - Sh	46359	166.06
100-0000-2021-00	COBRA Payable	Delta Dental of California	PR 12.2015 Dental Insurance - Te	46359	52.69
100-0000-2021-00	COBRA Payable	Delta Dental of California	PR 12.2015 Dental Insurance - Th	46359	112.74
			Vendor Subtotal for Dept:0000		599.70
Dept:0000					
100-0000-2021-00	COBRA Payable	CalPERS Retirement	PR 12.17.2015 PERS EEShare - I	46365	358.12
100-0000-2021-00	COBRA Payable	CalPERS Retirement	PR 12.17.2015 PERS ERShare - I	46365	478.50
100-0000-2021-00	COBRA Payable	CalPERS Retirement	PR 31.12.2015 PERS EEShare - I	46371	358.12
100-0000-2021-00	COBRA Payable	CalPERS Retirement	PR 31.12.2015 PERS ERShare - I	46371	478.50
			Vendor Subtotal for Dept:0000		1,673.24
Dept:0000					
100-0000-3202-00	Film Permit Fees	LA Co Fire Department	Film Permit Fire District Fees Oc	46413	22,093.00
			Vendor Subtotal for Dept:0000		22,093.00
Dept:0000					

Account Number	description	Vendor	Description	Check No	Amount
100-0000-3467-00	Day Camp Fees	Helena Little	Refund baseball camp-Lindsey-ca	46329	155.00
			Vendor Subtotal for Dept:0000		155.00
Dept:0000					
100-0000-3467-00	Day Camp Fees	Brandi Perse	Refund Soccer-Dylan-cancelled-l	46340	60.00
			Vendor Subtotal for Dept:0000		60.00
Dept:0000					
100-0000-3468-00	Senior Adult Program Fee	Eleanor Lawrence	Refund Trip Excur 1/12/16-V Eps	46328	52.00
			Vendor Subtotal for Dept:0000		52.00
Dept:3001					
100-3001-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	70.56
			Vendor Subtotal for Dept:3001		70.56
Dept:3001					
100-3001-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-33.83
			Vendor Subtotal for Dept:3001		-33.83
Dept:3001					
100-3001-5121-01	Street Sweeping	Venco Power Sweeping, Inc	Street Sweeping-Nov'15	46395	6,935.00
			Vendor Subtotal for Dept:3001		6,935.00
Dept:3001					
100-3001-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	68.72
100-3001-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	114.03
100-3001-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	62.42
			Vendor Subtotal for Dept:3001		245.17

Account Number	description	Vendor	Description	Check No	Amount
Dept:3001					
100-3001-6160-00	Operating Supplies	R P Barricade, Inc.	Westward Beach street sign	46346	142.22
100-3001-6160-00	Operating Supplies	R P Barricade, Inc.	Replace damage sign-'Ped Xing' (	46346	56.45
			Vendor Subtotal for Dept:3001		198.67
Dept:3007					
100-3007-5655-00	Stormwater Monitoring	Aquatic Bioassay & Consulting Labc	CCSTF testing/monitoring-Nov'1	46375	1,475.00
			Vendor Subtotal for Dept:3007		1,475.00
Dept:3008					
100-3008-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	375.92
			Vendor Subtotal for Dept:3008		375.92
Dept:3008					
100-3008-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-190.40
			Vendor Subtotal for Dept:3008		-190.40
Dept:3008					
100-3008-5100-00	Professional Services	All City Management Services Inc	School Crossing Guard Svcs-Nov	46397	3,018.40
			Vendor Subtotal for Dept:3008		3,018.40
Dept:3008					
100-3008-5100-00	Professional Services	MNS Engineers, Inc.	CoC 14-006,15-003,15-005,15-0(	46388	2,571.24
			Vendor Subtotal for Dept:3008		2,571.24
Dept:3008					
100-3008-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	137.44
			Vendor Subtotal for Dept:3008		137.44

Account Number	description	Vendor	Description	Check No	Amount
Dept:4001					
100-4001-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	121.31
			Vendor Subtotal for Dept:4001		121.31
Dept:4001					
100-4001-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-91.08
			Vendor Subtotal for Dept:4001		-91.08
Dept:4001					
100-4001-5100-00	Professional Services	Michael Baker International Inc	Bluffs Parkland Consultant-Nov'1	46335	16,827.53
			Vendor Subtotal for Dept:4001		16,827.53
Dept:4001					
100-4001-5405-00	Printing	Priscilla Holmes	Graphic Design-Winter 15/16 Rec	46423	2,200.00
			Vendor Subtotal for Dept:4001		2,200.00
Dept:4001					
100-4001-5721-00	Telephone	Verizon	Bluffs Park VZW Internet-Dec'15	46355	236.45
			Vendor Subtotal for Dept:4001		236.45
Dept:4001					
100-4001-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	608.41
			Vendor Subtotal for Dept:4001		608.41
Dept:4001					
100-4001-6160-00	Operating Supplies	Nestle Waters North America Inc	Water-Bluffs/MHS Pool Staff 11/	46343	38.69
			Vendor Subtotal for Dept:4001		38.69

Account Number	description	Vendor	Description	Check No	Amount
Dept:4002					
100-4002-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	40.71
			Vendor Subtotal for Dept:4002		40.71
Dept:4002					
100-4002-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-44.57
			Vendor Subtotal for Dept:4002		-44.57
Dept:4004					
100-4004-5107-00	Contract Personnel	Adrianna Fiori	Camp instructor-A Fiori-Winter W	46312	1,260.00
			Vendor Subtotal for Dept:4004		1,260.00
Dept:4004					
100-4004-5107-00	Contract Personnel	Round Star West LLC	Camp instructor-RSW-Soccer-Fu	46392	388.50
			Vendor Subtotal for Dept:4004		388.50
Dept:4006					
100-4006-5107-00	Contract Personnel	Juan Anderson	Youth Sports-Basketball-12/19/15	46299	105.00
			Vendor Subtotal for Dept:4006		105.00
Dept:4006					
100-4006-5107-00	Contract Personnel	Steve Burkhardt	Youth Sports-Basketball-12/18/15	46302	80.00
			Vendor Subtotal for Dept:4006		80.00
Dept:4006					
100-4006-5107-00	Contract Personnel	Larry Chavez	Youth Sports-Basketball-12/18-12	46304	170.00
			Vendor Subtotal for Dept:4006		170.00
Dept:4006					
100-4006-5107-00	Contract Personnel	Jermaine Dimalanta	Youth Sports-Basketball-12/18/15	46308	80.00

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:4006		80.00
Dept:4006					
100-4006-5107-00	Contract Personnel	Kevin Hempy	Youth Sports-Basketball-12/19/15	46318	90.00
			Vendor Subtotal for Dept:4006		90.00
Dept:4006					
100-4006-5107-00	Contract Personnel	Kevin R Kenney	Youth Sports-Basketball-12/19/15	46320	90.00
			Vendor Subtotal for Dept:4006		90.00
Dept:4006					
100-4006-5107-00	Contract Personnel	Jonathan Patton	Youth Sports-Basketball-12/18/15	46339	80.00
			Vendor Subtotal for Dept:4006		80.00
Dept:4006					
100-4006-6160-00	Operating Supplies	Sports Supply Group, Inc.	Basketball sponsorship-Warriors-	46301	277.46
100-4006-6160-00	Operating Supplies	Sports Supply Group, Inc.	Basketball sponsorship-Knicks-M	46301	178.76
100-4006-6160-00	Operating Supplies	Sports Supply Group, Inc.	Basketball sponsorship-Clippers-I	46301	277.39
100-4006-6160-00	Operating Supplies	Sports Supply Group, Inc.	Basketball sponsorship-Div 3 Anc	46301	270.17
			Vendor Subtotal for Dept:4006		1,003.78
Dept:4006					
100-4006-6160-00	Operating Supplies	Legends Photography Studio	Youth Bball picture day-150 depo	46415	731.50
			Vendor Subtotal for Dept:4006		731.50
Dept:4006					
100-4006-6160-00	Operating Supplies	Smash Athletics Inc	Adult softball Fall 2015 champioı	46349	129.76
			Vendor Subtotal for Dept:4006		129.76
Dept:4006					
100-4006-6160-00	Operating Supplies	Southeastern Security Consultants, Ii	Youth Basketball background che	46428	37.00
			Vendor Subtotal for Dept:4006		37.00

Account Number	description	Vendor	Description	Check No	Amount
Dept:4007					
100-4007-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	-1,170.36
			Vendor Subtotal for Dept:4007		-1,170.36
Dept:4007					
100-4007-4203-00	Vision Insurance	Blue Shield of California	PR Batch 70017.12.2015 Vision (	46358	15.18
			Vendor Subtotal for Dept:4007		15.18
Dept:4007					
100-4007-4204-00	Dental Insurance	Delta Dental of California	PR Batch 70017.12.2015 Dental I	46359	102.15
			Vendor Subtotal for Dept:4007		102.15
Dept:4007					
100-4007-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-15.16
			Vendor Subtotal for Dept:4007		-15.16
Dept:4007					
100-4007-5107-00	Contract Personnel	Mark Crowley	Audio Tech-2015 Malibu Winter :	46407	200.00
			Vendor Subtotal for Dept:4007		200.00
Dept:4007					
100-4007-5300-00	Travel & Training	Dylan Gunning	Reimburse-Costco-PT Staff traini	46316	56.91
			Vendor Subtotal for Dept:4007		56.91
Dept:4007					
100-4007-5330-00	Dues & Memberships	SESAC	2016 music license for SESAC	46348	378.00
			Vendor Subtotal for Dept:4007		378.00

Account Number	description	Vendor	Description	Check No	Amount
Dept:4008					
100-4008-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	13.57
			Vendor Subtotal for Dept:4008		13.57
Dept:4008					
100-4008-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-19.97
			Vendor Subtotal for Dept:4008		-19.97
Dept:4008					
100-4008-5107-00	Contract Personnel	ART Trek, Inc	Senior instructor-Arttrek-Worksh	46300	80.00
			Vendor Subtotal for Dept:4008		80.00
Dept:4008					
100-4008-5107-00	Contract Personnel	Marsha Cooper	Senior instructor-M Cooper-Stret	46406	651.00
			Vendor Subtotal for Dept:4008		651.00
Dept:4008					
100-4008-5107-00	Contract Personnel	Laura DeMieri Fercano	Senior instructor-L Fercano-Choi	46382	408.80
			Vendor Subtotal for Dept:4008		408.80
Dept:4008					
100-4008-5107-00	Contract Personnel	Ann Monahan	Senior instructor-A Monahan-Aer	46336	210.00
			Vendor Subtotal for Dept:4008		210.00
Dept:4008					
100-4008-5107-00	Contract Personnel	Tri - Yoga	Senior instructor-TriYoga-Chair/	46394	175.00
			Vendor Subtotal for Dept:4008		175.00
Dept:4008					
100-4008-5107-00	Contract Personnel	Claudia Zahn	Senior instructor-C Zahn-Theater-	46396	75.00
			Vendor Subtotal for Dept:4008		75.00

Account Number	description	Vendor	Description	Check No	Amount
Dept:4008					
100-4008-5340-00	Transportation & Mileage	Theresa Odello	Reimburse mileage-11/17-12/16/1	46389	40.83
			Vendor Subtotal for Dept:4008		40.83
Dept:4008					
100-4008-6160-00	Operating Supplies	Dylan Gunning	Reimburse-Senior Ctr volunteers	46384	17.91
			Vendor Subtotal for Dept:4008		17.91
Dept:4008					
100-4008-6160-00	Operating Supplies	Rebecca Ramos	Reimburse supplies for Dec'15 Se	46424	41.58
			Vendor Subtotal for Dept:4008		41.58
Dept:4008					
100-4008-6160-00	Operating Supplies	Christy Rector	Reimburse Senior Luncheon-Cost	46344	29.95
			Vendor Subtotal for Dept:4008		29.95
Dept:4009					
100-4009-5107-00	Contract Personnel	Natalie Backman	Yoga Teacher for Teen YoGlow ev	46400	100.00
			Vendor Subtotal for Dept:4009		100.00
Dept:4009					
100-4009-5107-00	Contract Personnel	David Marquez	2016 Malibu YoGlow Event-DJ &	46419	650.00
			Vendor Subtotal for Dept:4009		650.00
Dept:4009					
100-4009-6160-00	Operating Supplies	Brian Shore	YoGlow Marketing banner-Bluffs	46429	123.35
			Vendor Subtotal for Dept:4009		123.35
Dept:4010					
100-4010-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	70.56

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:4010		70.56
Dept:4010					
100-4010-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-44.39
			Vendor Subtotal for Dept:4010		-44.39
Dept:4010					
100-4010-5100-00	Professional Services	Paul Nguyen	City Parks Janitorial Svc-Dec'15	46398	2,920.00
			Vendor Subtotal for Dept:4010		2,920.00
Dept:4010					
100-4010-5100-00	Professional Services	ValleyCrest Landscape Maintenance	City Parks-Landscape Maint-Dec'	46354	8,946.70
			Vendor Subtotal for Dept:4010		8,946.70
Dept:4010					
100-4010-5130-00	Parks Maintenance	Ronald A Sagona/ Sagona's All-City I	Trancas Park-Irrigation backflow	46347	265.00
			Vendor Subtotal for Dept:4010		265.00
Dept:4010					
100-4010-5130-00	Parks Maintenance	Smith Pipe & Supply Inc	Trancas irrigation	46350	80.93
100-4010-5130-00	Parks Maintenance	Smith Pipe & Supply Inc	PCH Median nozzle	46350	37.44
100-4010-5130-00	Parks Maintenance	Smith Pipe & Supply Inc	Bluffs/Las Flores Park maint supp	46426	1,726.56
			Vendor Subtotal for Dept:4010		1,844.93
Dept:4010					
100-4010-5130-00	Parks Maintenance	Stover Seed Company	Bluffs Park seed for fields	46351	1,714.03
			Vendor Subtotal for Dept:4010		1,714.03
Dept:4010					
100-4010-5130-00	Parks Maintenance	ValleyCrest Landscape Maintenance	Trancas Park-overseed & topper c	46354	2,275.00
			Vendor Subtotal for Dept:4010		2,275.00

Account Number	description	Vendor	Description	Check No	Amount
Dept:4010					
100-4010-5610-00	Facility Maintenance	Bio Solutions, Inc	Trancas Park WWTS-Dec'15	46401	250.00
			Vendor Subtotal for Dept:4010		250.00
Dept:4010					
100-4010-5610-00	Facility Maintenance	McDermott Pumping, Inc.	Bluffs Park septic tank pumping-1	46334	1,100.00
			Vendor Subtotal for Dept:4010		1,100.00
Dept:4010					
100-4010-5721-00	Telephone	Verizon California	Phone-Las Flores septic-Dec'15	46356	55.72
			Vendor Subtotal for Dept:4010		55.72
Dept:4010					
100-4010-5723-00	Water	LA Co MalibuTreasurer-Waterworks	Water-Las Flores-3659-10/14-12/	46327	90.91
100-4010-5723-00	Water	LA Co MalibuTreasurer-Waterworks	Water-Las Flores-3761-10/14-12/	46327	160.06
100-4010-5723-00	Water	LA Co MalibuTreasurer-Waterworks	Water-Las Flores-Rambla side-10	46327	161.05
			Vendor Subtotal for Dept:4010		412.02
Dept:4010					
100-4010-6300-00	Repair & Maint. Supplies	Joe F Alvarez	Ladder Truck Rack-installed	46374	781.75
			Vendor Subtotal for Dept:4010		781.75
Dept:4011					
100-4011-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	35.28
			Vendor Subtotal for Dept:4011		35.28
Dept:4011					
100-4011-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-28.33

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:4011		-28.33
Dept:4011					
100-4011-5401-00	Advertising & Noticing	Rebecca Harkness	Chumash Day Image/Photograph	46317	50.00
			Vendor Subtotal for Dept:4011		50.00
Dept:7001					
100-7001-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	97.70
			Vendor Subtotal for Dept:7001		97.70
Dept:7001					
100-7001-4213-00	Empast Health	Managed Health Network	PR Batch 70017.12.2015 Employ	46363	-1.14
			Vendor Subtotal for Dept:7001		-1.14
Dept:7001					
100-7001-5104-00	Lobbyist Services	California Strategies & Advocacy LI	Lobbying Services-Dec'15	46303	12,500.00
			Vendor Subtotal for Dept:7001		12,500.00
Dept:7001					
100-7001-5330-00	Dues & Memberships	Coastwalk Inc	New Membership-Annual dues	46377	500.00
			Vendor Subtotal for Dept:7001		500.00
Dept:7001					
100-7001-5721-00	Telephone - Cellular Data	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	76.02
			Vendor Subtotal for Dept:7001		76.02
Dept:7002					
100-7002-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	-14.82

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:7002		-14.82
Dept:7002					
100-7002-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-32.37
100-7002-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-22.45
			Vendor Subtotal for Dept:7002		-54.82
Dept:7003					
100-7003-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	72.46
			Vendor Subtotal for Dept:7003		72.46
Dept:7003					
100-7003-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-110.34
			Vendor Subtotal for Dept:7003		-110.34
Dept:7003					
100-7003-5105-00	Grant Consultant	Barbara A. Cameron	Grant Consulting Svcs-Dec'15	46402	8,000.00
			Vendor Subtotal for Dept:7003		8,000.00
Dept:7003					
100-7003-5105-01	Grant Consultant Expenses	Barbara A. Cameron	Grant Consulting Exp-Dec'15	46402	77.97
			Vendor Subtotal for Dept:7003		77.97
Dept:7003					
100-7003-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	135.93
			Vendor Subtotal for Dept:7003		135.93
Dept:7005					

Account Number	description	Vendor	Description	Check No	Amount
100-7005-5103-00	Criminal Prosecution	Dapeer Rosenblit & Litvak LLP	City Prosecutor Svcs-Nov'15	46379	5,527.93
			Vendor Subtotal for Dept:7005		5,527.93
Dept:7007					
100-7007-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	62.42
			Vendor Subtotal for Dept:7007		62.42
Dept:7007					
100-7007-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-61.07
			Vendor Subtotal for Dept:7007		-61.07
Dept:7007					
100-7007-5100-00	Professional Services	Granicus, Inc	Granicus-City Council Streaming	46315	800.00
100-7007-5100-00	Professional Services	Granicus, Inc	Granicus-Open Platform-Jan'16	46315	400.00
			Vendor Subtotal for Dept:7007		1,200.00
Dept:7007					
100-7007-5205-00	Postage	FedEx	Shipping documents for Case# SC	46310	28.20
			Vendor Subtotal for Dept:7007		28.20
Dept:7007					
100-7007-5340-00	Transportation & Mileage	Heather Glaser	Reimburse mileage 12/1-12/4/15-	46313	155.26
			Vendor Subtotal for Dept:7007		155.26
Dept:7007					
100-7007-5340-00	Transportation & Mileage	Lisa Pope	Reimburse mileage 12/2-12/4/15-	46341	179.40
			Vendor Subtotal for Dept:7007		179.40
Dept:7021					

Account Number	description	Vendor	Description	Check No	Amount
100-7021-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	27.14
			Vendor Subtotal for Dept:7021		27.14
Dept:7021					
100-7021-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-27.35
			Vendor Subtotal for Dept:7021		-27.35
Dept:7021					
100-7021-5721-00	Telephone	Nextel / Sprint Communication	Cell Phone12/13/15-01/12/16	46338	83.14
			Vendor Subtotal for Dept:7021		83.14
Dept:7021					
100-7021-5721-00	Telephone	Remote Satellite Systems Int'l	Satellite Phones-Jan'16	46345	105.00
			Vendor Subtotal for Dept:7021		105.00
Dept:7021					
100-7021-6160-00	Operating Supplies	Brad Davis	Reimburse-Hardware for Disaster	46380	116.71
			Vendor Subtotal for Dept:7021		116.71
Dept:7021					
100-7021-6400-00	Clothing & Personal Supplies	Cardiac Science Corporation	AED Supplies	46404	219.50
			Vendor Subtotal for Dept:7021		219.50
Dept:7031					
100-7031-5106-00	Animal Control Services	LA Co Animal Care & Control	Animal Control-Nov'15	46322	5,832.09
			Vendor Subtotal for Dept:7031		5,832.09
Dept:7031					
100-7031-5115-00	Law Enforcement Services	LA Co Sheriff'S Department	Law Enforce Svcs-STAR-Nov'15	46326	2,043.33

Account Number	description	Vendor	Description	Check No	Amount
100-7031-5115-00	Law Enforcement Services	LA Co Sheriff'S Department	Law Enforce Svcs-Nov'15	46326	490,548.77
100-7031-5115-00	Law Enforcement Services	LA Co Sheriff'S Department	Law Enforce Svcs-LASD Prision	46414	576.78
			Vendor Subtotal for Dept:7031		493,168.88
Dept:7031					
100-7031-5640-00	Equipment Maintenance	Crash Data Group, Inc	Sheriff equipment update-City Sh	46305	189.00
			Vendor Subtotal for Dept:7031		189.00
Dept:7031					
100-7031-5640-00	Equipment Maintenance	Kustom Signals, Inc	Sheriff equipment repairs	46321	263.50
			Vendor Subtotal for Dept:7031		263.50
Dept:7054					
100-7054-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	76.93
			Vendor Subtotal for Dept:7054		76.93
Dept:7054					
100-7054-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-140.11
			Vendor Subtotal for Dept:7054		-140.11
Dept:7054					
100-7054-5100-00	Professional Services	Governmental Financial Service	FY 14/15-CAFR Preparation-Dec	46410	1,437.50
			Vendor Subtotal for Dept:7054		1,437.50
Dept:7054					
100-7054-5100-00	Professional Services	Hinderliter, deLlamas, & Assoc	Sales Tax-Mgmt 4th Qtr/Audit Sv	46385	3,384.69
			Vendor Subtotal for Dept:7054		3,384.69
Dept:7054					
100-7054-5100-01	City Treasurer	Peter Lippman	City Treasurer-Dec'15	46416	250.00

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:7054		250.00
Dept:7054					
100-7054-5117-00	Film Permit Consultant	Solid Waste Solutions, Inc.	Film Permits-Dec'15	46427	32,409.61
			Vendor Subtotal for Dept:7054		32,409.61
Dept:7054					
100-7054-5401-00	Advertising & Noticing	Malibu Times	Bank RFP ad in Times-12/03/15	46331	32.00
			Vendor Subtotal for Dept:7054		32.00
Dept:7054					
100-7054-5405-00	Printing	CR PRINT	CAFR FY 14-15	46408	1,256.23
			Vendor Subtotal for Dept:7054		1,256.23
Dept:7054					
100-7054-6160-00	Operating Supplies	Staples Advantage	Office supplies-Finance	46393	17.65
			Vendor Subtotal for Dept:7054		17.65
Dept:7058					
100-7058-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	27.14
			Vendor Subtotal for Dept:7058		27.14
Dept:7058					
100-7058-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-25.21
			Vendor Subtotal for Dept:7058		-25.21
Dept:7058					
100-7058-5320-00	Recruitment Expense	Paige S Apar	LiveScan-Fingerprints-2 new hire	46330	110.00

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:7058		110.00
Dept:7058					
100-7058-5320-00	Recruitment Expense	Charles McCrory	Background investigations-new h	46420	450.00
			Vendor Subtotal for Dept:7058		450.00
Dept:7058					
100-7058-5330-00	Dues & Memberships	National Seminars Training	Membership renewal-1/1-12/31/1	46337	199.00
			Vendor Subtotal for Dept:7058		199.00
Dept:7058					
100-7058-6160-00	Operating Supplies	California Chamber of Commerce	2016 Employment required poste	46376	267.86
			Vendor Subtotal for Dept:7058		267.86
Dept:7058					
100-7058-6160-00	Operating Supplies	Staples Advantage	Office supplies-HR	46393	220.96
			Vendor Subtotal for Dept:7058		220.96
Dept:7058					
100-7058-6170-00	Events	Christy Rector	Reimburse Staff Holiday Event-C	46344	169.92
			Vendor Subtotal for Dept:7058		169.92
Dept:7058					
100-7058-6170-00	Events	Miriam Woodrow	Reimburse supplies/mileage for H	46357	119.29
			Vendor Subtotal for Dept:7058		119.29
Dept:7059					
100-7059-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	62.42
			Vendor Subtotal for Dept:7059		62.42

Account Number	description	Vendor	Description	Check No	Amount
Dept:7059					
100-7059-4205-00	Life Insurance	Standard Insurance Company N2	PR Batch 70017.12.2015 Life Ins	46372	-0.02
			Vendor Subtotal for Dept:7059		-0.02
Dept:7059					
100-7059-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-27.54
100-7059-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	0.01
			Vendor Subtotal for Dept:7059		-27.53
Dept:7059					
100-7059-4212-00	Retiree Health Insurance	CalPERS Health	PR 12.2015 Health Insurance - EI	46364	12,633.44
			Vendor Subtotal for Dept:7059		12,633.44
Dept:7059					
100-7059-5205-00	Postage	Purchase Power	Postage Meter Refills 11/13-12/1:	46342	4,512.00
			Vendor Subtotal for Dept:7059		4,512.00
Dept:7059					
100-7059-5210-00	Service Fees & Charges	Public Agency Retirement Srvcs	PARS Admin Fee-Oct'15	46390	300.00
			Vendor Subtotal for Dept:7059		300.00
Dept:7059					
100-7059-5210-00	Service Fees & Charges	CalPERS Health	PR 12.2015 Health Insurance - Ac	46364	271.77
			Vendor Subtotal for Dept:7059		271.77
Dept:7059					
100-7059-5405-00	Printing	CR PRINT	Business Card Masters-20,000	46306	1,449.70
100-7059-5405-00	Printing	CR PRINT	Business Card imprints-2 names-'	46306	195.75

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:7059		1,645.45
Dept:7059					
100-7059-5640-00	Equipment Maintenance	Canon Solutions America, Inc	Copier Maint HTK14148-EH 9/2:	46403	79.26
			Vendor Subtotal for Dept:7059		79.26
Dept:7059					
100-7059-5640-00	Equipment Maintenance	Precision Business Machine Inc	Printer Gen Svc-Bro MFC7820/X	46422	95.00
			Vendor Subtotal for Dept:7059		95.00
Dept:7059					
100-7059-5721-00	Telephone	TelePacific Communications	City Hall Fac Phone 12/16/15-01/	46353	1,727.17
			Vendor Subtotal for Dept:7059		1,727.17
Dept:7059					
100-7059-6160-00	Operating Supplies	Precision Business Machine Inc	Printer Supplies	46422	69.88
			Vendor Subtotal for Dept:7059		69.88
Dept:7059					
100-7059-6160-00	Operating Supplies	Christy Rector	Reimburse Kitchen supplies-Cost	46344	321.65
100-7059-6160-00	Operating Supplies	Christy Rector	Reimburse Costco-Kitchen suppli	46425	191.98
			Vendor Subtotal for Dept:7059		513.63
			Subtotal for Fund: 100		676,949.79
Fund: 101					
Dept:2001					
101-2001-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	560.81
			Vendor Subtotal for Dept:2001		560.81

Account Number	description	Vendor	Description	Check No	Amount
Dept:2001					
101-2001-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-335.58
101-2001-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-18.69
			Vendor Subtotal for Dept:2001		-354.27
Dept:2001					
101-2001-5100-00	Professional Services	J.H. Douglas & Associates	Housing Element Annual Report	46412	1,000.00
			Vendor Subtotal for Dept:2001		1,000.00
Dept:2001					
101-2001-5100-00	Professional Services	Rincon Consultants, Inc	Rincon Contract Planners-Nov'15	46391	11,254.35
			Vendor Subtotal for Dept:2001		11,254.35
Dept:2001					
101-2001-5100-01	Coastal Dev. Permit Services	Compliance Biology, Inc.	City Biologist-Dec'15	46405	5,187.50
			Vendor Subtotal for Dept:2001		5,187.50
Dept:2001					
101-2001-5210-00	Service Fees & Charges	LA County Registrar-Recorder LA C	CEQA Filing-25004 Malibu Road	46323	75.00
101-2001-5210-00	Service Fees & Charges	LA County Registrar-Recorder LA C	CEQA Filing-29219 Greenwater I	46324	75.00
101-2001-5210-00	Service Fees & Charges	LA County Registrar-Recorder LA C	CEQA Filing-6419 Merritt Drive	46325	75.00
			Vendor Subtotal for Dept:2001		225.00
Dept:2001					
101-2001-5401-00	Advertising & Noticing	Malibu Times	Public notice ads in Times-11/26/	46331	313.00
			Vendor Subtotal for Dept:2001		313.00
Dept:2001					
101-2001-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	56.43

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:2001		56.43
Dept:2004					
101-2004-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	248.03
			Vendor Subtotal for Dept:2004		248.03
Dept:2004					
101-2004-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-268.40
			Vendor Subtotal for Dept:2004		-268.40
Dept:2004					
101-2004-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	164.75
			Vendor Subtotal for Dept:2004		164.75
Dept:2010					
101-2010-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	40.71
			Vendor Subtotal for Dept:2010		40.71
Dept:2010					
101-2010-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-34.07
			Vendor Subtotal for Dept:2010		-34.07
Dept:2010					
101-2010-5721-00	Telephones	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	68.72
			Vendor Subtotal for Dept:2010		68.72
Dept:2012					
101-2012-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	27.14

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:2012		27.14
Dept:2012					
101-2012-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-22.74
			Vendor Subtotal for Dept:2012		-22.74
Dept:2012					
101-2012-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	40.01
			Vendor Subtotal for Dept:2012		40.01
Dept:3003					
101-3003-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	67.85
			Vendor Subtotal for Dept:3003		67.85
Dept:3003					
101-3003-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-50.20
101-3003-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-20.75
			Vendor Subtotal for Dept:3003		-70.95
			Subtotal for Fund: 101		18,503.87
Fund: 103					
Dept:0000					
103-0000-1015-00	Cash with Fiscal Agent	US Bank N.A.	Interest payment COP-2009 A&B	46297	442,425.52
			Vendor Subtotal for Dept:0000		442,425.52
Dept:9050					
103-9050-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	27.14

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:9050		27.14
Dept:9050					
103-9050-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-17.45
			Vendor Subtotal for Dept:9050		-17.45
Dept:9050					
103-9050-5100-00	Professional Services	Master Cooling Corporation	City Hall HVAC Maint-Dec'15	46333	1,881.17
			Vendor Subtotal for Dept:9050		1,881.17
Dept:9050					
103-9050-5100-00	Professional Services	ValleyCrest Landscape Maintenance	City Hall-Landscape Maint-Dec'1	46354	995.00
			Vendor Subtotal for Dept:9050		995.00
Dept:9050					
103-9050-5610-00	Facilities Maintenance	Amerigas Propane LP	Propane-City Hall-12/10/15	46298	407.46
103-9050-5610-00	Facilities Maintenance	Amerigas Propane LP	Propane-City Hall-12/28/15	46399	1,920.29
			Vendor Subtotal for Dept:9050		2,327.75
Dept:9050					
103-9050-5610-00	Facilities Maintenance	Duthie Electrical Services	Generator Semi-Annual service-1	46309	290.00
			Vendor Subtotal for Dept:9050		290.00
Dept:9050					
103-9050-5610-00	Facilities Maintenance	W.W. Grainger,Inc	City Hall Maint supplies-H20 pur	46314	88.12
			Vendor Subtotal for Dept:9050		88.12
Dept:9050					
103-9050-6160-00	Operating Supplies	Interline Brands Inc	City Hall supplies-bathrooms	46352	849.98
			Vendor Subtotal for Dept:9050		849.98

Account Number	description	Vendor	Description	Check No	Amount
			Subtotal for Fund: 103		448,867.23
Fund: 203					
Dept:3009					
203-3009-5145-00	Dial A Ride Services	Khaled R. Karame	Dial-a-Ride Prog-Dec'15	46418	14,709.60
			Vendor Subtotal for Dept:3009		14,709.60
			Subtotal for Fund: 203		14,709.60
Fund: 211					
Dept:7031					
211-7031-5115-00	Law Enforcement Services	LA Co Sheriff'S Department	Law Enforce Svcs-Brulte/Sttop-N	46326	15,160.01
			Vendor Subtotal for Dept:7031		15,160.01
			Subtotal for Fund: 211		15,160.01
Fund: 290					
Dept:6002					
290-6002-5100-00	Professional Services	Fugro Consultants, Inc.	Big Rock Mesa AD 98-1-Testing/	46383	14,245.04
			Vendor Subtotal for Dept:6002		14,245.04
			Subtotal for Fund: 290		14,245.04
Fund: 291					
Dept:6003					
291-6003-5100-00	Professional Services	Fugro Consultants, Inc.	Malibu Rd AD 98-3-Testing/Mon	46383	2,557.50
			Vendor Subtotal for Dept:6003		2,557.50

Account Number	description	Vendor	Description	Check No	Amount
			Subtotal for Fund: 291		2,557.50
Fund: 292					
Dept:6004					
292-6004-5100-00	Professional Services	Fugro Consultants, Inc.	Calle Del Barco AD 98-2-Testing	46383	3,247.50
			Vendor Subtotal for Dept:6004		3,247.50
			Subtotal for Fund: 292		3,247.50
Fund: 500					
Dept:7008					
500-7008-5100-00	Professional Services	ValleyCrest Landscape Maintenance	Legacy Park-Landscape Maint-D	46354	5,275.00
500-7008-5100-00	Professional Services	ValleyCrest Landscape Maintenance	SuperCare-Landscape Maint-Dec'	46354	200.00
			Vendor Subtotal for Dept:7008		5,475.00
Dept:7008					
500-7008-5130-00	Park Maintenance	Smith Pipe & Supply Inc	Legacy shrubs	46350	542.82
			Vendor Subtotal for Dept:7008		542.82
Dept:7008					
500-7008-5130-00	Park Maintenance	ValleyCrest Landscape Maintenance	Legacy Park-Prune Trees	46354	5,340.00
500-7008-5130-00	Park Maintenance	ValleyCrest Landscape Maintenance	Legacy Park-Application of mulc	46354	2,040.00
			Vendor Subtotal for Dept:7008		7,380.00
Dept:7008					
500-7008-5610-00	Facility Maintenance	Hilario Simental Jr	Septic pumping 23431 PCH-Anin	46381	460.00
500-7008-5610-00	Facility Maintenance	Hilario Simental Jr	Septic pumping 23431 PCH-Anin	46381	460.00
			Vendor Subtotal for Dept:7008		920.00
Dept:7008					
500-7008-5610-00	Facility Maintenance	Integrated Performance Consultants	Fac Maint-23661 PCH-Nov'15	46319	525.00

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:7008		525.00
Dept:7008					
500-7008-5610-00	Facility Maintenance	Malibu Bay Company	Jan'16 Sewer Maint-23661 PCH	46387	1,766.00
			Vendor Subtotal for Dept:7008		1,766.00
			Subtotal for Fund: 500		16,608.82
Fund: 601					
Dept:3005					
601-3005-6330-00	Vehicle Repair & Maintenance	Vasudevan Naicker	Car wash-City vehicles-12/30/15	46421	125.00
			Vendor Subtotal for Dept:3005		125.00
Dept:3005					
601-3005-6500-00	Motor Fuels	Chevron & Texaco Bus. Card Srv	Gasoline for the period of 11/28-1	46378	704.06
			Vendor Subtotal for Dept:3005		704.06
			Subtotal for Fund: 601		829.06
Fund: 602					
Dept:7060					
602-7060-4202-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	35.28
			Vendor Subtotal for Dept:7060		35.28
Dept:7060					
602-7060-4209-00	Disability Insurance	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	-34.73
			Vendor Subtotal for Dept:7060		-34.73
Dept:7060					

Account Number	description	Vendor	Description	Check No	Amount
602-7060-5100-00	Professional Services	HyperNet, Inc	IT Consulting-Nov'15	46386	550.00
602-7060-5100-00	Professional Services	HyperNet, Inc	IT Consulting-Dec'15	46411	550.00
			Vendor Subtotal for Dept:7060		1,100.00
Dept:7060					
602-7060-5721-00	Telephone	Verizon	Senior Center Internet 12/13/15-1	46355	598.55
			Vendor Subtotal for Dept:7060		598.55
Dept:7060					
602-7060-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service 12/24/15-1/23	46430	200.74
602-7060-5721-00	Telephone	Verizon Wireless Services LLC	Cell Phone Service-Phone upgrad	46430	49.68
			Vendor Subtotal for Dept:7060		250.42
			Subtotal for Fund: 602		1,949.52
Fund: 710					
Dept:0000					
710-0000-2270-04	Grading Bonds	Malibu R E Investments LLC	Refund Partial Grading Bond-504	46417	35,000.00
			Vendor Subtotal for Dept:0000		35,000.00
Dept:0000					
710-0000-2270-12	Parks - Security Deposits	Film This!	Refund Security Deposit-12/18/1!	46311	500.00
			Vendor Subtotal for Dept:0000		500.00
Dept:0000					
710-0000-2270-45	CCW Treatment Facility Phase I	David Taussig & Associates Inc	WWTP-State Revolving Loan An	46409	142.50
			Vendor Subtotal for Dept:0000		142.50
Dept:0000					
710-0000-2270-45	CCW Treatment Facility Phase I	Martin & Chapman	CCWTF third edition ballots	46332	545.00

Account Number	description	Vendor	Description	Check No	Amount
			Vendor Subtotal for Dept:0000		545.00
			Subtotal for Fund: 710		36,187.50
Fund: 713					
Dept:9052					
713-9052-5100-00	Professional Services	David Taussig & Associates Inc	Broad Beach Assess Eng-AD 201	46307	359.50
			Vendor Subtotal for Dept:9052		359.50
			Subtotal for Fund: 713		359.50
Fund: 900					
Dept:0000					
900-0000-2022-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	253.90
900-0000-2022-00	Health Insurance	CalPERS Health	PR Batch 70017.12.2015 Health I	46364	70,596.75
			Vendor Subtotal for Dept:0000		70,850.65
Dept:0000					
900-0000-2023-00	Vision Insurance	Blue Shield of California	PR Batch 70017.12.2015 Vision (	46358	1,063.77
			Vendor Subtotal for Dept:0000		1,063.77
Dept:0000					
900-0000-2024-00	Dental Insurance	Delta Dental of California	PR Batch 70017.12.2015 Dental I	46359	7,008.71
			Vendor Subtotal for Dept:0000		7,008.71
Dept:0000					
900-0000-2025-00	Life Insurance	Standard Insurance Company N2	PR Batch 70017.12.2015 Life Ins	46372	989.14
			Vendor Subtotal for Dept:0000		989.14

Account Number	description	Vendor	Description	Check No	Amount
Dept:0000					
900-0000-2025-01	Additional Life Insurance	Standard Insurance Company N2	PR Batch 70017.12.2015 Additioı	46366	169.45
			Vendor Subtotal for Dept:0000		169.45
Dept:0000					
900-0000-2026-00	STD/LTD	Standard Insurance Company N2	PR Batch 70031.12.2015 STD/LT	46372	2,041.27
900-0000-2026-00	STD/LTD	Standard Insurance Company N2	PR Batch 70003.12.2015 STD/LT	46372	2,039.20
900-0000-2026-00	STD/LTD	Standard Insurance Company N2	PR Batch 70017.12.2015 STD/LT	46372	2,074.19
			Vendor Subtotal for Dept:0000		6,154.66
Dept:0000					
900-0000-2027-00	Employee Assistance	Managed Health Network	PR Batch 70017.12.2015 Employ	46363	145.35
			Vendor Subtotal for Dept:0000		145.35
Dept:0000					
900-0000-2040-00	PERS Retirement	CalPERS Retirement	PR Batch 70017.12.2015 PERS C	46365	118.80
900-0000-2040-00	PERS Retirement	CalPERS Retirement	PR Batch 70017.12.2015 PERS E	46365	11,936.49
900-0000-2040-00	PERS Retirement	CalPERS Retirement	PR Batch 70031.12.2015 PERS E	46371	11,927.14
			Vendor Subtotal for Dept:0000		23,982.43
Dept:0000					
900-0000-2040-01	PERS Retirement Prepaid	CalPERS Retirement	PR Batch 70017.12.2015 PEPRA	46365	2,550.85
900-0000-2040-01	PERS Retirement Prepaid	CalPERS Retirement	PR Batch 70017.12.2015 PERS C	46365	158.73
900-0000-2040-01	PERS Retirement Prepaid	CalPERS Retirement	PR Batch 70017.12.2015 PERS E	46365	15,948.81
900-0000-2040-01	PERS Retirement Prepaid	CalPERS Retirement	PR Batch 70031.12.2015 PEPRA	46371	2,550.85
900-0000-2040-01	PERS Retirement Prepaid	CalPERS Retirement	PR Batch 70031.12.2015 PERS E	46371	15,936.32
			Vendor Subtotal for Dept:0000		37,145.56
Dept:0000					
900-0000-2040-02	PERS/PEPRA Retirement	CalPERS Retirement	PR Batch 70017.12.2015 PEPRA	46365	2,463.65

Account Number	description	Vendor	Description	Check No	Amount
900-0000-2040-02	PERS/PEPRA Retirement	CalPERS Retirement	PR Batch 70031.12.2015 PEPRA	46371	2,463.66
			Vendor Subtotal for Dept:0000		4,927.31
Dept:0000					
900-0000-2041-00	PARS	U.S. Bank	PR Batch 70017.12.2015 PARS -	46367	705.80
900-0000-2041-00	PARS	U.S. Bank	PR Batch 70017.12.2015 PARS -	46367	147.98
900-0000-2041-00	PARS	U.S. Bank	PR Batch 70031.12.2015 PARS -	46373	496.56
900-0000-2041-00	PARS	U.S. Bank	PR Batch 70031.12.2015 PARS -	46373	104.13
900-0000-2041-00	PARS	U.S. Bank	PR Batch 70019.12.2015 PARS	46373	12.27
900-0000-2041-00	PARS	U.S. Bank	PR Batch 70019.12.2015 PARS	46373	2.58
			Vendor Subtotal for Dept:0000		1,469.32
Dept:0000					
900-0000-2042-00	Deferred Compensation 457	ICMA Retirement Trust 457 - 303615	PR Batch 70017.12.2015 ICMA I	46360	653.23
900-0000-2042-00	Deferred Compensation 457	ICMA Retirement Trust 457 - 303615	PR Batch 70017.12.2015 ICMA I	46360	11,618.62
900-0000-2042-00	Deferred Compensation 457	ICMA Retirement Trust 457 - 303615	PR Batch 70017.12.2015 ER Con	46360	2,600.00
900-0000-2042-00	Deferred Compensation 457	ICMA Retirement Trust 457 - 303615	PR Batch 70031.12.2015 ICMA I	46368	645.19
900-0000-2042-00	Deferred Compensation 457	ICMA Retirement Trust 457 - 303615	PR Batch 70031.12.2015 ICMA I	46368	14,269.90
900-0000-2042-00	Deferred Compensation 457	ICMA Retirement Trust 457 - 303615	PR Batch 70031.12.2015 ER Con	46368	2,600.00
			Vendor Subtotal for Dept:0000		32,386.94
Dept:0000					
900-0000-2042-01	ICMA Loan Program	ICMA Retirement Trust 457 - 303615	PR Batch 70017.12.2015 ICMA I	46360	610.66
900-0000-2042-01	ICMA Loan Program	ICMA Retirement Trust 457 - 303615	PR Batch 70031.12.2015 ICMA I	46368	610.66
			Vendor Subtotal for Dept:0000		1,221.32
Dept:0000					
900-0000-2043-00	Deferred Compensation 401	ICMA 401-Plan # 108658	PR Batch 70017.12.2015 ICMA -	46361	504.89
900-0000-2043-00	Deferred Compensation 401	ICMA 401-Plan # 108658	PR Batch 70031.12.2015 ICMA -	46369	504.89
			Vendor Subtotal for Dept:0000		1,009.78
Dept:0000					
900-0000-2043-00	Deferred Compensation 401	ICMA 401-Plan # 108650	PR Batch 70017.12.2015 ICMA -	46362	692.28

Account Number	description	Vendor	Description	Check No	Amount
900-0000-2043-00	Deferred Compensation 401	ICMA 401-Plan # 108650	PR Batch 70031.12.2015 ICMA -	46370	692.28
			Vendor Subtotal for Dept:0000		1,384.56
			Subtotal for Fund: 900		189,908.95
			Report Total:		1,440,083.89

City Council Meeting
01-25-16
Item 3.B.3.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Lisa Pope, City Clerk

Approved by: Jim Thorsen, City Manager

Date prepared: January 11, 2016 Meeting date: January 25, 2016

Subject: Approval of Minutes

RECOMMENDED ACTION: Approve the minutes for the December 14, 2015 Regular City Council meeting.

FISCAL IMPACT: None.

DISCUSSION: Staff has prepared draft minutes for the December 14, 2015 Regular City Council meeting. Staff hereby submits the minutes for Council's approval.

ATTACHMENTS: December 14, 2015 Regular City Council meeting minutes

MINUTES
MALIBU CITY COUNCIL
REGULAR MEETING
DECEMBER 14, 2015
COUNCIL CHAMBERS
6:30 P.M.

CALL TO ORDER

Mayor Rosenthal called the meeting to order at 6:32 p.m.

ROLL CALL

The following persons were recorded in attendance by the Recording Secretary:

PRESENT: Mayor Laura Rosenthal; Mayor Pro Tem Lou La Monte; and Councilmembers Joan House, Skylar Peak and John Sibert

ALSO PRESENT: Christi Hogin, City Attorney; Jim Thorsen, City Manager; Reva Feldman, Assistant City Manager; Elizabeth Shavelson, Assistant to the City Manager; Matt Myerhoff, Media Information Officer; Bob Stallings, Parks and Recreation Director; Amy Crittenden, Recreation Manager; Bonnie Blue, Planning Director; Stephanie Hawner, Associate Planner; Bob Brager, Public Works Director; and Heather Glaser, Deputy City Clerk

PLEDGE OF ALLEGIANCE

David Saul led the Pledge of Allegiance.

PUBLIC COMMENT ON CLOSED SESSION

None.

The following items were listed on the Closed Session agenda:

Conference with Legal Counsel – Existing litigation pursuant to Government Code Section 54956.9(d)(1):

1. Crown Castle NG West LLC v. City of Malibu
   Court Case No. 2:15-cv-06089-DSF (SSx)

2. Trancas-PCH v. City of Malibu (Housing Element case)
   Los Angeles County Superior Case No. BS145311

CLOSED SESSION REPORT

City Attorney Hogin reported that the Regular meeting convened at 5:30 p.m. at which time the City Council recessed to a Closed Session pursuant to Government Code Section

54956.9(d)(1), with all Councilmembers present. She stated the Council discussed the items listed on the posted agenda and took no reportable action.

APPROVAL OF AGENDA

MOTION Councilmember House moved and Mayor Pro Tem La Monte seconded a motion to approve the agenda. The motion carried unanimously.

REPORT ON POSTING OF AGENDA

Deputy City Clerk Glaser reported that the agenda for the meeting was properly posted on December 3, 2015.

ITEM 1 CEREMONIAL/PRESENTATIONS

None.

ITEM 2.A. PUBLIC COMMENTS

Meril May discussed preparation for El Niño.

Jason Livingston deferred his time to Diane Forte.

Diane Forte, Southern California Edison (SCE), discussed pole replacement in the City. She discussed emergency preparedness for El Niño.

In response to Mayor Pro Tem La Monte, Ms. Forte stated she was not aware of any recent power outage issues in the Big Rock area.

In response to Councilmember Peak, Mr. Livingston stated the pole replacement program was 50% complete.

Mayor Rosenthal requested SCE check on the visual impairment caused by a pole on the northwest corner of Broad Beach Road and Pacific Coast Highway (PCH).

In response to Mayor Rosenthal, Ms. Forte stated the SCE team tasked with the troubleshooting the Malibu area was located in Thousand Oaks. She stated the planned outage email notifications were set to be implemented in the first quarter of 2016.

Norm Haynie discussed commercial development standard parking requirements in the City. He stated the zoning of privately owned property as open space was illegal. He requested both items be brought before the Zoning Ordinance Revisions and Code Enforcement Subcommittee (ZORACES).

ITEM 2.B. COMMISSION / COMMITTEE / CITY MANAGER UPDATES

David Saul, Public Safety Commission Chair, discussed El Niño preparations, low-speed vehicle safety, fireworks, and the quarterly review of the Emergency Preparedness Program.

Eric Myer, Cultural Arts Commission Chair, discussed the Roundup for the Arts campaign, the Concert on the Bluffs event on June 12, 2016, The Board as Canvas Malibu City Hall surfboard exhibit, public art in Malibu, Malibu Salon Series events, and the Legacy Park Public Art Enhancement Plan.

City Manager Thorsen wished everyone happy and safe holidays, and thanked the Administrative Services Department for its hard work on the City's Holiday Open House event. He announced the Civic Center Wastewater Treatment Facility Assessment District ballots were mailed December 11, 2015. He thanked the Fire Department for its response to the Latigo Canyon fire. He discussed the El Niño Preparedness presentation held for the community on December 12, 2015.

ITEM 2.C. SUBCOMMITTEE REPORTS / COUNCIL COMMENTS

Mayor Pro Tem La Monte thanked the Fire Department. He thanked Public Safety Commissioner Saul and Cultural Arts Commissioner Myer. He stated he attended a meeting with Los Angeles County Supervisor Mike Antonovich, the City of Agoura Hills reorganization meeting, two California Contract Cities Association Executive Board meetings, the 5th Annual All Cities Holiday Reception sponsored by the California Contract Cities Association, the Los Angeles County Division of the League of California Cities, and the Los Angeles County Business Federation, and the Malibu Navy League's Toys for Tots holiday event at First Bank for which he thanked John and Anne Payne and the Marines. He stated he attended the City's Holiday Open House event, and that he and Mayor Rosenthal discussed gun control at Pepperdine University. He wished everyone a happy, healthy and safe holiday.

Councilmember Sibert thanked the Fire Department. He stated he attended Southern California Association of Governments meetings regarding the Draft 2016-2040 Regional Transportation Plan and Sustainable Communities Strategy and Program Environmental Impact Report, which were both released for a 60-day public review and comment period on December 3. He discussed stormwater planning. He discussed the access road through Serra Retreat to a Los Angeles County development in the mountains overlooking Malibu, which was recently approved by the California Coastal Commission. He wished everyone a happy holiday season.

Councilmember Peak wished everyone happy holidays. He stated he attended a ZORACES meeting earlier in the day. He thanked Ms. Forte and Mr. Livingston

for their information, he reminded residents to lock their vehicles, and he thanked staff, and the students that performed, for the City's Holiday Open House event.

Councilmember House wished everyone happy holidays. She stated that she, Mayor Rosenthal, and Councilmember Sibert attended the Santa Monica-Malibu PTA Council Holiday Breakfast. She discussed development standards. She thanked Public Safety Commissioner Saul and Cultural Arts Commissioner Myer.

Mayor Rosenthal stated she attended the Business Roundtable, gave an update on the City to the Malibu Optimist Club, and attended a ZORACES meeting. She thanked Media Information Officer Myerhoff and Assistant City Manager Feldman for their work on the City's Holiday Open House event. She encouraged the community to shop local. She stated there were Spark of Love Toy Drive boxes in City Hall for toy donations, and that the community could obtain free, filled sand bags at Zuma Beach or unfilled sand bags at the fire station. She urged the community to sign up for City website notifications and emergency alerts through Everbridge. She announced a request for bids for water conservation outreach services, and the next Library Speaker Series event on January 12, 2016. She wished everyone a happy and safe holiday.

ITEM 3 CONSENT CALENDAR

Item No. 3.B.5. was pulled by the public.

MOTION Councilmember Sibert moved and Councilmember Peak seconded a motion to approve the Consent Calendar, with the exception of Item No. 3.B.5. The motion carried unanimously.

The Consent Calendar consisted of the following items:

A. Previously Discussed Items
None.

B. New Items

1. Waive Further Reading
Recommended Action: After the City Attorney has read the title, waive full reading of ordinances considered on this agenda for introduction on first reading and/or second reading and adoption.

2. Approve Warrants
Recommended Action: Allow and approve warrant demand numbers 45963-46131 listed on the register from the General Fund and direct the City Manager to pay out the funds to each of the claimants listed in Warrant Register No. 563 in the amount of the warrant appearing opposite their names, for the purposes stated on the respective demands in a total amount of $1,282,687.24. City of Malibu payroll check numbers 4612-4617 and ACH deposits were issued in the amount of $324,781.40.

3. Approval of Minutes
Recommended Action: Approve the minutes for the November 9, 2015 Regular City Council meeting.

4. Amendment to Agreement with Access Information Management (Access)
Recommended Action: Authorize the City Manager to execute Amendment No. 2 to Professional Services Agreement with Access for storage of the City's offsite records, services and transportation pertaining to records management.

6. November 3, 2015 Special Municipal Election Results
Recommended Action: Adopt Resolution No. 15-70 reciting the facts of the Special Municipal Election held on November 3, 2015, and declaring the result and such other matters as provided by law.

The following item was pulled for individual consideration:

5. Malibu Library 2016 Use of Set Aside Funds
Recommended Action: Approve the use of set aside funds for the Malibu Library for calendar year 2016.

Pamela Conley Ulich discussed the need for library planning in western Malibu.

Assistant City Manager Feldman presented the staff report. She discussed County staffing and challenges with electronic kiosks or a pop-up library on the west end of Malibu.

Councilmember House thanked Ms. Ulich for her past work on the Malibu library. She discussed www.tudor.com.

MOTION

Mayor Rosenthal moved and Councilmember House seconded a motion to approve the use of set aside funds for the Malibu Library for calendar year 2016.

Councilmember Peak stated he would like to explore the option of better serving the west end of Malibu in the future.

The motion carried unanimously.

ITEM 4 ORDINANCES AND PUBLIC HEARINGS

A. Approval of Use of Community Development Block Grant (CDBG) Funds for a Non-Profit Organization Working with the Homeless
Recommended Action: 1) Conduct a public hearing; 2) Adopt Resolution No. 15-69 authorizing and approving the use of $57,000 in CDBG funds for a new project that will provide for the rehabilitation of a multi-unit residential facility that will

provide for low and moderate income housing; and 3) Amend the Adopted Budget for Fiscal Year 2015-2016 to include $57,000 of revenue and expense to Fund 215 (Community Development Block Grant).

Assistant City Manager Feldman presented the staff report.

In response to Mayor Rosenthal, Assistant City Manager Feldman stated CDBG funds were strictly regulated.

Sheila Hill was not present at the time of the hearing.

Bibi Jordan deferred her time to Paul Elder.

Paul Elder, Community Assistance Resource Taskforce (CART), requested a representative from CART and Malibu Interfaith be appointed to work with Step Up on Second. He suggested a state of emergency be declared in preparation for the effects of inclement weather on the homeless population.

Nancy Rosenguist discussed the homeless population in Malibu.

Claudia Taylor deferred her time to Carol Moss.

Cindy Dorn deferred her time to Carol Moss.

Chelo Alvarez Stehle deferred her time to Carol Moss.

Carol Moss discussed CART. She stated the homeless population had grown. She discussed emergency shelter during El Niño rain events. She discussed a matching grant offer from the Conrad N. Hilton Foundation for Ocean Park Community Center (OPCC) services.

Levi Cunin thanked Ms. Moss. He indicated support for the staff recommendation.

Pamela Conley Ulich thanked community members and Ms. Moss for their hard work and dedication to the Malibu community. She discussed creative ways to find funding for assisting the homeless community.

Matt deNicola discussed CART. He indicated support for the staff recommendation.

Assistant City Manager Feldman stated the Step Up on Second was chosen for their ability to use the available capital funds.

In response to Mayor Rosenthal, Assistant to the City Manager Shavelson discussed emergency shelter locations throughout Los Angeles. She stated the Courthouse was unavailable for the winter season. She discussed the option for busing homeless persons to the closest facility in West Los Angeles.

Mayor Pro Tem La Monte discussed his knowledge of Step Up on Second.

Councilmember Sibert stated the recommended fund use was creative and could be well utilized by a non-profit organization. He discussed work with Congressman Ted Lieu regarding homeless veterans.

Councilmember Peak requested an item come back to allocate matching funds for work with OPCC.

MOTION Councilmember Peak moved and Councilmember House seconded a motion to: 1) adopt Resolution No. 15-69 authorizing and approving the use of $57,000 in CDBG funds for a new project that will provide for the rehabilitation of a multi-unit residential facility that will provide for low and moderate income housing; and 2) Amend the Adopted Budget for Fiscal Year 2015-2016 to include $57,000 of revenue and expense to Fund 215 (Community Development Block Grant).

Councilmember House thanked everyone and stated she would like to refer back to CART on the best use of the funds in the future.

Mayor Rosenthal thanked everyone and recommended that CART apply for a City of Malibu General Fund Grant. She expressed concern for the homeless population during potential El Niño rain events.

The motion carried unanimously.

Mayor Rosenthal encouraged the community to contact Ms. Moss to get involved with CART.

B. Appeal No. 15-008 regarding Conditional Use Permit No. 13-013 (Malibu Community Collective – 22523 Pacific Coast Highway, Unit 3)
Recommended Action: Adopt Resolution No. 15-71 denying Appeal No. 15-008 and approving Conditional Use Permit No. 13-013, an application to permit the operation of a medical marijuana dispensary at an existing commercial building located at 22523 Pacific Coast Highway.

Associate Planner Hawner presented the staff report.

Jennifer Kofin, appellant, discussed safety concerns regarding the proposed location for the dispensary.

Tim Martin, attorney for appellant, discussed PCH safety. He questioned the California Environmental Quality Act (CEQA) exemption. He discussed conflicting resolutions presented to the Council. He discussed Malibu Municipal Code (MMC) Section 17.66.120 (C)(1) and stated the ownership and operation of Malibu Community Collective had changed from Stephen Braverman to Peter Marshall.

Don Schmitz, on behalf of the applicant, stated the California Department of Justice Live Scan could not be provided until the City or the Sheriff required it if/when the application had been approved. He stated the application met the requirements of MMC Section 17.66.120.

Warren Pulley indicated opposition to the staff recommendation.

Jena Chanel wished everyone happy holidays. She indicated support for the staff recommendation.

Antoine Alti, Malibu Colony Liquor, stated the location had never had any issues.

Karen Elias indicated support for the staff recommendation.

Graeme Clifford indicated opposition to the staff recommendation. He stated there was a pedestrian fatality in October 2015 across the street from the proposed location.

Arne Freeman indicated opposition to the staff recommendation. He stated two dispensaries in the City were unnecessary.

Tamer Elshakhs indicated opposition to the staff recommendation. He stated the location did not benefit the community. He stated the applicant submitted falsified documents to the Council.

Devon Davis was not present at the time of the hearing.

Adam Gelfand was not present at the time of the hearing.

Jaclyn Strong, Mothers of Malibu, indicated opposition to the staff recommendation. She stated the proposed location was neither discreet nor safe.

Graham Penniman indicated opposition to the staff recommendation. He stated the location was redundant.

Alexander Willems thanked the Council for the recent Holiday Open House event. He indicated opposition to the staff recommendation.

Matt deNicola discussed Malibu's mission statement. He indicated opposition to the staff recommendation and medical marijuana in Malibu.
Estelle Reyna, Mothers of Malibu, indicated opposition to the staff recommendation.

Annelise Balfour indicated opposition to the staff recommendation.

Jay M. indicated opposition to the staff recommendation.

Natalia Iswara indicated opposition to the staff recommendation.

Bruce Denberg was not present at the time of the hearing.

Yvonne Greene, 99 High Tide, indicated opposition to the staff recommendation. She stated the owner of Malibu Community Collective was unknown.

Mr. Martin stated medical marijuana dispensaries located next to liquor stores was not typical. He discussed CEQA.

Mr. Schmitz stated the Council had specifically changed the law to allow a medical marijuana facility to be opened in the same retail center as a liquor store. He stated the proposed location was not a magnet for dangerous activities.

RECESS

Mayor Rosenthal called a recess at 9:30 p.m. The meeting reconvened at 9:37 p.m. with all Councilmembers present.

Mayor Pro Tem La Monte indicated opposition to the staff recommendation. He stated the location was detrimental to the health and safety of the City. In response to Mayor Pro Tem La Monte, Mr. Schmitz stated Mr. Braverman was still one of the owners of Malibu Community Collective. Mayor Pro Tem La Monte discussed state regulations.

City Attorney Hogin discussed pending state legislation regarding local control over marijuana cultivation and deliveries within the City. She suggested, if the conditional use permit was approved, the Council also impose conditions regulating cultivation and deliveries.

Councilmember House stated she did not support medical marijuana within the City and indicated opposition to the staff recommendation. She stated cultivation and deliveries should be addressed in the MMC.

In response to Councilmember Peak, City Attorney Hogin stated pending state law changes had no bearing on the decision before the Council. She stated the decision was based on judgement and not math. She stated the requirements of MMC Section 17.66.120 (C) should be fulfilled before issuance of a permit.

Councilmember Sibert stated the location met the requirements of the MMC. He questioned whether the applicant had fulfilled all of the requirements of MMC Section 17.66.120 (C).

Mayor Rosenthal thanked the speakers. She stated there was no evidence to support the claim that a dispensary in the proposed location would create additional accidents on PCH.

MOTION Mayor Rosenthal moved and Councilmember Peak seconded a motion to adopt Resolution No. 15-71 denying Appeal No. 15-008 and approving Conditional Use Permit No. 13-013, an application to permit the operation of a medical marijuana dispensary at an existing commercial building located at 22523 Pacific Coast Highway with the additional conditions that no certificate of occupancy shall be issued until all information required by MMC Section 17.66.120 has been submitted to the City, that there shall be no cultivation of marijuana or deliveries of marijuana or any product associated with the permitee, and that the Live Scan requirement apply to all owners, operators, and employees of Malibu Community Collective or its successors in interest. The question was called and the motion carried 3-2, Councilmember House and Mayor Pro Tem La Monte dissenting.

ITEM 5 OLD BUSINESS

None.

ITEM 6 NEW BUSINESS

A. Legacy Park Art Enhancement Plan
Recommended Action: At the recommendation of the Cultural Arts Commission, review and provide input on the Legacy Park Art Enhancement Plan and provide direction on the implementation of prioritized enhancement elements.

Recreation Manager Crittenden presented the staff report.

Craig Hodgetts, Hodgetts and Fung, discussed existing infrastructure, proposed gateway, allée and Country Mart connection art installations, and additional paths, bridges, water features and rest areas.

Calvin Abe discussed landscape opportunities.

Mr. Hodgetts discussed phased implementation.

Margaret Cole was not present at the time of the hearing.

Juri Koll, Venice Institute of Contemporary Art, indicated support for the Legacy Park Art Enhancement Plan presented by Hodgetts and Fung. He stated Legacy Park was a place for the arts to be displayed and remembered.

Karen Follert discussed the native habitat and stated Legacy Park did not need additional infrastructure and unrelated art installations.

Catherine Brickman, Cultural Arts Commission, thanked the Council, City staff and the community. She discussed the addition of art to Legacy Park.

Suzanne Zimmer, Cultural Arts Commission, thanked Hodgetts and Fung for its presentation. She stated Legacy Park could be enjoyed more fully.

Wendy Asher expressed a desire for an enjoyable park in Malibu.

Lynn Dornhelm thanked the Council for considering the project. She stated Legacy Park was not currently drawing the community.

Wendy Sidley, Public Works Commission, indicated support for the Legacy Park Art Enhancement Plan.

In response to Mayor Rosenthal, Ming Fung stated Phase 1 implementation was the most modest, but the enhancements in each phase could be moved to different phases.

Mr. Hodgetts discussed the importance of the natural environment.

Mayor Pro Tem La Monte indicated support for the Legacy Park Art Enhancement Plan.

Councilmember Sibert stated Legacy Park was underutilized. He indicated support for the Legacy Park Art Enhancement Plan as long as it highlighted wildlife.

Councilmember Peak expressed concern regarding flow from the Country Mart and the Lumber Yard into Legacy Park. In response to Councilmember Peak, Recreation Manager Crittenden stated Malibu Country Mart Director of Sustainability Julie Labin had expressed support for connecting Legacy Park to their businesses. Councilmember Peak stated benches and tables would be useful, but trees would suffice for shade. He indicated support for the Legacy Park Art Enhancement Plan.

Councilmember House thanked Hodgetts and Fung and the Cultural Arts Commission. She expressed a need for more shade in Legacy Park and indicated support for the Legacy Park Art Enhancement Plan.

Mayor Rosenthal stated she would like to see trees next to benches in Legacy Park. She indicated support for the Legacy Park Art Enhancement Plan.

City Manager Thorsen thanked Hodgetts and Fung. He discussed access between the Country Mart and Legacy Park. He discussed challenges in receiving approval from the Regional Water Quality Control Board to add additional water features.

Recreation Manager Crittenden reiterated the Council's desire to have the art integration on the Country Mart side moved from Phase 3 to Phase 1.

Councilmember La Monte expressed a desire to see poetry stones.

Councilmember Peak discussed access from the Country Mart to Legacy Park and the need for a budget.

Mayor Rosenthal expressed a desire to see the amphitheater cut up into pieces. She stated the matter should go back the Cultural Arts Commission.

Recreation Manager Crittenden stated the Cultural Arts Commission would work on identifying potential funding.

CONSENSUS

By consensus, the Council indicated support for the draft Legacy Park Art Enhancement Plan and directed staff to have the Cultural Arts Commission review a final plan that includes determining project and phasing costs, identifying potential funding options, change the art installations adjacent to the Country Mart corridor from Phase 3 to Phase 1, and work with the Country Mart owner to identify pedestrian connections between Legacy Park and their commercial property.

ITEM 7 COUNCIL ITEMS

A. Malibu Unified School District Negotiation Committee (Mayor Rosenthal)
Recommended Action: At the request of Mayor Rosenthal, select four Malibu community members to be recommended to the Santa Monica-Malibu Unified School District (SMMUSD) Board of Education for appointment to a new committee expected to be established by the Board, which will be tasked with negotiating the terms for splitting SMMUSD into two separate school districts.

Mayor Rosenthal presented the item. She stated the recommended action had changed.

Craig Foster discussed a potential bi-partisan blue ribbon committee comprised of six persons, three appointed by SMMUSD Superintendent Sandra Lyon and three appointed by City Manager Thorsen.

CONSENSUS

By consensus, the Council referred to the City Manager selection of community members to be recommended to the Santa Monica-Malibu Unified School District (SMMUSD) Board of Education for appointment to a new committee expected to be established by the Board, which will be tasked with negotiating the terms for splitting SMMUSD into two separate school districts.

ADJOURNMENT

At 11:12 p.m., Mayor Rosenthal adjourned the meeting.

Approved and adopted by the City Council of the City of Malibu on _____, 2016.

_____
LAURA ROSENTHAL, Mayor

ATTEST:

_____
LISA POPE, City Clerk
(seal)

City Council Meeting
01-25-16
Item
3.B.4.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Bonnie Blue, AICP, Planning Director

Approved by: Jim Thorsen, City Manager

Date prepared: January 6, 2016 Meeting date: January 25, 2016

Subject: Amendment to Agreement with Lorrie Feinberg

RECOMMENDED ACTION: Authorize the City Manager to execute Amendment No. 3 to Agreement with Lorrie Feinberg, dba Iris Consulting, for development and database management services.

FISCAL IMPACT: The recommended action provides for an increase of $20,000 to the current agreement. If approved, the total agreement will not exceed $126,500. Funding for the amendment is included in the Adopted Budget for Fiscal Year 2015-2016 in Account No. 101-2001-5100 (Planning Professional Services).

DISCUSSION: On August 25, 2014, the Council approved a Professional Services Agreement with Lorrie Feinberg, dba Iris Consulting, for development and database management services in the amount of $46,500. Subsequently, on April 27, 2015, the Council approved Amendment No. 1 to Agreement to include support of the City's document imaging system, OnBase, in the amount of $10,000, and extended the term of the agreement to June 30, 2015. In addition, on July 1, 2015, the Council approved Amendment No. 2 to Agreement to provide ongoing technical support for database management services for the Planning and Environmental Sustainability Departments through Fiscal Year 2015-2016 in the amount of $50,000, and as such, extended the term of the agreement by one year, to June 30, 2016.

The City wishes to amend the agreement in the amount of $20,000 to provide ongoing technical support for database management services for the Planning Department through Fiscal Year 2015-2016. The additional funds will be utilized to develop a department review tracking system to enhance staff's ability to track department reviews and turnaround times for the review of planning applications.

ATTACHMENT: Amendment No. 3 to Agreement with Lorrie Feinberg

AMENDMENT NO. 3 TO AGREEMENT

THIS AMENDMENT NO. 3 TO AGREEMENT is made and entered in the City of Malibu on January 25, 2016, by and between the CITY OF MALIBU, hereinafter referred to as City, and Lorrie Feinberg, dba Iris Consulting, hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

RECITALS

A. On August 25, 2014, the City entered into an Agreement with Consultant for development and database management services (the "Agreement").

B. On April 27, 2015, the City Council approved Amendment No. 1 to Agreement to extend the term of agreement to June 30, 2015, and to increase the Agreement by $10,000, for a total Agreement amount of $56,500, to include support of the City's document imaging system, OnBase.

C. On August 10, 2015, the City Council approved Amendment No. 2 to Agreement to increase the agreement in the amount of $50,000, for a total Agreement amount of $106,500, to provide ongoing technical support for database management services for the Planning and Environmental Sustainability Departments through Fiscal Year 2015-2016 and as such, extended the term of the agreement by one year, to June 30, 2016.

D. The City desires to amend the Agreement to increase the agreement in the amount of $20,000 to provide ongoing technical support for database management services for the Planning Department through Fiscal Year 2015-2016, and Consultant has submitted a proposal for this purpose that is acceptable to the City.

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

1. Section 1.0 – Scope of the Consultant's Services, of the Agreement, is hereby amended as set forth in Exhibit A attached hereto.

2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended to increase the Agreement by $20,000, for a total Agreement amount of $126,500.

3. All terms and conditions of the Agreement not amended by this Amendment No. 3 remain in full force and effect.

This Agreement is executed on _____, 2016, at Malibu, California, and effective as of December 1, 2015.

CITY OF MALIBU:

_____
JIM THORSEN, City Manager

ATTEST:

_____
LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney

CONSULTANT:

By: LORRIE FEINBERG, Iris Consulting

IRIS Consulting

IRIS Consulting
7056 Forbes Avenue
Lake Balboa, CA 91406
818.632.8198

Exhibit A

December 1, 2015

Budget

The costs proposal(s) listed below are estimates only. The rate for IRIS Consulting is $95 per hour. Please see the fee schedule for more detail. The City will only be charged for time spent.

Department/Modules	Scope of Work	Account	Cost
Planning Module	Complete Version 3.0	101-2001-5100	$20,000
		TOTAL	**$20,000**

Fee Schedule

IRIS Consulting Fee Schedule	
Description	**Fee**
Onsite and Offsite Includes all offsite work and all onsite visits before 5:30 pm. Principal Assistant	 $95.00/Hour $65.00/Hour
After Hours Onsite Includes all onsite work after 5:30 pm. Principal Assistant	 $115.00/hour $85.00/hour
Miscellaneous Mileage and travel time are not charged to the client, however a minimum charge for onsite work is 2 hours.	N/A

EXHIBIT A

City Council Meeting
01-25-16
Item 3.B.5

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Reva Feldman, Assistant City Manager

Approved by: Jim Thorsen, City Manager

Date prepared: December 23, 2015 Meeting date: January 25, 2016

Subject: Annual Audit Report and Management Letter for Fiscal Year 2014-2015

RECOMMENDED ACTION: Receive and file the Comprehensive Annual Financial Report for Fiscal Year 2014-2015.

FISCAL IMPACT: None.

DISCUSSION: The City's independent auditors from the firm of Lance, Soll and Lunghard, LLP, have concluded their annual financial audit of the City for the fiscal year ending June 30, 2015, and have approved the issuance of the Comprehensive Annual Financial Report (CAFR).

The CAFR reflects total fund balances of $27.7 million at June 30, 2015, which is an increase of $1.9 million from the previous fiscal year due to revenues exceeding expenditures.

Revenues increased by $4.1 million during the fiscal year mainly due to:

- an increase of $2.3 million in grants reimbursements for several highway improvements capital projects
- a $1.5 million increase in property and other taxes
- an increase of $118,000 in parking citations
- an increase of $200,000 in settlement reimbursement

Expenditures increased by $3.2 million in the fiscal year as a result of:

- a retrospective adjustment of a reduction in $651,000 of insurance premiums from the prior year
- an increase of debt service expenditures of $144,000 due to the refunding of existing certificates of participation (COPs) with the issuance of the Series 2015 Refunding COPs
- a $1.7 million increase in capital outlay costs due to the completion of several capital improvements projects
- a $100,000 increase for computer system upgrades
- an increase in professional services of nearly $600,000

The General Fund reserve totaled $27.8 million at fiscal year end. Of that amount, $20.3 million was available as undesignated; $1 million was reserved for Bluffs Park Landon Center Improvements; $1.1 million was designated for deferred maintenance; $960,000 was designated for Capital Improvement Projects; $2.3 million was reserved for debt service and debt service reserves; $250,000 was reserved for water quality settlement; and $17,000 was reserved for Information Technology.

The City's assets exceeded its liabilities at the close of the fiscal year by $106 million.

The Special Revenue Funds, which account for all restricted monies designated for specific uses, ended the 2014-2015 Fiscal Year with an aggregate Fund Balance of $764,000, representing a decrease of $600,000 from the previous fiscal year.

The 2014-2015 Fiscal Year audit was conducted in accordance with generally accepted auditing standards. The auditors issued a management letter that had no major findings, indicating that the standards applicable to financial audits contained in the *Government Auditing Standards* have been adhered to by the City of Malibu.

ATTACHMENTS:
1) Audit Management Letters
2) Comprehensive Annual Financial Report (CAFR)

• David E. Hale, CPA, CFP • Deborah A. Harper, CPA
• Donald G. Slater, CPA • Gary A. Cates, CPA
• Richard K. Kikuchi, CPA • Michael D. Mangold, CPA
• Susan F. Matz, CPA • David S. Myers, CPA
• Bryan S. Gruber, CPA

December 22, 2015

To the Honorable Mayor and Members of the City Council
City of Malibu, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Malibu (City) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2015 Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements.

As described in Note 1.R, the City changed accounting policies related to pensions reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 in fiscal year 2014-2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the government-wide statement of activities

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

LSL
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and Members of the City Council
City of Malibu, California

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 22, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements and budgetary schedules of nonmajor funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

LSL
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and Members of the City Council
City of Malibu, California

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2014-2015 audit:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.*

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.*

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68.*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2015-2016

GASB Statement No. 72, *Fair Value Measurement and Application.*

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68.*

GASB Statement No. 76, *The Hierarchy of Generally accepted Accounting Principles for State and Local Governments.*

Fiscal year 2016--2017

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

Fiscal year 2017--2018

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Malibu and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

CITY OF MALIBU, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL

REPORT

FOR THE YEAR ENDED JUNE 30, 2015

Prepared by:
City of Malibu
Administrative Services Department
Reva Feldman, Assistant City Manager

CITY OF MALIBU, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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CITY OF MALIBU, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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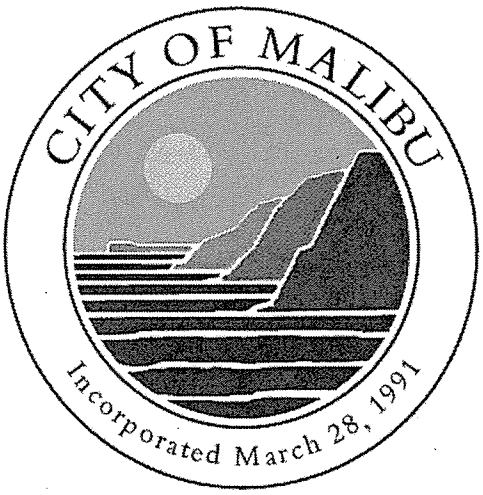

CITY OF MALIBU
Incorporated March 28, 1991

City of Malibu

23825 Stuart Ranch Road, Malibu, California 90265-4861
(310) 456-2489 fax (310) 456-3356 www.malibucity.org

December 23, 2015

Honorable Mayor and City Council
City of Malibu, California

The Comprehensive Annual Financial Report (CAFR) of the City of Malibu for the fiscal year ending June 30, 2015 is hereby submitted. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the information presented is accurate in all material aspects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Malibu. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Malibu, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, a public accounting firm fully licensed and qualified to perform audits of state and local governments within the State of California. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Malibu, California's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Malibu's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Malibu

The City of Malibu was incorporated as a general law city on March 28, 1991 and operates under the council/manager form of government. Located in northwest Los Angeles County, the City encompasses over 20 square miles along the Pacific Ocean. Malibu has a population of approximately 13,000 residents, but with its miles of public beaches, more than 15 million people visit the City each year. The City provides a full range of services, some of which are contracted through outside agencies and/or firms. These services include law enforcement, highways and roads, recreation areas, planning and zoning, building and environmental safety, emergency preparedness and general administrative services.

The City of Malibu has a rich and diverse history. Originally settled by the Chumash Indians, they named the stretch of beach at the mouth of the Malibu Creek "Humaliwo" or "the surf sounds loudly". In 1802, Jose Tapia established a ranch in the area. Passed on through generations, it was eventually sold in 1891 to Fredrick Rindge. Seeking an ideal country home for his family, the private domain was guarded fiercely. Rindge's widow, May, fought off an effort to route the Southern Pacific Railroad through Malibu by establishing her own private railroad. Later, the State of California succeeded in obtaining a right-of-way to build Pacific Coast Highway through the property. A final court battle in the late 1920s forced Rindge to begin leasing and then selling the property at the mouth of Malibu Creek. As most of the purchasers were movie stars, the area became known as the Malibu Movie Colony.

Today, Malibu is a predominantly rural residential community that has become a haven for those seeking to escape the urban life of Los Angeles. Its small commercial sectors consist of many quaint shops and restaurants that welcome locals and visitors alike. Programs and exhibits offered by the Los Angeles County Public Library, Pepperdine University and the Wiesman Museum of Art provide culturally enriching experiences.

Factors Affecting Financial Condition

Malibu's local economy is unique in that it is significantly impacted by climate. In the warm weather months, millions come to Malibu to enjoy the beautiful beaches. During the winter months, rain and pounding surf can flood roads and create landslides, making travel through the City difficult. Since its incorporation in 1991, Malibu has been plagued with disasters, including floods, multiple fires and an earthquake, creating a significant drain on the City's finances. For this reason the City maintains a substantial reserve in its General Fund. Fortunately, Malibu has not experienced any significant disasters since 2007.

While the State of California struggled with a significant budget deficit and many government agencies have been impacted by a slower economy in recent years, the City of Malibu's financial position remains steady. The largest revenue source is property tax, which continues to remain stable due to a strong residential real estate market and stable valuation. Sales tax is relatively unaffected by the economy, as the City has only small retail establishments. Malibu relies heavily on grant funding for many of the capital projects it undertakes and has been successful in securing millions of dollars over the years from various agencies.

Other Information

Budgetary Controls. The City of Malibu maintains a budget control system to ensure compliance with the spending limits incorporated in the annual operating budget adopted by the City Council. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital project funds. Budgetary control is maintained at the fund level for administrative and operating expenditures and at the project level for capital improvements. Only the City Council has the authority to increase total appropriations within any fund, subject to the appropriations limitations established by State law. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Long Term Financial Planning. The City prepares and adopts its budget on an annual basis. Each budget, however, takes into account future years spending needs and revenue availability. Capital projects are budgeted using a multi-year planning approach and other major expenditures are evaluated and budgeted based on expectations of revenues and expenditures in future fiscal years. The City maintains a strong General Fund reserve. As of June 30, 2015, the City had over $27.8 million in total reserves, which allows for flexibility in budget projecting, and also provides the City with funding in the event of an unexpected fiscal emergency in future years. Of this amount, the unassigned General Fund reserve is $20.3 million or 82% of General Fund expenditures and exceeds the City's goal of maintaining a minimum of 50% of the operating expenses.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Malibu for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement from the GFOA is valid for a period of one year. City staff believes that this current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Administrative Services Department staff. Special acknowledgment is given to Julie Matsumoto, Ruth Piyaman and to the assistance of Lance, Soll, & Lunghard LLP, the City's independent auditors. I would also like to thank the City Manager, Mayor and members of the City Council for their support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted.

Reva Feldman
Assistant City Manager

CITY OF MALIBU, CALIFORNIA
LIST OF CITY OFFICIALS

CITY COUNCIL

MAYOR	JOHN SIBERT
MAYOR PRO TEM	LAURA ROSENTHAL
COUNCIL MEMBER	LOU LA MONTE
COUNCIL MEMBER	JOAN HOUSE
COUNCIL MEMBER	SKYLAR PEAK

DEPARTMENT OFFICIALS

CITY MANAGER	JIM THORSEN
ASSISTANT CITY MANAGER	REVA FELDMAN
CITY CLERK	LISA POPE
ENVIRONMENTAL SUSTAINABILITY DIRECTOR	VIC PETERSON
PLANNING DIRECTOR	BONNIE BLUE
PARKS AND RECREATION DIRECTOR	BOB STALLINGS
PUBLIC WORKS DIRECTOR	BOB BRAGER
CITY ATTORNEY	CHRISTI HOGIN

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

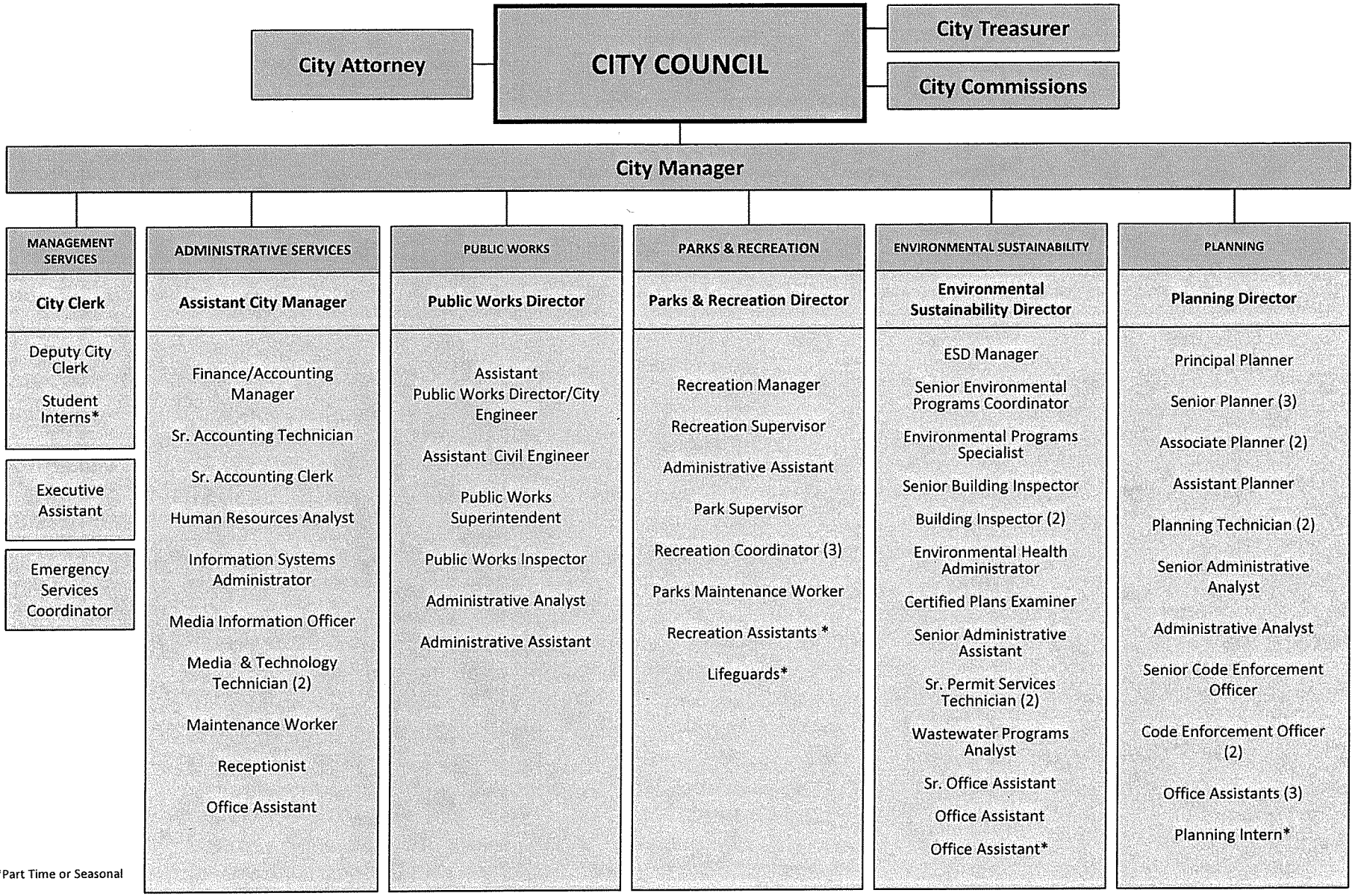
City of Malibu
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ORGANIZATIONAL CHART



*Part Time or Seasonal

• David E. Hale, CPA, CFP • Deborah A. Harper, CPA
• Donald G. Slater, CPA • Gary A. Cates, CPA
• Richard K. Kikuchi, CPA • Michael D. Mangold, CPA
• Susan F. Matz, CPA • David S. Myers, CPA
• Bryan S. Gruber, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Malibu, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Malibu, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

LSL
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and Members of the City Council
City of Malibu, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Malibu, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of contributions, and the schedule of proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

LSL
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and Members of the City Council
City of Malibu, California

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea California
December 22, 2015

CITY OF MALIBU

Incorporated March 28, 1991

As management of the City of Malibu, we offer readers of the City of Malibu's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2015 by $105,884,878 (*net position*). Of this amount, $23,393,274 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $5,043,249.
- As of June 30, 2015, the City's governmental funds reported a combined ending fund balance of $27,753,045, an increase of $1,909,941 in comparison with the prior year. Of this amount, $18,956,024 is available for spending at the government's discretion (*unassigned fund balance*).
- As of June 30, 2015, the unassigned fund balance for the General Fund was $20,284,332 or 82% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is required supplementary information and is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other required supplementary information immediately follows the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements and required supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources as well as on liabilities and deferred inflows of resources. The amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Malibu is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental*

activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include legislative and advisory, general government, public safety, community development, parks and recreation, and public works. Business-type activities are comprised of commercial real estate rental properties.

The government-wide financial statements are in this report's financial section immediately following the Management's Discussion and Analysis (MD&A).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Malibu, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Fund balance is categorized into a hierarchy of five classifications: non-spendable, restricted, committed, assigned, and unassigned. These categories facilitate analysis and understanding of the City's commitment of financial resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Malibu maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Grants Fund, and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided as supplementary information elsewhere in this report.

The City of Malibu adopts an annual appropriated budget for each of its governmental funds, excluding Capital Projects Funds. A budgetary comparison statement has been provided for each governmental fund which has an annual budget to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found in the financial section of this report immediately following the government-wide financial statements.

Proprietary funds. Like the government-wide financial statements, the proprietary fund type provides both long-term and short-term financial information utilizing the economic resources measurement focus. The City of Malibu reports one proprietary fund; the City's commercial real estate rental enterprise fund is represented as a business-type activity in the government-wide financial statements. The individual fund presentation provides detailed information about the operating statements and cash flows. The City adopts an annual budget for this enterprise fund. A budgetary comparison schedule has been provided in the supplementary information section.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report following the fund financial statements.

Supplementary information. In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is found immediately following the notes to the basic financial statements. Optional supplementary information is presented as combining and individual statements for other funds. This optional supplementary information can be found immediately following the required supplementary information.

Government-wide Financial Analysis

City of Malibu Net Position

	Governmental Activities		Business-type Activities		Total	
	(as restated) 30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Current and other assets	$29,598,960	$31,850,444	$3,763,646	$2,845,975	$33,362,606	$34,696,419
Capital assets	78,480,176	81,299,733	39,614,790	38,281,656	118,094,966	119,581,389
Total assets	108,079,136	113,150,177	43,378,436	41,127,631	151,457,572	154,277,808
Deferred outflows from pension	-	640,669	-	-	-	640,669
Deferred charge on refunding	-	93,082	-	746,366	-	839,448
Total deferred outflows	-	733,751	-	746,366	-	1,480,117
Long-term liabilities	30,372,191	28,782,467	16,189,235	16,097,280	46,561,426	44,879,747
Other liabilities	3,116,807	3,112,540	937,710	614,864	4,054,517	3,727,404
Total liabilities	33,488,998	31,895,007	17,126,945	16,712,144	50,615,943	48,607,151
Deferred inflows from pension	-	1,265,896	-	-	-	1,265,896
Total deferred inflows	-	1,265,896	-	-	-	1,265,896
Net investment in capital assets	52,846,493	56,420,837	23,425,555	22,930,742	76,272,048	79,351,579
Restricted	4,397,867	3,128,533	1,801,755	11,492	6,199,622	3,140,025
Unrestricted	17,345,778	21,173,655	1,024,181	2,219,619	18,369,959	23,393,274
Total net position	$74,590,138	$80,723,025	$26,251,491	$25,161,853	$100,841,629	$105,884,878

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Malibu, net position was $105,884,878 at June 30, 2015. The largest portion of the City's net position ($79,351,579 or 75%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position ($3,140,025 or 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($23,393,274 or 22%) may be used to meet the city's ongoing obligations to citizens and creditors.

City of Malibu Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Program revenues:						
Charges for services	$ 6,539,234	$ 6,579,637	$ 1,963,741	$ 2,030,029	$ 8,502,975	$ 8,609,666
Operating contributions and grants	1,730,657	1,358,694	1,000,000	-	2,730,657	1,358,694
Capital contributions and grants	1,443,656	4,261,833	1,448,071	-	2,891,727	4,261,833
General revenues:						
Property taxes	9,894,343	10,349,408	-	-	9,894,343	10,349,408
Other taxes	8,403,612	9,216,962	-	-	8,403,612	9,216,962
Other revenues	903,903	1,614,030	8,020	9,675	911,923	1,623,705
Total revenues	28,915,405	33,380,564	4,419,832	2,039,704	33,335,237	35,420,268
Expenses:						
Legislative and advisory	1,647,329	1,769,366	-	-	1,647,329	1,769,366
General government	4,386,822	4,916,620	-	-	4,386,822	4,916,620
Public safety	6,596,001	6,666,890	-	-	6,596,001	6,666,890
Community development	4,692,585	4,881,782	-	-	4,692,585	4,881,782
Parks and recreation	2,383,727	2,508,922	-	-	2,383,727	2,508,922
Public works	4,618,723	5,826,770	-	-	4,618,723	5,826,770
Interest on long-term debt	1,220,239	1,182,327	-	-	1,220,239	1,182,327
Commercial real estate rental	-	-	2,363,989	2,624,342	2,363,989	2,624,342
Total expenses	25,545,426	27,752,677	2,363,989	2,624,342	27,909,415	30,377,019
Excess/(deficiency) before transfers	3,369,979	5,627,887	2,055,843	(584,638)	5,425,822	5,043,249
Transfers	350,000	505,000	(350,000)	(505,000)	-	-
Increase/(decrease) in net position	3,719,979	6,132,887	1,705,843	(1,089,638)	5,425,822	5,043,249
Net position - July 1, as restated	70,870,159	74,590,138	24,545,648	26,251,491	95,415,807	100,841,629
Net position - June 30	$74,590,138	$80,723,025	$26,251,491	$25,161,853	$100,841,629	$105,884,878

Governmental activities. Governmental activities increased the City's net position by $6,133,000 during the fiscal year in contrast to an increase of $3,720,000 during the prior fiscal year. Key elements include:

- An increase of $460,000 in property taxes due to an increase in revenue received from current year secured property taxes resulting from a slight increase in assessed value.
- An increase of $810,000 in other taxes, mainly due to a $450,000 increase in revenue received from private rental of transient occupancy tax, $180,000 from sales tax and smaller increases in all other taxes (utility users tax, other transient occupancy tax, parking tax, and franchise tax).
- An increase of $2.8 million in capital contributions and grants. This increase is due to reimbursements of $1.6 million from Proposition 84, $240,000 from Los Angeles County Metropolitan Transportation Authority Local Transportation Funds for transit riders, pedestrians and motorists safety improvements, $147,000 from Measure R for highway improvements and $750,000 from Federal funds by Caltrans for highway safety improvements.
- A decrease of $370,000 in operating contributions and grants, mainly due to a decrease of $234,000 in one-time grant revenue received in the prior year from the Los Angeles County Metropolitan Transportation Authority (LACMTA) for public works projects; a decrease of $92,000 from the Los Angeles County

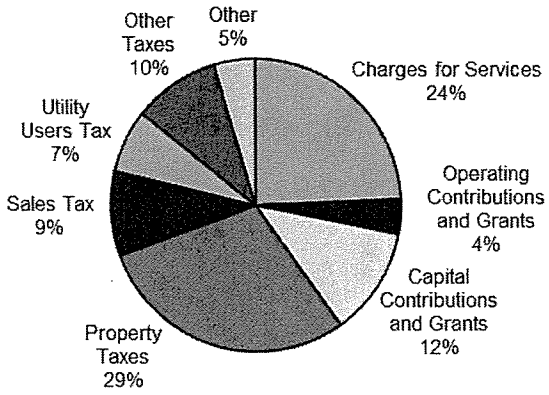
Proposition A recreation reimbursements for previous years adjustments in the prior year; and a decrease of $44,000 in the State Gas Tax monies.

- An increase of $40,000 in charges for services, mainly due to an increase of $143,000 in revenue of passport processing, recreation fees and facility use fees. This increase was offset by a decrease of $95,000 from planning review fees.
- An increase of $120,000 in legislative and advisory expenses, mainly due to an increase of $150,000 in litigation expenditures and a decrease of $50,000 in document imaging services and election expenditures.
- An increase of $530,000 in general government expenses due to a prior year one-time retrospective adjustment of $651,000 reduced insurance premium expenses paid to California Joint Powers Insurance Authority (CJPIA) whereas the current year insurance premium was $430,000. In addition, information systems expenditures increased by $80,000.
- An increase of $1.2 million in public works expenses mainly due to construction costs of non-capitalized projects.
- A transfer of $505,000 in the current year from the City's Business-type Activities, whereas the prior transfer was for $350,000.
- Other smaller changes in revenues and expenses with a resulting net increase of $360,000.

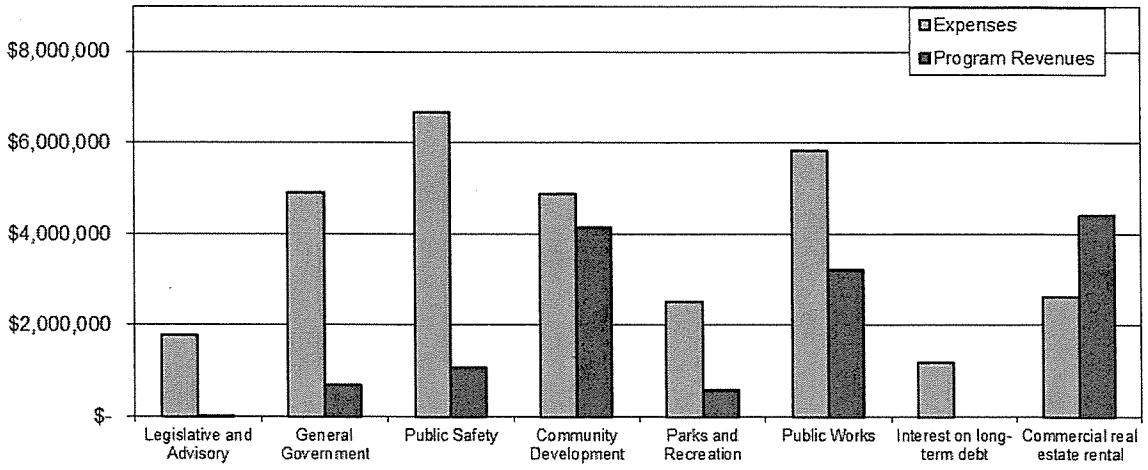
Business-type activities. Business-type activities are financed primarily by fees charged to external parties for goods and services. Business-type activities decreased the City's net position by $1.1 million during the fiscal year in contrast to an increase of $1.7 million during the prior fiscal year. Key elements include:

- Rent revenue increased by $70,000 resulting from increased payments on a percentage income agreement.
- Current year expenses of $2.62 million increased from the prior year's expenses of $2.36 million, and consisted of $1.33 million depreciation expense, $775,000 for interest payments on debt, $214,000 for the cost of refinancing certificate of participations (COPs), and $300,000 of operating costs.
- Operating contributions and grants decreased by $1 million due to a one-time donation in the prior year of $1 million. This donation was used in the current year to prepay a portion of outstanding debt.
- Capital contributions and grants decreased by $1.45 million resulting from a one-time contribution in the prior year for tenant improvements of $1.45 million in capital improvements made to a leased building.
- A transfer of $505,000 in the current year to the City's Governmental Activities, whereas the prior year transfer was $350,000.

Revenues by Source (Government-wide)



Expenses and Program Revenues (Government-wide)



The previous two charts illustrate the City's overall expenses and revenues by source (including both governmental and business-type activities). General revenues such as property, utility users, and sales taxes are not shown by program, but are effectively used to support program activities citywide. Without regard for program, taxes are the largest single source of funds for the City (55%), followed by charges for services (24%), and capital contributions and grants (12%).

Public Safety is the largest expense function, accounting for 21.9% of the total. Public Works is second at 19.1%, with General Government at 16.2%, and Community Development at 16.1% of the total.

Financial Analysis of the City's Funds

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $27,753,045. Revenues of $33,146,865 exceeded expenditures of $31,823,450, resulting in an increase to fund balance of $1,323,415 from normal operations. In addition, the governmental fund balance increased by $505,000 from a transfer from the City's enterprise fund and debt refinancing resulted in an additional $81,500 increase to fund balance.

Revenues increased by $4.1 million from the prior year, due to the following:

- An increase of $1.5 million in taxes (property taxes increased by $460,000, transient occupancy tax increased by $449,000 and sales tax increased by $181,000; other taxes had smaller increases).
- A small decrease of $29,000 in charges for services mainly due to a decrease of $411,000 for building-related activities and an increase of municipal facility use fees, recreation fees, and passport processing totaling $387,000.
- An increase of $2.3 million in intergovernmental revenues due to grants reimbursements for several highway improvements capital projects from Proposition 84, Measure R, LACMTA and Federal funds. In addition the State reimbursed $330,000 for prior years mandated cost claims per Senate Bill (SB) 90.
- A small increase in fines and forfeitures, use of money and property, and others resulted in a net increase of $255,000 mainly due to an increase of parking citations and settlement reimbursement.

Expenditures increased by $3.2 million due to the following reasons:

- Legislative and advisory costs increased by $133,000 mainly due to cost increases in litigation and professional services.
- General government costs increased by $553,000. A large component of the change is because of a retrospective adjustment from California Joint Powers Insurance Authority (CJPIA) resulting in reducing the insurance premium by $651,000 in the prior year and a $100,000 increase for computer system upgrades.
- Principal and interest expense for debt service decreased by $275,000 while other debt costs increased by $418,000 due to the refunding of existing certificates of participation (COPs) with the issuance of the Series 2015 Refunding COPs totaling $5,220,000.
- Community development costs increased by $400,000 due to cost increases in professional services.
- Parks and recreation costs increased by $191,000 due to an increase in professional services to improve the Malibu Bluffs Parkland.
- Capital outlay costs increased by $1.7 million due to the completion of several capital improvements projects.

The governmental funds' combined ending fund balance totals $27,753,045. Approximately 68% ($18,956,024) of this amount constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of the combined ending fund balances is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed as: 1) Nonspendable for prepaid items ($539,956), 2) Restricted for special revenue funds and debt service ($3,128,533), 3) Committed for capital improvement projects and city facilities maintenance ($3,837,149), 4) Assigned for vehicle replacement and for working capital ($1,291,383).

General Fund. The General Fund is the chief operating fund of the City of Malibu and comprises approximately 77% of the governmental expenditures of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $20,284,332 while the total fund balance was $27,814,754. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund's unassigned fund balance represents 82% of General Fund annual expenditures.

The General Fund's fund balance increased in fiscal year 2014-15 by $2.7 million, comparable to the prior year increase of $3.2 million. Although the overall change was comparable to the prior year, there were several significant line item changes:

- Tax revenue increased over the prior year $1.6 million, mainly due to increases in property, transient occupancy and sales taxes.
- Intergovernmental revenue increased nearly $300,000 due to a reimbursement of SB 90 mandated costs claims from State.
- General government expenditures increased $553,000, mainly a result of a retrospective adjustment of reducing $651,000 insurance premiums in the prior year.
- Debt service expenditures increased $144,000 due to the issuance of refunding the certificates of participation in 2015.
- Legislative and advisory costs increased $133,000 due to increased costs for litigation and other professional services.
- Community development costs increased $400,000 due to cost increases in professional services.
- Capital outlay costs increased $77,000 mainly due to increased costs associated with software development.

Grants Special Revenue Fund. This fund is used to account for grants received from other governmental agencies. The majority of funds received are transferred to the Capital Improvements Fund for capital project funding.

Capital Improvements Capital Projects Fund. This fund is used to account for the acquisition, construction, and repair of major facilities and is fully funded by monies transferred from other funds.

Proprietary Fund. This fund is used to account for the commercial real estate rental activity. All revenues and expenses are for the commercial real estate rental program.

Budgetary Highlights

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget to reappropriate prior year approved projects and expenditures and to increase professional services.

General Fund. The General Fund balance reflected a positive net budget variance of $5.0 million (before other financing sources and uses) when comparing actual amounts to the final budget for the current fiscal year. This amount reflects a positive variance of $3.6 million in revenues and a positive variance of $1.4 million in expenditures. The positive revenue variance resulted from actual revenues exceeding the budget for all categories, with $2.3 million being attributed to actual tax revenues being higher than anticipated. The positive expenditure variance resulted from the final budget exceeding the actual expenditures.

The General Fund's revenue budget increased by $284,000 due to receiving late notification of the pending reimbursement for prior years' State Mandated Costs.

The difference between the General Fund original budget and the final amended budget for expenditures was an increase of $1.7 million and is attributed to:

- An increase of $422,500 in the Legislative and Advisory budget for litigation.
- An increase of $531,000 in the Community Development budget for professional services in planning.
- An increase of $364,000 in the Parks and Recreation budget for professional services to improve the Malibu Bluffs Parkland due to the land swap with Charmlee Wilderness Park.
- An increase of $147,000 in the Public Works budget for a traffic engineer of $115,000 and budget carryover for street and tree maintenances of $22,000 and $10,000 for other consultants.
- Other small budget adjustments throughout the year.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for governmental and business type activities as of June 30, 2015 total $119,581,389, (net of accumulated depreciation) a net increase of $1.5 million. The capital assets include land, intangible assets, roadways, buildings, leasehold improvements, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. Capital asset additions totaled $5.4 million, net deletions totaled $920,000, and depreciation expense totaled $3.0 million.

City of Malibu Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Land	$ 9,669,669	$ 9,669,669	$15,404,922	$15,404,922	$ 25,074,591	$ 25,074,591
Right of Way	24,045,543	24,045,543	-	-	24,045,543	24,045,543
Construction in Progress	8,491,519	11,658,652	-	-	8,491,519	11,658,652
Buildings	19,704,871	19,245,700	23,789,410	22,468,047	43,494,281	41,713,747
Equipment and Furniture	863,407	813,137	-	-	863,407	813,137
Vehicles	159,452	155,880	-	-	159,452	155,880
Infrastructure	15,545,715	15,711,152	420,458	408,687	15,966,173	16,119,839
Total	$78,480,176	$81,299,733	$39,614,790	$38,281,656	$118,094,966	$119,581,389

Additional information on the City's capital assets can be found in the Capital Assets Note (Note 3) of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City of Malibu had total debt outstanding of $44,040,299.

City of Malibu Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Employee compensated absences	$ 528,986	$ 569,110	$ -	$ -	$ 528,986	$ 569,110
Capital leases	11,457	-	-	-	11,457	-
Certificates of participation, net	25,622,226	24,971,978	16,189,235	16,097,280	41,811,461	41,069,258
Net pension liability, as restated	4,209,522	3,241,379	-	-	4,209,522	3,241,379
Total	$30,372,191	$28,782,467	$16,189,235	$16,097,280	$46,561,426	$44,879,747

In conjunction with the Malibu Public Financing Corporation, in prior years the City issued certificates of participation for the Legacy Park acquisition and construction as well as for the acquisition and improvement of a civic center building. The debt service on the Legacy Park debt is expected to be funded within the enterprise fund through the collection of rent from commercial tenants; however if operating costs and debt service payments exceed the operating revenues, the City intends to budget within and transfer from the General Fund the amount needed to offset any shortfall in revenue. The debt service on the Civic Center debt will be budgeted for and paid from the General Fund.

The City issued $11,940,000 of taxable refunding certificates of participation (COPs) in May 2015 together with $8,895,000 of tax-exempt refunding certificates of participation (COPs) for both governmental activities and business-type activities to refund the 2006 A and B outstanding COPs (business-type activities) and the 2010 C outstanding COPs (governmental activities).

The amount of general obligation debt a governmental entity may issue is limited by state statutes to a maximum of 15% of the entity's total assessed valuation. The City of Malibu currently has no general obligation debt, and therefore, has no debt that is applicable to the limit. Additional information on the City's long-term debt can be found in the Long-Term Debt Note (Note 4) of the notes to the financial statements.

Economic Factors and Next Year's Budget

The decline of the national and state economies has had a minor financial effect on the City. Assessment information indicates that assessed property values will remain steady

in fiscal year 2015-16. As in prior years, the City developed its fiscal year 2015-2016 budget conservatively.

Revenues. The City's overall fiscal year 2015-16 revenues are budgeted to decrease by $3.9 million over the prior year; however, the growth in tax revenue sources continues to increase consistently. General fund revenues are budgeted to increase by $1.8 million while special revenue funds are budgeted to decrease by $5.7 million due to a reduction in capital grants. It is believed that these conservative budget estimates are realistic. Budgetary expectations reflect:

- The City continues to experience growth in almost all tax revenue sources which include Property Tax, Documentary Transfer Tax, Utility User's Tax, Sales Tax and Transient Occupancy Tax.
- Special revenue funds include $1.7 million of grant funds for capital improvement projects. The projections are consistent with revenue received in these funds in the prior fiscal year.
- Other revenues are expected to remain generally stable from the prior fiscal year.

Expenditures. Expenditures for fiscal year 2015-2016 were budgeted to decrease by $7.8 million from fiscal year 2014-2015 mainly due to reductions in capital expenditures.

Capital Improvements. The City has adopted a multi-year capital improvement program with the next fiscal year's costs totaling $2.4 million. Major projects budgeted for the fiscal year 2015-2016 include:

- $1.3 million for Pacific Coast Highway Traffic Safety and Intersections Improvements
- $1 million for Annual Street Maintenance and Civic Center Way Improvements
- $100,000 for the Malibu Community Labor Exchange New Facility

The City Council is committed to maintaining a strong unassigned General Fund reserve to provide a buffer against unforeseen expenditures.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Malibu for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 23825 Stuart Ranch Road, Malibu, California 90265.

CITY OF MALIBU
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 23,584,766	$ 2,783,765	$ 26,368,531
Accounts receivable	1,197,756	50,718	1,248,474
Interest receivable	22,723	-	22,723
Due from other governments	4,140,706	-	4,140,706
Prepaid expenses	539,956	-	539,956
Restricted assets:			
Cash and cash equivalents with fiscal agent	2,364,537	11,492	2,376,029
Capital assets, non-depreciable	45,373,864	15,404,922	60,778,786
Capital assets, net of accumulated depreciation	35,925,869	22,876,734	58,802,603
Total assets	113,150,177	41,127,631	154,277,808
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	93,082	746,366	839,448
Deferred amount from pension	640,669	-	640,669
Total deferred outflows of resources	733,751	746,366	1,480,117
LIABILITIES			
Accounts payable	2,095,623	24,433	2,120,056
Salaries and wages payable	327,848	-	327,848
Retentions and other accrued liabilities	196,171	-	196,171
Interest payable	492,898	69,156	562,054
Deposits	-	418,613	418,613
Revenue received in advance	-	102,662	102,662
Noncurrent liabilities due within one year	989,000	590,000	1,579,000
Noncurrent liabilities due in more than one year			
Compensated absences	140,110	-	140,110
Certificates of participation	24,411,978	15,507,280	39,919,258
Net pension liability	3,241,379	-	3,241,379
Total liabilities	31,895,007	16,712,144	48,607,151
DEFERRED INFLOWS OF RESOURCES			
Deferred amount from pension	1,265,896	-	1,265,896
NET POSITION			
Net investment in capital assets	56,420,837	22,930,742	79,351,579
Restricted for:			
Debt service	2,364,537	11,492	2,376,029
Public works	711,908	-	711,908
Environmental sustainability	38,074	-	38,074
Parks and recreation	14,014	-	14,014
Unrestricted	21,173,655	2,219,619	23,393,274
Total net position	$ 80,723,025	$ 25,161,853	$ 105,884,878

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative and advisory	$ 1,769,366	$ 20,371	$ -	$ -	$ (1,748,995)	$ -	$ (1,748,995)
General government	4,916,620	747,061	95,743	-	(4,073,816)	-	(4,073,816)
Public safety	6,666,890	801,097	299,041	-	(5,566,752)	-	(5,566,752)
Community development	4,881,782	3,875,962	-	-	(1,005,820)	-	(1,005,820)
Parks and recreation	2,508,922	631,549	-	-	(1,877,373)	-	(1,877,373)
Public works	5,826,770	503,597	963,910	4,261,833	(97,430)	-	(97,430)
Interest on long-term debt	1,182,327	-	-	-	(1,182,327)	-	(1,182,327)
Total governmental activities	27,752,677	6,579,637	1,358,694	4,261,833	(15,552,513)	-	(15,552,513)
Business-type activities:							
Commercial real estate rental	2,624,342	2,030,029	-	-	-	(594,313)	(594,313)
Total	$ 30,377,019	$ 8,609,666	$ 1,358,694	$ 4,261,833	(15,552,513)	(594,313)	(16,146,826)
General revenues:							
Taxes:							
Property tax					10,349,408	-	10,349,408
Utility users tax					2,577,494	-	2,577,494
Transient occupancy tax					1,983,483	-	1,983,483
Franchise tax					795,141	-	795,141
Sales tax					3,488,951	-	3,488,951
Parking occupancy tax					366,252	-	366,252
Motor vehicle in lieu tax, intergovernmental, unrestricted					5,641	-	5,641
Unrestricted investment earnings					107,988	9,675	117,663
Other revenues					1,506,042	-	1,506,042
Transfers					505,000	(505,000)	-
Total general revenues and transfers					21,685,400	(495,325)	21,190,075
Change in net position					6,132,887	(1,089,638)	5,043,249
Net position - beginning of year, as restated					74,590,138	26,251,491	100,841,629
Net position - end of year					$ 80,723,025	$ 25,161,853	$105,884,878

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Totals
ASSETS					
Cash and investments	$ 22,284,648	$ -	$ 548,196	$ 751,922	$ 23,584,766
Accounts receivable	1,173,560	-	-	24,196	1,197,756
Interest receivable	22,723	-	-	-	22,723
Due from other governments	1,564,487	2,434,071	-	142,148	4,140,706
Due from other funds	2,452,242	-	-	-	2,452,242
Prepaid items	539,956	-	-	-	539,956
Restricted assets - cash with fiscal agent	2,364,537	-	-	-	2,364,537
Total assets	$ 30,402,153	$ 2,434,071	$ 548,196	$ 918,266	$ 34,302,686
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,607,499	$ -	$ 352,025	$ 136,099	$ 2,095,623
Salaries and wages payable	327,848	-	-	-	327,848
Retentions and other accrued liabilities	-	-	196,171	-	196,171
Due to other funds	-	2,434,071	-	18,171	2,452,242
Total liabilities	1,935,347	2,434,071	548,196	154,270	5,071,884
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	652,052	825,705	-	-	1,477,757
FUND BALANCES					
Nonspendable					
Prepaid items	539,956	-	-	-	539,956
Restricted					
Public works activities	-	-	-	107,170	107,170
Capital improvement projects	-	-	-	69,777	69,777
Parks and recreation activities	-	-	-	204,570	204,570
Environmental sustainability	-	-	-	38,074	38,074
Special district projects	-	-	-	344,405	344,405
Debt service and debt service reserve	2,364,537	-	-	-	2,364,537
Committed					
Capital improvement projects	958,530	-	502,603	-	1,461,133
Landon Center	1,000,000	-	-	-	1,000,000
City facilities	1,126,016	-	-	-	1,126,016
Water quality settlement	250,000	-	-	-	250,000
Assigned					
Vehicle maintenance & replacement	17,003	-	-	-	17,003
Working capital	1,274,380	-	-	-	1,274,380
Unassigned	20,284,332	(825,705)	(502,603)	-	18,956,024
Total fund balances	27,814,754	(825,705)	-	763,996	27,753,045
Total liabilities, deferred inflows of resources, and fund balances	$ 30,402,153	$ 2,434,071	$ 548,196	$ 918,266	$ 34,302,686

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Fund Balances of Governmental Funds	$ 27,753,045
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,299,733
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,477,757
Pension-related deferred outflows of resources, net of accumulated amortization, have not been reported in the governmental fund.	
*Employer contributions subsequent to the measurement date.	626,811
*Changes in proportion and differences between employer contributions and the proportionate share of contributions	13,858
Pension-related deferred inflows of resources, net of accumulated amortization, have not been reported in the governmental funds:	
*Differences in projected and actual earnings on investments	(1,089,254)
*Changes in proportion and differences between employer contributions and the proportionate share of contributions	(176,642)
Liabilities and deferred charges related to long-term debt are not due and payable in the current period and, therefore, are not reported in the funds, as follows:	
Deferred charge on refunding	93,082
Interest payable	(492,898)
Long-term liabilities	(28,782,467)
Net Position of Governmental Activities	$ 80,723,025

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total
REVENUES					
Taxes	$ 20,350,412	$ -	$ -	$ 384,597	$ 20,735,009
Fines and forfeitures	499,502	-	-	301,595	801,097
Intergovernmental	524,060	4,076,861	-	1,156,868	5,757,789
Use of money and property	100,492	-	-	7,496	107,988
Charges for services	5,243,916	-	-	137,850	5,381,766
Other	363,216	-	-	-	363,216
Total revenues	27,081,598	4,076,861	-	1,988,406	33,146,865
EXPENDITURES					
Current:					
Legislative and advisory	1,778,003	-	-	-	1,778,003
General government	4,217,494	-	-	7,043	4,224,537
Public safety	6,560,090	-	-	106,230	6,666,320
Community development	4,890,506	-	-	132,745	5,023,251
Parks and recreation	2,297,815	-	-	-	2,297,815
Public works	2,174,539	-	-	582,493	2,757,032
Capital outlay	530,390	-	6,287,091	83,954	6,901,435
Debt service:					
Costs of debt issuance	44,306				44,306
Payment to refunding escrow agent	373,855				373,855
Principal	556,457	-	-	-	556,457
Interest	1,200,439	-	-	-	1,200,439
Total expenditures	24,623,894	-	6,287,091	912,465	31,823,450
Revenues over (under) expenditures	2,457,704	4,076,861	(6,287,091)	1,075,941	1,323,415
OTHER FINANCING SOURCES (USES)					
Long term debt issued	5,728,608	-	-	-	5,728,608
Payment to refunding escrow agent	(5,647,082)	-	-	-	(5,647,082)
Transfers in	1,378,000	-	6,287,091	-	7,665,091
Transfers out	(1,211,660)	(4,275,431)	-	(1,673,000)	(7,160,091)
Total other financing sources (uses)	247,866	(4,275,431)	6,287,091	(1,673,000)	586,526
Net change in fund balance	2,705,570	(198,570)	-	(597,059)	1,909,941
FUND BALANCE - BEGINNING	25,109,184	(627,135)	-	1,361,055	25,843,104
FUND BALANCE - ENDING	$ 27,814,754	$ (825,705)	$ -	$ 763,996	$ 27,753,045

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds	$ 1,909,941
Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:	
Cost of assets capitalized	4,497,676
Net cost of capital asset disposals	(20,410)
Depreciation expense	(1,657,709)
Governmental funds report as revenues those monies that become available in the current period but which were earned and reported as revenue in a prior period within the Statement of Activities.	(1,244,058)
Governmental funds exclude revenues for monies that are not available in the current year but which are earned and reported as revenue in the Statement of Activities.	1,477,757
The net expenses of other long-term debt (e.g., compensated absences) are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(40,124)
Governmental funds do not record interest expense until the payment is due. However, the statement of activities reports interest expense as the liability is incurred. The net change in interest payable is a reconciling item to the change in net position.	112,111
Governmental funds report the effect of premiums and discounts when debt is first issued and the loss on debt refunding when the refunding occurs. However, these amounts are deferred and amortized in the statement of activities.	2,749
Governmental funds report proceeds of debt as a financing source when debt is first issued. However, this type of transaction has no effect within the Statement of Activities.	(5,728,608)
Governmental funds report payments to escrow agents for debt refundings. However, this type of transaction has no effect within the Statement of Activities, except for the portion applicable to interest expense through refunding date.	5,924,189
Principal payment on long-term debt is reported as an expenditure in the governmental funds. However, this type of transaction has no effect within the Statement of Activities.	556,457
Pension expense reported in the governmental funds includes the actual contributions made in the fiscal year. Pension expense reported in the Statement of Activities includes the changes in the net pension liability and pension-related deferred outflows/inflows.	
*Change in net pension liability	1,187,509
*Change in deferred outflows of resources related to pensions	421,303
*Changes in deferred inflows of resources related to pensions	(1,265,896)
Change in Net Position of Governmental Activities	$ 6,132,887

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 18,015,000	$ 18,015,000	$ 20,350,412	$ 2,335,412
Fines and forfeitures	300,000	300,000	499,502	199,502
Intergovernmental	35,000	280,327	524,060	243,733
Use of money and property	60,000	60,000	100,492	40,492
Charges for services	4,750,260	4,770,550	5,243,916	473,366
Other	25,750	44,088	363,216	319,128
Total revenues	23,186,010	23,469,965	27,081,598	3,611,633
EXPENDITURES				
Current:				
Legislative and advisory	1,507,819	1,930,320	1,778,003	152,317
General government	4,202,058	4,263,291	4,217,494	45,797
Public safety	6,699,740	6,699,740	6,560,090	139,650
Community development	5,133,755	5,665,016	4,890,506	774,510
Parks and recreation	2,212,349	2,575,948	2,297,815	278,133
Public works	2,471,236	2,618,311	2,174,539	443,772
Capital outlay	291,500	481,670	530,390	(48,720)
Debt service:				
Costs of debt issuance	-	-	44,306	(44,306)
Payment to refunding escrow agent	-	-	373,855	(373,855)
Principal	556,457	556,457	556,457	-
Interest	1,200,439	1,200,439	1,200,439	-
Total expenditures	24,275,353	25,991,192	24,623,894	1,367,298
Revenues over (under) expenditures	(1,089,343)	(2,521,227)	2,457,704	4,978,931
OTHER FINANCING SOURCES (USES)				
Long term debt issued	-	-	5,728,608	5,728,608
Payment to refunding escrow agent	-	-	(5,647,082)	(5,647,082)
Transfers in	-	-	1,378,000	1,378,000
Transfers out	-	-	(1,211,660)	(1,211,660)
Total other financing sources (uses)	-	-	247,866	247,866
Net change in fund balance	$ (1,089,343)	$ (2,521,227)	2,705,570	$ 5,226,797
FUND BALANCE - BEGINNING			25,109,184	
FUND BALANCE - ENDING			$ 27,814,754	

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 5,550,969	$ 7,260,808	$ 4,076,861	$ (3,183,947)
OTHER FINANCING USES				
Transfers out	-	-	(4,275,431)	(4,275,431)
Net change in fund balance	$ 5,550,969	$ 7,260,808	(198,570)	$ (7,459,378)
FUND BALANCE - BEGINNING			(627,135)	
FUND BALANCE - ENDING			$ (825,705)	

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,783,765
Accounts receivable	50,718
Total current assets	2,834,483
Noncurrent assets:	
Retricted:	
Cash and cash equivalents with fiscal agent	11,492
Capital assets, non-depreciable	15,404,922
Capital assets, net of accumulated depreciation	22,876,734
Total noncurrent assets	38,293,148
Total assets	41,127,631
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	746,366
LIABILITIES	
Current liabilities:	
Accounts payable	24,433
Interest payable	69,156
Deposits	418,613
Rent revenue received in advance	102,662
Noncurrent liabilities due within one year:	
Certificates of participation	590,000
Total current liabilities	1,204,864
Noncurrent liabilities:	
Noncurrent liabilities due in more than one year:	
Certificates of participation, net	15,507,280
Total liabilities	16,712,144
NET POSITION	
Net investment in capital assets	22,930,742
Restricted for debt service	11,492
Unrestricted	2,219,619
Total net position	$25,161,853

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
OPERATING REVENUES	
Charges for sales and services:	
Rental income	$ 1,958,960
Other	71,069
Total operating revenues	2,030,029
OPERATING EXPENSES	
Professional and contractual services	152,871
Repairs and maintenance	98,028
Utilities	50,254
Supplies	1,258
Total operating expenses	302,411
Operating income before depreciation	1,727,618
Depreciation expense	1,333,134
Operating income	394,484
NONOPERATING REVENUES (EXPENSES)	
Investment and interest income	9,675
Interest expense	(774,995)
Cost of debt issuance	(213,802)
Total nonoperating revenues (expenses)	(979,122)
Income before transfers	(584,638)
Transfers to governmental funds	(505,000)
Change in net posistion	(1,089,638)
NET POSITION, BEGINNING	26,251,491
NET POSITION, ENDING	$ 25,161,853

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,040,118
Payments to suppliers	(286,381)
Net cash provided by operating activities	1,753,737
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to governmental funds	(505,000)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Interest paid	(841,208)
Principal payment	(1,365,000)
Net proceeds from debt issue	16,099,539
Paid to refunding escrow agent	(15,874,246)
Cost of debt issuance	(213,802)
Net cash used for capital financing activities	(2,194,717)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	9,675
Net increase in cash and cash equivalents	(936,305)
CASH AND CASH EQUIVALENTS, BEGINNING	3,731,562
CASH AND CASH EQUIVALENTS, ENDNG	$ 2,795,257
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 394,484
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,333,134
Increase in accounts receivable	(18,634)
Increase in accounts payable	16,030
Increase in customer deposits	6,999
Increase in unearned revenue	21,724
Total adjustments	1,359,253
Net cash provided by operating activities	$ 1,753,737
Noncash activities:	
Amortization of debt-related deferred items	$ 3,009
Original issue net premium on debt issue	$ 484,539
Deferred amount on refunding of debt	$ 751,634

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Agency Funds	Pension Trust Funds
ASSETS		
Cash and investments	$1,832,976	$ -
Cash and investments with fiscal agent	1,131,903	-
Investments:		
Money market mutual funds	-	200,738
Bond	-	4,166
U.S. stocks	-	109,479
International/global stocks	-	43,696
Specialty	-	6,293
Accounts receivable	4,936	-
Due from other governments	10,933	-
Total assets	$2,980,748	364,372
LIABILITIES		
Accounts payable	40,422	-
Deposits	1,416,515	-
Due to bondholders	1,523,811	-
Total liabilities	$2,980,748	-
NET POSITION		
Restricted for pensions		$ 364,372

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Pension Trust Funds
ADDITIONS	
Contributions by employer	$ 29,798
Investment earnings	16,704
Total additions	46,502
DEDUCTIONS	
Distributions	9,207
Investment losses	5,914
Total deductions	15,121
Change in net position	31,381
NET POSITION - BEGINNING	332,991
NET POSITION - ENDING	$ 364,372

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Malibu (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A. REPORTING ENTITY

The City of Malibu was incorporated in 1991 under the general laws of the State of California. The City has a council-manager form of government and is governed by an elected five-member council. The Mayor position is rotated among the five council members.

As required by generally accepted accounting principles, the accompanying financial statements include the financial activity of the City and its blended component unit, the Malibu Public Financing Corporation. The Corporation is a legally separate entity although in substance it is considered to be part of the City's operations. The City is considered to be financially accountable for the Corporation which is governed by a board comprised entirely of the City's council members. There is no requirement for separate financial statements of the Corporation; consequently, separate financial statements for the Corporation are not prepared. The Corporation's financial activity during the fiscal year consisted of paying debt service on the outstanding certificates of participation and the defeasance of old debt with the issuance of the 2015 Refunding Certificates of Participation (see Note 4).

B. MEASUREMENT FOCUS, BASIS OF PRESENTATION, AND FINANCIAL STATEMENT PRESENTATION

The accounts of the City are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements. The exceptions to this general rule are transactions between the City's governmental funds and the proprietary or fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Position.

The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are classified in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the

operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the difference in fund balance as presented in these statements to the net position as presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary sources susceptible to accrual are property tax, sales tax, transient occupancy tax, franchise fees, highway users tax, investment income, and grant revenues. Generally, revenues are subject to accrual if anticipated to be received within 180 days after year-end. The exception to this general rule is that property taxes are subject to accrual if received within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows. The City has one Proprietary Fund, which is accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary Funds consist of two Pension Trust Funds, which are accounted for using the accrual basis of accounting, and four Agency Funds.

The Pension Trust Funds are used to account for activities of the City's defined contribution plans which are administered by the City. These defined contribution plans accumulate resources for pension benefit payments.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations; consequently, the Agency Funds are not included within the Statement of Changes in Fiduciary Net Position. The Agency Funds account for assets held for specific uses that are not part of the City's operating activities; specifically, monies held by the City as an agent for property owners with special assessments and for monies collected from individuals who have made special deposits with the City for property grading, special events, and donations.

Fund Classifications

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The **Grants Special Revenue Fund** is used to account for projects funded by various grants received from other government agencies. The majority of funds received are transferred to the Capital Improvement Capital Projects Fund to reimburse related capital project expenditures.

The **Capital Improvements Capital Projects Fund** is used to account for financial resources to be used for the acquisition, construction, or repair of major facilities.

The City reports one proprietary fund: The **Commercial Real Estate Rental Fund** accounts for the capital assets being leased to commercial customers (see Note 6). The lease revenue is used to pay the debt service requirements of the long-term liabilities of the fund (see Note 4).

C. BUDGETARY PRINCIPLES

General Budget Policies

The City Manager submits a proposed budget to the City Council by May 15th of each year. The City Council holds public hearings, modifies the City Manager's recommendations, and adopts a final budget by resolution prior to June 30th of each year. The City Manager is authorized to transfer budgeted amounts between line items within a fund. Any revisions or transfers that alter the total appropriations of any fund must be approved by the City Council. Supplemental appropriations may be adopted by the City Council during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles and are used as a management control device. Annual appropriated budgets are adopted for the General Fund and all Special Revenue funds. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The annual budget indicates appropriations by fund, and the legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund.

Continuing Appropriations

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are re-budgeted in the next fiscal year. Unexpended capital improvement appropriations are carried forward until the improvements or programs are complete.

Excess of Expenditures over Appropriations

The legal level of budgetary control is at the fund level for governmental funds. For the year ended June 30, 2015, there were no major funds with expenditures which exceeded appropriations. The nonmajor Brulte Bill Grant Special Revenue Fund had expenditures of $106,230 which exceeded appropriations of $100,000.

Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council. Supplemental appropriations were required during the fiscal year and were approved by the City Council as follows:

	Originally Adopted Budget	Amended Budget
Major Funds:		
General Fund	$ 24,275,353	$ 25,991,192
Nonmajor Funds:		
Special Revenue Funds:		
Solid Waste Management Surcharge	142,018	157,737
Community Development Block Grant	7,043	107,043
Office of Traffic Safety Grant	-	97,250

D. PROPERTY TAX REVENUES

Property taxes are levied, based on the assessed values determined by the Los Angeles County Assessor (the County) as of March 1st and become a lien on the real property at July 1st. Secured taxes are due annually in two installments on November 1st and February 1st, and become delinquent on December 10th and April 10th, respectively. Unsecured taxes are due annually on July 1st and become delinquent on August 31st. The lien date for secured and unsecured property taxes is March 1st of the preceding fiscal year. The total property tax levy is recognized as revenue to the extent that it results in current available resources. Current available resources are those property tax amounts received within 60 days past fiscal year end.

California law limits ad valorem taxes on real property to 1% of value plus taxes necessary to pay indebtedness approved by the voters. Annual increases are limited to the cost of living, not to exceed 2% each year. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited from imposing new ad valorem, sales or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors voting in a general or special election.

E. INVESTMENTS AND INTEREST INCOME ON INVESTMENTS

Investments are stated at fair value which is based on quoted market prices. Cash and investments of the City are managed on a pooled basis. Investment income from the pool is allocated to certain funds quarterly based on the average cash balances in relation to total cash balances. All investments are controlled by an investment policy that is adopted by the City Council and further controlled by State legislation.

F. CAPITAL ASSETS

Capital assets, which include land, intangible assets, buildings, leasehold improvements, equipment and furniture, vehicles, and infrastructure, are reported in the applicable governmental or business-type activities columns of the Government-Wide Financial Statements. Non-infrastructure capital assets are defined by the City as individual assets with an initial, individual cost of more than $3,000 and an expected useful life of three years or more.

Infrastructure capital assets are defined by the City as long-lived capital assets with an initial cost of more than $50,000 that are stationary and can be preserved for at least 35 years (such as streets, storm drains, bridges, etc.). The City has capitalized all infrastructure assets, including those acquired prior to 1980.

All purchased capital assets are valued at cost where historical cost records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Capital leases are capitalized in accordance with generally accepted accounting principles.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

Using the convention of no depreciation expense in the year of acquisition, depreciation is recorded on a straight-line basis over the useful life of the assets as follows:

Buildings & Improvements	5-45 years
Furniture, Machinery, & Office Equipment	3-15 years
Vehicles	5-10 years
Walkways and ramps	45 years
Street network	35 years
Storm drain network	60 years
Bridges	65 years

G. COMPENSATED ABSENCES PAYABLE

Compensated absences include accrued vacation and sick leave that are available to employees in future years either in time off or in cash (upon leaving the employ of the City). The City accounts for compensated absences in accordance with GASB Code Section C60. A liability for compensated absences is reported in governmental funds only if the liability has matured, such as would occur as a result of employee resignations and retirements.

H. RESTRICTED ASSETS

Certain assets are classified as restricted because their use is limited by applicable debt covenants. Specifically, the assets are restricted for principal and interest payments due on long-term debt, are maintained by a trustee as a reserve requirement for debt, or are restricted for payments on projects for which the debt was issued. Other assets may be classified as restricted when monies are held by a fiscal agent to pay contract retentions on certain projects.

I. FLOW ASSUMPTIONS OF RESTRICTED AND UNRESTRICTED RESOURCES

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then to use unrestricted resources as they are needed. See this note's sections (P) and (Q) for additional flow assumption information.

J. PREPAID ITEMS

The City uses the consumption method to account for prepaid items; payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the Statement of Net Position and the Governmental Funds' Balance Sheet will sometimes report separate sections for deferred outflows of resources and for deferred inflows of resources.

The separate financial statement element of deferred outflows of resources represents a consumption of net position/fund balance that applies to a future period(s) which will not be recognized as an outflow of resources (expense/expenditure) until that time. Currently the City has three items that qualify for reporting in this category: The first is for the amount of employer contributions made after the measurement date of the net pension liability; the second is for the changes in proportion and differences between employer contributions and the proportionate share of pension contributions; and the third is for the deferred charge on refunding on long-term liabilities.

The separate financial statement element of deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category: the first two are for deferred inflows related to pensions and the third item is for unavailable revenue

- For the deferred inflows related to pensions, the first item results from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The second item is for the changes in proportion and differences between employer contributions and the proportionate share of contributions.
- Unavailable revenue exists only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds' balance sheet. The governmental funds typically report unavailable revenues for grant receipts which have been earned but which are not received within the City's defined availability period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. DEFERRED COMPENSATION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Pursuant to the IRC 457 subsection (g), all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the Plan. Deferred compensation funds are not subject to the claims of the City's general creditors; consequently, the assets and related liabilities of the plan are not included within the City's financial statements.

M. CASH EQUIVALENTS

Investments with original maturities of three months or less are considered to be cash equivalents.

N. OPERATING AND NON-OPERATING REVENUES AND EXPENSES – PROPRIETARY FUNDS

Operating revenues and expenses result from activities related to renting commercial real estate to customers. All revenues and expenses which do not relate to rental activities and which are not capital in nature are reported as non-operating revenues and expenses.

O. CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2015. At fiscal year-end, the City's commitments with contractors were as follows:

Las Flores Creek Restoration	$ 85,178
Civic Center Wastewater Management	45,657
Broad Beach Road Biofiltration	128,046
Wildlife Road Treatment	145,519
Pacific Coast Highway Bike Route	58,787
Pacific Coast Highway Intersection	22,903
Pacific Coast Highway Bus Stop	13,458
Las Flores & Malibu Road LID Improvements	3,055
	$ 502,603

P. FUND BALANCE

In the fund financial statements, governmental fund balance is made up of the following categories:

Nonspendable fund balance typically includes inventories, prepaid items, and other similar items that must be maintained intact pursuant to legal or contractual requirements.

Restricted fund balance includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a resolution (formal action) of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.

Assigned fund balance is comprised of amounts designated by the City Council for specific purposes which do not meet the criteria to be classified as restricted or committed. In accordance with the City's fund balance policy, the City Council may assign a designee, the City Manager, to make assignments of fund balance.

Unassigned fund balance is the residual classification that includes all spendable amounts not contained in other categories.

In the governmental fund financial statements, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first deplete committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Q. NET POSITION

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This category represents all capital assets, unspent debt proceeds, and required reserves, less accumulated depreciation and the outstanding principal of capital-related debt. The City's capital assets do not represent a financial resource and, consequently, are not readily available for funding current obligations.

Restricted Net Position: This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: This category represents the net position that is not restricted for any purpose.

In the government-wide statements and in the proprietary fund statements, when an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to consider restricted net position to have been depleted before applying unrestricted net position.

R. NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *"Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68."* These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements were applied retroactively. The result of the implementation of these standards decreased the net position at July 1, 2014 by $4,209,522 in the statement of net position.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 69, *"Government Combinations and Disposals of Government Operations,"* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement was required to be implemented in the current fiscal year and did not impact the City.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool, which is available for use by all funds. All funds participate in the pool except for the Pension Trust funds. Cash and investments consisted of the following at fiscal year-end:

	Amount
Pooled Deposits & Investments:	
Demand Deposits	$ 1,617,418
Investments	26,582,999
Pension Trust Investments	364,372
Cash and Investments with Fiscal Agents:	
Investments	3,507,932
Petty Cash	1,090
Total Cash and Investments	$ 32,073,811

Cash and investments are reported in the basic financial statements as follows:

Governmental Funds:	
Unrestricted	$ 23,584,766
Restricted	2,364,537
Proprietary Funds:	
Unrestricted	2,783,765
Restricted	11,492
Fiduciary Funds	3,329,251
Total Cash and Investments	$ 32,073,811

At June 30, 2015, the pooled demand deposit bank balance was $1,717,200. The amount shown for pooled demand deposits is the amount after outstanding checks are subtracted and deposits in transit are added. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end cash balances.

INVESTMENTS AUTHORIZED BY THE CALIFORNIA GOVERNMENT CODE & MALIBU'S INVESTMENT POLICY

The following table identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of either the California Government Code or the City's investment policy (whichever is more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

A separate table addresses investments of debt proceeds that are held by fiscal agents. Those investments are governed by the provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investment Type - Authorized by the California Government Code	Authorized by Malibu's Investment Policy	Maximum Maturity (1)	Maximum Percentage of Portfolio (1)	Maximum Investment in a Single Issuer (1)
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
California State Treasury Obligations	No	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	20% (2)	10% (2)
Commercial Paper	Yes	270 days	15% (2)	5% (2)
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Corporate Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	None
Mortgage Pass-Through Securities/CMO	No	5 years	20%	None
County Investment Pools	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

Notes:

(1) Restrictions are in accordance with the California Government Code unless indicated otherwise.

(2) The restriction is in accordance with the City's Investment Policy which is more restrictive than the California Government Code.

INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

The investment of debt proceeds held by fiscal agents is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments held by the City's fiscal agent. Unless indicated otherwise, the trust agreement does not specify a maximum maturity, a maximum percentage of the portfolio, nor a maximum investment in a single issuer. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

	Certificates of Participation			2008 CFD & 2012 CFD Special	2010 AD Limited Obligation
Investment Type - Authorized by Trust Agreements	2009	2010	2015	Tax Bonds	Bonds
Local Agency Bonds	Allowed	Allowed	Allowed	Allowed	Allowed
U.S. Treasury Obligations	Allowed	Allowed	Allowed	Allowed	Allowed
California State Treasury Obligations	Allowed	Allowed	Allowed	Allowed	Not Allowed
U.S. Agency Securities	Allowed	Allowed	Allowed	Allowed	Allowed
Banker's Acceptances (Note 1)	Allowed	Allowed	Allowed	Allowed	Allowed
Commercial Paper (Note 2)	Allowed	Allowed	Allowed	Allowed	Allowed
Repurchase Agreements	Allowed	Allowed	Allowed	Not Allowed	Allowed
Money Market Mutual Funds	Allowed	Allowed	Allowed	Allowed	Allowed
Local Agency Investment Fund (LAIF)	Allowed	Allowed	Allowed	Allowed	Allowed
Investment agreements	Allowed	Allowed	Allowed	Allowed	Allowed
Certificates of deposit (Note 3)	Allowed	Allowed	Allowed	Not Allowed	Allowed
County of Los Angeles Pooled Investment Fund	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Allowed

Note 1: Maximum maturity allowed is 360 days.
Note 2: Maximum maturity allowed is 270 days except the 2010 AD Limited Obligation Bonds which is 180 days.
Note 3: Maximum maturity allowed is 1 year.

DISCLOSURES RELATING TO INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer an investment has before maturity, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity for operations. The City monitors the interest rate risk inherent in its investments, including those held by fiscal agents, by using specific identification of the investments. Following is a table of these investments as of fiscal year end.

	Fair Value	Maturities
City's Pooled Investments:		
Negotiable Certificates of Deposit		
Goldman Sachs Bank USA	$ 250,230	11/9/2015
GE Capital Bank	250,838	5/2/2016
Banco Popular N America	248,527	3/6/2017
Cit Bank	247,377	3/6/2018
Discover Bank	248,133	3/6/2018
American Express Cent Bank	247,367	3/7/2018
Bank of Baroda	251,085	11/13/2018
BMW Bank of North America	249,200	5/16/2019
Synchrony Bank	248,013	11/16/2020
Wells Fargo Money Market Mutual Fund	64,483	N/A
Local Agency Investment Fund (LAIF)	24,277,746	239 day average
Investments held by fiscal agents - US Bank:		
Money market mutual funds:		
First American Government Obligation Fund	3,507,932	N/A
Total	$ 30,090,931	

At June 30, 2015, the City holds one investment with a maturity date that is greater than five years. The Synchrony Bank Negotiable Certificate of Deposit was acquired on November 10, 2014 and has a maturity date of November 16, 2020.

INVESTMENTS WITH FAIR VALUES HIGHLY SENSITIVE TO INTEREST RATE FLUCTUATIONS

As of fiscal year-end, the City had no investments (including investments held by fiscal agents) whose fair values were highly sensitive to interest rate fluctuations.

DISCLOSURES RELATING TO CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The minimum rating required by (where applicable) the California Government code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type are as follows:

Investment Type	Fair Value	Minimum Legal Rating	Not Rated
City's Pooled Investments:			
Negotiable certificates of deposit	$ 2,240,770	N/A	$ 2,240,770
Money market mutual funds	64,483	N/A	64,483
Local Agency Investment Fund (LAIF)	24,277,746	N/A	24,277,746
Investments held by fiscal agents:			
Money market mutual funds	3,507,932	N/A	3,507,932
	$ 30,090,931		$ 30,090,931

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits as follows: a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City may waive the collateral requirements for deposits that are fully insured up to $250,000 by the FDIC. At fiscal year-end, the City's pooled bank balance of $1,717,200 was comprised of $250,000 insured and $1,467,200 that was collateralized in accordance with state law.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. At fiscal year-end, the City had negotiable certificates of deposit totaling $2,240,770 which were held by the counterparty's trust department.

CONCENTRATION OF CREDIT RISK

The City diversifies its investments by security type and institution. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments guaranteed by the U.S. government, investments in mutual funds, and investments in external investment pools are excluded from the requirement to disclose all investments with more than a 5% concentration in a single security type or in a single financial institution. At fiscal year-end, the City's investment in negotiable certificates of deposit represented 8.4% of the City's pooled investments; the City had no investments in any one issuer that represented 5% or more of the City's pooled investments.

INVESTMENT IN STATE INVESTMENT POOL

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, other asset-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes.

3. CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2015, were as follows:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Governmental Activities				
Nondepreciable capital assets:				
Cost:				
Land	$ 9,669,669	$ -	$ -	$ 9,669,669
Right of way	24,045,543	-	-	24,045,543
Construction in progress	8,491,519	4,067,010	(899,877)	11,658,652
Total nondepreciable capital assets	42,206,731	4,067,010	(899,877)	45,373,864
Depreciable capital assets:				
Cost:				
Buildings and other improvements	22,455,479	304,270	-	22,759,749
Equipment and furniture	1,795,444	71,261	(11,196)	1,855,509
Vehicles	295,410	33,576	-	328,986
Infrastructure	31,314,226	921,436	(22,000)	32,213,662
Subtotal	55,860,559	1,330,543	(33,196)	57,157,906
Accumulated depreciation for:				
Buildings and other improvements	(2,750,608)	(763,441)	-	(3,514,049)
Equipment and furniture	(932,037)	(120,187)	9,852	(1,042,372)
Vehicles	(135,958)	(37,148)	-	(173,106)
Infrastructure	(15,768,511)	(736,933)	2,934	(16,502,510)
Subtotal	(19,587,114)	(1,657,709)	12,786	(21,232,037)
Net depreciable assets	36,273,445	(327,166)	(20,410)	35,925,869
Total net capital assets	$ 78,480,176	$ 3,739,844	$ (920,287)	$ 81,299,733

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Business-type Activities				
Nondepreciable capital assets:				
Cost - Land	$ 15,404,922	$ -	$ -	$ 15,404,922
Depreciable capital assets:				
Cost:				
Buildings and other improvements	29,613,681	-	-	29,613,681
Infrastructure	444,000	-	-	444,000
Subtotal	30,057,681	-	-	30,057,681
Accumulated depreciation for:				
Buildings and other improvements	(5,824,271)	(1,321,363)	-	(7,145,634)
Infrastructure	(23,542)	(11,771)	-	(35,313)
Subtotal	(5,847,813)	(1,333,134)	-	(7,180,947)
Net depreciable assets	24,209,868	(1,333,134)	-	22,876,734
Total net capital assets	$ 39,614,790	$ (1,333,134)	$ -	$ 38,281,656

The City follows the convention of recording no depreciation expense in the year of acquisition and a full year's depreciation expense in the year of disposal. Depreciation expense was charged to programs of the City as follows:

Business-type Activities:	
Commercial real estate rental	$ 1,333,134
Governmental Activities:	
Legislative and advisory	$ 2,566
General government	546,454
Public safety	6,372
Community development	6,123
Parks and recreation	263,573
Public works	832,621
Total depreciation expense	$ 1,657,709

4. LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Unamortized (Discount)/ Premium	Long-Term Amount	Deferred Amount on Refunding
Governmental Activities:								
Compensated absences	$ 528,986	$ 468,934	$ (428,810)	$ 569,110	$ (429,000)	N/A	$ 140,110	$ -
Capital leases	11,457	-	(11,457)	-	-	N/A	-	-
Certificates of participation -								
2009 Series A	18,330,000	-	(340,000)	17,990,000	(355,000)	24,285	17,659,285	-
2009 Series B	765,000	-	(55,000)	710,000	(55,000)	800	655,800	-
2010 Series C	6,000,000	-	(6,000,000)	-	-	-	-	-
2010 Series D	565,000	-	(40,000)	525,000	(40,000)	(4,119)	480,881	-
2015 Refunding Series B	-	5,220,000	-	5,220,000	(110,000)	506,012	5,616,012	(93,082)
Total	$ 26,200,443	$ 5,688,934	$ (6,875,267)	$ 25,014,110	$ (989,000)	$ 526,978	$ 24,552,088	$ (93,082)
Business-Type Activities:								
Certificates of participation -								
2006 Series A & B	$ 16,290,000	$ -	$ (16,290,000)	$ -	$ -	$ -	$ -	$ -
2015 Refunding Series A	-	11,940,000	-	11,940,000	(580,000)	(105,127)	11,254,873	(639,549)
2015 Refunding Series B	-	3,675,000	-	3,675,000	(10,000)	587,407	4,252,407	(106,817)
Total	$ 16,290,000	$ 15,615,000	$ (16,290,000)	$ 15,615,000	$ (590,000)	$ 482,280	$ 15,507,280	$ (746,366)

A. COMPENSATED ABSENCES (GOVERNMENTAL ACTIVITIES)

The City's policies related to compensated absences are described in Note 1. The general fund has been used in prior years to liquidate the compensated absences liability; the City expects to continue using the general fund to liquidate the compensated absences liability.

B. CAPITAL LEASES (GOVERNMENTAL ACTIVITIES)

The City has entered into lease agreements for copy machines. For accounting purposes, the lease agreements qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rates on the capital leases range from 3% to 6%. The assets acquired through capital leases are included in the Equipment and Furniture category of capital assets at a cost of $128,139 with accumulated depreciation of $128,139 as of June 30, 2015.

C. CERTIFICATES OF PARTICIPATION

2009 Series A and B (Governmental Activities)

The City issued $19,475,000 of certificates of participation in September 2009 at a premium of $31,507. The purpose of the certificates was to reimburse the City for the acquisition of a 35,000 square-foot building which has been converted into a city hall. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments and annual principal payments due on the certificates. Installment payments for the issues are payable from any source of lawfully available funds of the City. Series A was issued for $18,660,000 and is a tax-exempt issue. Series B was issued for $815,000 and is taxable. The interest rate on the certificates is fixed and ranges from 3.9% to 5.7%. Semi-annual interest payments are due on January 1 and July 1 beginning on January 1, 2010. Annual principal payments are due on July 1 in years 2013 through 2039. At June 30, 2015, the required reserve balance for debt service was $1,314,287 and has been reported as a restricted asset in the General Fund.

2010 Series C (Governmental Activities)

The City issued $6,000,000 of tax-exempt certificates of participation in March 2010 at a discount of $76,236. The purpose of the certificates was to provide funds for renovating, equipping, and improving the building which has been converted into a city hall for the City. During fiscal year 2014-15, the certificates were refunded in the amount of $5,890,000 by a portion of the 2015 Series B Refunding Certificates of Participation. Money has been placed in an irrevocable trust; the certificates are considered to be defeased and the liability for the certificates has been removed from the City's records. At June 30, 2015, $5,890,000 of certificates is outstanding and has a scheduled repayment on the call date of July 1, 2015.

2010 Series D (Governmental Activities)

The City issued $565,000 of taxable certificates of participation in March 2010 with no discount or premium. The purpose of the certificates was to provide funds for renovating, equipping, and improving the building which has been converted into a city hall for the City. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments and annual principal payments due on the certificates. Installment payments for the issues are payable from any source of lawfully available funds of the City. The interest rate on the certificates is fixed and ranges from 2.0% to 5.968%. Semi-annual interest payments are due on January 1 and July 1 beginning on July 1, 2010. Annual principal payments are due on July 1 in years 2014 through 2039. At June 30, 2015, the required reserve balance for debt service was $185,260 and has been reported as a restricted asset in the General Fund.

2006 Series A (Business-Type Activities)

The City issued $12,425,000 of taxable certificates of participation in March 2006 with no discount or premium. The purpose of the certificates was to finance a portion of the acquisition of Legacy Park and the related commercial lease properties. During fiscal year 2014-15, the certificates were refunded in the amount of $10,795,000 by the 2015 Series A Refunding Certificates of Participation. Money has been placed in an irrevocable trust; the certificates are considered to be defeased and the liability for the certificates has been removed from the City's records. At June 30, 2015, $10,795,000 of certificates is outstanding and has a final scheduled repayment on the call date of July 1, 2016.

2006 Series B (Business-Type Activities)

The City issued $5,155,000 of tax-exempt certificates of participation in March 2006 at a discount of $138,552. The purpose of the certificates was to finance a portion of the acquisition of Legacy Park and the related commercial lease properties. During fiscal year 2014-15, the certificates were refunded in the amount of $4,130,000 by a portion of the 2015 Series B Refunding Certificates of Participation. The certificates were paid in full on May 26, 2015.

2015 Refunding Series A (Business-Type Activities)

In May 2015, the City issued $11,940,000 of taxable refunding certificates of participation at a discount of $105,881. The purpose of the certificates was to refund the 2006A outstanding certificates of participation in the amount of $10,795,000. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments and annual principal payments due on the certificates. Installment payments for the issues are payable from any source of lawfully available funds of the City. The interest rate on the certificates is fixed and ranges from 0.350% to 3.250%. Semi-annual interest payments are due on November 1 and May 1 beginning on November 1, 2015. Annual principal payments are due on November 1 in years 2015 through 2032. There is no required reserve.

The refunding resulted in a difference between the reacquisition price of the 2006A Series and the net carrying amount of the 2015A Series of $644,222. This difference is reported as a deferred loss on refunding which is reported in the basic financial statements as a deduction from long-term debt. It is being amortized on a straight-line method through July 1, 2032. The issuance results in savings of $1,351,862 and an economic gain (difference between the present value of the new and old debt service requirements) of $1,166,453.

2015 Refunding Series B (Governmental Activities and Business-Type Activities)

In May 2015, the City issued $8,895,000 of tax-exempt refunding certificates of participation at a premium of $1,099,028. The purpose of the certificates was to refund the 2006B outstanding certificates of participation (business-type activities) in the amount of $4,130,000 and the 2006C outstanding certificates of participation (governmental activities) in the amount of $5,890,000. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments and annual principal payments due on the certificates. Installment payments for the issues are payable from any source of lawfully available funds of the City. The interest rate on the certificates is fixed and ranges from 2.000% to 5.000%. Semi-annual interest payments are due on November 1 and May 1 beginning on November 1, 2015. Annual principal payments are due on November 1 in years 2015 through 2039. There is no required reserve.

The refunding of the 2006B Series resulted in a difference between the reacquisition price of the 2006B Series and the net carrying amount of the applicable portion of the 2015B Series of $107,412. This difference is reported as a deferred loss on refunding which is reported in the basic financial statements as a deduction from long-term debt. It is being amortized on a straight-line method through July 1, 2036. The issuance results in savings of $413,599 and an economic gain (difference between the present value of the new and old debt service requirements) of $319,822.

The refunding of the 2010C Series resulted in a difference between the reacquisition price of the 2010C Series and the net carrying amount of the applicable portion of the 2015B Series of $93,572. This difference is reported as a deferred loss on refunding which is reported in the basic financial statements as a deduction from long-term debt. It is being amortized on a straight-line method through July 1, 2039. The issuance results in savings of $1,183,397 and an economic gain (difference between the present value of the new and old debt service requirements) of $762,806.

D. ANNUAL AMORTIZATION REQUIREMENTS

The annual requirements to amortize all certificates of participation as of June 30, 2015, are as follows:

Year Ending June 30,	Governmental Activities Certificates of Participation Principal	Interest	Total
2016	$ 560,000	$ 1,129,381	$ 1,689,381
2017	570,000	1,115,647	1,685,647
2018	590,000	1,092,583	1,682,583
2019	620,000	1,067,203	1,687,203
2020	645,000	1,038,308	1,683,308
2021-2025	3,735,000	4,660,712	8,395,712
2026-2030	4,655,000	3,683,409	8,338,409
2031-2035	5,770,000	2,515,875	8,285,875
2036-2040	7,300,000	948,000	8,248,000
Totals	$ 24,445,000	$ 17,251,118	$ 41,696,118

Year Ending June 30,	Business-type Activities Certificates of Participation Principal	Interest	Total
2016	$ 590,000	$ 527,205	$ 1,117,205
2017	570,000	523,615	1,093,615
2018	575,000	518,548	1,093,548
2019	580,000	510,352	1,090,352
2020	590,000	499,328	1,089,328
2021-2025	3,190,000	2,257,988	5,447,988
2026-2030	3,675,000	1,694,828	5,369,828
2031-2035	4,095,000	883,765	4,978,765
2036-2037	1,750,000	73,746	1,823,746
Totals	$ 15,615,000	$ 7,489,375	$ 23,104,375

5. LIMITED OBLIGATION BONDS

Community Facilities District No. 2006-1 (Carbon Beach)

The Community Facilities District No. 2006-1 of the City of Malibu (CFD) has issued special tax bonds pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the undergrounding of utilities along Pacific Coast Highway at Carbon Beach. Although the City collects and disburses funds for the CFD, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds; therefore, the bonded indebtedness is not shown in the financial statements of the City. The City holds construction funds and reserve funds on behalf of bondholders; the construction funds are recorded in the Carbon Beach CFD Capital Projects Fund and the reserve funds are recorded in the Carbon Beach CFD Agency Fund. The original CFD Bonds were issued for $4,365,000 and were refunded in July 2011; the refunding bonds were issued for $3,900,000 in July 2011. The bonds outstanding at June 30, 2015 total $3,490,000.

Assessment District No. 2010-1 (Broad Beach)

The City of Malibu Broad Beach Road Underground Utilities Assessment District 2010-1 (AD) has issued limited obligation improvement bonds pursuant to the Improvement Bond Act of 1915 to finance the undergrounding of utilities in a portion of Broad Beach Road. Although the City collects and disburses funds for the AD, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the

taxing power of the City is pledged to the payment of the bonds; therefore, the bonded indebtedness is not shown in the financial statements of the City. The City holds construction funds and reserve funds on behalf of bondholders; the construction funds are recorded in the Broad Beach AD Capital Projects Fund and the reserve funds are recorded in the Broad Beach AD Agency Fund. The AD Bonds were originally issued for $2,238,285; bonds outstanding at June 30, 2015 total $1,845,000.

Community Facilities District No. 2012-1 (Civic Center Wastewater Treatment Plant Design)

The Community Facilities District No. 2012-1 of the City of Malibu (CFD) has issued special tax bonds pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the design of a wastewater treatment plant serving the City's civic center area. Although the City collects and disburses funds for the CFD, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds; therefore, the bonded indebtedness is not shown in the financial statements of the City. The City holds project funds and reserve funds on behalf of bondholders; the project funds are recorded in the Civic Center Wastewater Treatment Plant CFD Capital Projects Fund and the reserve funds are recorded in the Civic Center Wastewater Treatment Plant CFD Agency Fund. The CFD Bonds were originally issued for $6,500,000; bonds outstanding at June 30, 2015 total $6,500,000 with the first principal payment scheduled for September 2016.

6. OPERATING LEASES – CITY AS LESSOR

The City's Commercial Real Estate Rental Enterprise Fund owns three commercial properties at the Legacy Park site; one of the properties is divided into two leasable spaces. As of June 30, 2015, the City has four non-cancelable tenant leases on the properties.

Office Building: This property is comprised of two spaces available to be leased. The property is valued at $1,141,105 for the land and $2,924,082 for the building. The building has accumulated depreciation of $1,608,246 at June 30, 2015.

1) A lease was signed on January 6, 2010 and amended on June 9, 2010 for 3,356 square feet of the total 4,501 square feet of this building. The lease was effective on January 6, 2010 for a ten-year period with an option to extend for one, ten-year period. For 2015, the minimum monthly lease payment is $14,564. The monthly rent increases by 3% annually on January 6. There are no contingent rental payments on this lease.

2) A lease was signed on May 14, 2012 for 1,145 square feet of the total 4,501 square feet of this building. The lease was effective on January 14, 2013 for a ten-year period with an option to extend for one, ten-year period. The minimum monthly lease payment is $3,538 for January 14, 2015 through January 13, 2016. The monthly rate increases by 3% on January 14 of each year for the remainder of the lease term. There are no contingent rental payments on this lease.

Animal Hospital: The City assumed the existing lease upon purchase of the Legacy park site in 2006; an extension to the lease was executed on April 10, 2013 which extends the lease through January 1, 2025. For January 2015 through December 2015, the minimum monthly lease payment is $22,083 with an annual rent reduction of $25,000 for the ten-year lease term. The monthly lease payment will increase by 2% on each January 1 during the remainder of the lease term. There are no contingent rental payments on this lease. This leased property is valued at $855,829 for the land and $2,303,900 for the building and its improvements. The building has accumulated depreciation of $457,527 as of June 30, 2015.

Lumber Yard: The City executed a master lease agreement for the property in 2008 with the lease commencing on March 1, 2008 and continuing through March 1, 2046 with an option to extend to 2062. The minimum monthly lease payments from March 1, 2013 through March 1, 2018 are $80,937. The lease has a fixed amount increase on March 1, 2018 and every five years thereafter. Additionally, the City receives a percentage rental income based on a formula by which the City receives 30% of the tenant's income collected past $2.2 million annually. In fiscal year 2014-15, the City received $529,190 of the 30% of the tenant's income. This leased property is valued at $3,138,040 for the land and $14,588,211 for the building. The building has accumulated depreciation of $4,376,434 as of June 30, 2015.

Future minimum lease payments are due to the City as follows:

Year Ending June 30,	Total
2016	$ 1,434,806
2017	1,462,971
2018	1,507,638
2019	1,520,239
2020	1,431,852
2021-2025	6,643,950
2026-2030	5,532,482
2031-2035	5,809,105
2036-2040	6,099,560
2041-2045	6,404,540
2046	867,712
Total	$ 38,714,855

7. DEFICIT FUND BALANCES

Major Fund

The Grants Special Revenue Fund has a deficit fund balance of $825,705 at June 30, 2015. This deficit is expected to be relieved by the receipt of grant monies.

8. RETIREMENT BENEFITS

A. DEFINED BENEFIT PLAN

PLAN DESCRIPTION

The City of Malibu's defined benefit pension plan is part of the Miscellaneous Risk Pool of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan, which acts as a common investment and administrative agent for participating public employers within the State of California. All qualified permanent and probationary employees are eligible to participate in one of the City's Plans. The City has a two-tiered plan depending on an employee's entry date into the plan.

- Plan A is for employees who enter the plan prior to January 1, 2013, and provides 2% of final average compensation per year of service at age 55. The final average compensation is based on the final twelve months of compensation.
- Plan B is for employees who enter the plan on or after January 1, 2013, and provides 2% of final average compensation per year of service at age 62. The final average compensation is based on the final three years of compensation. This plan is in accordance with the Public Employees' Pension Reform Act (PEPRA).

Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

BENEFITS PROVIDED

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age fifty with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five 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.

The Plans' provisions and benefits are summarized as follows:

	Miscellaneous Risk Pool	
	Tier I	Tier II - PEPRA
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of 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%	6.50%
Required employer contribution rates	12.330%	6.70%

CONTRIBUTIONS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions 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. The employee and employer contributions recognized as a reduction to the net pension liability totaled $588,129.

PENSION LIABILITIES, PENSION EXPENSES, & DEFERRED OUTFLOWS/INFLOWS OF PENSION-RELATED RESOURCES

As of June 30, 2015, the City reported net pension liabilities totaling $3,241,041 for the Tier I Plan and $338 for the Tier II plan.

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, 2014, 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, 2013, rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share 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 all Plans as of June 30, 2013 and 2014 was as follows:

	Miscellaneous Risk Pool
Proportion - June 30, 2013	0.00002%
Proportion - June 30, 2014	0.00001%
Change - Increase (Decrease)	-0.00001%

For the year ended June 30, 2015, the City recognized pension expense of $342,916. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 626,811	$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	13,858	(176,642)
Net differences between projected and actual earnings on plan investments	-	(1,089,254)
Total	$ 640,669	$ (1,265,896)

The $626,811 deferred outflow of resources related to the contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	Amount
2015-16	$ 330,450
2016-17	330,450
2017-18	318,825
2018-19	272,313
Totals	$ 1,252,038

ACTUARIAL ASSUMPTIONS

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Risk Pool
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	3.3% - 14.2% (1)
Investment rate of return	7.5% (2)
Mortality	(3)

Notes
(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 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

The discount rate used to measure the total pension liability was 7.50% for each 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% 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.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this account valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as a change in the methodology occurs.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Stratetic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

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 one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous Risk Pool
1% Decrease	6.5%
Net Pension Liability	$ 5,775,133
Current Discount Rate	7.5%
Net Pension Liability	$ 3,241,379
1% Increase	8.5%
Net Pension Liability	$ 1,138,602

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

PAYABLE TO THE PENSION PLAN

At June 30, 2015, the City had no outstanding amount of contributions due to the pension plan required for the year ended June 30, 2015 for the CalPERS plans.

B. DEFINED CONTRIBUTION PLANS – CITY ADMINISTERED

In March 2004, the City adopted a defined contribution pension plan with benefits at retirement for the City Manager and a separate, defined contribution pension plan with benefits at retirement for the City's department heads. The plans were established by City Resolution, may be amended by the City Council, and are administered by the City. In a defined contribution pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The plans are administered by the City and, as such, the financial statements of the plan are included as pension trust funds within the City's financial statements; no other reports are available for these plans. The plans' financial statements are prepared using the accrual basis of accounting, and all contributions are recognized in the period that the contributions are due. Plan investments are reported at fair value and are based on quoted market prices.

CITY MANAGER PLAN

The plan requires the City to contribute six percent of the City Manager's salary; the City Manager is not allowed to make contributions. The contributions and any interest earned immediately vest in full. Terminated employees are not allowed to participate in the plan; all vested assets of terminated employees are removed and are under the control of the terminated employee. During fiscal year 2014-15, the City contributed $12,376 on behalf of the City Manager, based on a salary of $206,260 for the covered period. There was one covered employee during the year. Assets of the plan totaled $141,460 at June 30, 2015.

DEPARTMENT HEAD PLAN

The plan requires the City to contribute $3,000 annually (or a proportional amount based on the covered time period) on behalf of each member; members are not allowed to make contributions. The contributions and any interest earned immediately vest in full. Terminated employees are not allowed to participate in the plan; all vested assets of terminated employees are removed and are under the control of the terminated employee. During fiscal year 2014-15, the City contributed a total of $17,422 on behalf of the covered employees. There were seven covered employees during the year. Assets of the plan totaled $222,912 at June 30, 2015.

Summary financial statements for the two defined contribution plans follow:

City of Malibu
Combining Statement of Net Position - Pension Trust Funds
June 30, 2015

	Department Head Plan	City Manager Plan	Total Pension Trust Funds
Assets:			
Cash and investments	$ 222,912	$ 141,460	$ 364,372
Net Position:			
Held in trust for pension benefits	$ 222,912	$ 141,460	$ 364,372

City of Malibu
Combining Statement of Changes in Net Position - Pension Trust Funds
For the Year Ended June 30, 2015

	Department Head Plan	City Manager Plan	Total Pension Trust Funds
Additions:			
Contributions by employer	$ 17,422	$ 12,376	$ 29,798
Investment earnings	8,298	8,406	16,704
Total additions	25,720	20,782	46,502
Deductions:			
Distributions	9,207	-	9,207
Investment losses	4,283	1,631	5,914
Total deductions	13,490	1,631	15,121
Change in net position	12,230	19,151	31,381
Net position - beginning of year	210,682	122,309	332,991
Net position - end of year	$ 222,912	$ 141,460	$ 364,372

C. DEFINED CONTRIBUTION PLAN – ADMINISTERED BY PUBLIC AGENCY RETIREMENT SYSTEM

In January 2007, the City entered into a defined contribution pension plan with Public Agency Retirement System (PARS) for all of its part-time employees. The plan was established by City Resolution and may be amended by the City Council. The plan is administered by PARS; no separate financial statements are available for this plan. Plan investments are reported at fair value and are based on quoted market prices.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan. Plan members are required to contribute 6.2% of their salaries, and the City is required to contribute 1.3% of the members' salaries. The contributions and any interest earned immediately vest in full.

For the year ended June 30, 2015, the City's covered payroll was $262,792 for the 63 employees participating in the plan. The City made employer contributions of $3,416, and employees contributed $16,293. Assets of the plan totaled $104,763 at June 30, 2015.

D. DEFINED CONTRIBUTION PLAN – ADMINISTERED BY ICMA RETIREMENT CORPORATION

In July 2006, the City entered into a defined contribution pension plan with ICMA Retirement Corporation (ICMA) for all of its full-time employees. The plan was established by City Resolution and may be amended by the City Council. The plan is administered by ICMA; no separate financial statements are available for this plan. Plan investments are reported at fair value and are based on quoted market prices.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time employees are eligible to participate from the date of employment. In this defined contribution plan, the City is required to match an employee's contributions to a 457 Deferred Compensation account, up to $50 per pay period; while the City Manager and Department Heads may contribute to this plan, the City does not match their contributions. The contributions and any interest earned immediately vest in full.

The amount contributed by the City immediately goes into an employee's individual account; consequently, the City does not have total plan assets to report. During the year ended June 30, 2015, there were 62 employees participating in the plan. The City made employer contributions of $69,950, and employees contributed $307,341.

9. OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The City provides post-employment medical benefits to full-time employees who retire directly from the City under CalPERS (see Note 8A). Benefit provisions are established and may be amended by the City Council. The City participates in the California Employer's Retiree Benefit Trust Program (CERBT) Prefunding Plan. CERBT is administered by the CalPERS and is an agent multiple-employer plan. Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

ELIGIBILITY

All employees hired prior to December 1, 2005 who retire from the City can continue to participate in the City's medical plans and will eventually receive 100% employer contribution for health benefits. For fiscal year 2014-15, the City was required to pay 67% to 100% of retirees' health premiums; this percentage will increase by 5% each year until, ultimately, the City will pay 100% of the cost of health care for these retirees. All employees hired on or after December 1, 2005 who retire under CalPERS are eligible to participate in the City's medical plans and to receive 50% employer contribution for health benefits if they meet the following requirements: 1) have a minimum of ten years of state service credit, 2) have a minimum of five years of service performed with the City, and 3) retire from the City. Each additional service credit year after 10 years will increase the City's contribution by 5%, whereby at 20 years of service credit, retiring employees are eligible to receive 100% employer contribution for health benefits.

Membership in the plan consisted of the following at June 30, 2015:

Retirees and survivors receiving benefits	16
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	68
Total	84

FUNDING POLICY AND ANNUAL OPEB COST

The obligation of the City to contribute to the plan is established and may be amended by the City Council. Employees are not required to contribute to the plan. The City's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution of the employer (ARC). The City has established a policy of contributing 100% of the ARC of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost (i.e., the value of employer-promised benefits that are excepted to be earned or allocated in a year) of each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Three-Year Trend Information

	Fiscal Year Ending		
	6/30/2015	6/30/2014	6/30/2013
Annual OPEB cost (AOC)	$ 485,000	$ 558,000	$ 541,000
Actual employer contribution	$ 485,000	$ 558,000	$ 541,000
Percentage of AOC contributed	100%	100%	100%
Net OPEB obligation	$ -	$ -	$ -

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	24 years fixed (closed)
Asset valuation method	5-year smoothing with 20% corridor
Actuarial assumptions (each includes an inflation assumption of 3.0%):	
Investment rate of return	7.61%
Projected salary increases	3.25%
Healthcare inflation rate	range from 5.0% to 8.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress which follows is presented as required supplementary information and provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The actuarial value of the plan assets is equal to the market value.

Schedule of Three-Year Funding Progress

	Fiscal Year Ending June 30,		
	2015	2014	2013
Actuarial valuation date	6/30/2013	6/30/2013	6/30/2011
Actuarial value of assets (AVA)	$ 1,736,000	$ 1,736,000	$ 873,000
Actuarial accrued liability (AAL)	$ 3,740,000	$ 3,740,000	$ 3,597,000
Unfunded actuarial accrued liability (UAAL)	$ 2,004,000	$ 2,004,000	$ 2,724,000
Funded ratio (AVA/AAL)	46%	46%	24%
Annual covered payroll	$ 5,327,000	$ 5,327,000	$ 5,262,000
UAAL as a % of covered payroll	38%	38%	52%

10. PARKLAND DEVELOPMENT

The City of Malibu charges Parkland Development fees when new residential units are constructed. In fiscal year 2014-15, the fees were $3,770 for each detached single family dwelling; $3,218 for each unit of an attached multi-family dwelling with fewer than five units; $2,397 for each unit of an attached multi-family dwelling with five or more units; $2,988 for each unit of a duplex, triplex, or quadplex; and $2,168 for each mobile home space. The fees are deposited in the Parkland Development In-Lieu special revenue fund, and they are used to acquire and upgrade parks. The State of California requires fees to be spent within five years of collection. During the current fiscal year, the City collected Parkland Development fees of $18,850, earned interest of $1,027, and paid $260,000 towards the Las Flores Creek Park Restoration project. At June 30, 2015, the balance of fees on hand was $10,516.

11. INTERFUND TRANSACTIONS

During the normal course of operations, the City has numerous transactions between funds. Transactions that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due from/due to other funds. These short-term loans are made from the General Fund to other funds in advance of receiving grant funds or other types of reimbursement. The composition of interfund balances at June 30, 2015 is as follows:

	Due from Other Funds	Due to Other Funds
Major Funds:		
General Fund	$ 2,452,242	$ -
Grants Special Revenue Fund	-	2,434,071
Nonmajor Governmental Funds	-	18,171
Total	$ 2,452,242	$ 2,452,242

Other interfund transactions transfer resources from a fund receiving revenue to the fund through which the resources are expended. Such transactions are recorded as transfers. Transfers for the year ended June 30, 2015, are as follows:

	Transfers Out				
	Governmental Fund Type			Proprietary Fund Type	
Transfers In	General Fund	Grants Special Revenue	Nonmajor Governmental	Commercial Real Estate Rental Enterprise Fund	Total
Major Funds:					
General Fund	$ -	$ -	$ 873,000	$ 505,000	$ 1,378,000
Capital Improvements Capital Projects Fund	1,211,660	4,275,431	800,000	-	6,287,091
Total	$ 1,211,660	$ 4,275,431	$ 1,673,000	$ 505,000	$ 7,665,091

The City uses the Capital Improvements Fund to account for all of its capital projects. The funding sources for those projects are reported as transfers from various funds to the Capital Improvements Fund. All other transfers were to provide reimbursement for costs incurred by one fund on behalf of another fund.

12. RESTATEMENT OF NET POSITION

The implementation of GASB Statement Numbers 68 and 71 requires reporting the net pension liability of the City's defined benefit pension plans in the financial statements and is applied retroactively by restating the net position as of the beginning of the fiscal year. The implementation of GASB Statement Numbers 68 and 71 resulted in a reduction of net position by $4,209,522 as of July 1, 2014.

13. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

DESCRIPTION OF SELF-INSURANCE POOL PURSUANT TO JOINT POWERS AGREEMENT

The City is a member of the California Joint Powers Insurance Agency (Authority). The Authority is comprised of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of the 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 lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

SELF INSURANCE PROGRAMS OF THE AUTHORITY

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability. In the liability program, claims are pooled separately between police and general government exposures. (1) 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. (2) The first layer of losses includes incurred costs up to $30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $30,000 to $750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $750,000 to $50 million are distributed based on the outcome of cost allocation within the first and second layer losses.

For 2014-15 the Authority's pooled retention is $2 million per occurrence, with reinsurance to $20 million, and excess insurance to $50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the $2.5 million annual aggregate deductible in the $3 million x/s $2 million layer, (b) 50% quota share of the $3 million x/s $2 million layer, and (c) $3 million annual aggregate deductible in the $5 million x/s $10 million layer.

The overall coverage limit for each member including all layers of coverage is $50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of $30 million per occurrence.

Workers' Compensation. In the workers' compensation program, claims are pooled separately between public safety (police and fire) and general government exposures. (1) 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. (2) The first layer of losses includes incurred costs up to $50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $50,000 to $100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second layer losses.

For FY 2014-15 the Authority's pooled retention is $2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's liability losses are pooled among members to $2 million. Coverage from $2 million to $5 million is purchased as part of a reinsurance policy, and employer's liability losses from $5 million to $10 million are pooled among members.

Pollution Legal Liability Insurance. The City of Malibu participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Malibu. Coverage is on a claims-made basis. There is a $50,000 deductible. The Authority has a limit of $50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a $10 million sub-limit during the 3-year term of the policy.

Property Insurance. The City of Malibu participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured

according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of $84,771,000. There is a $5,000 deductible per occurrence except for non-emergency vehicle insurance which has a $1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City's property currently has earthquake protection in the amount of $52,585,000. There is a deductible of 5% per unit of value with a minimum deductible of $100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance. The City purchases crime insurance coverage in the amount of $1 million with a $2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance. 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 City property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

ADEQUACY OF PROTECTION

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in fiscal year 2014-15.

14. COMMITMENTS AND CONTINGENCIES

The City is involved in various legal proceedings. At this time, the City is unable to determine the effect that these cases may have on the financial condition of the City.

The City has received State and Federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, the City is unable to determine the effect this may have on the financial condition of the City at this time.

The City is prone to natural disasters. The City is aware of the potential for disaster and attempts to maintain an adequate fund balance in the General Fund to cover the cost of these disasters. Based on the history, there remains a potential for a call on future revenues and existing fund balances.

15. CAPITAL PROJECTS IN PROGRESS

LAS FLORES CREEK RESTORATION

This project includes restoration of the Las Flores Creek and construction of a neighborhood park. The restoration of the creek and construction of park components including trails, parking improvements, and play equipment were previously completed. The second phase of the project includes the construction of a pedestrian bridge and restroom facility. The project is funded in part through proceeds from State bonds and the final design and construction of the pedestrian bridge and restroom facility were previously put on hold due to the State budgetary crisis. Design and permitting was completed in FY 2013-14 and City Council approved the award of the construction contract on August 25, 2014. As of June 30, 2015, the project was under construction and the City anticipates completing construction on the project in fiscal year 2015-16.

CIVIC CENTER WASTEWATER TREATMENT FACILITY DESIGN

The Los Angeles Regional Water Quality Control Board (RWQCB) approved a Memorandum of Understanding (MOU) with the City of Malibu in 2011. The MOU is between the City, the RWQCB, and the State Water Resources Control Board (SWRCB). The MOU commits the City to continue its efforts to work with property owners to design

and construct a centralized wastewater treatment facility in the Civic Center area. Under the MOU, both commercial and residential property owners in the Civic Center area are required to fund and connect to the centralized wastewater treatment facility in phases by 2017 and 2022 accordingly. The City has been working on a scientifically and politically feasible wastewater design.

On January 14, 2013, the City authorized the formation of a Community Facilities District to fund the professional services needed to comply with the terms of the MOU and complete the final design, including the final engineering of Phase One of the MOU, schematic engineering for all phases of the MOU, Environmental Impact Report completion for all phases of the MOU, and permitting for Phase One for the MOU as well as the incidental expenses to be incurred in connection with financing the facilities and forming and administering the District. The design for the water collection, treatment, reuse and dispersal facility was completed in fiscal year 2014-15. As of June 30, 2015, the project was out to bid for construction. The City anticipates that the construction contract will be awarded and construction will begin in fiscal year 2015-16.

BROAD BEACH ROAD BIOFILTRATION PROJECT

The State Water Resources Control Board (SWRCB) approved a grant in February 2009 in the amount of $2,250,000 with a local match requirement of $250,000 for a total project cost of $2,500,000. In May 2011, the City entered into a Grant Agreement with the SWRCB to receive grant funds from the Safe Drinking Water, Water quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) Clean Beaches Initiative Program. The project goal is to eliminate dry-weather runoff and reduce and treat stormwater runoff carried from roadways, driveways, landscaping, and drains from Broad Beach Road, Pacific Coast Highway, and the adjacent properties, in an effort to protect the beneficial use and preserve the Area of Special Biological Significance (ASBS) and marine habitat. During fiscal year 2013-14 the project was put out to bid and a construction contract was awarded to the lowest bidder. During fiscal year 2014-15 the project was under construction. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

WILDLIFE ROAD TREATMENT PROJECT

The State Water Resources Control Board (SWRCB) approved a grant in February 2009 in the amount of $540,000 with a local match requirement of $60,000 for a total project cost of $600,000. In May 2011, the City entered into a Grant Agreement with the SWRCB to receive grant funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) Clean Beaches Initiative Program. The City will use the grant funds for the Wildlife Road Treatment Project and the Area of Special Biological Significance (ASBS) Focused Outreach Project. The grant will allow the City to install pre-manufactured filtration systems below ground to intercept and treat runoff that enters the two catchment systems. This passive treatment should eliminate pollutants in dry weather and significantly reduce pollutants in rainfall events. The grant also funded a full time consultant/staff person to perform ASBS focused outreach to educate residents and business owners about the special regulations within the entire City portion of the ASBS for a period of two years. During fiscal year 2013-14, the design was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. During fiscal year 2014-15 the project was under construction. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

PACIFIC COAST HIGHWAY (PCH) BIKE ROUTE PROJECT

This project is intended to improve the existing bike route and promote safety for all modes of travel along PCH from the intersection of Busch Drive westward to the Malibu city limit, a distance of approximately 7 miles. The project consists of three primary components: 1) construction of intersection improvements; 2) installation of a Class II bike lane in the Zuma Beach area and 3) signage and striping improvements to the existing Class III bike route. The project is funded through a grant from the Caltrans Highway Safety Improvement Program, funds from Los Angeles County Metropolitan Transportation Authority Measure R and the Federal Transportation Equity Act for the 21st Century with a contribution from the City's General Fund. During fiscal year 2013-14, the design and permitting was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. During fiscal year 2014-15 the project was under construction. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

KANAN DUME ROAD ARRESTER BED PROJECT

The project upgraded the existing truck arrester bed along Kanan Dume Road and improved the intersection of PCH and Kanan Dume Road. The project included realigning, extending and upgrading the existing truck arrester bed along Kanan Dume Road as well as installing traffic signal detectors, extending the number one left turn lane, and restriping upgrades. During fiscal year 2013-14, the design and permitting was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. Construction work on the project was completed in fiscal year 2014-15 and the project was accepted by City Council on January 26, 2015.

PACIFIC COAST HIGHWAY (PCH) REGIONAL TRAFFIC MESSAGING SYSTEMS PROJECT

This project is intended to improve communication, operations and traffic flow along PCH and throughout the region. The project consists of installing changeable message signs at strategic locations along the highway to alert travelers of critical traffic information. The project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. As of June 30, 2015, the project was in the preliminary design phase. The City anticipates completing the design in fiscal year 2015-16.

PACIFIC COAST HIGHWAY (PCH) INTERSECTION PROJECT

This project includes traffic safety and operations improvements at two key locations along PCH: 1) the intersection of Big Rock Dr. and PCH; and 2) the existing crosswalk between Rambla Vista East and Rambla Vista West in the vicinity of La Costa. At Big Rock Dr. and PCH, the project consists of the installation a left turn signal. The PCH Intersection Improvements Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. During fiscal year 2013-14, the design and permitting for the left turn signal was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. Construction work on the project was completed in fiscal year 2014-15 and the project was accepted by City Council on January 26, 2015. At the existing crosswalk in the vicinity of PCH and La Costa, the project includes the installation of a pedestrian activated traffic signal. During fiscal year 2013-14 and fiscal year 2014-15, the City worked on the design of the project. The City anticipates completing the design and permitting, conducting public bidding and starting construction on the project in fiscal year 2015-16.

PACIFIC COAST HIGHWAY (PCH) MEDIAN IMPROVEMENT PROJECT

This project is intended to promote traffic safety and operations along PCH by channelizing the highway, regulating turn movements and improving traffic operations. The project includes the rehabilitation of the existing medians and installation of new raised medians along PCH from the intersection of Webb Way to the intersection of Puerco Canyon Road. The PCH Median Improvement Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. As of June 30, 2015, the project was in the preliminary design phase. The City anticipates hiring a consultant to perform design and permitting work in fiscal year 2015-16.

PACIFIC COAST HIGHWAY (PCH) BUS STOP PROJECT

This project is intended to improve safety along PCH for transit riders, pedestrians and motorists. The project consists of improvements to 11 existing bus stop locations. The project improvements include the installation of concrete sidewalks, curbs and gutters, signage, striping, bus benches, and asphalt concrete. The PCH Bus Stop Project is funded by Los Angeles County Metropolitan Transportation Authority Local Transportation Funds and Transportation Development Act with a contribution from the City's General Fund. During fiscal year 2014-15, the design and permitting was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

CIVIC CENTER WAY ROADWAY IMPROVEMENTS PROJECT

This project is intended to improve safety and operations along Civic Center Way from the intersection of Webb Way to the intersection of Malibu Canyon Road. The project includes widening the roadway, improving vertical and horizontal sight distances and installing sidewalks. The Civic Center Way Roadway Improvements Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. As of June 30, 2015, the project was in the preliminary design phase. The City anticipates hiring a consultant to perform design and permitting work in fiscal year 2015-16.

LAS FLORES AND MALIBU ROAD LID IMPROVEMENTS PROJECT

This project is intended to improve water quality by capturing and filtering stormwater runoff. The project includes the installation of pre-manufactured biofiltration devices at two locations: Las Flores Canyon Road near the intersection of Pacific Coast Highway and Malibu Road adjacent to 24383 Malibu Road. During fiscal year 2014-15, the design and permitting was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. As of June 30, 2015, construction was still ongoing. The City anticipates that the construction work will be completed on the project and the contract will be accepted for completion and release of retention in fiscal year 2015-16.

CIVIC CENTER WAY PUMP STATION IMPROVEMENTS

This project is intended to improve water quality by increasing the size of the existing stormwater pumps at the Civic Center and Malibu Road remote pump stations. These pump stations are a part of the stormwater treatment system in Malibu's civic center area. As of June 30, 2015, the design and permitting for the project was completed. The City anticipates completing this project in fiscal year 2015-16.

MALIBU COMMUNITY LABOR EXCHANGE TRAILER REPLACEMENT PROJECT

This project is intended to remove and replace the existing office trailer used by the Malibu Community Labor Exchange (MCLE). The MCLE's existing trailer was put into service in 2000 and is in poor condition. The purchase and installation of a new trailer will enable the MCLE to continue serving low and moderate income individuals. During fiscal year 2014-15, the City worked with Los Angeles County Community Development Block Grant staff to allocate funding for the project. The City also worked on the design, permitting and placement of the trailer. As of June 30, 2015, the City was still trying to work out an agreement with Los Angeles County for the placement of the trailer. The City anticipates that an agreement will be reached regarding the placement of the trailer in fiscal year 2015-16. Once the agreement is finalized, the City will move forward with the purchase and installation of the new trailer.

16. FORMATION OF THE CIVIC CENTER WASTEWATER TREATMENT FACILITY ASSESSMENT DISTRICT (ANTICIPATED FOR FISCAL YEAR 2015-16)

MALIBU CIVIC CENTER WASTEWATER TREATMENT FACILITY

The Los Angeles Regional Water Quality Control Board (RWQCB) approved a Memorandum of Understanding (MOU) with the City of Malibu. The MOU is between the City, the RWQCB, and the State Water Resources Control Board (SWRCB). The MOU commits the City to continue its efforts to work with property owners to design and construct centralized wastewater treatment facility in the Civic Center area. Under the MOU, both commercial and residential property owners in the Civic Center area are required to fund and connect to the centralized wastewater treatment facility in phases by 2017 and 2022 accordingly. The City has been working on a scientifically and politically feasible wastewater design.

On January 14, 2013, the City authorized the formation of a Community Facilities District to fund the professional services needed to comply with the terms of the MOU and complete the final design. In early February 2013, bonds were issued by the City on behalf of the CFD in the principal amount of $6,500,000 to finance the design of the Civic Center Wastewater Treatment Plant Phase One, costs of issuance, capitalized interest to approximately March 2016 and a debt service reserve fund. The CFD provided a net amount of $5,000,000. The net funding amount allowed the City to complete the design effort and reimbursed the City for $1,000,000 for funds that had already been expended.

It is anticipated that the CFD Bonds will be refunded with proceeds from a bond issued by a future assessment district consisting of all the property in Phase One benefited by the Wastewater Treatment Plant. It is anticipated that the Civic Center Wastewater Treatment Facility Assessment District will be formed in fiscal year 2015-16. Until that occurs, the CFD Bonds will pay interest only from the Capitalized Interest Fund. As such, it is expected that special taxes will not be needed to be levied by the CFD. The intent is to fund capitalized interest on the bonds until the assessment district is formed. This funding structure assumes takeout financing by a larger assessment district that would refund the CFD Bonds and pay for the construction of the Wastewater Treatment Plant.

The City has identified the Winter Canyon property as an appropriate site for the civic center treatment facility and is currently proceeding with the entitlements to construct the facility and preparing to form the assessment district to finance the facility. Concurrently, the City and the property owner have been engaged in negotiations regarding the City's purchase of the property for the project to be funded by the assessment district.

17. LAND USE LEASE AGREEMENT

On May 28, 2014, the City and Santa Monica Mountains Conservancy approved the terms of a 5-year land use agreement. The agreement will allow each agency to develop and process plans for potentially trading the City-owned 525 acres of Charmlee Wilderness Park for 83 State-owned acres of land adjacent to Bluffs Park. The land swap could lead to additional playing fields and trails that would be adjacent to Bluffs Park.

The land use lease agreement was effective as of July 1, 2014, and resulted in a transfer of possession of the respective properties including maintenance and liability costs associated with the properties. The City will pay $1 rent to the Conservancy on July 1, 2014 and on July 1 of each succeeding year of the lease. The lease will terminate five years from July 1, 2014 or upon the transfer of fee titles of the respective properties, whichever is earlier. Final transfer of land is dependent upon approval of each agency.

CITY OF MALIBU
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	2015	
	Tier I	Tier II
Proportion of the net pension liability	0.13114%	0.00001%
Proportionate share of the net pension liability	$ 3,241,041	$ 338
Covered employee payroll	$ 4,732,212	$ 666,420
Proportionate share of the net pension liability as a percentage of covered employee payroll	68.49%	0.05%
Plan's fiduciary net position	$ 15,856,197	$ 1,649
Plan fiduciary net position as a percentage of the total pension liability	83.03%	82.99%

Notes to Schedule:

Benefit Changes: There were no changes in benefits

Changes in Assumptions: There were no changes in assumptions.

** Fiscal year 2014-15 was the first year of implementation, therefore, only one year is shown.

CITY OF MALIBU
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS-DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS**

	2015
Valuation Date	6/30/2012
Contractually required contribution (actuarially determined)	$ 626,811
Contributions in relation to the actuarially determined contributions	(626,811)
Contribution deficiency (excess)	$ -
Covered - employee payroll	$ 5,398,632
Contributions as a percentage of covered - employee payroll	11.61%

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age normal cost method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years (2%@55); 30 years (2%@62)
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases*	3.30% to 14.20% depending on age, service, and type of employment
Investment rate of return*	7.50%, net of pension plan investment expense
Retirement age	50 years (2%@55); 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30,2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* including inflation of 2.75%

** Fiscal year 2014-15 was the first year of implementation, therefore, only one year is shown.

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Special Revenue Funds					
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R	Air Quality Management
ASSETS						
Cash and investments	$ 34,411	$ 21,758	$ 198,194	$ 38,988	$ 16,775	$ 23,781
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	23,031	23,493	-	-	4,189
Total assets	$ 34,411	$ 44,789	$ 221,687	$ 38,988	$ 16,775	$ 27,970
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ 17,117	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	17,117	-	-	-
FUND BALANCES						
Restricted						
Public works activities	34,411	44,789	-	-	-	27,970
Capital improvement projects	-	-	-	38,988	16,775	-
Parks and recreation activities	-	-	204,570	-	-	-
Environmental sustainability	-	-	-	-	-	-
Special district projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	34,411	44,789	204,570	38,988	16,775	27,970
Total liabilities and fund balances	$ 34,411	$ 44,789	$ 221,687	$ 38,988	$ 16,775	$ 27,970

(Continued)

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015
(Continued)

	Special Revenue Funds				
	Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Community Development Block Grant
ASSETS					
Cash and investments	$ 28,964	$ 10,516	$ 3,498	$ -	$ -
Accounts receivable	24,196	-	-	-	-
Due from other governments	430	-	-	-	1,173
Total assets	$ 53,590	$ 10,516	$ 3,498	$ -	$ 1,173
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 15,516	$ -	$ -	$ -	$ 586
Due to other funds	-	-	-	-	587
Total liabilities	15,516	-	-	-	1,173
FUND BALANCES					
Restricted					
Public works activities	-	-	-	-	-
Capital improvement projects	-	10,516	3,498	-	-
Parks and recreation activities	-	-	-	-	-
Environmental sustainability	38,074	-	-	-	-
Special district projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	38,074	10,516	3,498	-	-
Total liabilities and fund balances	$ 53,590	$ 10,516	$ 3,498	$ -	$ 1,173

Special Revenue Funds				Capital Projects Funds		Total
Office of Traffic Safety Grant	Big Rock Mesa LMD	Malibu Road LMD	Calle del Barco LMD	Broad Beach AD	Civic Center Wastewater Treatment CFD	Non-major Governmental Funds
$ -	$ 241,625	$ 18,859	$ 114,553	$ -	$ -	$ 751,922
-	-	-	-	-	-	24,196
78,784	5,829	1,019	4,200	-	-	142,148
$ 78,784	$ 247,454	$ 19,878	$ 118,753	$ -	$ -	$ 918,266
$ 61,200	$ 32,074	$ 5,616	$ 3,990	$ -	$ -	$ 136,099
17,584	-	-	-	-	-	18,171
78,784	32,074	5,616	3,990	-	-	154,270
-	-	-	-	-	-	107,170
-	-	-	-	-	-	69,777
-	-	-	-	-	-	204,570
-	-	-	-	-	-	38,074
-	215,380	14,262	114,763	-	-	344,405
-	-	-	-	-	-	-
-	215,380	14,262	114,763	-	-	763,996
$ 78,784	$ 247,454	$ 19,878	$ 118,753	$ -	$ -	$ 918,266

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds					
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R	Air Quality Management
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	-	301,595	-	-	-	-
Intergovernmental	348,896	-	249,281	187,841	140,496	15,962
Use of money and property	1,382	1,676	696	449	600	60
Charges for services	-	-	-	-	-	-
Total revenues	350,278	303,271	249,977	188,290	141,096	16,022
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works	-	-	181,436	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	181,436	-	-	-
Revenues over (under) expenditures	350,278	303,271	68,541	188,290	141,096	16,022
OTHER FINANCING USES						
Transfers out	(500,000)	(528,000)	-	(160,000)	(200,000)	-
Net change in fund balance	(149,722)	(224,729)	68,541	28,290	(58,904)	16,022
FUND BALANCE - BEGINNING	184,133	269,518	136,029	10,698	75,679	11,948
FUND BALANCE - ENDING	$ 34,411	$ 44,789	$ 204,570	$ 38,988	$ 16,775	$ 27,970

Special Revenue Funds					
Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Community Development Block Grant	Office of Traffic Safety Grant
$ -	$ 18,850	$ -	$ -	$ -	$ -
-	-	-	-	-	-
12,419	-	-	106,230	7,043	88,700
68	1,027	112	-	-	-
137,850	-	-	-	-	-
150,337	19,877	112	106,230	7,043	88,700
-	-	-	-	7,043	-
-	-	-	106,230	-	-
132,745	-	-	-	-	-
-	-	-	-	-	43,700
-	-	-	-	-	45,000
132,745	-	-	106,230	7,043	88,700
17,592	19,877	112	-	-	-
-	(260,000)	(25,000)	-	-	-
17,592	(240,123)	(24,888)	-	-	-
20,482	250,639	28,386	-	-	-
$ 38,074	$ 10,516	$ 3,498	$ -	$ -	$ -

(Continued)

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	Special Revenue Funds			Capital Projects Funds		Total
	Big Rock Mesa LMD	Malibu Road LMD	Calle del Barco LMD	Broad Beach AD	Civic Center Wastewater Treatment CFD	Non-major Governmental Funds
REVENUES						
Taxes	$ 276,088	$ 46,864	$ 42,795	$ -	$ -	$ 384,597
Fines and forfeitures	-	-	-	-	-	301,595
Intergovernmental	-	-	-	-	-	1,156,868
Use of money and property	869	61	492	2	2	7,496
Charges for services	-	-	-	-	-	137,850
Total revenues	276,957	46,925	43,287	2	2	1,988,406
EXPENDITURES						
Current:						
General government	-	-	-	-	-	7,043
Public safety	-	-	-	-	-	106,230
Community development	-	-	-	-	-	132,745
Public works	257,271	43,195	56,891	-	-	582,493
Capital outlay	9,651	-	-	29,303	-	83,954
Total expenditures	266,922	43,195	56,891	29,303	-	912,465
Revenues over (under) expenditures	10,035	3,730	(13,604)	(29,301)	2	1,075,941
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	(1,673,000)
Net change in fund balance	10,035	3,730	(13,604)	(29,301)	2	(597,059)
FUND BALANCE - BEGINNING	205,345	10,532	128,367	29,301	(2)	1,361,055
FUND BALANCE - ENDING	$ 215,380	$ 14,262	$ 114,763	$ -	$ -	$ 763,996

CITY OF MALIBU
STATE GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 377,313	$ 377,313	$ 348,896	$ (28,417)
Use of money and property	50	50	1,382	1,332
Total revenues	377,363	377,363	350,278	(27,085)
OTHER FINANCING USES				
Transfers out	-	-	(500,000)	(500,000)
Net change in fund balance	$ 377,363	$ 377,363	(149,722)	$ (527,085)
FUND BALANCE - BEGINNING			184,133	
FUND BALANCE - ENDING			$ 34,411	

CITY OF MALIBU
TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/
	Original	Final	Actual	(Negative)
REVENUES				
Fines and forfeitures	$ 400,000	$ 400,000	$ 301,595	$ (98,405)
Use of money and property	200	200	1,676	1,476
Total revenues	400,200	400,200	303,271	(96,929)
OTHER FINANCING USES				
Transfers out	-	-	(528,000)	(528,000)
Net change in fund balance	$ 400,200	$ 400,200	(224,729)	$ (624,929)
FUND BALANCE - BEGINNING			269,518	
FUND BALANCE - ENDING			$ 44,789	

CITY OF MALIBU
PROPOSITION A SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 215,000	$ 215,000	$ 249,281	$ 34,281
Use of money and property	100	100	696	596
Total revenues	215,100	215,100	249,977	34,877
EXPENDITURES				
Current:				
Public works	208,000	208,000	181,436	26,564
Net change in fund balance	$ 7,100	$ 7,100	68,541	$ 61,441
FUND BALANCE - BEGINNING			136,029	
FUND BALANCE - ENDING			$ 204,570	

CITY OF MALIBU
PROPOSITION C SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 175,000	$ 175,000	$ 187,841	$ 12,841
Use of money and property	200	200	449	249
Total revenues	175,200	175,200	188,290	13,090
OTHER FINANCING USES				
Transfers out	-	-	(160,000)	(160,000)
Net change in fund balance	$ 175,200	$ 175,200	28,290	$ (146,910)
FUND BALANCE - BEGINNING			10,698	
FUND BALANCE - ENDING			$ 38,988	

CITY OF MALIBU
MEASURE R SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 130,000	$ 130,000	$ 140,496	$ 10,496
Use of money and property	250	250	600	350
Total revenues	130,250	130,250	141,096	10,846
OTHER FINANCING USES				
Transfers out	-	-	(200,000)	(200,000)
Net change in fund balance	$ 130,250	$ 130,250	(58,904)	$ (189,154)
FUND BALANCE - BEGINNING			75,679	
FUND BALANCE - ENDING			$ 16,775	

CITY OF MALIBU
AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 15,000	$ 15,000	$ 15,962	$ 962
Use of money and property	50	50	60	10
Net change in fund balance	$ 15,050	$ 15,050	16,022	$ 972
FUND BALANCE - BEGINNING			11,948	
FUND BALANCE - ENDING			$ 27,970	

CITY OF MALIBU
SOLID WASTE MANAGEMENT SURCHARGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 5,000	$ 5,000	$ 12,419	$ 7,419
Use of money and property	100	100	68	(32)
Charges for services	135,000	135,000	137,850	2,850
Total revenues	140,100	140,100	150,337	10,237
EXPENDITURES				
Current:				
Community development	142,018	157,737	132,745	24,992
Net change in fund balance	$ (1,918)	$ (17,637)	17,592	$ 35,229
FUND BALANCE - BEGINNING			20,482	
FUND BALANCE - ENDING			$ 38,074	

CITY OF MALIBU
PARKLAND DEVELOPMENT IN-LIEU SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 15,000	$ 15,000	$ 18,850	$ 3,850
Use of money and property	200	200	1,027	827
Total revenues	15,200	15,200	19,877	4,677
OTHER FINANCING USES				
Transfers out	-	-	(260,000)	(260,000)
Net change in fund balance	$ 15,200	$ 15,200	(240,123)	$ (255,323)
FUND BALANCE - BEGINNING			250,639	
FUND BALANCE - ENDING			$ 10,516	

CITY OF MALIBU
QUIMBY ACT PARKLAND DEDICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Use of money and property	$ 100	$ 100	$ 112	$ 12
OTHER FINANCING USES				
Transfers out	-	-	(25,000)	(25,000)
Net change in fund balance	$ 100	$ 100	(24,888)	$ (24,988)
FUND BALANCE - BEGINNING			28,386	
FUND BALANCE - ENDING			$ 3,498	

CITY OF MALIBU
BRULTE BILL GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 100,000	$ 106,230	$ 106,230	$ -
EXPENDITURES				
Current:				
Public safety	100,000	100,000	106,230	(6,230)
Net change in fund balance	$ -	$ 6,230	-	$ (6,230)
FUND BALANCE - BEGINNING			-	
FUND BALANCE - ENDING			$ -	

CITY OF MALIBU
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 7,043	$ 7,043	$ 7,043	$ -
EXPENDITURES				
Current:				
General government	7,043	7,043	7,043	-
Capital outlay	-	100,000		100,000
Total expenditures	7,043	107,043	7,043	100,000
Net change in fund balance	$ -	$ (100,000)	-	$ 100,000
FUND BALANCE - BEGINNING			-	
FUND BALANCE - ENDING			$ -	

CITY OF MALIBU
OFFICE OF TRAFFIC SAFETY GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ 97,250	$ 88,700	$ (8,550)
EXPENDITURES				
Current:				
Public works	-	52,250	43,700	8,550
Capital outlay	-	45,000	45,000	-
Total expenditures	-	97,250	88,700	8,550
Net change in fund balance	$ -	$ -	-	$ -
FUND BALANCE - BEGINNING			-	
FUND BALANCE - ENDING			$ -	

CITY OF MALIBU
BIG ROCK MESA LMD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 280,313	$ 280,313	$ 276,088	$ (4,225)
Use of money and property	300	300	869	569
Total revenues	280,613	280,613	276,957	(3,656)
EXPENDITURES				
Current:				
Public works	242,775	242,775	257,271	(14,496)
Capital outlay	50,000	50,000	9,651	40,349
Total expenditures	292,775	292,775	266,922	25,853
Net change in fund balance	$ (12,162)	$ (12,162)	10,035	$ 22,197
FUND BALANCE - BEGINNING			205,345	
FUND BALANCE - ENDING			$ 215,380	

CITY OF MALIBU
MALIBU ROAD LMD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 50,830	$ 50,830	$ 46,864	$ (3,966)
Use of money and property	10	10	61	51
Total revenues	50,840	50,840	46,925	(3,915)
EXPENDITURES				
Current:				
Public works	42,834	42,834	43,195	(361)
Capital outlay	8,000	8,000	-	8,000
Total expenditures	50,834	50,834	43,195	7,639
Net change in fund balance	$ 6	$ 6	3,730	$ 3,724
FUND BALANCE - BEGINNING			10,532	
FUND BALANCE - ENDING			$ 14,262	

CITY OF MALIBU
CALLE DEL BARCO LMD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 38,540	$ 38,540	$ 42,795	$ 4,255
Use of money and property	200	200	492	292
Total revenues	38,740	38,740	43,287	4,547
EXPENDITURES				
Current:				
Public works	57,832	57,832	56,891	941
Capital outlay	14,000	14,000	-	14,000
Total expenditures	71,832	71,832	56,891	14,941
Net change in fund balance	$ (33,092)	$ (33,092)	(13,604)	$ 19,488
FUND BALANCE - BEGINNING			128,367	
FUND BALANCE - ENDING			$ 114,763	

CITY OF MALIBU
COMMERCIAL REAL ESTATE RENTAL ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts					
	Original	Final	Actual	Budgetary Adjustments	Actual (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
OPERATING REVENUES						
Charges for sales and services:						
Rental income	$ 1,917,387	$ 1,917,387	$ 1,958,960	$ -	$ 1,958,960	$ 41,573
Other	40,000	40,000	71,069	-	71,069	31,069
Total operating revenues	1,957,387	1,957,387	2,030,029	-	2,030,029	72,642
OPERATING EXPENSES						
Professional and contractual services	142,950	142,950	152,871	-	152,871	(9,921)
Repairs and maintenance	87,500	87,500	98,028	-	98,028	(10,528)
Utilities	35,000	55,000	50,254	-	50,254	4,746
Supplies	2,000	2,000	1,258	-	1,258	742
Total operating expenses	267,450	287,450	302,411	-	302,411	(14,961)
Operating income before depreciation	1,689,937	1,669,937	1,727,618	-	1,727,618	57,681
Depreciation expense	-	-	1,333,134	(1,333,134)	-	-
Operating income	1,689,937	1,669,937	394,484	1,333,134	1,727,618	57,681
NONOPERATING REVENUES (EXPENSES)						
Investment and interest income	2,500	2,500	9,675	-	9,675	7,175
Interest expense	(853,907)	(853,907)	(774,995)	-	(774,995)	78,912
Cost of debt issuance	-	-	(213,802)	-	(213,802)	(213,802)
Principal payments on debt (1)	(365,000)	(365,000)	-	(1,365,000)	(1,365,000)	(1,000,000)
Total nonoperating revenues (expenses)	(1,216,407)	(1,216,407)	(979,122)	(1,365,000)	(2,344,122)	(1,127,715)
Income before transfers	$ 473,530	$ 453,530	(584,638)	$ (31,866)	$ (616,504)	$ (1,070,034)
Transfers to governmental funds			(505,000)			
Change in net position			(1,089,638)			
NET POSITION - BEGINNING			26,251,491			
NET POSITION - ENDING			$ 25,161,853			

(1) Excludes principal reductions related to the defeasance of debt during the fiscal year.

CITY OF MALIBU
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2015

	Department Head Defined Contribution Pension Trust Fund	City Manager Defined Contribution Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and investments:			
Money market mutual funds	$ 185,216	$ 15,522	$ 200,738
Bond	-	4,166	4,166
U.S. stocks	30,399	79,080	109,479
International/global stocks	6,224	37,472	43,696
Specialty	1,073	5,220	6,293
Total cash and invesments	$ 222,912	$ 141,460	$ 364,372
NET POSITION			
Restricted for pensions	$ 222,912	$ 141,460	$ 364,372

CITY OF MALIBU
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Department Head Defined Contribution Pension Trust Fund	City Manager Defined Contribution Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions by employer	$ 17,422	$ 12,376	$ 29,798
Investment earnings	8,298	8,406	16,704
Total additions	25,720	20,782	46,502
DEDUCTIONS			
Distributions	9,207	-	9,207
Investment losses	4,283	1,631	5,914
Total deductions	13,490	1,631	15,121
Change in net position	12,230	19,151	31,381
Net position - beginning of year	210,682	122,309	332,991
Net position - end of year	$ 222,912	$ 141,460	$ 364,372

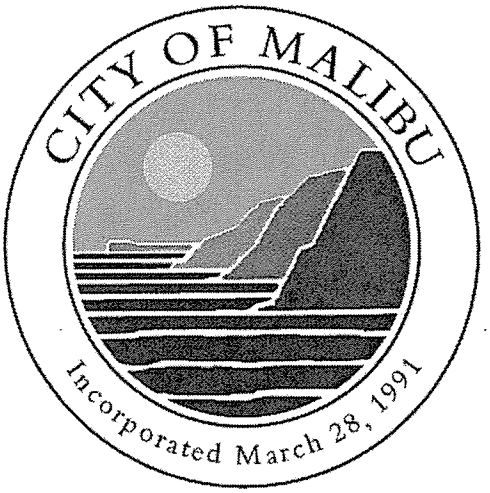
CITY OF MALIBU
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

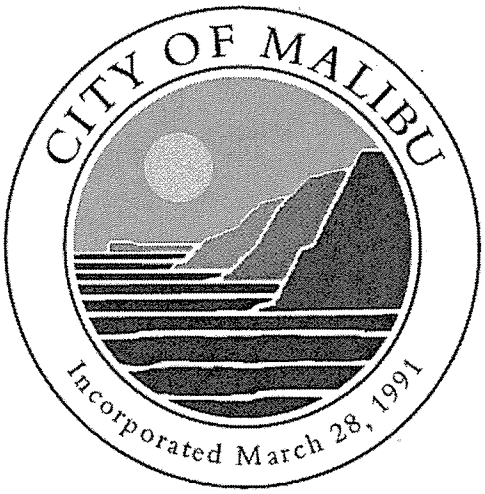
	Special Deposits	Carbon Beach CFD	Broad Beach AD	Civic Center Wastewater Treatment Plant CFD	Total Agency Funds
ASSETS					
Cash and investments	$1,452,001	$312,433	$ 68,542	$ -	$1,832,976
Cash and investments with fiscal agent	-	280,178	153,623	698,102	1,131,903
Accounts receivable	4,936	-	-	-	4,936
Due from other governments	-	6,567	4,366	-	10,933
Total assets	$1,456,937	$599,178	$226,531	$ 698,102	$2,980,748
LIABILITIES					
Accounts payable	$ 40,422	$ -	$ -	$ -	$ 40,422
Deposits	1,416,515	-	-	-	1,416,515
Due to bondholders	-	599,178	226,531	698,102	1,523,811
Total liabilities	$1,456,937	$599,178	$226,531	$ 698,102	$2,980,748

CITY OF MALIBU
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Special Deposits				
ASSETS				
Cash and investments	$1,966,949	$ 557,165	$1,072,113	$1,452,001
Accounts receivable	6,870	4,936	6,870	4,936
Total assets	$1,973,819	$ 562,101	$1,078,983	$1,456,937
LIABILITIES				
Accounts payable	$ 71,946	$ 924,672	$ 956,196	$ 40,422
Deposits	1,901,873	563,151	1,048,509	1,416,515
Total liabilities	$1,973,819	$1,487,823	$2,004,705	$1,456,937
Carbon Beach CFD				
ASSETS				
Cash and investments	$ 93,831	$ 288,924	$ 70,322	$ 312,433
Cash and investments with fiscal agent	492,895	55,131	267,848	280,178
Due from other governments	6,567	6,567	6,567	6,567
Total assets	$ 593,293	$ 350,622	$ 344,737	$ 599,178
LIABILITIES				
Due to bondholders	$ 593,293	$ 288,908	$ 283,023	$ 599,178
Broad Beach AD				
ASSETS				
Cash and investments	$ 82,048	$ 134,359	$ 147,865	$ 68,542
Cash and investments with fiscal agent	194,301	384,941	425,619	153,623
Due from other governments	7,484	4,366	7,484	4,366
Total assets	$ 283,833	$ 523,666	$ 580,968	$ 226,531
LIABILITIES				
Accounts payable	$ 40,686	$ 140,186	$ 180,872	$ -
Due to bondholders	243,147	376,336	392,952	226,531
Total liabilities	$ 283,833	$ 516,522	$ 573,824	$ 226,531
Civic Center Wastewater Plant CFD				
ASSETS				
Cash and investments with fiscal agent	$ 970,091	$ 50	$ 272,039	$ 698,102
LIABILITIES				
Due to bondholders	$ 970,091	$ 50	$ 272,039	$ 698,102

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Totals - All Agency Funds				
ASSETS				
Cash and investments	$2,142,828	$ 980,448	$1,290,300	$1,832,976
Cash and investments with fiscal agent	1,657,287	440,122	965,506	1,131,903
Accounts receivable	6,870	4,936	6,870	4,936
Due from other governments	14,051	10,933	14,051	10,933
Total assets	$3,821,036	$1,436,439	$2,276,727	$2,980,748
LIABILITIES				
Accounts payable	$ 112,632	$1,064,858	$1,137,068	$ 40,422
Deposits	1,901,873	563,151	1,048,509	1,416,515
Due to bondholders	1,806,531	665,294	948,014	1,523,811
Total liabilities	$3,821,036	$2,293,303	$3,133,591	$2,980,748


CITY OF MALIBU
Incorporated March 28, 1991


CITY OF MALIBU
Incorporated March 28, 1991

CITY OF MALIBU
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	Fiscal 2011
Governmental activities						
Net investment in capital assets	$ 39,127	$ 46,145	$ 51,619	$ 52,151	$ 51,745	$ 51,697
Restricted	2,109	2,484	2,432	2,446	9,317	6,242
Unrestricted	20,188	21,754	21,670	20,874	14,170	14,574
Total net position	$ 61,424	$ 70,383	$ 75,721	$ 75,471	$ 75,232	$ 72,513
Business-type activities						
Net investment in capital assets	$ 8,805	$ 6,402	$ 10,294	$ 18,144	$ 21,388	$ 24,111
Restricted	-	539	492	471	771	778
Unrestricted	(154)	1,155	345	493	399	588
Total net position	$ 8,651	$ 8,096	$ 11,131	$ 19,108	$ 22,558	$ 25,477
Primary government						
Net investment in capital assets	$ 47,932	$ 52,547	$ 61,913	$ 70,295	$ 73,133	$ 75,808
Restricted	2,109	3,023	2,924	2,917	10,088	7,020
Unrestricted	20,034	22,909	22,015	21,367	14,569	15,162
Total net position	$ 70,075	$ 78,479	$ 86,852	$ 94,579	$ 97,790	$ 97,990

Source: City of Malibu, Finance Department

Year			
2012	2013	2014	2015
$ 50,952	$ 51,149	$ 52,846	$ 56,421
4,227	6,639	4,398	3,128
14,482	17,292	21,556	21,174
$ 69,661	$ 75,080	$ 78,800	$ 80,723
$ 23,528	$ 22,895	$ 23,426	$ 22,931
784	791	1,801	11
765	860	1,024	2,220
$ 25,077	$ 24,546	$ 26,251	$ 25,162
$ 74,480	$ 74,044	$ 76,272	$ 79,352
5,011	7,430	6,199	3,139
15,247	18,152	22,580	23,394
$ 94,738	$ 99,626	$ 105,051	$ 105,885

CITY OF MALIBU
Changes in Net Position- Last Ten Fiscal Years
(accrual basis of accounting) (amounts expressed in thousands)

	2006	2007	2008	2009	Fiscal 2010
Expenses					
Governmental activities:					
Legislative and advisory	$ 1,420	$ 1,248	$ 1,440	$ 1,734	$ 1,723
General government	2,887	3,268	3,739	4,023	5,879
Public safety	4,774	5,109	5,327	5,735	5,713
Community development	3,223	3,348	3,371	3,945	3,514
Parks and recreation	1,198	1,624	1,605	1,989	2,024
Public works	4,793	7,489	5,177	8,309	7,681
Interest on long-term debt	4	4	4	3	292
Total governmental activites expenses	18,299	22,090	20,663	25,738	26,826
Business-type activities - Commercial Real Estate	814	1,562	1,559	1,219	1,933
Total primary government expenses	$ 19,113	$ 23,652	$ 22,222	$ 26,957	$ 28,759
Program Revenues					
Governmental activities:					
Charges for services					
Legislative and advisory	$ 1	$ -	$ 1	$ -	$ 3
General government	270	354	383	398	410
Public safety	691	658	658	712	746
Community development	3,605	4,212	4,098	3,907	3,834
Parks and recreation	418	612	546	553	516
Public works	518	574	478	366	452
Operating grants	2,401	4,486	1,670	882	1,643
Capital grants and contributions	1,445	5,332	3,581	3,564	3,681
Total governmental activites program revenues	9,349	16,228	11,415	10,382	11,285
Business-type activities					
Charges for services - commercial real estate	124	492	838	1,308	1,207
Operating grants	-	72	-	-	-
Capital grants and contributions	8,126	-	2,500	6,950	2,953
Total business-type activities program revenues	8,250	564	3,338	8,258	4,160
Total primary government program revenues	$ 17,599	$ 16,792	$ 14,753	$ 18,640	$ 15,445
Net (Expense)/Revenue					
Governmental activities	$ (8,950)	$ (5,862)	$ (9,248)	$ (15,356)	$ (15,541)
Business-type activities	7,436	(998)	1,779	7,039	2,227
Total primary government net expenses	$ (1,514)	$ (6,860)	$ (7,469)	$ (8,317)	$ (13,314)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	$ 6,030	$ 6,708	$ 7,360	$ 8,035	$ 8,494
Utility users	2,479	2,673	2,757	2,525	2,554
Transient occupancy	999	713	908	1,043	1,075
Franchise	520	621	467	649	623
Sales	2,289	2,333	2,554	2,509	2,445
Parking occupancy	175	212	216	221	245
Motor vehicle in lieu	187	86	55	47	40
Investment earnings	685	935	872	481	248
Other	905	914	584	421	763
Transfers	(1,172)	(375)	(1,187)	(824)	(1,185)
Total governmental activities	13,097	14,820	14,586	15,107	15,302
Business-type activities					
Investment earnings	43	69	69	113	38
Transfers	1,172	375	1,187	824	1,185
Total business-type activites	1,215	444	1,256	937	1,223
Total primary government	$ 14,312	$ 15,264	$ 15,842	$ 16,044	$ 16,525
Changes in Net Position					
Governmental activities	$ 4,147	$ 8,958	$ 5,338	$ (249)	$ (239)
Business activities	8,651	(554)	3,035	7,976	3,450
Total primary government	$ 12,798	$ 8,404	$ 8,373	$ 7,727	$ 3,211

Source: City of Malibu, Finance Department

Year 2011	2012	2013	2014	2015
$ 1,782	$ 2,613	$ 1,301	$ 1,647	$ 1,769
5,737	5,798	5,301	4,387	4,917
6,176	6,034	6,563	6,596	6,667
3,283	4,665	4,654	4,692	4,882
2,160	2,349	2,360	2,384	2,509
8,774	8,143	4,474	4,619	5,827
1,236	1,249	1,230	1,220	1,182
29,148	30,851	25,883	25,545	27,753
1,910	1,988	2,340	2,364	2,624
$ 31,058	$ 32,839	$ 28,223	$ 27,909	$ 30,377
$ -	$ -	$ -	$ 2	$ 20
543	485	553	646	747
783	746	692	720	801
3,828	3,669	3,932	4,138	3,876
509	496	542	506	631
453	561	551	526	504
1,982	1,851	1,201	1,731	1,359
2,149	3,433	5,597	1,444	4,262
10,247	11,241	13,068	9,713	12,200
1,505	1,547	1,801	1,963	2,030
-	-	-	1,000	-
3,102	31	-	1,448	-
4,607	1,578	1,801	4,411	2,030
$ 14,854	$ 12,819	$ 14,869	$ 14,124	$ 14,230
$ (18,901)	$ (19,610)	$ (12,815)	$ (15,832)	$ (15,553)
2,697	(410)	(539)	2,047	(594)
$ (16,204)	$ (20,020)	$ (13,354)	$ (13,785)	$ (16,147)
$ 8,555	$ 8,820	$ 9,254	$ 9,894	$ 10,349
2,514	2,413	2,494	2,487	2,577
1,160	1,336	1,421	1,535	1,984
671	686	703	755	795
2,452	2,629	2,980	3,308	3,489
238	259	324	313	366
63	7	7	6	6
94	76	45	95	108
644	532	1,006	809	1,506
(210)	-	-	350	505
16,181	16,758	18,234	19,552	21,685
13	10	8	8	10
210	-	-	(350)	(505)
223	10	8	(342)	(495)
$ 16,404	$ 16,768	$ 18,242	$ 19,210	$ 21,190
$ (2,720)	$ (2,852)	$ 5,419	$ 3,720	$ 6,132
2,920	(400)	(531)	1,705	(1,089)
$ 200	$ (3,252)	$ 4,888	$ 5,425	$ 5,043

CITY OF MALIBU
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Note 1)
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	Fiscal 2009
General Fund				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total General Fund				
All Other Governmental Funds				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total All Other Governmental Funds				
Total All Governmental Funds				
General Fund				
Reserved	$ 1,059	$ 377	$ 218	$ 3,750
Unreserved	17,003	18,229	19,060	14,738
Total General Fund	18,062	18,606	19,278	18,488
All Other Governmental Funds				
Reserved	5,051	566	805	2,807
Unreserved, reported in:				
Special revenue funds	2,935	3,268	3,055	2,646
Capital projects funds	(4,916)	(539)	(749)	(2,143)
Total All Other Governmental Funds	3,070	3,295	3,111	3,310
Total All Governmental Funds	$ 21,132	$ 21,901	$ 22,389	$ 21,798

Note 1: The City implemented Governmental Accounting Standards Board Statement (GASBS) 54 for fiscal year ended June 30, 2011. This statement changed the fund balance presentation for governmental funds. Fund balance data in accordance with GASBS 54 is not available for years prior to fiscal year 2010-11.

Source: City of Malibu, Finance Department

Year 2010	2011	2012	2013	2014	2015
	$ 726	$ 712	$ 616	$ 580	$ 540
	6,397	3,794	3,739	3,037	2,365
	5,034	3,705	3,796	3,934	3,335
	1,137	1,681	860	1,046	1,291
	7,058	8,681	12,937	16,512	20,284
	20,352	18,573	21,948	25,109	27,815
	-	-	-	-	-
	2,180	1,726	4,031	1,361	764
	4,336	1,156	3,001	1,958	503
	-	-	-	-	-
	(5,212)	(2,851)	(3,894)	(2,585)	(1,329)
	1,304	31	3,138	734	(62)
	$ 21,656	$ 18,604	$ 25,086	$ 25,843	$ 27,753

$ 3,755
22,996
26,751
4,938
965
(3,275)
2,628
$ 29,379

CITY OF MALIBU
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	Fiscal 2009
Revenues				
Taxes	$ 13,630	$ 14,514	$ 15,144	$ 15,506
Fines and forfeitures	691	656	658	712
Intergovernmental	4,721	8,729	5,822	1,422
Investment income	685	935	872	481
Charges for services	4,418	5,265	5,108	8,333
Contributions from property owners	-	-	-	-
Other	124	110	116	15
Total Revenues	24,269	30,209	27,720	26,469
Expenditures				
Legislative and advisory	1,398	1,248	1,440	1,732
General government	2,958	3,083	3,492	3,851
Public safety	4,763	5,086	5,302	5,690
Community development	3,210	3,337	3,371	3,945
Parks and recreation	1,130	1,584	1,562	1,828
Public works	4,089	6,567	10,528	6,930
Capital outlay	1,952	8,129	346	2,276
Debt Service				
Debt issuance/refunding costs	-	-	-	-
Principal	22	27	40	28
Interest	4	4	4	3
Total Expenditures	19,526	29,065	26,085	26,283
Excess of revenues over/(under) expenditures	4,743	1,144	1,635	186
Other Financing Sources/(Uses)				
Transfers in	2,027	6,595	6,856	3,047
Transfers out	(3,199)	(6,970)	(8,043)	(3,871)
Debt proceeds/refunding payments	-	-	-	-
Other	98	-	40	47
Total other financing sources	(1,074)	(375)	(1,147)	(777)
Net change in fund balances	$ 3,669	$ 769	$ 488	$ (591)
Debt service as a percentage of noncapital expenditures	0.1%	0.1%	0.2%	0.1%

Source: City of Malibu, Finance Department

Year					
2010	2011	2012	2013	2014	2015
$ 16,087	$ 16,464	$ 16,979	$ 18,074	$ 19,174	$ 20,735
746	783	746	692	720	801
3,340	3,232	5,848	2,928	3,446	5,758
248	94	76	45	95	108
7,166	5,227	4,725	5,121	5,411	5,382
-	-	-	5,000	-	-
131	42	48	364	202	363
27,718	25,842	28,422	32,224	29,048	33,147
1,720	1,779	2,610	1,298	1,645	1,778
5,158	5,218	5,268	4,379	3,672	4,225
5,675	6,109	6,020	6,553	6,585	6,666
3,514	3,283	4,639	4,596	4,626	5,023
1,888	2,018	2,054	2,087	2,107	2,298
4,322	4,322	3,254	2,446	2,768	2,757
22,361	9,489	6,469	3,113	5,207	6,902
-	-	-	-	-	418
17	17	26	42	805	556
292	1,158	1,226	1,228	1,226	1,201
44,947	33,393	31,566	25,742	28,641	31,824
(17,229)	(7,551)	(3,144)	6,482	407	1,323
6,428	8,787	6,864	4,845	6,016	7,665
(7,613)	(8,997)	(6,864)	(4,845)	(5,666)	(7,160)
-	-	-	-	-	82
25,995	38	92	-	-	-
24,810	(172)	92	-	350	587
$ 7,581	$ (7,723)	$ (3,052)	$ 6,482	$ 757	$ 1,910
1.2%	4.2%	4.3%	5.3%	8.3%	6.4%

CITY OF MALIBU
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	City								
	Secured							Taxable Assessed Value (Note 1)	Total Direct Rate (Note 2)
	Residential	Commercial	Industrial	Vacant	Others	Unsecured	SBE Nonunitary		
2006	$ 6,489,346	$ 256,568	$ 57,893	$ 533,802	$ 21,256	$ 59,623	$ 6	$ 7,418,494	0.06512
2007	7,371,851	356,811	58,634	613,637	19,714	62,361	6	8,483,014	0.06579
2008	8,096,454	401,723	59,807	653,475	20,952	62,949	6	9,295,366	0.06618
2009	8,785,920	506,073	58,243	730,432	30,239	75,243	1	10,186,151	0.06656
2010	9,331,634	531,792	93,922	766,001	29,853	36,824	1	10,790,027	0.06729
2011	9,409,700	539,073	94,739	776,145	58,799	38,697	0	10,917,153	0.06683
2012	9,809,360	538,072	97,011	758,447	66,681	38,256	0	11,307,827	0.06696
2013	10,105,213	575,214	60,908	788,285	66,443	77,765	0	11,673,828	0.06706
2014	10,692,188	626,686	62,126	862,106	66,249	79,812	0	12,389,167	0.06726
2015	11,160,366	628,123	62,408	827,167	103,250	94,771	0	12,876,085	0.06737

Notes:
Note 1: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is re-assessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: Total Direct Rate is the weighted average of all individual direct rates applied by the City.

Source: County of Los Angeles Assessor

CITY OF MALIBU
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):										
County Detention Facilities 1987 Debt	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
La County Flood Control	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Santa Monica Community College Dist	0.04568	0.05074	0.05034	0.04781	0.05029	0.08155	0.07947	0.07206	0.05941	0.05873
Santa Monica-Malibu Unified	0.02612	0.02434	0.05222	0.04627	0.04743	0.04822	0.04568	0.05639	0.07381	0.07636
Total Direct & Overlapping Tax Rates	1.07785	1.08049	1.10706	1.09838	1.10202	1.13347	1.12885	1.13195	1.13672	1.13859
City's Share of 1% Levy Per Prop 13 (Note 3)	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044
Total Direct Rate (Note 4)	0.06512	0.06579	0.06618	0.06656	0.06729	0.06683	0.06696	0.06706	0.06726	0.06737

Notes:

Note 1: In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Note 2: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

Note 3: City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF (Education Revenue Augmentation Fund) general fund tax shifts may not be included in tax ratio figures.

Note 4: Total Direct Rate is the weighted average of all individual direct rates applied to by the City and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: HdL Coren & Cone

CITY OF MALIBU
Principal Property Tax Payers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2015			2006		
		Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
HRL Laboratories LLC	1	$ 103,691	0.81%	1	$ 84,764	1.14%
Malibu Realty LLC	2	89,137	0.69%	2	45,563	0.61%
Carbonview Limited LLC	3	88,339	0.69%	4	27,067	0.36%
Jamestown Premier Malibu Villa	4	78,897	0.61%			
Goldman Sachs Trust	5	74,838	0.58%			
KW Malibu Colony Plaza LLC	6	68,003	0.53%	8	19,719	0.27%
Glimcher Properties LP	7	66,062	0.51%			
2XMD Partners LLC	8	59,576	0.46%			
Carlyle CP Malibu Limited Partnership	9	59,084	0.46%			
Wavebreak LLC	10	52,272	0.41%			
Howard and Nancy Marks Trust				3	33,071	0.45%
Lester J. Knispel Trust				5	26,774	0.36%
Malibu CAC LLC				6	23,113	0.31%
Marcia L. Carsey Trust				7	20,345	0.27%
Bruno and Kyara Mascolo				9	19,098	0.26%
SF Pacific LLC				10	18,756	0.25%
		$ 739,899	5.75%		$ 318,270	4.29%

Source: HdL Coren & Cone

CITY OF MALIBU
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	$ 4,542,311	$ 4,439,043	97.73%	$ 475,363	$ 4,914,406	108.19%
2007	5,558,572	5,358,229	96.40%	292,232	5,650,461	101.65%
2008	6,072,197	6,101,052	100.48%	102,785	6,203,838	102.17%
2009	6,751,452	6,624,858	98.12%	108,948	6,733,806	99.74%
2010	7,156,968	6,693,490	93.52%	335,845	7,029,335	98.22%
2011	7,259,496	6,828,837	94.07%	327,398	7,156,235	98.58%
2012	7,538,742	6,813,687	90.38%	539,398	7,353,085	97.54%
2013	7,801,978	7,567,975	97.00%	177,441	7,745,416	99.28%
2014	8,223,383	8,036,592	97.73%	176,988	8,213,580	99.88%
2015	8,699,487	8,512,581	97.85%	185,697	8,698,278	99.99%

Note: Information on collections by levy year for years prior to FY 2008/09 is not readily available. Consequently, total collections were reported for years prior to FY 2008/09

Source: County of Los Angeles Assessor
City of Malibu, Finance Department

CITY OF MALIBU
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

	Governmental Activities			Business-type Activities						
Fiscal Year	Certificates of Participation	Capital Leases	Deferred (Discounts) Premiums	Certificates of Participation	Loans Payable	Deferred (Discounts) Premiums	Total Primary Government	Percent of Personal Income	Percent of Assessed Valuation	Per Capita
2006	$ -	$ 66	$ -	$ 17,580	$ -	$ (137)	$ 17,509	3.223%	0.236%	$ 1,357
2007	-	39		17,580	870	(133)	18,356	3.248%	0.216%	1,431
2008	-	39		17,580	652	(128)	18,143	3.158%	0.195%	1,427
2009	-	58	-	17,580	257	(124)	17,771	3.267%	0.174%	1,402
2010	26,040	27	(45)	17,580	259	(119)	43,742	7.885%	0.405%	3,455
2011	26,040	49	(43)	17,280	260	(115)	43,471	7.447%	0.398%	3,428
2012	26,040	115	(41)	16,965	261	(110)	43,230	6.924%	0.382%	3,397
2013	26,040	72	(40)	16,635	-	(105)	42,602	6.813%	0.365%	3,331
2014	25,660	11	(38)	16,290	-	(101)	41,822	6.402%	0.338%	3,249
2015	24,445	-	434	15,615	-	(264)	40,230	N/A	0.312%	3,110

Notes: Personal Income for Malibu is not available, but it is estimated by prorating the personal income of the Los Angeles-Long Beach-Santa Ana Area based on the Malibu population.

N/A - Information is not available for these years.

Source: City of Malibu, Finance Department

CITY OF MALIBU
Direct and Overlapping Governmental Activity Debt
As of June 30, 2015

Overlapping Tax and Assessment Debt:	Total Debt 6/30/2015	Percent Applicable To City (1)	City's Share of Debt 6/30/2015
Los Angeles County Flood Control District	$ 15,105,000	1.093%	$ 165,098
Metropolitan Water District	110,420,000	0.556%	613,935
Santa Monica Community College District	438,732,636	29.514%	129,487,550
Santa Monica-Malibu Unified School District	310,824,194	29.470%	91,599,890
City of Malibu Community Facilities District No. 2006-1	3,490,000	100.000%	3,490,000
City of Malibu Community Facilities District No. 2012-1	6,500,000	100.000%	6,500,000
City of Malibu Broad Beach Assessment District	1,845,000	97.512%	1,799,096
Los Angeles County Regional Park and Open Space District	82,880,000	1.072%	888,474
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 234,544,043
Direct and Overlapping Governmental Debt:			
Los Angeles County General Fund Obligations	1,885,330,518	1.072%	20,210,743
Los Angeles Superintendent of Schools COP	8,719,113	1.072%	93,469
Santa Monica Community College District COP	16,305,000	29.514%	4,812,258
Santa Monica-Malibu Unified School District COP	11,271,501	29.470%	3,321,711
City of Malibu Certificates of Participation	**24,445,000**	**100.000%**	**24,445,000**
City of Malibu COPs Deferred/Discounts/Premiums	**433,896**	**100.000%**	**433,896**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 53,317,077
Less: Los Angeles County General Fund Obligations supported by landfill revenues			48,721
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 53,268,356
SUBTOTAL DIRECT DEBT (2)			**$ 24,878,896**
SUBTOTAL GROSS OVERLAPPING DEBT			$ 262,982,224
SUBTOTAL NET OVERLAPPING DEBT			$ 262,933,503
GROSS COMBINED TOTAL DEBT (3)			$ 287,861,120
NET COMBINED TOTAL DEBT			$ 287,812,399
2014-15 Assessed Valuation	**$ 12,876,085,097**		

Ratios to 2014-2015 Assessed Valuation:	
Overlapping Tax and Assessment Debt	1.82%
Total Direct Debt ($24,878,896)	**0.19%**
Gross Combined Total Debt	2.24%
Net Combined Total Debt	2.24%

Note 1: The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
Note 2: Excludes Refunding Certificate of Participation 2015A and a portion of Refunding Certificate of Participation 2015B which are supported by enterprise revenue.
Note 3: Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics

CITY OF MALIBU
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts in thousands)

Legal Debt Margin Calculation for the Current Year:	
Assessed value	$ 12,876,085
Debt limit (15% of assessed value)	1,931,413
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	$ 1,931,413

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2006	$ 1,112,774	-	$ 1,112,774	0%
2007	1,272,452	-	1,272,452	0%
2008	1,394,305	-	1,394,305	0%
2009	1,527,923	-	1,527,923	0%
2010	1,618,504	-	1,618,504	0%
2011	1,637,573	-	1,637,573	0%
2012	1,696,174	-	1,696,174	0%
2013	1,751,074	-	1,751,074	0%
2014	1,858,375	-	1,858,375	0%
2015	1,931,413	-	1,931,413	0%

Note: The City's Certificates of Participation are not general obligation debt and, consequently, are excluded from the calculation.

Source: City of Malibu, Finance Department

CITY OF MALIBU
Demographic and Economic Statistics
Last Ten Fiscal Years

		Los Angeles-Long Beach-Santa Ana Area (Note 1)			
Year	City Population	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2006	12,907	12,670,216	$ 533,250,287	$ 42,087	4.40%
2007	12,823	12,631,988	556,735,701	44,073	4.70%
2008	12,713	12,692,740	573,639,303	45,194	6.80%
2009	12,672	12,774,577	548,440,931	42,932	11.10%
2010	12,659	12,845,311	562,935,039	43,824	11.70%
2011	12,683	12,954,525	596,210,411	46,023	11.70%
2012	12,727	13,064,761	640,902,580	49,056	10.40%
2013	12,789	13,175,849	644,229,231	48,895	9.40%
2014	12,871	13,262,220	673,073,539	50,751	7.60%
2015	12,935	N/A	N/A	N/A	6.60%

Note (1) The personal income and unemployment rates are not available for the City of Malibu exclusively. Therefore, the City is disclosing information for the Metropolitan Service Area that includes Malibu.

Note (2) N/A - Information is not available for those years

Sources: Unemployment Rates from the Bureau of Labor Statistics
Personal Income from the Bureau of Economic Analysis
City Population from the State Department of Finance

CITY OF MALIBU
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Management Services	5.00	5.00	5.00	5.00	4.00	4.00	4.00	6.62	6.62	7.43
Administrative Services	7.00	7.50	9.50	9.50	9.50	9.50	11.50	10.50	11.00	12.00
Community Service										
Recreation	15.00	16.85	16.85	18.14	19.15	17.91	18.04	19.36	17.79	19.39
Public Safety										
Emergency Preparedness	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Traffic Safety	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Development										
Planning	12.30	15.50	15.00	14.75	14.75	17.00	16.50	17.50	17.50	20.50
Building Safety	4.25	5.00	5.00	4.75	4.75	4.50	5.00	5.00	4.50	5.00
Permit Services	6.25	7.00	8.00	10.75	10.75	8.00	6.00	6.00	6.00	6.50
Wastewater Management	2.25	2.50	3.00	3.75	3.75	4.00	4.00	4.00	4.00	4.00
Public Works										
PW and Engineering	9.50	11.50	11.00	11.00	10.50	6.00	6.00	6.00	7.00	7.00

Source: City of Malibu, Finance Department

CITY OF MALIBU
Indicators of Demand or Level of Service
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Recreation										
Use of Facilities (hours)	12,500	12,684	12,121	22,572	22,500	13,595	14,562	14,625	16,060	15,378
Visitors Served	111,010	144,187	156,000	171,364	172,000	175,860	186,390	168,406	111,569	165,477
Police										
Physical arrests	399	415	472	415	397	1,130	979	1,066	105	1,037
Parking violations	4,503	4,777	4,817	5,343	6,020	7,000	6,841	7,646	10,109	8,535
Traffic violations	12,711	10,581	10,679	12,817	18,433	16,115	11,312	16,044	12,722	22,140
Community Development										
Permits Issued	2,120	2,436	2,598	2,351	2,195	2,160	1,991	1,810	1,874	1,793
In-house Plan Checks	406	541	831	787	600	561	575	607	660	608
Off-site Plan Checks	268	333	255	265	239	259	187	154	246	191
Public Works										
In-house Plan Checks	391	719	468	325	251	250	368	487	508	492
Encroachment Permits Issued	131	153	87	105	62	97	113	183	162	187

Source: City of Malibu, Various Departments

CITY OF MALIBU
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire Protection										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	6	6	6	6	6	6	6	6	6	6
Other Fire Vehicles	9	9	9	9	9	9	9	9	9	9
Fire Personnel*	54	54	54	54	54	54	54	54	54	54
Paramedic Squads*	2	2	2	2	2	2	2	2	2	2
Police										
Police Vehicles	15	15	15	15	15	15	15	15	15	15
Sworn Personnel**	24	24	24	24	24	24	24	24	24	24
Non-Sworn Personnel**	1	1	1	1	1	1	1	1	1	1
Community Service										
Parks and Park Trails	5	5	5	5	5	5	5	5	5	5
Park Acreage	18	18	18	18	18	18	18	18	18	18
Open Space Acreage	588	588	588	588	588	588	588	588	588	588
Community Centers***	1	1	1	1	1	1	1	1	1	1
Swimming Pools***	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	74	74	74	74	74	74	74	74	74	74
Miles of Sidewalks	12	12	12	12	12	12	12	12	12	12
Number of Intersections	270	270	270	270	270	270	270	270	270	270
Total Traffic Signals	5	5	5	5	5	5	5	5	5	5
Miles of Storm Drains	5	5	5	5	5	5	5	5	5	5

* Fire services provided by contract with Los Angeles County Fire Department
** Police services provided by contract with Los Angeles County Sheriff's Department
***Community Center and Swimming Pool owned by other entities but operated by City of Malibu

Source: City of Malibu, Finance Department

City Council Meeting
01-25-16
Item 3.B.6.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Reva Feldman, Assistant City Manager

Approved by: Jim Thorsen, City Manager

Date prepared: January 14, 2016 Meeting date: January 25, 2016

Subject: Professional Services Agreement with Lance, Soll & Lunghard, LLP for Financial Auditing Services

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RECOMMENDED ACTION: Authorize the City Manager to execute a Professional Services Agreement with Lance, Soll & Lunghard, LLP (LSL) for financial auditing services.

FISCAL IMPACT: Funding for this Agreement was included in the Adopted Budget for Fiscal Year 2015-2016 in Account No. 100-7054-5100-00 (Professional Services). Funding for services in future years will be included in subsequent budgets.

DISCUSSION: On May 15, 2015, the City issued a Request for Proposals (RFP) for auditing services. The RFP was advertised in the local newspaper and posted to the City website and the California Society of Municipal Finance Officers (CSMFO) website.

The City received six proposals in response to the RFP from the following firms:

- Lance, Soll & Lunghard, LLP (LSL)
- Rogers, Anderson, Malody & Scott, LLP
- Moss, Levy & Hartzheim, LLP
- The Pun Group
- White Nelson Diehl Evans LLP
- Van Lant & Fankhanel, LLP

Staff reviewed all of the proposals; three audit firms were invited for an interview on August 13, 2015: The Pun Group, Lance, Soll & Lunghard, LLP (LSL), and White Nelson Diehl Evans LLP. After the interviews, LSL was selected from the three auditing firms.

The City has contracted with LSL for financial auditing services since May 2004. LSL conducts an interim audit, an annual audit and a single audit of the City each year. They prepare the City's financial statement as well as the City's federal single audit report. Because of their familiarity with the City's finances and operations, they are extremely beneficial in the preparation of the annual financial statements. LSL is very conscientious in maintaining an un-biased and optimal auditing service by rotating the staff assigned to the City each year.

Staff recommends entering into an agreement with LSL for a three year term in the total amount not to exceed $82,700, which includes single audit services in the amount of $12,300.

The Administration and Finance Subcommittee will discussed the proposed agreement on January 25, 2016, and a verbal report will be provided at the Council meeting.

ATTACHMENTS: Professional Services Agreement with LSL

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of January 1, 2016 by and between the City of Malibu (hereinafter referred to as the "City"), and Lance, Soll & Lunghard, LLP (hereinafter referred to as "Consultant").

The City and the Consultant agree as follows:

RECITALS

A. The City does not have the personnel able and/or available to perform the services required under this Agreement.

B. The City desires to retain the services of the Consultant to perform the annual audit of the City's financial transactions.

C. The Consultant warrants to the City that it has the qualifications, experience and facilities to perform properly and timely the services under this Agreement.

D. The City desires to contract with the Consultant to perform the services as described in Exhibit A of this Agreement.

NOW, THEREFORE, the City and the Consultant agree as follows:

1.0 SCOPE OF THE CONSULTANT'S SERVICES. The Consultant agrees to provide the services and perform the tasks set forth in the Scope of Work, attached to and made part of this Agreement. The Scope of Work may be amended from time to time by way of a written directive from the City.

2.0 TERM OF AGREEMENT. This Agreement will become effective on January 1, 2016 and will remain in effect for a period of three (3) years from said date unless otherwise expressly extended and agreed to by both parties or terminated by either party as provided herein.

3.0 CITY AGENT. The City Manager, or his designee, for the purposes of this Agreement, is the agent for the City; whenever approval or authorization is required, Consultant understands that the City Manager, or his designee, has the authority to provide that approval or authorization.

4.0 COMPENSATION FOR SERVICES. The City shall pay the Consultant a fixed professional services fee for each of the fiscal years as follows:

Engagement Service	2015-16	2016-17	2017-18
Financial Audit	$22,780	$23,460	$24,160
Single Audit (if required)	3,980	4,100	4,220
Total Fee	$26,760	$27,560	$28,380

The cost of services shall not exceed $82,700. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager, or his designee.

4.1 The Consultant shall submit to the City, by no later than the 10th day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The City shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

5.0 CONFLICT OF INTEREST. The Consultant represents that it presently has no interest and shall not acquire any interest, direct or indirect, in any real property located in the City which may be affected by the services to be performed by the Consultant under this Agreement. The Consultant further represents that in performance of this Agreement, no person having any such interest shall be employed by it.

5.1 The Consultant represents that no City employee or official has a material financial interest in the Consultant's business. During the term of this Agreement and/or as a result of being awarded this contract, the Consultant shall not offer, encourage or accept any financial interest in the Consultant's business by any City employee or official.

5.2 If a portion of the Consultant's services called for under this Agreement shall ultimately be paid for by reimbursement from and through an agreement with a developer of any land within the City or with a City franchisee, the Consultant warrants that it has not performed any work for such developer/franchisee within the last 12 months, and shall not negotiate, offer or accept any contract or request to perform services for that identified developer/franchisee during the term of this Agreement.

6.0 GENERAL TERMS AND CONDITIONS.

6.1 Termination. Either the City Manager or the Consultant may terminate this Agreement, without cause, by giving the other party ten (10) days written notice of such termination and the effective date thereof.

6.1.1 In the event of such termination, all finished or unfinished documents, reports, photographs, films, charts, data, studies, surveys, drawings, models, maps, or other documentation prepared by or in the possession of the Consultant under this Agreement shall be returned to the City. If the City terminates this Agreement without cause, the Consultant shall prepare and shall be entitled to receive compensation pursuant to a close-out bill for services rendered and fees incurred pursuant to this Agreement through the notice of termination. If the Consultant terminates this Agreement without cause, the Consultant shall be paid only for those services completed in a manner satisfactory to the City.

6.1.2 If the Consultant or the City fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Consultant or the City violate any of the covenants, agreements, or stipulations of this Agreement, the Consultant or the City shall have the right to terminate this Agreement by giving written notice to the other party of such termination and specifying the effective date of such termination. The Consultant shall be entitled to receive compensation in accordance with the terms of this Agreement for any work satisfactorily completed hereunder. Notwithstanding the foregoing, the Consultants shall not be relieved of

liability for damage sustained by virtue of any breach of this Agreement and any payments due under this Agreement may be withheld to off-set anticipated damages.

6.2 Non-Assignability. The Consultant shall not assign or transfer any interest in this Agreement without the express prior written consent of the City.

6.3 Non-Discrimination. The Consultant shall not discriminate as to race, creed, gender, color, national origin or sexual orientation in the performance of its services and duties pursuant to this Agreement, and will comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

6.4 Insurance. The Consultant shall submit to the City certificates indicating compliance with the following minimum insurance requirements no less than one (1) day prior to beginning of performance under this Agreement:

(a) Workers Compensation Insurance as required by law. The Consultant shall require all subcontractors similarly to provide such compensation insurance for their respective employees.

(b) Comprehensive general and automobile liability insurance protecting the Consultant in amounts not less than $1,000,000 for personal injury to any one person, $1,000,000 for injuries arising out of one occurrence, and $500,000 for property damages or a combined single limit of $1,000,000. Each such policy of insurance shall:

1) Be issued by a financially responsible insurance company or companies admitted and authorized to do business in the State of California or which is approved in writing by City.

2) Name and list as additional insured the City, its officers and employees.

3) Specify its acts as primary insurance.

4) Contain a clause substantially in the following words: "It is hereby understood and agreed that this policy shall not be canceled nor materially changed except upon thirty (30) days prior written notice to the City of such cancellation or material change."

5) Cover the operations of the Consultant pursuant to the terms of this Agreement.

6.5 Indemnification. Consultant shall indemnify, defend with counsel approved by City, and hold harmless City, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with Consultant's performance of work hereunder or its failure to comply with

any of its obligations contained in this Agreement, regardless of City's passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the City. Should City in its sole discretion find Consultant's legal counsel unacceptable, then Consultant shall reimburse the City its costs of defense, including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation. The Consultant shall promptly pay any final judgment rendered against the City (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

6.6 Compliance with Applicable Law. The Consultant and the City shall comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

6.7 Independent Contractor. This Agreement is by and between the City and the Consultant and is not intended, and shall not be construed, to create the relationship of agency, servant, employee, partnership, joint venture or association, as between the City and the Consultant.

6.7.1. The Consultant shall be an independent contractor, and shall have no power to incur any debt or obligation for or on behalf of the City. Neither the City nor any of its officers or employees shall have any control over the conduct of the Consultant, or any of the Consultant's employees, except as herein set forth, and the Consultant expressly warrants not to, at any time or in any manner, represent that it, or any of its agents, servants or employees are in any manner employees of the City, it being distinctly understood that the Consultant is and shall at all times remain to the City a wholly independent contractor and the Consultant's obligations to the City are solely such as are prescribed by this Agreement.

6.8 Copyright. No reports, maps or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Consultant.

6.9 Legal Construction.

(a) This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

(b) This Agreement shall be construed without regard to the identity of the persons who drafted its various provisions. Each and every provision of this Agreement shall be construed as though each of the parties participated equally in the drafting of same, and any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

(c) The article and section, captions and headings herein have been

inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular shall refer to and include the plural.

6.10 Counterparts. This Agreement may be executed in counterparts and as so executed shall constitute an agreement which shall be binding upon all parties hereto.

6.11 Final Payment Acceptance Constitutes Release. The acceptance by the Consultant of the final payment made under this Agreement shall operate as and be a release of the City from all claims and liabilities for compensation to the Consultant for anything done, furnished or relating to the Consultant's work or services. Acceptance of payment shall be any negotiation of the City's check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by the City shall not constitute, nor be deemed, a release of the responsibility and liability of the Consultant, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by the City for any defect or error in the work prepared by the Consultant, its employees, sub-consultants and agents.

6.12 Corrections. In addition to the above indemnification obligations, the Consultant shall correct, at its expense, all errors in the work which may be disclosed during the City's review of the Consultant's report or plans. Should the Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by the City, and the cost thereof shall be charged to the Consultant.

6.13 Files. All files of the Consultant pertaining to the City shall be and remain the property of the City. The Consultant will control the physical location of such files during the term of this Agreement and shall be entitled to retain copies of such files upon termination of this Agreement.

6.14 Waiver; Remedies Cumulative. Failure by a party to insist upon the performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this Agreement, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

6.15 Mitigation of Damages. In all such situations arising out of this Agreement, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

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

6.17 Attorneys' Fees. The parties hereto acknowledge and agree that each will bear his or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any party hereto to enforce this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that party or those parties may be entitled.

6.18 Entire Agreement. This Agreement constitutes the whole agreement between the City and the Consultant, and neither party has made any representations to the other except as expressly contained herein. Neither party, in executing or performing this Agreement, is relying upon any statement or information not contained in this Agreement. Any changes or modifications to this Agreement must be made in writing appropriately executed by both the City and the Consultant.

6.19 Notices. Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

CITY:	Jim Thorsen City Manager City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265-4861 TEL (310) 456-2489 x 226 FAX (310) 456-2760	**CONSULTANT:**	Richard Kikuchi CPA, Partner Lance, Soll & Lunghard, LLP 203 N. Brea Blvd., Suite 203 Brea, CA 92821-4056 TEL (714) 672-0022 FAX (714) 672-0331

6.20 Warranty of Authorized Signatories. Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign.

7.0 GENERAL TERMS AND CONDITIONS. (City and Consultant initials required at EITHER 7.1 or 7.2)

7.1 Disclosure Required. By their respective initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is a "consultant" for the purposes of the California

Political Reform Act because Consultant's duties would require him or her to make one or more of the governmental decisions set forth in Fair Political Practices Commission Regulation 18701(a)(2) or otherwise serves in a staff capacity for which disclosure would otherwise be required were Consultant employed by the City. Consultant hereby acknowledges his or her assuming-office, annual, and leaving-office financial reporting obligations under the California Political Reform Act and the City's Conflict of Interest Code and agrees to comply with those obligations at his or her expense. Prior to consultant commencing services hereunder, the City's Manager shall prepare and deliver to consultant a memorandum detailing the extent of Consultant's disclosure obligations in accordance with the City's Conflict of Interest Code.

City Initials _____
Consultant Initials _____

7.2 Disclosure not Required. By their initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is not a "consultant" for the purpose of the California Political Reform Act because Consultant's duties and responsibilities are not within the scope of the definition of consultant in Fair Political Practice Commission Regulation 18701(a)(2)(A) and is otherwise not serving in staff capacity in accordance with the City's Conflict of Interest Code.

City Initials _____
Consultant Initials _____

This Agreement is executed on _____, 2015, at Malibu, California, and effective as of January 1, 2016

CITY OF MALIBU:

_____
JIM THORSEN, City Manager

ATTEST:

_____
LISA POPE, City Clerk
(seal)

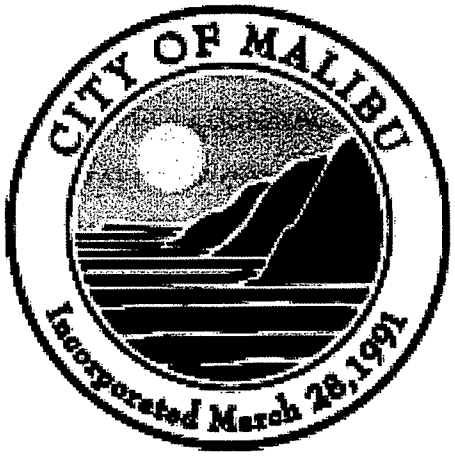
CONSULTANT:

_____
By: Richard Kikuchi
Lance, Soll & Lunghard, LLP

APPROVED AS TO FORM:

_____
CHRISTI HOGIN, City Attorney

Exhibit A



PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Prepared by:

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 N. Brea Blvd, Suite 203
Brea, CA 92821
(714) 672-0022

Contact Person:

Richard K. Kikuchi, CPA, Partner
richard.kikuchi@lslcpas.com

June 19, 2015

CITY OF MALIBU

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

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LSL
CERTIFIED PUBLIC ACCOUNTANTS

• David E. Hale, CPA, CFP • Deborah A. Harper, CPA
• Donald G. Slater, CPA • Gary A. Cates, CPA
• Richard K. Kikuchi, CPA • Michael D. Mangold, CPA
• Susan F. Matz, CPA • David S. Myers, CPA
• Bryan S. Gruber, CPA

June 19, 2015

Ruth Piyaman
Finance Manager
23825 Stuart Ranch Road
Malibu, CA 90265

Lance, Soll & Lunghard, LLP is pleased to respond to your Request for Proposal for Professional Audit Services. As a leader in the field of governmental accounting and auditing, we appreciate this opportunity given to us to present our professional qualifications. Because of our extensive public sector experience, dedication to excellence and determination to retain the brightest and most talented professionals, we are certain that Lance, Soll & Lunghard, LLP (LSL) is the most qualified accounting firm to provide professional auditing services to the City of Malibu.

Lance, Soll & Lunghard, LLP agrees to provide to the City of Malibu the annual services described in the following proposal for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods.

The sections that follow describe the benefits your organization would receive from Lance, Soll & Lunghard, LLP. **We are committed to provide the services discussed in our proposal in accordance with the timetable indicated.** For purposes of this proposal, Richard K. Kikuchi, Partner, is authorized to make representations for our firm, empowered to submit this bid and authorized to sign a contract with the City of Malibu. I can be reached at the address above, by phone at (714) 672-0022 or through email at richard.kikuchi@lslcpas.com.

Very truly yours,

Richard K. Kikuchi, Partner
LANCE, SOLL & LUNGHARD, LLP

PROPOSAL

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE

a. *QUALIFICATIONS, CREDENTIALS AND RELATED PAST EXPERIENCE*

License to Practice in California

Lance, Soll & Lunghard, LLP is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. All of our partners are Certified Public Accountants licensed by the State of California. As a firm, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key staff to be assigned to this engagement are or will be licensed by the State of California to practice as Certified Public Accountants.

Independence

Lance, Soll & Lunghard LLP meets the independence requirements as defined by Auditing Standards Generally Accepted in the United States of America and the U.S. General Accounting Office's *Government Auditing Standards* (2011 revision). We are a partnership consisting of nine partners who do not own any other business organization that has in the past, or will in the future, be providing services, supplies, materials or equipment to the City of Malibu or its component units.

Experience

We are a regional public accounting firm that has met the auditing needs of governmental entities throughout California for over 85 years. This experience has led to the development of efficient procedures that provide numerous client benefits. Our clients have grown to understand that an audit from Lance, Soll & Lunghard, LLP provides them with a wealth of knowledge, confidence and value added services.

Peer Review

We are members of the American Institute of Certified Public Accountant's Private Companies Practice Section, which has the requirement for peer review along with Generally Accepted Government Auditing Standards. We have participated in the peer review program since its inception and have undergone several peer reviews. The first review was conducted by Arthur Young & Company (now Ernst & Young) and the most recent by R.H. Johnston Accountancy Inc. Overall, they confirmed what we already knew, that our approach and procedures are in compliance with technical and professional pronouncements. All of these peer reviews covered governmental engagements. Our most recent peer review, conducted by R.H. Johnston Accountancy Inc., is included in **Appendix A** to this proposal.

b. *SIZE OF THE FIRM AND PERSONNEL ASSIGNED TO THE PROJECT*

Our firm has approximately 65 employees including nine partners and professional staff of approximately forty-five. Governmental staff consists of three partners, one senior manager, four managers, two supervisors, seven seniors and fifteen staff auditors. All personnel assigned to this engagement work on a full-time basis.

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

Local government expertise is led by the following partners:

Richard K. Kikuchi, CPA, Partner
Bryan S. Gruber, CPA, Partner
Deborah A. Harper, CPA, Partner

We have three offices in California which provide services to the western region of the United States. Our headquarters are located in Orange County in the City of Brea, California. We also have two other offices in Temecula Valley and Silicon Valley. The audit for the City of Malibu will be staffed from our Orange County office.

Partner, Supervisory and Staff Assigned to the Project

The most critical component in the successful completion of an audit is the personnel assigned to carry out the responsibilities. We have assembled a **Lance, Soll & Lunghard, LLP Team** composed of individuals with the optimum mix of talents. The individuals assigned have experience in performing the tasks for which they are responsible, as well as familiarity with all government accounting operations. In addition, each has developed extensive skills in a variety of other complementary subjects through their work with clients in other industries. Thus, the experience gained on previous assignments can be applied and tailored to the unique needs of your organization. The partners at Lance, Soll & Lunghard, LLP are an integral part of the audit process and will routinely be overseeing and supervising staff personnel in the field.

For the City of Malibu, the personnel assigned to the engagement will be as follows:

Engagement Partner
Richard K. Kikuchi, CPA

Concurring Partner
Deborah A. Harper, CPA

Audit Manager
Maria-Luisa Valdez, CPA

In-Charge Auditor
Jocelyn Esparza

Additional Professional Staff of 1 to 2 on the LSL team.

Resumes for these individuals are located in **Appendix B**.

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

Continuing Education

As a firm policy, and in compliance with the continuing education requirements promulgated by the AICPA, General Accounting Office and the California Society of CPAs, all our staff auditors (certified and non-certified) meet the requirement of 40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two year period. For our educational programs, we utilize in-house programs developed by our talent Development Director, California Society of CPAs courses, AICPA Government Audit Quality Center courses, and Government Finance Officers Association courses. Our formal education program was reviewed by independent firms during our peer review process and no exceptions were noted

Staff Auditors

The firm's policy of assigning in-charge to an engagement requires that the in-charge have at least three years of government auditing experience. He or she must have demonstrated a high degree of understanding of governmental accounting and auditing, as well as of the firm's overall client philosophy. Having been assigned to the engagement before is also an important factor in assigning an in-charge supervisor or senior to an engagement. Any changes in personnel at the senior level or above will be approved by the City of Malibu. Lance, Soll & Lunghard, LLP's philosophy is to provide **quality audit services with minimal disruption to City staff.** Our focused efforts to obtain and retain quality staff have further enabled us to provide this to our clients.

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

c. *LIST OF THREE SIMILAR CLIENTS*

Following is a list of three similar clients with the names, titles, addresses and telephone numbers of the appropriate persons which the City can contact:

City of Irwindale			
Ms. Eva Carreon	Finance Director	(626)430-2221	ecarreon@ci.irwindale.ca.us
5050 N. Irwindale Avenue, Irwindale, CA 91706			
City of Redlands			
Ms. Tina Kundig	Finance Director	(909)798-7543	tkundig@cityofredlands.org
35 Cajon Street, Redlands, CA 92373			
City of San Marino			
Ms. Lisa Bailey	Finance Director	(626)300-0700	lbailey@sanmarinoca.gov
2200 Huntington Drive, San Marino, CA 9118			

2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT

Lance, Soll & Lunghard, LLP agrees to provide the following annual services to the City of Malibu for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods:

- Perform an audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Malibu. The purpose of the audit will be to express our auditor's opinion on the fairness of the basic financial statements presented, and whether they comply with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The audit will be conducted in accordance with generally accepted auditing standards, the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended, and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations.*

- Issue an audit report with an in-relation to section for the supplementary information.

- Issue a report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.

- If applicable, issue a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 and a schedule of findings and questioned costs. (Single Audit)

- If applicable, issue an "in-relation-to" report on the schedule of expenditures of federal awards. (Single Audit)

2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT (Continued)

Regarding the *management discussion and analysis*, we will apply the procedures required by the auditing standards which include obtaining an understanding of the method of preparation, the source and basis for the information presented, comparing for consistency to the audited data, and ascertaining that the *management's discussion and analysis* contains all of the required information.

At the request of the City, we will present and discuss the annual basic financial statements and results of operations at a City Council meeting. We will also be available to attend, participate and staff up to two Administrative and Finance Subcommittee meetings during the year.

At the conclusion of our audit, we will issue a management letter to report items noted during the audit and provide recommendations to improve the City's internal controls.

Upon identification or indication of irregularities or illegal acts, we will make an immediate written report to the City Manager and the Administrative Services Director.

At the start and at the conclusion of our audit, we will communicate to the Administration and Finance Subcommittee our responsibility under generally accepted auditing standards including significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultation with other accountants, major issues discussed with management prior to retention and difficulties encountered in performing the audit.

Throughout the year, we will communicate periodically new state and national developments affecting municipal finance and reporting, standards and trends including changes in federal/state grant program accounting and reporting requirements. Also, the City's Finance staff will be invited to our annual GASB update which is usually held in the spring. Throughout the year, we will be available to answer questions and provide general consultation on financial reporting matters and we will assist the City with the Triple Flip true up calculation.

All working papers and reports will be retained (at our expense) for a minimum of seven (7) years, unless we are notified in writing by the City of Malibu of the need to extend that retention period. Upon written request, we will make working papers available to parties designated by the City. In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

We understand that the City will prepare the draft financial statements, notes and all required supplementary schedules and statistical by the end of November. We will review the draft for full compliance with the latest Government Accounting Standard Board (GASB) pronouncements for submission under the Government Finance Officers Association of the United States and Canada's "Certificate of Achievement for Excellence in Financial Reporting" program and provide recommendations and suggestions to the Administrative Services Director one week after receiving it.

2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT (Continued)

From time to time, the City may require special services or assistance which could be subject to a new contract or amendments to this contract entered into in accordance with all applicable City regulations. Any such additional work agreed to between the City and the firm will be performed at the rates set forth in the schedule of fees presented on the following page.

3. PROFESSIONAL SERVICE AGREEMENT

We reviewed the agreement for professional services attached to the request for proposals for professional audit services and have no exception to the agreement. Lance, Soll & Lunghard LLP agrees to comply with the terms and conditions of the City's standard Professional Service Agreement.

4. COMPLIANCE

Lance, Soll & Lunghard LLP certifies that it is in full compliance and will continue to comply with the California Labor Code including the Federal Labor Standards provisions, the Federal Prevailing Wage Decision and the State of California Prevailing Wage Rates.

It is the policy of Lance, Soll & Lunghard, LLP to conduct its relations with employees and applicants for employment without regard to race, color, religion, sex, gender, sexual orientation, pregnancy, age, disability, national origin, marital status, ancestry, medical condition, veteran's status or any other characteristics protected by federal or state law. This policy applies to all employment terms and conditions including hiring, compensation decisions, benefits, discipline, training, promotions and terminations.

5. LITIGATION

There have been no disciplinary actions against our organization since its inception. All of our Single Audit reports are desk reviewed either by the Federal cognizant agency or the State Controller's Office acting as the Oversight Agency. We have never had a report rejected by any of these agencies. In fact, we are highly regarded and recognized by the staff of the State controller's Office as a firm that always submits top quality reports.

6. REFERENCES

Similar engagements performed would be as follows:

City of Irwindale - Audit of a Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34, which received the GFOA award. This service has been provided to the City for the last 18 years. Last completed audit was for June 30, 2014. The engagement partner is Mr. Richard K. Kikuchi. Contact person: Ms. Eva Carreon, Finance Director (626)430-2221 ecarreon@ci.irwindale.ca.us

City of Redlands - Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award and a single audit in accordance with OMB A-133. The engagement partner is currently Mr. Richard K. Kikuchi. These services have been provided to the City for the last 5 years. Contact person: Ms. Tina Kundig, Finance Director(909) 798-7543. tkundig@cityofredlands.org

6. REFERENCES (Continued)

City of San Marino - Audit of a Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34. This service has been provided to the City for the last 21 years. Last completed audit was for June 30, 2014. The engagement partner is Mr. Richard K. Kikuchi. Contact person: Ms. Lisa Bailey, Finance Director (626) 300-0700 lbailey@sanmarinoca.gov

A complete listing of our government audit clients, along with phone numbers of contact personnel and references as to services provided, is included in **Appendix C** of this proposal. We welcome you contacting any or all of these to get their opinion on the services we provide.

7. FEES

The maximum fees for professional audit services for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods will be as follows:

				Option	
Nature of Services to Be Provided	**2016**	**2017**	**2018**	**2019**	**2020**
Annual Audit Services	$22,780	$23,460	$24,160	$24,880	$25,630
Single Audit Services (if required)	3,980	4,100	4,220	4,350	4,480
Total All Inclusive Maximum Price	**$ 26,760**	**$ 27,560**	**$ 28,380**	**$ 29,230**	**$ 30,110**

If it should become necessary for the City to request additional service to either supplement the services required in this proposal or to perform additional work, then such additional work will be performed as an addendum to the contract between the City and our firm using the following rates:

				Option	
Position	**2016**	**2017**	**2018**	**2019**	**2020**
Partner	$246	$253	$261	$269	$277
Manager	163	168	173	179	184
Senior	123	127	130	134	138
Staff	110	114	117	121	124
Clerical	Included	Included	Included	Included	Included

The fees and rates quoted above are all inclusive of clerical, typing, printing services, meals and lodging, mileage and transportation, and miscellaneous out of pocket expenses.

8. TIMELINE

The proposed schedule dates for the audit will be as follow:

Interim fieldwork will be conducted during the month of June and will take two to three days. Audit planning, documentation of systems of internal control and compliance, and transaction testing will be completed during the interim stage. A month prior to the start of the interim work, we will provide a list of schedules and items to be provided by the City. At the conclusion of the interim fieldwork, the plan for the year-end audit will be discussed and a list of schedules and items needed for the year-end fieldwork will be provided.

Year-end fieldwork will start in the middle of the month of October and will take about a week. Financial statements testing, internal controls evaluation, and preparation of reports and letters will be completed during the year-end fieldwork.

The first day of the audit fieldwork at interim and year-end will include an entrance conference to establish liaison for the audit, discuss the work to be performed and obtain an update on the City's events since the last audit contact. Upon completion of the audit fieldwork and prior to issuing any audit reports or letters, we will schedule an exit conference with the Administrative Services Director to discuss observations, proposed adjustments, findings and potential recommendations for improvements. A copy of the proposed adjustments will be provided to the City the week following the year-end field work.

Preliminary draft of the reports and letters will be provided during the first part of November to the Administrative Services Director. We will be available for any meetings that may be necessary to discuss the draft audit reports and letters.

Final reports and letters will be delivered to the Administrative Services Director no later than December 23th for timely submission to the GFOA award program.

We understand that the City will prepare the draft financial statements, notes and all required supplementary schedules and statistical by the end of November. We will review the draft for full compliance with the latest Government Accounting Standard Board (GASB) pronouncements for submission under the Government Finance Officers Association of the United States and Canada's "Certificate of Achievement for Excellence in Financial Reporting" program and provide recommendations and suggestions to the Administrative Services Director one week after receiving it.

The above timeline will stay consistent from year to year for the duration of the contract unless the City notifies us of its desire to change the above dates.

R.H. JOHNSTON ACCOUNTANCY INC.
A Professional Corporation
21300 Victory Boulevard, Suite 750
Woodland Hills, California 91367
(818) 346-9800
Fax (818) 346-0609

Appendix A

System Review Report

November 13, 2013

To the Partners of Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPAs

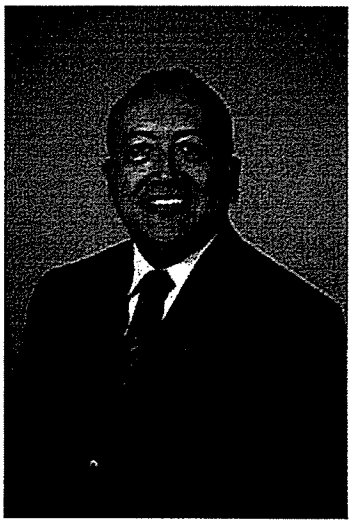
We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, and an audit of employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail.* Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

R.H. Johnston Accountancy Inc.

RICHARD K. KIKUCHI, CPA
ENGAGEMENT PARTNER



Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 1985

License: Certified Public Accountant - California 1991

Continuing Education: Total hours were 142 in last three years of which 64 were in governmental accounting and auditing subjects. Mr. Kikuchi has met the Governmental Auditing Standards requirement for governmental CPE

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants
California Society of Municipal Finance Officers (Associate Member)
Government Finance Officers Association (Associate Member)

Experience: Over twenty years experience in governmental audits.

He is currently involved on the following major municipal engagements.

City of Bell Gardens
City of Big Bear Lake
City of Pomona
City of Rancho Cucamonga
City of Coronado
City of Chula Vista
City of La Quinta
City of Manhattan Beach
San Diego County Water Authority
American Water Work Association
City of Canyon Lake
City of Redlands
City of Ontario
City of Imperial Beach
City of Santa Barbara
City of Monrovia
City of Malibu
City of Indian Wells
City of Wildomar

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.

- Mr. Kikuchi has the responsibility for overseeing federal single audits for these and other clients of our firm. These audits have met the requirements of the OMB and have been desk reviewed by the State Controller's Office.

Richard K. Kikuchi, CPA, Partner (Continued)

Achievements: Mr. Kikuchi recently sat on the California State Board of Accountancy's Qualifications Committee, which is an advisory committee established to examine and to make recommendations for all applicants for the license of Certified Public Accountant.

He currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO).

Mr. Kikuchi sat on the CSMFO Special Districts Technical Committee and teaches an Introductory Governmental Accounting course through the CSMFO Career Development Committee.

DEBORAH A. HARPER, CPA
CONCURRING PARTNER

Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 2000

License: Certified Public Accountant – California 2005

Continuing Education: Total hours were 132 in last three years of which 68 were in governmental accounting and auditing subjects. Ms. Harper has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants
California Society of Municipal Finance Officers (Associate Member)
Government Finance Officers Association (Associate Member)
Governmental Accounting and Auditing Committee

Experience: Over fourteen years of experience in governmental audits. During her time with the firm, Ms. Harper has performed all phases of our government audits and made numerous presentations to Boards of Directors and Audit Committees. She has been involved on the following similar engagements:

Cucamonga Valley Water District
Moulton Niguel Water District
Coachella Valley Water District
City of Irvine
City of Aliso Viejo
City of Laguna Niguel
City of Monrovia
City of Orange
City of Seal Beach
City of Simi Valley
City of Thousand Oaks
City of Chino Hills
City of Azusa
City of Glendora
City of Menifee
City of Corona
City of Diamond Bar
City of Banning
City of Claremont
City of Brea
City of Fullerton

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.

Deborah A. Harper, CPA, Partner (Continued)

- Review the audit of these entities and provide technical assistance throughout the year to provide the most up to date information with current GASB pronouncement.
- Present the overall audit results to audit committees or other Board Members.

Achievements: Ms. Harper has developed and conducts various Lance, Soll & Lunghard, LLP municipal training courses for new associates and members of the firm.

MARIA-LUISA VALDEZ, CPA
AUDIT MANAGER

Education: Bachelor of Science Degree in Accountancy, Minor in Applied Mathematics – Loyola Marymount University, Los Angeles

License: Certified Public Accountant – California 2009

Continuing Education: Total hours were 160 in last four years of which 100 were in governmental accounting and Yellow Book auditing subjects. Ms. Valdez has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants

Experience: Over seven years of experience in governmental audits. Ms. Valdez has established herself as an outstanding asset and resource at LSL. She has demonstrated his talent in the area of municipal accounting and auditing. During her time with the firm, Ms. Valdez has performed all phases of our municipal audits, including CAFR audits, redevelopment agency audits and Single Audits. He has been involved in the following municipal engagements:

City of Whittier
Ms. Valdez served as the audit lead for the City of Whittier. As the audit lead, it has been Ms. Valdez's responsibility to supervise all areas of the financial audit, which includes both the basic financial statements (CAFR) and Single Audit.

City of Malibu
Ms. Valdez serves as the Audit Manager for the City of Malibu in the current year. As the Audit Manager, it has been Ms. Valdez's responsibility to oversee the fieldwork for all areas of the Financial Audit and the Single Audit in accordance with A-133. The City of Malibu receives the GFOA Award for Excellence in Financial Reporting each year.

Maria-Luisa Valdez, CPA, Audit Manager (Continued)

Ms. Valdez has also served the following engagements:

County of San Bernardino	City of La Habra
County of San Diego	County of Ventura
County of Los Angeles	City of Oceanside
City of Agoura Hills	City of Barstow
City of San Buenaventura	City of Garden Grove
City of Santa Ana	City of Compton
City of Malibu	City of Glendora
City of Solana Beach	City of Monrovia
California Prison Authority	First 5 Los Angeles
Ventura County Air Pollution Control District	City of Vernon
California State University System	City of Whittier
Henry Mayo Newhall Memorial Hospital	City of Covina
California State Auditor – Bureau of State Audits	City of Rialto

Achievements: Ms. Valdez has been involved with teaching current audit and accounting related material at Lance, Soll & Lunghard, LLP's in house training seminars.

JOCELYN ESPARZA
AUDITOR IN-CHARGE

Education: Bachelor of Arts Degree in Business Administration, Concentrations in Accounting & Information Systems – California State University, Fullerton, 2013

License: Certified Public Accountant – In Process

Continuing Education: Total hours were 125 in last three years of which 74 were in governmental accounting and auditing subjects. Ms. Esparza has met the Governmental Auditing Standards requirement for governmental CPE.

Experience: Ms. Esparza has progressed in an outstanding manner. During her time with the firm, Ms. Esparza has performed all phases of our government audits, including water districts, other special districts, CAFR audits, successor agency audits and Single Audits. She has been involved in the following municipal engagements:

City of Irvine
City of Irwindale
City of Cathedral City
City of Diamond Bar
City of Azusa
City of Moreno Valley
City of Pomona
City of Fullerton
City of Duarte
City of Thousand Oaks
City of Chino Hills
City of South Pasadena

LISTING OF CURRENT GOVERNMENT AUDIT CLIENTS

	Client	Contact Person	Service Code	Years	Telephone
	Agoura Hills	Ms. C. Pinuelas	F, S	New	818-597-7319
*	Aliso Viejo	Ms. G. Tharani, Director of Financial Services/City Treasuer	F	4	949-425-2520
	American Water Works Association	Ms. S. Ramakrishnan, Asst. Exec. Director	F	3	909-291-2114
*	Azusa	Mr. S. Paragas, Finance Director	F, S	17	626-812-5291
	Banning	Ms. M. Green, Accounting Manager	F, S	15	951-922-3118
	Bell	Mr. H. Vazquez, Accounting Manager	F	1	323-588-6211
	Big Bear Lake	Ms. K. Ent, Director of Admin. Services	F, S	16	909-866-5831
*	Brea	Mr. L. Squire, Financial Services Manager	F, S	3	714-990-7683
	Burbank	Ms. C. Girardo, Financial Services Dir.	I	4	818-238-5487
	Canyon Lake	Mr. T. Shea, Finance Director	F	19	909-244-2955
	Cathedral City	Mr. K. Biersack, Fiscal Officer	F, S	15	760-770-0378
*	Chino Hills	Ms. J. Lancaster, Finance Director	F, S	16	909-364-2600
	Chula Vista	Ms. M. Kachadoonian, Finance Director	F, S	1	619-409-5815
*	Claremont	Mr. A. Pirrie, Acting Finance Director	F, S	9	909-399-5460
	Coachella Valley Water District	Ms. Kay Chobey, Director of Finance	F, S	2	760-398-2661
*	Corona	Ms. K. Eden, Administrative Service Director	F, S	5	951-736-2315
	Coronado	Ms. L. Stelter, Finance Director	F, S	7	619-522-7300
*	Cucamonga Valley Water District	Mr. C. Brantley, Finance Officer	F, S	3	909-483-7453
	Diamond Bar	Ms. D. Honeywell, Finance Director	F, S	5	909-839-7051
	Dixon	Ms. J. Michaels-Aguilar, Finance Director	F, S	New	707-678-7000 x108
	Downey	Mr. A. Gandhy, Director of Finance	F, S	1	562-904-7265
	Duarte	Ms. K. Petersen, Finance Director	F	7	626-357-7931
	Emeryville	Ms. M. Oberg, Finance Director	F, S	10	510-596-4352
*	Escondido	Ms. J. Ryan, Asst Finance Director	F, S	5	760-839-4338
	Fullerton	Ms. J. James, Director of Admin. Services	F, S	4	714-738-6522
*	Glendora	Ms. E. Stoddard, Accounting Manager	F, S	10	626-914-8238
	Grand Terrace	Ms. C. Fortune, Finance Director	F	1	909-824-6622
	Greater Los Angeles Vector Control	Mr. K Bayless, District Manager	F	5	562-758-6501
	Hidden Hills	Ms. C. Paglia, City Clerk	F	28	818-888-9281
	Imperial Beach	Ms. K. Vonachen, Administrative Services Director	F	13	619-628-1361
	Indian Wells	Mr. K. McCarthy, Finance Director	F, S	4	760-346-2489
*	Irvine	Ms. D. Mullally, Manager of Fiscal Services	F, S	3	949-724-6037
	Irwindale	Ms. E. Carreon, Finance Director	F	18	626-430-2221
*	La Mirada	Ms. M. Pasqual, Finance Manager	F, S	11	562-943-0131
	La Quinta	Ms. R. Conrad, Finance Director	F, S	8	760-777-7150
*	Laguna Niguel	Mr. S. Erlandson, Finance Director	F, S	3	949-362-4358
	Los Alamitos	Mr. J. Al-Imam, Administrative Services Director/Treasurer	F, S	New	562-431-3538
*	Malibu	Ms. R. Feldman, Finance Director	F	10	310-456-2489
	Manhattan Beach	Mr. B. Moe, Finance Director	F	1	310-802-5553
*	Monrovia	Mr. M. Alvarado, Director of Admin. Services	F, S	13	626-932-5510
	Monterey Regional Water Pollution Control Agency	Ms. T. Hannah, Chief Financial Officer	F	New	831-645-4623
	Moulton Niguel Water District	Ms. R. Yuen, Controller	F	1	949-831-2500
	Oceanside	Ms. J. McPherson, Interim Finance Director	F, S	8	760-435-3839
*	Ontario	Ms. D. Nunes, Director of Fiscal Services	F, S	18	909-395-2352
	Orange	Mr. W. Kolbow, Finance Director	F, S	3	714-744-2235
*	Orange County Fire Authority	Mr. J. Ruane, Finance Manager	F, S	3	714-573-6304
*	Orange County Water District	Mr. R. Fick, Chief Financial Officer	F, S	4	714-378-3271
*	Palm Springs	Mr. G. Kiehl, Finance Director	F, S	5	760-323-8229
	Palos Verdes Estates	Mr. R. Morreale, Finance Director	F	4	310-378-0383
*	Pasadena	Mr. R Ridley, Controller	F, S	New	626-744-7497
	Placentia	Mr. M. Reynold, Management Analyst	F, S	New	714-993-8130

Service Codes:

F - Financial Audit
S - Single Audit of Federal Grants in accordance with OMB Circular A-133
I - Internal Audit Services

* - Participates in Award Programs and has received or anticipates receiving outstanding award

LISTING OF CURRENT GOVERNMENT AUDIT CLIENTS

	Client	Contact Person	Service Code	Years	Telephone
*	Pomona	Ms. P. Chamberlain, Finance Director	F, S	4	909-620-2355
*	Rancho Cucamonga	Ms. T. Layne, Finance Officer	F, S	37	909-989-1851
*	Redlands	Ms. T Kundig, Finance Director	F, S	5	909-798-7543
	Rolling Hills	Mr. T. Shea, Finance Director	F	3	310-377-1521
*	San Carlos	Ms. R. Mendenhall, Acting Admin Svcs Dir	F,S	5	650-802-4221
*	San Dimas	Ms. B. Bishop, Finance Director	F, S	53	909-394-6200
	San Juan Water District	Ms. K. Motonaga, Finance Manager	F	1	916-791-6946
	San Marino	Ms. L. Bailey, Finance Director	F, S	21	626-300-0700
*	Santa Barbara	Mr. B. Samario, Finance Director	F,S	4	805-897-1978
	Santa Cruz	Mr. M. Rimentel, Director of Finance	F, S	7	831-420-5050
*	Santa Fe Springs	Mr. J. Gomez, Assistant City Mgf/Director of Finance	F, S	1	562-868-0511
	Seal Beach	Ms. V. Beatley, Finance Director	F, S	4	562-431-2527
*	Solana Beach	Ms. M. Berkuti, Finance Manager/Treasurer	F	3	858-720-2466
	South Gate	Ms. Jacquelyn Acosta, Director of Administrative Services	F, S	5	323-563-9524
*	Thousand Oaks	Mr. J. Adams, Finance Director	F, S	6	805-449-2235
	Three Valleys Water District	Mr. R. Hansen, General Manager	F	8	909-626-4631
*	Vista	Mr. D. Nielsen, Finance Manager	F	6	760-639-6170 x1023
	Walnut	Ms. Marie Santos, Finance Manager	F	42	909-595-7543
*	Wildomar	Mr. G. Nordquist, Finance Director	F	6	951-677-7751

Service Codes:

F - Financial Audit
S - Single Audit of Federal Grants in accordance with OMB Circular A-133
I - Internal Audit Services

* - Participates in Award Programs and has received or anticipates receiving outstanding award

City Council Meeting
01-25-16
Item
3.B.7.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Robert L. Brager, Public Works Director/City Engineer

Approved by: Jim Thorsen, City Manager

Date prepared: January 6, 2016 Meeting date: January 25, 2016

Subject: Amendment to Agreement with David Taussig and Associates, Inc. (DTA)

RECOMMENDED ACTION: 1) Authorize the City Manager to execute Amendment No. 2 to the Professional Services Agreement with DTA in the amount of $14,500 to provide additional consulting services for the formation of the Civic Center Wastewater Treatment Facility (CCWWTF) Assessment District; and 2) appropriate $14,500 from the General Fund Undesignated Reserve.

FISCAL IMPACT: Funding for this amendment was not included in the Adopted Budget for Fiscal Year 2015-2016. An appropriation of $14,500 from the General Fund Undesignated Reserve to Account No. 710-0000-2270.45 (CCWWTF) is needed to fund the additional work for the project. This amount will be reimbursed to the City when an Assessment District for Phase One is formed. The projected General Fund Reserve at June 30, 2015 is $20.5 million.

In the event that an Assessment District is not formed and bonds are not issued, the City will be responsible for the total cost of the Agreement with DTA in an amount not to exceed $90,000 ($40,000 from the original Agreement, $35,500 from Amendment No. 1 and $14,500 from Amendment No. 2, if approved).

DISCUSSION: On September 23, 2013, the City entered into a Professional Services Agreement with DTA for to provide consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District. On June 8, 2015, the City entered into Amendment No. 1 to the Agreement to perform additional assessment lien and financing analysis work for the project. The requested $14,500 in Amendment No. 2 is needed for DTA to provide additional financing and assessment lien sensitivity analysis due to revisions to the organic loadings of each parcel, the finalized cost of the treatment plant site, revised construction costs, revised parcel flow allocation, changes in parcel character, and additional work to assist design consultant with preparation of the

State Revolving Fund (SRF) loan application. DTA has submitted the scope of work for this additional work and is included in Amendment No. 2 as Exhibit A. DTA has also submitted a cost proposal in the amount of $14,500 to perform this additional work, which is included in Amendment No. 2 as Exhibit B. Staff has reviewed the proposal and requests the approval of Amendment No. 2 to Agreement with DTA in the amount of $14,500.

Council Policy #44 requires that all proposed appropriations over $10,000 be reviewed and discussed by the Administration and Finance Subcommittee prior to being presented to the City Council. The proposed appropriation will be discussed by the Administration and Finance Subcommittee prior to the Council meeting and the subcommittee members will provide a report on this item.

ATTACHMENT:

Amendment No. 2 to Agreement with David Taussig and Associates, Inc.

AMENDMENT NO. 2 TO AGREEMENT

THIS AMENDMENT NO. 2 TO AGREEMENT is made and entered in the City of Malibu on January 25, 2016, by and between the CITY OF MALIBU, hereinafter referred to as City, and David Taussig and Associates, Inc., hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

RECITALS

A. On September 23, 2013, the City entered into an Agreement with Consultant for consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District (the "Agreement").

B. On June 8, 2015, the City entered into Amendment No. 1 to Agreement with Consultant for additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District.

C. The City desires to amend the Agreement Scope of Services and Compensation to include additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District as indicated in the Consultant's Scope of Work, Exhibit A, and the Consultant has submitted a proposal for this purpose that is acceptable to the City.

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

1. Section 1.0 – Scope of the Consultant's Services, of the Agreement, is hereby amended as set forth in Exhibit A attached hereto.

2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended to increase the contract amount by $14,500, as set forth in Exhibit B attached hereto.

3. All terms and conditions of the Agreement, and Amendment No. 1 to the Agreement, not amended by this Amendment No. 2 remain in full force and effect.

This Agreement is executed on January 25, 2016, at Malibu, California, and effective as of _____.

CITY OF MALIBU:

_____
JIM THORSEN, City Manager

ATTEST:

_____
LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

_____
CHRISTI HOGIN, City Attorney

CONSULTANT:

_____
By: David Taussig
Title: President

EXHIBIT A

SECOND AMENDED SCOPE OF WORK
CITY OF MALIBU ASSESSMENT DISTRICT FORMATION
(CIVIC CENTER WASTEWATER TREATMENT FACILITY PROJECT)

Consulting services associated with Assessment District formation and debt issuance include the following tasks. Compensation for services shall be in accordance with the fee schedule attached hereto as Exhibit B.

A. Assessment Engineer's Report

A.1 Kickoff Meeting

DTA proposes a kickoff meeting with City staff, bond counsel, underwriter, and RMC Water and Environment. The intent of the meeting will be to discuss (i) the Civic Center wastewater treatment facility project, (ii) the lien apportionment methodology in light of recent Proposition 218 court decisions, and (iii) any other questions and/or concerns.

Deliverable: Formation Schedule

A.2 Background Research and Parcel Database

DTA shall compile a parcel database including property characteristics typically found in the County Assessment Roll and/or on County Assessor's Maps such as Assessor's Parcel Number, lot frontage, lot area, and record owner name, mailing and situs address.

A.3 Boundary Map and Assessment Diagram

DTA will prepare the boundary map and assessment diagram based on the parcel configuration per the County Assessor's maps. Pursuant to the Streets and Highways Code the Assessment Diagram will make reference to the Assessor's maps for parcel dimensions. The map and diagram will be prepared to the standards required by the County Recorder's Office for recordation. DTA will record the boundary map after the Malibu City Council ("City Council") adopts the Resolution of Intention.

Deliverable: DTA will prepare up to three (3) boundary maps and three (3) assessment diagrams.

A.4 Assessment Lien and Financing Analysis

DTA will determine the lien apportionment methodology and apportion the estimated improvement costs in proportion to the benefit received by each parcel. Assessment liens and estimated installment payments will be calculated assuming the issuance of (i) conventional limited obligation improvement bonds and (ii) a combination of Clear

Water State Revolving Fund Loans (the "State Loans") and taxable limited obligation improvement bonds. DTA will also prepare assessment lien sensitivity analyses as requested by the City and/or RMC Water and Environment to evaluate the impact on assessment levels of different improvement bond and State Loan timing and terms and/or improvement costs. As requested, DTA will coordinate with the State, RMC Water and Environment, bond counsel and underwriter regarding estimated bond and loan term, issuance costs, capitalized interest, reserve funds, annual debt service and/or loan payments, and administrative expenses and assist in the preparation of information for the State Loan application.

Deliverable: DTA will prepare up to thirty-five (35) assessment lien and financing analyses.

A.5 Engineer's Report

DTA will be the "Engineer of Work" in conformance with the Municipal Improvement Act of 1913 and prepare the Final and Preliminary Engineer's Reports pursuant to the requirements of Section 10204 of the Streets and Highways Code and Proposition 218. As required by law, the report shall contain the following:

- Plans and specifications describing the general nature, location, and extent of the improvements proposed to be installed or acquired;
- An estimate of the total costs, including construction, land, rights-of-way, easements, and incidental expenses in connection with the improvements;
- The Assessment Diagram;
- The proposed assessment of the total amount of the cost and expenses of the proposed improvements upon all parcels in the district in proportion to the benefits to be received by each parcel;
- The proposed maximum annual assessment to be levied on each parcel in the district to pay costs associated with the administration and collection of assessments, the administration or registration of any associated bonds or reserve or other related funds; and
- A description of the methodology and formula for apportioning the assessment. The apportionment methodology will assess parcels based only on the Special Benefit they receive from the improvements, as required by Proposition 218.

Consultant shall produce the Final Engineer's Report in connection with the confirmation of the assessments by the City Council. This report shall include confirmed costs in place of the estimated costs listed in the Preliminary Engineer's Report and make any revisions requested by the City Council.

Pursuant to Proposition 218, all parcels on which special benefit is conferred shall be identified and the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement and/or the maintenance and operation expenses of a public

improvement. Special benefits must be separated from general benefits. Parcels owned or used by any public agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

Deliverable: DTA will prepare up to two (2) Preliminary Engineer's Reports and two (2) Final Engineer's Reports.

A.6 Public Notices and Ballot Protest Procedures

Consultant will print and mail notice of public hearing and assessment ballots. Consultant assumes that bond counsel will draft the notice and ballot text.

Deliverable: Notice of Public Hearing and Assessment Ballots

A.7 Ballot Tabulation

DTA shall provide a spreadsheet to the City Clerk to tabulate ballots submitted by property owners to determine whether a majority protest exists. As requested, DTA shall tabulate the ballots on City's behalf. This tabulation will be completed prior to the close of the public hearing, and the results will be provided to the City Clerk for inclusion in the public record.

Deliverable: Tabulation Spreadsheet

A.8 Post-Formation Services

After confirmation of the assessments by the City Council, DTA will provide the following services:

- Mail the notice of cash collection;
- Prepare a paid and unpaid list and calculate the new amount to bond after the end of the thirty-day cash collection period; and
- Record the assessment roll and diagram, and Notice of Assessment.

Deliverable: Notice of Cash Collection, Assessment Roll, and Notice of Assessment

B. Issuance of Debt

B.1 Debt Document Preparation/Review

As requested, DTA will assist the AD finance team in the preparation and review of State Loan and/or bond documents, including indenture, official statement, and continuing disclosure agreement, as well as preparation of tables for inclusion in the official statement. Such tables shall not include direct and overlapping general fund debt analysis.

Deliverable: DTA will prepare up to three (3) sets of official statement tables.

C. Meetings

DTA will attend up to eight (8) meetings, which in addition to the kickoff meeting described in A.1 above, may include subsequent meetings to review the draft preliminary Engineer's Report and/or attendance at the public hearing and/or other City Council meetings at which resolutions pertaining to the proposed assessment districted are scheduled for adoption.

EXHIBIT B

SECOND AMENDED FEE SCHEDULE
CITY OF MALIBU ASSESSMENT DISTRICT FORMATION
(CIVIC CENTER WASTEWATER TREATMENT FACILITY PROJECT)

DTA's estimated budget is time and materials and is increased by $14,500 for a total contract amount not to exceed $90,000. DTA shall charge the following hourly rates for services rendered:

Managing Director/Vice President	$200/hour
Manager	$190/hour
Senior Associate	$175/hour
Associate	$155/hour
Senior Analyst	$135/hour
Analyst	$120/hour
Research Assistant	$90/hour

A. Payment Terms

Monthly progress payments will be made by City upon presentation of invoice by DTA providing details of services rendered and expenses incurred. In addition to fees for services, City will reimburse DTA for travel, photocopying, database services or materials, facsimile and telephone calls, clerical services, and other out-of-pocket expenses.

B. Limitations

The estimated budget is based on certain limitations which include the following:

- DTA will prepare a maximum of three (3) boundary maps;
- DTA will prepare a maximum of three (3) assessment diagrams;
- DTA will prepare a maximum of ten (35) assessment lien and financing analyses;
- DTA will prepare a maximum of two (2) Preliminary Engineer's Reports;
- DTA will prepare a maximum of two (2) Final Engineer's Reports;
- DTA will prepare a maximum of three (3) sets of official statement tables;
- DTA will not prepare direct and overlapping general fund debt analysis; and
- DTA will attend a maximum of eight (8) meetings.

Any additional tasks assigned by City, other than those specified in the Scope of Work or outside of the limitations listed above, shall be charged at the hourly rates listed above.

City Council Meeting
01-25-16
Item 4.A.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Ruth Piyaman, Finance Manager

Reviewed by: Reva Feldman, Assistant City Manager

Approved by: Jim Thorsen, City Manager

Date prepared: December 21, 2015 Meeting date: January 25, 2016

Subject: Award of Community Development Block Grants (CDBG) for Fiscal Year 2016-17

RECOMMENDED ACTION: 1) Conduct the public hearing; 2) Award $6,935 in CDBG funds to the Malibu Community Day Labor Exchange Program; and 3) Adopt Resolution No. 16-03 authorizing and approving the Fiscal Year 2016-17 CDBG Program funding for the City of Malibu.

FISCAL IMPACT: The City expects to receive a total allocation of $46,237 of CDBG funding in Fiscal Year 2016-17. Of that amount, $6,935 or 15% is available for public service programs within the community. The remaining $39,302 is available for other CDBG projects.

DISCUSSION: The Community Development Commission is requiring cities to submit approvals of CDBG grant awards for the 2016-17 Fiscal Year by February 2016. For Fiscal Year 2016-17, CDBG will not receive confirmation of the exact allocation amounts until March. However, CDBG has requested that the City approve the expenditure of funds using the allocation amounts provided in the CDBG Planning Summary Schedule. The public service portion of the grant funds are eligible for community service organizations that meet the Department of Housing and Urban Development (HUD) criteria of benefiting low and moderate income residents. In prior fiscal years, the City has awarded the public service funds to the Malibu Community Day Labor Exchange Program. Staff recommends allocating $6,935 to the Labor Exchange for the Fiscal Year 2016-17.

ATTACHMENT: Resolution No. 16-03
Public Hearing Notice

RESOLUTION NO. 16-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU AUTHORIZING AND APPROVING THE FISCAL YEAR 2016-17 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM FUNDS FOR THE CITY OF MALIBU

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. The Los Angeles County Community Development Block Grant (CDBG) Program has allocated $46,237 to the City of Malibu for Fiscal Year 2016-17.

SECTION 2. After conducting a public hearing, the City Council hereby authorizes the expenditure of $6,935 in public service grant funds to the Malibu Community Day Labor Exchange for Fiscal Year 2016-17. The City of Malibu authorizes an adjustment to the programmed amounts in the event that the City receives a different total funding amount so long as the amount of public service grant funds available for the Malibu Community Day Labor Exchange does not exceed 15% of the total funding.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this 25th day of January, 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney

NOTICE OF PUBLIC HEARING
CITY OF MALIBU
CITY COUNCIL

The Malibu City Council will hold a public hearing on **Monday, January 25, 2016, at 6:30 p.m. in the City Council Chambers at Malibu City Hall**, located at 23825 Stuart Ranch Road, Malibu, CA, for:

Award of Community Development Block Grants for Fiscal Year 2016-17

The Council will consider approving the use of $6,935 of Community Development Block Grant (CDBG) funds for Public Services which will not exceed 15% of the annual allocation for Fiscal Year 2016-2017.

If there are any questions regarding this notice, please contact Ruth Piyaman, Finance Manager at (310) 456-2489, ext. 223. Copies of all related documents can be reviewed by any interested person at City Hall during normal business hours, Monday through Friday. Oral and written comments may be presented to the City Council on, or before, the date of the meeting.

Ruth Piyaman

RUTH PIYAMAN, Finance Manager

Publish Date: Thursday, December 24, 2015

City Council Meeting
01-25-15
Item 4.B.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Craig George, Environmental Sustainability Manager

Reviewed by: Vic Peterson, Environmental Sustainability Director

Approved by: Jim Thorsen, City Manager

Date prepared: January 6, 2016 Meeting date: January 25, 2016

Subject: Updated Developer Fee Program for the Benefit of the Consolidated Fire Protection District of Los Angeles County

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RECOMMENDED ACTION: Adopt Resolution No. 16-04, adopting the updated developer fee and fire station plan for the benefit of the Consolidated Fire Protection District of Los Angeles County and rescinding Resolution No. 15-01.

FISCAL IMPACT: None.

DISCUSSION: On November 24, 2015, the Board of Supervisors of the County of Los Angeles conducted a public hearing to update the Consolidated Fire Protection District Developer Program, which included the updated Fire Station Plan and 2015 Developer Fee Update. No adjustments to the fee amounts are being recommended this year.

Under the Developer Fee Agreement between the Consolidated Fire Protection District and the City, the City must adopt, by resolution, an updated Developer Fee and Fire Station Plan within 60 days of the Board adoption. On December 11, 2000, the Malibu City Council adopted Resolution No. 00-075, which set the fee. Most recently, the Council adopted Resolution No. 15-01. Resolution No. 15-01 will be rescinded by adoption of Resolution No. 16-04.

ATTACHMENTS:

1. Resolution No. 16-04
2. Letter from County of Los Angeles Fire Department dated December 8, 2015
3. Notice of Public Hearing

RESOLUTION NO. 16-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU ADOPTING THE UPDATED DEVELOPER FEE AND FIRE STATION PROGRAM FOR THE BENEFIT OF THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY AND RESCINDING RESOLUTION NO. 15-01

THE CITY COUNCIL OF THE CITY OF MALIBU DOES HEREBY FIND, ORDER AND RESOLVE AS FOLLOWS:

Section 1. Recitals.

A. On November 24, 2015, the Board of Supervisors of the County of Los Angeles adopted by resolution the updated Developer Fee Program in the Areas of Benefit for the benefit of the Consolidated Fire Protection District of Los Angeles County, hereinafter referred to as "Developer Fee Program," to fund fire stations and apparatus necessary to deliver service to the City of Malibu, hereinafter referred to as "City."

B. The City has received fire protection and emergency medical services from the Consolidated Fire Protection District of Los Angeles County, hereinafter referred to as "District."

C. The revenue available to the District is insufficient to acquire, construct, and operate fire stations to address fire protection and emergency medical services needs resulting from new development within the City.

D. The City's fire protection requirements have been addressed by the County's updated Capital Improvement Plan.

E. New development in the City will create substantial requirements on the District for expanded fire protection and emergency medical services.

F. The City desires to continue to receive an appropriate level of fire protection and emergency medical services to be provided by the District.

G. The City subscribes and endorses the regional concept of fire protection, which involves the District prioritizing the scheduling and placement of fire stations for the best interest of the City and the Malibu/Santa Monica Mountains Developer Fee Area of Benefit 1, hereinafter referred to as "Area of Benefit 1."

H. The City desires to assist and support the District in financing fire stations to address fire protection and emergency medical service requirements within the City that result from urban expansion and new development.

I. The continuation by the City of the Developer Fee Program would provide for the necessary new fire stations and apparatus required to deliver expanded fire protection and emergency services by new development within the City.

J. Residents of the City will benefit from the additional fire protection services provided by newly built fire stations funded by the Developer Fee Program within the Area of Benefit 1.

K. Government Code 66000, et seq., and Chapter 22.68 of the Los Angeles County Code regarding Developer Fee Program requirements have been met by the County.

Section 2. Adoption of Updated Developer Fee.

A. The updated Developer Fee Program in the Areas of Benefit for the benefit of the Consolidated Fire Protection District of Los Angeles County was adopted November 24, 2015, by the County of Los Angeles for the benefit of the Consolidated Fire Protection District of Los Angeles County and is approved and adopted by the City of Malibu.

B. The City of Malibu hereby delegates the authority of administering and collecting the Developer Fee within the territorial limits of the City of Malibu to the Consolidated Fire Protection District of Los Angeles County.

C. The updated Developer Fee Program will provide developer fee revenues from the Area of Benefit 1 to fund the acquisition, construction, improvement and equipping of facilities necessary for the District to deliver fire protection services in the area.

D. Fire station and equipment costs to be funded by the updated Developer Fee Program will be based on a determination by the County of the required services provision. The Developer Fee Program amount will be modified annually by the County to reflect the actual costs for fire station development. The Developer Fee Program amount will remain at $0.8990 per square foot of new floor area of buildings. Terms and conditions for in-kind consideration will be addressed on an individual basis by the District.

E. The City will require that building permit issuances be withheld until proof that the Developer Fee Program obligation has been met by the applicant.

F. In the event the City annexes additional territory, the newly annexed territory shall be bound by the provisions as set forth in this resolution.

G. The City shall forward a copy of this adopted resolution to the Chief of the Planning Division for the County of Los Angeles Fire Department.

Section 3. Resolution No. 15-01 is hereby rescinded.

Section 4. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED this _____ day of January 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney

COUNTY OF LOS ANGELES

FIRE DEPARTMENT

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294
(323) 881-6180

DARYL L. OSBY
FIRE CHIEF
FORESTER & FIRE WARDEN

RECEIVED
DEC 14 2015
CITY MANAGER'S OFFICE
CITY OF MALIBU

December 8, 2015

Jim Thorsen, City Manager
City of Malibu
23825 Stuart Ranch Road
Malibu, CA 90265

Dear Mr. Thorsen:

On November 24, 2015, the Board of Supervisors of the County of Los Angeles (Board) adopted the Consolidated Fire Protection District Developer Fee Program update. No change was made to the current developer fee rate of $.8990 per square foot of new development in the Malibu/Santa Monica Mountains Developer Fee Area of Benefit (Area of Benefit 1). Enclosed is a copy of the Board-approved Resolution adopting the updated Developer Fee Program.

Pursuant to the Developer Fee Agreement between the District and the City of Malibu (City), the City must adopt the updated Fire Station Plan within 60 days of Board adoption. Please have a copy of your City-approved resolution sent to my office for our records.

Thank you for your City's continued participation in this vital program that provides essential funding for fire protection facilities and equipment for your community.

Very truly yours,

LORRAINE BUCK, ACTING CHIEF
PLANNING DIVISION

LB:lbb

Enclosure

c: Acting Assistant Fire Chief Anthony Williams

SERVING THE UNINCORPORATED AREAS OF LOS ANGELES COUNTY AND THE CITIES OF:

AGOURA HILLS	CALABASAS	DIAMOND BAR	HIDDEN HILLS	LA MIRADA	MALIBU	POMONA	SIGNAL HILL
ARTESIA	CARSON	DUARTE	HUNTINGTON PARK	LA PUENTE	MAYWOOD	RANCHO PALOS VERDES	SOUTH EL MONTE
AZUSA	CERRITOS	EL MONTE	INDUSTRY	LAKEWOOD	NORWALK	ROLLING HILLS	SOUTH GATE
BALDWIN PARK	CLAREMONT	GARDENA	INGLEWOOD	LANCASTER	PALMDALE	ROLLING HILLS ESTATES	
BELL	COMMERCE	GLENDORA	IRWINDALE	LAWNDALE	PALOS VERDES ESTATES	ROSEMEAD	
BELL GARDENS	COVINA	HAWAIIAN GARDENS	LA CANADA FLINTRIDGE	LOMITA	PARAMOUNT	SAN DIMAS	
BELLFLOWER	CUDAHY	HAWTHORNE	LA HABRA	LYNWOOD	PICO RIVERA	SANTA CLARITA	
BRADBURY							

Attachment 2

cc: CM; ESD; orig to LACo. Fire Prot. Dist Development Fee file

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO UPDATE THE COUNTY OF LOS ANGELES DEVELOPER FEE PROGRAM FOR THE BENEFIT OF THE CONSOLIDATED FIRE PROTECTION DISTRICT AND TO CONSIDER THE DEVELOPER FEE FUNDS 2014-15 FISCAL YEAR END REPORT

WHEREAS, on July 12, 1990, the Board of Supervisors of the County of Los Angeles approved and adopted a County of Los Angeles Developer Fee Program for the benefit of the Consolidated Fire Protection District of Los Angeles County (Developer Fee Program) in Area of Benefit 1, Malibu/Santa Monica Mountains, Area of Benefit 2, Santa Clarita Valley, and Area of Benefit 3, Antelope Valley (collectively, "Areas of Benefit") effective August 1, 1990, which Developer Fee Program is to be updated annually thereafter; and

WHEREAS, the City of Calabasas is located in the Malibu/Santa Monica Mountains Area of Benefit and the City Council of the City of Calabasas has entered into a Joint Powers Agreement with the County of Los Angeles in which the City and County jointly agreed to exercise the power to levy the Developer Fee in the City and to authorize the Board of Supervisors to conduct all proceedings in connection with the levy of fees and modifications of the fee amount within the City; and

WHEREAS, the County of Los Angeles desires to update the Developer Fee Program, which includes the amount of the fee and the Developer Fee Detailed Fire Station Plan, in accordance with Government Code Section 66002; and

WHEREAS, the need for increased fire service resources to maintain services is generated by new development; and

WHEREAS, proposed developments in areas which are designated in the Los Angeles County General Plan as urban expansion areas and areas identified as emerging expansion areas require additional fire protection resources to maintain services; and

WHEREAS, without additional fire stations and equipment, there will be insufficient resources to maintain an adequate level of fire protection services in areas of emerging urban expansion in Los Angeles County; and

WHEREAS, the Areas of Benefit of the Malibu/Santa Monica Mountains, the Santa Clarita Valley, and the Antelope Valley are emerging urban expansion areas; and

WHEREAS, the Consolidated Fire Protection District of Los Angeles County has prepared the 2015 Developer Fee Update Fee Calculation Summary and the updated Developer Fee Detailed Fire Station Plan dated September 2015 which identifies planned fire station facilities to be developed in the Areas of Benefit to accommodate emerging urban expansion and for which funding is to be provided through Developer Fee revenues generated within the Areas of Benefit; and

WHEREAS, the Consolidated Fire Protection District has prepared the Developer Fee Funds 2014-15 Fiscal Year-End Report in accordance with Government Code Section 66006.

NOW, THEREFORE, the Board of Supervisors resolves, finds, and determines that:

1. The foregoing recitals are true and correct.

2. The Developer Fee Program is for the purpose of generating funds for capital projects necessary to maintain fire protection services within the existing service areas of the Consolidated Fire Protection District of Los Angeles County, and is statutorily exempt per Section 15273(a)(4) of the California Environmental Quality Act Guidelines developed by the State Office of Planning and Research.

3. On November 24, 2015, a public hearing was held to update and consider: 1) the updated Developer Fee Detailed Fire Station Plan dated September 2015 (Attachment A) attached hereto and incorporated herein, which serves as the Developer Fee capital improvement plan and describes the acquisition, construction, installation, and equipping of fire stations to be funded with developer fee revenue; 2) the Developer Fee Update Fee Calculation Summary (Attachment B) attached hereto and incorporated herein, which imposes a separate fee calculation for each Area of Benefit based upon actual fire station development costs experienced in each of the three areas; and 3) the Developer Fee Funds 2014-15 Fiscal Year-End Report (Attachment C).

4. Based on the foregoing recitals, the updated Developer Fee Detailed Fire Station Plan dated September 2015, and the 2015 Developer Fee Update Fee Calculation Summary, there are reasonable relationships between: 1) the Developer Fee's use and the type of development projects on which the Developer Fee is imposed; 2) the need for fire station facilities and the type of development project on which the Developer Fee is imposed; and 3) the amount of the Developer Fee and the cost of all or a portion of the fire station facilities attributable to the development on which the Developer Fee is imposed.

5. The Board of Supervisors approves and adopts the updated Developer Fee Program in the Areas of Benefit of the Consolidated Fire Protection District of Los Angeles County as follows:

   a) The updated Detailed Fire Station Plan dated September 2015 is approved and adopted;

   b) The 2015 Developer Fee Update Fee Calculation Summary is approved and adopted;

c) The updated Developer Fee amount per square foot of the new floor areas of buildings of $1.0883 in Area of Benefit 2 is approved and shall become effective in the unincorporated areas within Area of Benefit 2 on February 1, 2016;

d) The Developer Fee Funds 2014-15 Fiscal Year-End Report is approved and adopted; and

e) All other terms and provisions of the Developer Fee Program as previously adopted by the Board of Supervisors of the County of Los Angeles shall remain unchanged and in full force and effect.

The foregoing resolution was adopted on the 24th day of November, 20__, by the BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES.

PATRICK OGAWA, Acting Executive Officer
Clerk of the Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:

Office of the County Counsel

By _____
Deputy

ATTACHMENT A

DEVELOPER FEE DETAILED FIRE STATION PLAN

FOR THE

COUNTY OF LOS ANGELES DEVELOPER FEE PROGRAM FOR THE BENEFIT OF THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

SEPTEMBER 2015

DEVELOPER FEE DETAILED FIRE STATION PLAN

PREFACE

This Developer Fee Detailed Fire Station Plan (Plan) reflects the Consolidated Fire Protection District's (Fire District) fire service requirements as of September 2015 based upon growth projections and contacts with cities and developers who have shared their development plans with the Fire District.

The Plan identifies 21 additional fire stations, one temporary fire station, a replacement station, two helispots, and the necessary capital equipment that will be required in the Areas of Benefit as well as the anticipated costs and time frames provided that development occurs as expected. The anticipated costs identified in the Plan will be funded by Developer Fee revenues or funds which the Fire District has advanced from other sources. These advances will be repaid to the Fire District when sufficient Developer Fee revenue is generated.

Terms Used in Plan	Explanation
Fire Station/Location	In most cases a site has not yet been acquired; the locations are therefore approximate.
Anticipated Capital Project Costs	• Where actual costs are not yet available, the anticipated capital projects costs are based upon the Fire District's current cost experienced for construction, land and equipment. • Apparatus cost includes the full cost of the apparatus as well as outfitting and equipment costs. • No Fire District overhead costs nor an inflation factor have been applied; all figures are based on current costs. • Developer Fee credit may be granted for the conveyance of a site, apparatus, or construction of a fire station to help offset the impact of development on the Fire District.
Project Cost Estimate	Based on average costs for fire stations recently completed and stations under development; includes plans, specifications, consultant services, plan check, permit and inspection fees, construction, project management, furnishings, and equipment.
Amount Budgeted	The amount budgeted could be from Developer Fee funds collected or advanced from Fire District general revenues or certificates or participation. All advances made and/or interest incurred by the Fire District to finance station development are to be repaid when Developer Fee revenues are sufficient. If no amount is budgeted, the development of the fire station may be delayed until Developer Fee revenues are sufficient to fund the site acquisition and/or construction of the fire station.
Equipment and Staffing	This plan reflects the proposed staffing and equipment to be implemented when each station and the development served by each station are built out in the respective areas of benefit. In many instances, a transitional staffing confirguration will be utilized until build out occurs.
Fiscal Year	The Fiscal Year period begins July 1 and ends June 30.
Initiating Priority Year	Refers to the fiscal year that the land acquisition or construction of the fire station is anticipated to begin.
Target Occupancy	Target occupancy is approximately one to two years from the actual start of construction.

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

*STATION OPERATIONAL: REIMBURSEMENT PENDING**

Fire Station	Capital Project Costs			Funding Source	Size, Equipment and Staffing	Comments
Fire Station 156 24505 Copper Hill Drive Rye Canyon Area Santa Clarita Valley	Land Project cost Apparatus Total	$ - 7,512,226 - 	$7,512,226	Commercial Paper Proceeds*	11,152 sq. ft. Engine	Land was acquired from Newhall Land for a fire station site in 2008-09 in exchange for developer fee credit. Apparatus for this permanent Fire Station 156 was transferred from Temporary Fire Station 156. The fire station was completed and operational in 2011.
Fire Station 128 28450 Whites Canyon Rd. Santa Clarita Valley	Land Project cost Apparatus Total	$ - 8,498,287 568,685 	$9,066,972	Commercial Paper Proceeds*	9.976 sq. ft. Engine	The site was conveyed to the Fire District by the developer, Shappell Industries (VTTM 46018) for developer fee credit in 2006-07. Partial funding of the station in the amount of $3.6 million was provided by the American Recovery and Reimbursement Act. The fire station was completed and operational 3/1/12.
Fire Station 132 Wes Thompson Ranch 29310 Sand Canyon. Rd. Santa Clarita Valley	Land Project cost Apparatus Total	$ - 8,127,838 - 	$8,127,838	Commercial Paper Proceeds*	9,746 sq. ft. Engine	Ownership of the fire station site was conveyed by K Hovnanian (VTTM 49621) to the Fire District in 2008-09. Apparatus for this permanent station was transferred from temporary Fire Station 132. The station was completed and operational 3/12/12.
Fire Station 150 19190 Golden Valley Rd. Santa Clarita Valley	Land Project cost Apparatus Total	$ - 10,762,098 568,685 	$11,330,783	Commercial Paper Proceeds*	19,935 sq. ft. Haz. Mat. Task Force (Engine and Squad) BC HQ AC HQ	Land was conveyed to the Fire District by the developer, Pardee Homes, in 2009-10. A Haz. Mat. Task Force assigned to Fire Station 76 was reassigned to staff this station. The apparatus cost is for the engine placed in service at Fire Station 76 to replace the Haz Mat. Task Force. The fire station was completed and operational 2/1/2013.

*The District is financing costs that exceed the developer fee funds available within Area 2 - Santa Clarita Area of Benefit. The District will be reimbursed the costs it advances, including any interest and administrative charges, from Area 2 as revenues are collected, and from the City of Santa Clarita for the City's proportionate share of fire station facilities financing.

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

IN PROGRESS
TARGET OCCUPANCY: 2016-17

Fire Station	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted/ Funding Source	Size Equipment and Staffing	Comments/Status
Fire Station 143 28580 Hasley Canyon Road Santa Clarita Valley	Land Project cost est. Apparatus	$ - 10,136,000 629,970		Commercial Paper Proceeds*	9,746 sq. ft. Engine	The land was conveyed by the developer, Newhall Land and Farming, to the Fire District for developer fee credit. Station construction is underway and station occupancy is anticipated to occur in October 2016
	Total		$10,765,970	$3,041,000		

*The District is financing costs that exceed the developer fee funds available within Area 2 - Santa Clarita Area of Benefit. The District will be reimbursed the costs it advances, including any interest and administrative charges, from Area 2 as revenues are collected, and from the City of Santa Clarita for the City's proportionate share of fire station facilities financing.

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

INITIATING PRIORITY YEAR: 2016-17
TARGET OCCUPANCY: 2018-19

Fire Station/ Location	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted/ Funding Source	Size (Sq. Ft.) & Equipment	Comments/Status
Fire Station 104 26901 Golden Valley Road (at Soledad Canyon Road) City of Santa Clarita	Land Project cost est. Apparatus	$ 2,190,000 9,305,622 629,970		Commercial Paper Proceeds*	11,415 Haz Mat Task Force (Engine & Squad)	This station will replace temporary Fire Station 104. The land was purchased by the Fire District in Dec. 2010. The Hazardous Materials Task Force from Fire Station 150 may be relocated to this fire station. The apparatus cost is for the replacement engine that would be needed at Station 150 as a result.
	Total		$12,125,592			

*The District is financing costs that exceed the developer fee funds available within Area 2 - Santa Clarita Area of Benefit. The District will be reimbursed the costs it advances, including any interest and administrative charges, from Area 2 as revenues are collected, and from the City of Santa Clarita for the City's proportionate share of fire station facilities financing.

LAND ACQUISITION ONLY:

Early land acquisition will ensure that the future fire stations will be optimally placed when these areas develop in the future. The progress of development in these areas will be monitored for timing of the future construction of these stations:

Fire Station 138 Avenue S and Tierra Subida Unincorporated Palmdale Area	Land	$ 361,702	$871,000 Developer Fees		The Fire District is working with the City of Palmdale to assist with site acquisition.
Fire Station 195 Pearblossom Hwy/ 47th St. E Unincorporated Palmdale Area	Land	-	$400,000 Developer Fees		The land is anticipated to be provided by the developer in 2016-17. However, fire station development will not commence until significant development in the surrounding area occurs.

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

INITIATING PRIORITY YEAR: 2017-18
TARGET OCCUPANCY: 2019-20

Fire Station/ Location	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted	Size (Sq. Ft.) and Equipment	Comments/Status
Fire Station 174 Neenach Fire Station Antelope Valley	Land Project cost est. Apparatus	$ 361,702 4,061,376 -			4,982 Engine	The Fire District is in the process of identifying potential sites to purchase or lease for a call fire station.
	Total		$4,423,078	$294,000 Developer Fees		

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

INITIATING PRIORITY YEAR: 2018-19
TARGET OCCUPANCY: 2020-21

Fire Station/ Location	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted	Size (Sq. Ft.) and Equipment	Comments/Status
Fire Station 142 Sierra Highway/Clanfield Antelope Valley	Project cost est. Fire Station $ Helispot Apparatus Total	8,152,100 500,000 629,970	9,282,070	$0	10,000 Engine	The land was acquired by the Fire District in July 2010. A helispot will be constructed at this fire station site.

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

INITIATING PRIORITY YEAR: 2019-20

TARGET OCCUPANCY: 2021-22

Fire Station	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted	Size (Sq. Ft.) and Equipment	Comments/Status
Fire Station 100 Valley Cyn. Road at Spring Canyon	Land Project cost est. Apparatus	$ - 8,152,100 629,970			10,000 Engine	The developer, Pardee Homes, is to convey a station site to the Fire District for developer fee credits (Tract No. 48086).
	Total		$8,782,070	$0		
Fire Station 175 Newhall Ranch Santa Clarita Valley	Land Project cost est. Apparatus	$ - - -			10,500 Engine Squad	Negotiations are pending for the developer, Newhall Land and Farming, to construct this station for developer fee credits. The fire station is to be located in the Landmark Village area of the Newhall Ranch Specific Plan. Newhall Land to purchase station apparatus.
	Total		$ -	$0		
Fire Station 179 Lyons Ranch Santa Clarita Valley	Land Project cost est. Apparatus	- 8,152,100 629,970			10,000 Engine	The developer is to provide a station site in the Lyons Ranch Project to the Fire District for developer fee credit.
	Total		$8,782,070	$0		

DEVELOPER FEE DETAILED FIRE STATION PLAN
UPDATE - SEPTEMBER 2015

INITIATING PRIORITY YEAR: 2020-21 and beyond

Fire Station/ Location	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted	Size (Sq. Ft.) and Equipment	Comments/Status
Fire Station 109 Fox Field Vicinity of 40th Street West and Avenue G	Land Station Dev. Costs Apparatus Total	$ 361,702 8,152,100 629,970	$9,143,772	$0	10,000 Engine	
Fire Station 113 70th Street West and Avenue K-8 City of Lancaster	Land Station Dev. Costs Apparatus Total	$ - 8,152,100 629,970	$8,782,070	$0	10,000 Engine	The developer is to provide a site to the Fire District for developer fee credits.
Fire Station 133 Gate-King Ind. Park, s/o Hwy 126 near Eternal Valley Mem. Park City of Santa Clarita	Land Project cost est. Apparatus Total	$ - 629,970	$629,970	$0	10,000 Engine	Gate-King Industrial Park development. Land to be provided by the developer to the Fire District for developer fee credits.
Fire Station 176 Newhall Ranch Santa Clarita Valley	Land Project cost est. Apparatus Total	$ - - -	$ -	$0	11,500 Engine Quint	Negotiations are pending for the developer, Newhall Land and Farming, to construct this station within the Potrero Valley project area of the Newhall Ranch Specific Plan for developer fee credits.
Fire Station 177 Newhall Ranch Santa Clarita Valley	Land Project cost est. Apparatus Total	$ - - -	$ -	$0	11,500 Engine Quint	Negotiations are pending for the developer, Newhall Land and Farming, to construct this station within the Mission Village project area of the Newhall Ranch Specific Plan for developer fee credits.
Fire Station 178 *(formerly FS 137)* Stevenson Ranch, Phase V Santa Clarita Valley	Land Project cost est. Apparatus Total	$ - - -	$ -	$0	10,500 Engine	Negotiations are pending for the developer, Newhall Land and Farming, to construct this station in Newhall Land's Legacy Village for developer fee credits.
Temporary Fire Station 180 Northlake Santa Clarita Valley	Land Project cost est. Apparatus Total	- 1,500,000 0	$1,500,000	$0	2,400 Engine	A temporary station may be put into operation until the final phase of the Northlake Project is complete and the permanent fire station is operational.
East Calabasas area between Stations 68 and 69	Land Project cost est. Apparatus Total	$ 1,306,745 8,152,100 629,970	$10,088,815	$0	10,000 Engine	Development in this area is limited at this time and construction will not commence until substantial development occurs.

Fire Station/ Location	Anticipated Capital Project Costs			F.Y. 2015-16 Amt. Budgeted	Size (Sq. Ft.) and Equipment	Comments/Status
Fire Station 1 Centennial Project Gorman	Land Project cost est. Apparatus Total	$ - - - 	$ -	$0	13,000 Engine	Developer to enter into a Development Impact Mitigation Agreement with the Fire District to construct and equip up to four fire stations necessary to serve the Centennial Project area.
Fire Station 2 Centennial Project Gorman	Land Project cost est. Apparatus Total	$ - - - 	$ -	$0	10,000 Engine	Developer to enter into a Development Impact Mitigation Agreement with the Fire District to construct and equip up to four fire stations necessary to serve the Centennial Project area.
Fire Station 3 Centennial Project Gorman	Land Project cost est. Apparatus Total	$ - - - 	$0	$0	10,000 Engine	Developer to enter into a Development Impact Mitigation Agreement with the Fire District to construct and equip up to four fire stations necessary to serve the Centennial Project area.
Fire Station 4 Centennial Project Gorman	Land Project cost est. Apparatus Total	$ - - - 	$0	$0	10,000 Engine	Developer to enter into a Development Impact Mitigation Agreement with the Fire District to construct and equip up to four fire stations necessary to serve the Centennial Project area.
Fire Station 139 Anaverde/City Ranch Palmdale	Land Project cost est. Apparatus Total	$ - - 629,970 	$ 629,970	$0	10,000 Engine	Per the developer agreement for the Anaverde/City Ranch Project, the developer is required to dedicate and construct a permanent fire station to be conveyed to the Fire District.
Fire Station 190 Ritter Ranch Palmdale	Land Project cost est. Apparatus Total	$ - - 629,970 	$629,970	$0	10,000 Engine	Under a 1992 developer agreement for the Ritter Ranch Project, the developer is required to dedicate and construct a permanent fire station to be conveyed to the Fire District.
Tesoro Helispot	Land Project cost est. Total	$ - 500,000 	$ 500,000	$0		

ATTACHMENT B

DEVELOPER FEE FOR THE BENEFIT OF THE CONSOLIDATED FIRE PROTECTION DISTRICT
SUMMARY OF DEVELOPER FEE CALCULATIONS
2015 DEVELOPER FEE UPDATE

Developer Fee Cost Component	Area 1 - Malibu/ Santa Monica Mtns.	Area 2 Santa Clarita Valley	Area 3 Antelope Valley
Land	$ 1,306,800	$ 1,468,843	$ 361,548
Station Development	8,152,100	8,441,479	8,441,479
Finance Charges	-	1,663,364	-
Equipment	914,636	999,441	914,636
Administrative Costs	85,000	87,649	85,000
Total Cost Per Station	$ 10,458,536	$12,660,776	9,802,663
Total Square Feet of Development per Station	11,633,307	11,633,307	11,633,307
Cost/Fee per Square Foot	**$ 0.8990**	**$ 1.0883**	**$ 0.8426**

ATTACHMENT C

CONSOLIDATED FIRE PROTECTION DISTRICT
DEVELOPER FEE FUNDS
2014-15 FISCAL YEAR-END REPORT

	Developer Fee Area of Benefit 1 LACoFD - 50201 DA 7 Santa Monica Mtns. [a]	Developer Fee Area of Benefit 2 LACoFD - 50202 DA 8 Santa Clarita Valley [b]	Developer Fee Area of Benefit 3 LACoFD - 50203 DA 9 Antelope Valley [c]
Fiscal Year 2014-15 Beginning Balance	$1,684,470.32	$5,530,198.37	$23,042,810.89
Total Developer Fee Revenue Collected [d]	324,732.46	2,671,130.73	396,624.71
Total Interest Earned	10,576.98	$42,323.90	145,890.94
Total Fund Expenditures	-	-	-
Total NSF Checks	-	(13,685.57)	(1,086.95)
Total Refunds		-	
Fiscal Year 2014-15 Beginning Balance	$2,019,779.76 [e]	$8,229,967.43 [f]	$23,584,239.59 [g]

(a) Includes all of the unincorporated area within Area 1 and the cities of Calabasas and Malibu. The Fire District collects developer fees in the cities.

(b) Includes all of the unincorporated area within Area 2 and the City of Santa Clarita. Santa Clarita collects developer fees within the City and transfers the revenue to the Fire District upon request by the Fire District for reimbursement of funds expended.

(c) Includes all of the unincorporated areas within Area 3 and the City of Lancaster. Lancaster collects developer fees within the City and transfers the revenue to the Fire District on a quarterly basis.

(d) The Fiscal Year 2014-15 developer fee rate for Area of Benefit 1 was $.8990 and for Area of Benefit 3 $.8426. The developer fee rate in Area of Benefit 2 during the period of July 1, 2014 through January 31, 2015 was $1.0293 and was updated to $1.0574 effective February 1, 2015 through the remainder of the fiscal year.

(e) Funds to be used to develop a future fire station in East Calabasas when substantial development begins to occur in the area.

(f) Funds to be used to fund construction of Fire Staton 143 and to reimburse the Fire District for the costs incurred in the development of Fire Stations 128, 132, 150, and 156.

(g) Funds to be used for land acquisition for Fire Stations 138 & 195 in the unincorporated Palmdale area anticipated to occur in Fiscal Year 2016-17, and development of Fire Station 174 in the Neenach area for which land acquisition is expected to occur in Fiscal Year 2017-18.

NOTICE OF PUBLIC HEARING
CITY OF MALIBU
CITY COUNCIL

The Malibu City Council will hold a public hearing on **Monday, January 25, 2016, at 6:30 p.m. in the Council Chambers at Malibu City Hall,** located at 23825 Stuart Ranch Road, Malibu, California, for the item identified below:

Updated Developer Fee Program for the Benefit of the Consolidated Fire Protection District of Los Angeles County

Under the Developer Fee Agreement between the Consolidated Fire Protection District and the City, the City must adopt an updated Developer Fee Program and Fire Station Plan. If adopted, the Resolution would keep the current developer fee amount of $.8990 per square foot to reflect current costs associated with land acquisition, fire station construction, purchase of apparatus and equipment, and administration.

IF YOU CHALLENGE THE CITY COUNCIL'S ACTION IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES RAISED AT THE PUBLIC HEARING DESCRIBED IN THIS NOTICE, OR OTHERWISE HELD BY THE CITY, OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE CITY, EITHER AT OR PRIOR TO THE PUBLIC HEARING.

If there are any questions regarding this notice, please contact Vic Peterson, Environmental Sustainability Director, at (310) 456-2489, ext. 251. Copies of all related documents can be reviewed by any interested person at City Hall during regular business hours. Oral and written comments may be presented to the City Council on or before the date of the meeting.

for V.P.

Vic Peterson, Environmental Sustainability Director

Publish Date: January 14, 2016 and January 21, 2016

City Council Meeting
01-25-16
Item 4.C.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Reva Feldman, Assistant City Manager
Brian Forbath, Bond Counsel

Approved by: Jim Thorsen, City Manager

Date prepared: January 4, 2016 Meeting date: January 25, 2016

Subject: City Council Acting as the Legislative Body of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Authorizing the Issuance of Special Tax Refunding

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RECOMMENDED ACTION: 1) Adopt Resolution No. 16-05 of the City Council of the City of Malibu acting as the Legislative Body of Community Facilities District No. 2006-1 of the City of Malibu Carbon Beach Undergrounding (CFD) authorizing the issuance of Special Tax Refunding Bonds in a principal amount not to exceed $4,000,000 and approving certain documents and actions in connection with refinancing the undergrounding of utilities at Carbon Beach; and 2) Approve Bond Counsel Agreement with Stradling, Yocca, Carlson & Rauth for bond counsel services.

FISCAL IMPACT: There is no fiscal impact to the General Fund to pay any costs associated with the proposed bond issuance. Bonds are a special obligation of the CFD and are payable and secured by a pledge of Special Taxes levied on property within the CFD. Neither the faith nor credit of the City is pledged to or responsible for the repayment of the Bonds. All costs of issuing the bonds will be paid from proceeds of the Bond sale. The City collects an annual administration fee to pay for annual costs of administering the CFD. Issuance of the refunding bonds is anticipated to reduce the special taxes in the CFD by approximately $600-$700 per year for each of the 44 property owners in the CFD.

DISCUSSION: On August 14, 2006, the City Council adopted Resolution Nos. 06-54 and 06-55 stating its intention to form the CFD in order to finance the undergrounding of utilities at Carbon Beach. On January 22, 2007, the City Council adopted Resolution Nos. 07-05 and 07-06 forming the CFD, determining the necessity to issue bonds in an amount not to exceed $5,000,000 to finance the undergrounding improvements at Carbon Beach and calling special bond and tax election on Measure D related to such matters. On May 8, 2007, the election was held and the CFD was approved.

On May 29, 2007, the Council adopted Resolution No. 07-24 certifying the election results and directing the recordation of a Notice of Special Tax Lien on the properties within the CFD.

On December 23, 2008, the CFD issued $4,365,000 in Bonds to finance the undergrounding improvements. The improvements were subsequently completed, and on June 13, 2011, the Council authorized a refunding of the Bonds in the amount of $4,300,000.

The City now has the opportunity to refinance the Bonds again with new bonds at a lower interest rate. Based on preliminary estimates, the savings to each homeowner will be approximately $600-$700 a year, depending on the final interest rates the Bonds are sold at. Such savings would be implemented when the Council approves the special tax levy for the CFD for Fiscal Year 2016-2017 in July.

Adoption of the attached resolution would authorize the sale of the Bonds by the CFD in an amount not to exceed $4,000,000 to refund the Bonds previously issued. The Bonds will be issued pursuant to a Bond Indenture between the City and U.S. Bank as bond trustee. The CFD will sell the Bonds to Stifel, Nicolaus & Company, Inc., the City's bond underwriter, pursuant to a Bond Purchase Agreement. A portion of the proceeds of the Bonds will be deposited with US Bank as escrow agent pursuant to an Escrow Agreement with the CFD in order to redeem the Bonds on March 1, 2016.

Additionally, in connection with the issuance of the Bonds, the CFD will enter into a Continuing Disclosure Agreement pursuant to which the CFD will agree to provide certain statutorily required annual financial information to investors. The Bonds will be sold to investors by way of an Official Statement, which is a prospectus or offering document which sets forth material information related to the terms of and security for the Bonds, the special taxes and the property in the CFD. The Official Statement is subject to federal securities laws and care should be taken by City officials, staff and consultants to ensure that the Official Statement does not contain any misstatements or omission of facts material to investors making an informed decision to purchase the Bonds.

The actual amount of Bonds to be issued and the interest rate on the Bonds will not be known until the bond pricing. The City anticipates that the Bonds will be sold in February. While the special tax payments on homeowners' property tax bills will not change for the current fiscal year, the redemption on March 1, 2016 will allow for reduced debt service on the Bonds that can be factored into reducing the special taxes levied on homeowners when rates are set in July 2016.

The Bonds are a special obligation of the CFD and are payable and secured by a pledge of Special Taxes levied on property within the CFD. Neither the faith nor credit of the City is pledged or is responsible for the repayment of the Bonds.

As long as the CFD Bonds are outstanding, each year prior to August 10th, the Council will be presented with a resolution setting the maximum tax rate for such Fiscal Year and directing the City Staff or the City's Special Tax Consultant to convey such information to the County Assessor's Office to be placed on the secured property tax roll. As additional security for the payment of the Bonds, the CFD will covenant on behalf of Bond Owners to conduct judicial foreclosure proceedings against property within the CFD that is delinquent in the payment of special taxes for a specified period of time and in a specified amount.

ATTACHMENTS:

1. Resolution No. 16-05
2. Bond Indenture
3. Bond Purchase Agreement
4. Preliminary Official Statement
5. Escrow Agreement
6. Bond Counsel Agreement

RESOLUTION NO. 16-05

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX REFUNDING BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED FOUR MILLION DOLLARS ($4,000,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. The City Council has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (District) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (Act).

B. Pursuant to Resolution No. 07-05 adopted by the City Council on January 22, 2007, forming the District, and Resolution No. 07-06 adopted by the City Council on January 22, 2007, determining the necessity to incur bonded indebtedness by the District, Measure D was submitted to the qualified electors within the District.

C. Measure D put on the ballot the question of whether the District shall issue not to exceed $5,000,000 of bonds to finance the undergrounding of overhead utilities along Pacific Coast Highway at Carbon Beach, to levy special taxes to finance debt service on the bonds to be issued and incidental expenses with respect thereto, and to establish an appropriations limit of $50,000.

D. On May 8, 2007, Measure D was approved by more than two-thirds of the votes cast at the election (Election).

E. Based upon Resolution Nos. 07-05 and 07-06 and the Election, the District was authorized to issue bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed $5,000,000 to finance undergrounding improvements at Carbon Beach described in Resolution No. 06-54 adopted by the City Council on August 14, 2006.

F. On December 23, 2008, the District issued its $4,365,000 aggregate principal amount of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Bonds (the 2008 Bonds) to finance the undergrounding improvements.

G. On July 14, 2011, due to favorable market conditions, the District issued its

$3,900,000 aggregate principal amount of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds (Prior Bonds) to refinance the 2008 Bonds and lower the annual special tax payments required by owners of property in the District.

G. Again, due to favorable market conditions, the District now desires to refinance the Prior Bonds through the issuance of its Special Tax Refunding Bonds (Bonds) in a principal amount not to exceed $4,000,000 for the purpose of refinancing the improvements and producing debt service savings that will reduce the special taxes in the District.

H. In order to effect the issuance of the Bonds, the District desires to enter into various agreements in substantially the forms presented herein.

I. The City Council has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to Stifel, Nicolaus & Company, Inc. (Underwriter) in accordance with the terms of the Bond Purchase Agreement for the Bonds to be entered into by the District and the Underwriter (Bond Purchase Agreement) approved as to form by this City Council herein will result in a lower overall cost to the District than a public sale.

SECTION 2. Each of the above recitals is true and correct.

SECTION 3. The issuance of the Bonds is hereby authorized in an aggregate principal amount not to exceed $4,000,000 with the exact principal amount to be determined by the official signing the Bond Purchase Agreement in accordance with Section 6 below. The City Council hereby determines that it is prudent in the management of its fiscal affairs to issue the Bonds. The Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 6 hereof. All other provisions of the Bonds shall be governed by the terms and conditions of the bond indenture (Bond Indenture), which Indenture shall be substantially in the form on file with the Clerk of the City of Malibu, with such additions thereto and changes therein as the officer or officers executing the same deem necessary to enhance the security for the Bonds, to cure any ambiguity or defect therein, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 6 hereof, or to conform any provisions therein to the Bond Purchase Agreement or the Official Statement delivered to the Underwriter of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by one of the following: the Mayor, the Mayor Pro Tem, any of the other members of the City Council, the City Manager of the City or his written designee or the Assistant City Manager of the City or her written designee (each an Authorized Officer and collectively, the Authorized Officers), each of whom is authorized to execute the Indenture. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.

In satisfaction of the requirements contained in Section 53363.2 of the Act, the legislative body of the District hereby determines that: (1) it is anticipated that the purchase of the Bonds will occur on or about February 24, 2016, (2) the Bonds shall bear the date, be in the denominations, have the maturity dates (which do not exceed the latest maturity date of the Prior Bonds being refunded), and

be payable at the place and be in the form specified in the Bond Indenture, (3) the Bonds will bear interest at the minimum rate of 0.50% per annum, and (4) the designated cost of issuing the Bonds being used to refund the Prior Bonds, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c).

In satisfaction of the requirements contained in Section 53364.2 of the Act, the legislative body of the District hereby determines that any savings achieved through the issuance of the Bonds shall be used to reduce special taxes within the District, and such reductions shall be made in accordance with the Act.

SECTION 4. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor of the City or her written designee and be attested by the manual or facsimile signature of the Clerk of the City. In the event that the Mayor of the City is not available to execute the Bonds, any other member of the City Council, the City Manager of the City and the Assistant City Manager of the City is each authorized to execute the Bonds. US Bank is hereby appointed to act as trustee, registrar and transfer agent for the Bonds.

SECTION 5. The covenants set forth in the Indenture to be executed in accordance with Section 3 above are hereby approved, shall be deemed to be covenants of the City Council and shall be complied with by the District and its officers. The Indenture shall constitute a contract between the District and the Owners of the Bonds.

SECTION 6. The form of the Bond Purchase Agreement presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein relating to dates and numbers as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement by one or more of such Authorized Officers; provided, however, that the Bond Purchase Agreement shall be signed only if the Underwriter's discount (exclusive of original issue discount) does not exceed 1.5% of the principal amount of the Bonds, the final maturity of the Bonds does not exceed September 1, 2039, and only if the true interest cost on the Bonds does not exceed 4.50% per annum. Each of the Authorized Officers is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

SECTION 7. The form of the Continuing Disclosure Agreement presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Agreement in the form hereby approved, with such additions therein and changes thereto as the officer or officers executing the same deem necessary to cure any defect or ambiguity therein, with such approval to be conclusively evidenced by the execution and delivery of such agreement.

SECTION 8. The form of the Escrow Agreement presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized and directed to execute the Escrow Agreement in the form hereby approved, with such additions therein and changes thereto as the officer or officers executing the same deem necessary to cure any defect or ambiguity therein, with such approval to be conclusively evidenced by the execution and delivery of such agreement.

SECTION 9. The form of the Preliminary Official Statement presented at this meeting is hereby approved and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Authorized Officers to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Authorized Officers, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the Underwriter thereof upon its execution on behalf of the District as described above.

SECTION 10. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the value of the real property in the District subject to the special tax to pay debt service on the Bonds is at least three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District. This determination is based on the assessed value set forth on the last equalized assessor's roll.

SECTION 11. Each Authorized Officer is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, printing the Bonds, obtaining legal services, paying agent services and any other services deemed appropriate as set forth in a certificate of such Authorized Officer. Each Authorized Officer is authorized to pay for the cost of such services, together with other Costs of Issuance, with Bond proceeds deposited pursuant to the Indenture and such other designated costs of issuing the Bonds as permitted and provided for in Section 53363.8 of the Act. Without further approval of the City Council, the total amount disbursed for any Costs of Issuance (exclusive of the Underwriter's discount and exclusive of reimbursements to property owners within the District) shall not exceed 5% of the principal amount of the Bonds.

SECTION 12. The Authorized Officers, the Clerk of the City and the other officers and staff of the City and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds and the refunding and defeasance of the Prior Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Indenture, including providing certificates to the Underwriter as to the accuracy of any information relating to the District which is included within the Official Statement, including, but not limited to, any amendment to or new agreement with bond counsel or the special tax consultant to provide services in connection with the issuance of the Bonds. Any document authorized herein to be signed by the Clerk of the City may be signed by a duly appointed deputy clerk.

PASSED, APPROVED and ADOPTED this 25th day of January, 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

BRIAN FORBATH, Bond Counsel

BOND INDENTURE

By and Between

COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

$_____
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BONDS, SERIES 2016

Dated as of February 1, 2016

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BOND INDENTURE

THIS BOND INDENTURE dated as of February 1, 2016, by and between COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING) (the "District") and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee"), governs the terms of the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016, and any Parity Bonds issued in accordance herewith from time to time.

RECITALS:

WHEREAS, the City Council of the City of Malibu, located in Los Angeles County, California (hereinafter sometimes referred to as the "City Council"), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, based upon Resolution Nos. 07-05 and 07-06 adopted by the City Council on January 22, 2007 and an election held on May 8, 2007 authorizing the levy of a special tax and the issuance of bonds by the District, the City Council was authorized to issue bonds for the District in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed $5,000,000; and

WHEREAS, the District financed certain undergrounding improvements of the District through the issuance of bonds designated as the "Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Bonds" (the "2008 Bonds"); and

WHEREAS, the District issued its Special Tax Refunding Bonds (the "Prior Bonds") on July 14, 2011 for the purpose of redeeming the 2008 Bonds, and

WHEREAS, the City Council intends to refinance and refund for debt service savings the Prior Bonds through the issuance of bonds in an aggregate principal amount of $_____ designated as the "Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016" (the "Bonds"); and

WHEREAS, the District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"Account" means any account created pursuant to this Indenture.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq.* of the California Government Code.

"Administrative Expense Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

"Administrative Expenses" means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys' fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District's compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff or consultants on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder.

"Administrative Expenses Cap" means $25,000 per Bond Year.

"Alternate Penalty Account" means the account by that name created and established in the Rebate Fund pursuant to Section 3.1 hereof.

"Annual Debt Service" means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

"Authorized Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(1) For all purposes, including defeasance investments in refunding escrow accounts:

(a) cash (insured at all times by the Federal Deposit Insurance Corporation; or

(b) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S., including: U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General Services Administration, guaranteed Title XI financing, Government National Mortgage Association (GNMA) and State and Local Government Series; or

(c) obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corporation (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks

and Banks for Cooperatives), Federal Home Loan Banks (FHL Banks), Federal National Mortgage Association (FNMA) debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations and U.S. Agency for International Development (U.S.A.I.D.) guaranteed notes.

(2) For all purposes other than defeasance investments in refunding escrow accounts:

(a) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank, Rural Economic Community Development Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing & Urban Development (PHAs), Federal Housing Administration and Federal Financing Bank;

(b) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), obligations of the Resolution Funding Corporation (REFCORP), and senior debt obligations of the Federal Home Loan Bank System;

(c) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which have rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(d) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(e) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(f) pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America, or any agency, instrumentality or local governmental unit of any such state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and

(i) which are rated, based on irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1)(b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other

obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of at least "Aa2/AA" or higher by both Moody's and S&P;

(h) investment agreements (supported by appropriate opinions of counsel); and

(i) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

The value of the above investments shall be determined as follows:

(a) for the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at market value. The Trustee shall determine the market value based on accepted industry standards and from accepted industry providers. Notwithstanding anything to the contrary herein, in making any valuation of investments hereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and rely thereon;

(b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest thereon; and

(c) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

"Authorized Representative of the City" means the members of the City Council, the City Manager of the City or the Assistant City Manager of the City or any other person or persons designated by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City by a written certificate signed by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City and containing the specimen signature of each such person.

"Authorized Representative of the District" means the members of the City Council, the City Manager of the City or the Assistant City Manager of the City or any other person or persons designated by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City by a written certificate signed by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City and containing the specimen signature of each such person.

"Bond Counsel" means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Register" means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

"Bonds" means the District's Special Tax Refunding Bonds, Series 2016, issued on February __, 2016 in the aggregate principal amount of $_____.

"Bond Year" means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

"Business Day" means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

"Certificate of an Authorized Representative" means a written certificate or warrant request executed by an Authorized Representative of the City or an Authorized Representative of the District.

"Certificate of the Special Tax Administrator" means a certificate of an authorized representative of the entity appointed by the City, to administer the calculation and collection of the Special Taxes.

"City" means the City of Malibu, County of Los Angeles, State of California.

"City Council" means the City Council of the City.

"Code" means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement dated as of February 1, 2016 between the District and U.S. Bank National Association, as dissemination agent, together with any amendments thereto.

"Costs of Issuance" means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee and its counsel, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

"Costs of Issuance Fund" means the fund by that name created and established pursuant to Section 3.1 hereof.

"Delivery Date" means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

"Depository" shall mean The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, or any other securities depository acting as Depository under Article II hereof.

"District" means Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) established pursuant to the Act and the Resolution of Formation.

"Escrow Agent" means U.S. Bank National Association, as the Escrow Agent under the Escrow Agreement relating to the Prior Bonds.

"Escrow Agreement" means the Escrow Agreement dated as of February 1, 2016 by and between the District and the Escrow Agent relating to the Prior Bonds.

"Escrow Fund" means the fund by that name established pursuant to the Escrow Agreement.

"Event of Default" shall mean the "event of default" described in Section 8.1 hereof.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next following June 30.

"Gross Taxes" means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to foreclosure for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

"Indenture" means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article 6 hereof.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

(1) is in fact independent and not under the domination of the District or the City;

(2) does not have any substantial interest, direct or indirect, in the District or the City; and

(3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

"Interest Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

"Interest Payment Date" means each March 1 and September 1, commencing September 1, 2016; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

"Investment Agreement" means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments herein.

"Maximum Annual Debt Service" means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Net Taxes" means Gross Taxes minus amounts set aside to pay Administrative Expenses Cap.

"Nominee" shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

"Ordinance" means Ordinance No. 312 adopted by the City Council on June 11, 2007, providing for the levying of the Special Tax.

"Outstanding" or "Outstanding Bonds and Parity Bonds" means all Bonds and Parity Bonds theretofore issued by the District, except:

(1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;

(2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

"Owner" means the person or persons in whose name or names any Bond or Parity Bond is registered.

"Parity Bonds" means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

"Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

"Person" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"Prepayments" means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

"Principal Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

"Principal Office of the Trustee" means the office of the Trustee located in Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

"Prior Bonds" means the District's Special Tax Refunding Bonds issued on July 14, 2011.

"Project" means those undergrounding improvements and appurtenant work described in the Resolution of Formation which have been or are to be acquired or constructed within or of benefit to the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

"Rating Agency" means Moody's and Standard & Poor's, or both, as the context requires.

"Rebate Account" means the account by that name created and established in the Rebate Fund pursuant to Section 3.1 hereof.

"Rebate Fund" means the fund by that name established pursuant to Section 3.1 hereof in which there are established the Accounts described in Section 3.1 hereof.

"Rebate Regulations" means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

"Record Date" means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

"Redemption Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

"Regulations" means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

"Representation Letter" shall mean the Blanket Letter of Representations from the District and the Paying Agent to the Depository as described in Section 2.13 hereof.

"Reserve Account" means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

"Reserve Requirement" means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds.

"Resolution of Formation" means Resolution No. 07-05 adopted by the City Council on January 22, 2007, pursuant to which the City Council formed the District.

"RMA" or "Rate and Method" means the Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District of the District at the May 8, 2007 election.

"Sinking Fund Payment" means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

"Six-Month Period" means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

"Special Tax Administrator" means the individual or entity appointed by the City to administer the calculation and collection of the Special Taxes.

"Special Tax Requirement" means an amount sufficient, together with amounts on deposit in the Special Tax Fund, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement.

"Special Tax Fund" means the fund by that name created and established pursuant to Section 3.1 hereof.

"Special Taxes" means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the May 8, 2007 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

"Standard & Poor's" means Standard & Poor's Ratings Group, a division of McGraw-Hill, its successors and assigns.

"Supplemental Indenture" means any supplemental indenture amending or supplementing this Indenture.

"Surplus Fund" means the fund by that name created and established pursuant to Section 3.1 hereof.

"Tax Certificate" means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

"Tax-Exempt" means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

"Term Bonds" means the Bonds maturing on September 1, 2039 and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

"Trustee" means U.S. Bank National Association, duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of $_____ shall be issued for the purpose of refunding the outstanding Prior Bonds, paying Costs of Issuance and funding the Reserve Account; provided that the aggregate principal amount of the Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors of the District for the District in accordance with the Act. The Bonds and any Parity Bonds are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expense Account of the Special Tax Fund).

Section 2.2. Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expense Account), as more fully described herein. The District's limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund

(exclusive of the Administrative Expense Account) which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the members of the City Council nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from and secured by a first pledge of and lien on the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Costs of Issuance Fund or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (i) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

Section 2.4. Description of Bonds; Interest Rates. The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Trustee.

The Bonds shall be designated "Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016." The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on September 1, 2016 and each Interest Payment Date thereafter:

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*
	$	%

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond or Parity Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in

default, interest on that Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond or Parity Bond, interest on that Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, to such Owner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of $1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Section 2.6. Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, shall be prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.7. Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the Clerk of the City, or any duly appointed Deputy Clerk, in their capacity as officers of the District, and the seal of the City or the District (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the Clerk of the City. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office. In the event that the Mayor of the City is not available to sign the Bonds, any other member of the City Council, the City Manager of the City and the Assistant City Manager of the City are each authorized to sign the Bonds.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

Section 2.8. Bond Register. The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Owner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Owner to give written notice to the Trustee of any change in the Owner's address so that the Bond Register may be revised accordingly.

Section 2.9. Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Owner or his or her duly authorized attorney.

Bonds or Parity Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (ii) any Bonds or Parity Bonds chosen for redemption.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1 hereof. If any Bond or Parity Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver, a

new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

Section 2.11. Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the financing or refinancing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of the Nominee. At the election of the District, any Parity Bonds may also be issued as book-entry bonds registered in the name of the Nominee as provided herein, in which case the references in Sections 2.12 through 2.15 to "Bonds" shall be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee

shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

Section 2.13. Representation Letter. In order to qualify the Bonds and any Parity Bonds which the District elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the Trustee is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. The Trustee agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the Authorized Representatives of the District are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.14. Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

Section 2.15. Payments to the Nominee. Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16. Initial Depository and Nominee. The initial Depository under this Article II shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds.

(a) There are hereby created and established and shall be maintained by the Trustee the following funds and accounts:

(1) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account, and an Administrative Expense Account).

(2) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Rebate Fund (the "Rebate Fund") (in which there shall be established a Rebate Account and an Alternate Penalty Account).

(3) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Costs of Issuance Fund (the "Costs of Issuance Fund").

(4) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Section 3.10 hereof.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds, in addition to monies transferred to the Trustee by the trustee for the Prior Bonds, shall be received by the Trustee on behalf of the District and deposited and transferred as follows:

(1) $_____ shall be deposited to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) $_____ shall be deposited to the Reserve Account of the Special Tax Fund to fund the Reserve Requirement;

(3) $_____ shall be transferred to the Escrow Agent to be deposited into the Escrow Fund; and

(4) $_____ shall be deposited to the Administrative Expense Account of the Special Tax Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Any interest earnings in the funds or accounts of the Prior Bonds posted after the date of issuance of the Bonds shall be transferred to the Special Tax Fund.

Section 3.2. Deposits to and Disbursements from Special Tax Fund.

(a) Except for Prepayments, which shall be deposited to the Redemption Account of the Special Tax Fund, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) the Administrative Expense Account of the Special Tax Fund up to the Administrative Expenses Cap;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

(4) the Redemption Account of the Special Tax Fund;

(5) the Reserve Account of the Special Tax Fund;

(6) the Administrative Expense Account of the Special Tax Fund to the extent Administrative Expenses exceed the Administrative Expense Cap;

(7) the Rebate Fund; and

(8) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3. Administrative Expense Account of the Special Tax Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the District; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expense Account to the extent necessary to collect delinquent Special Taxes. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any

Authorized Investments as directed in writing by an Authorized Representative of the District and shall be disbursed as directed in a Certificate of an Authorized Representative.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least one Business Day prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 2016, shall equal the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

Section 3.5. Redemption Account of the Special Tax Fund.

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund as required by Sections 3.3 and 3.4 hereof, the Trustee shall next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 on which a Sinking Fund Payment is due equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account, if funded, pursuant to Section 3.6 below. Moneys so deposited in the Redemption Account shall be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedules set forth in Section 4.1(b) hereof, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule in the Supplemental Indenture for such Parity Bonds.

(b) After making the deposits to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4 above and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (a) of

this Section, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expense Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(c) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(c) hereof, together with money transferred from the Reserve Account pursuant to Section 3.6(c), to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

(d) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds, and, in the case of an optional redemption or a special mandatory redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or a special mandatory redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a) or 4.1(c) hereof, as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 hereof upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only to the extent the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Interest Account of the Special Tax Fund.

Section 3.7. Rebate Fund.

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund and shall establish a separate Rebate Account and Alternate Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternate Penalty Account of the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternate Penalty Account shall be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by this Section 3.7 and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

(1) Rebate Account. The following requirements shall be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the District shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate for each issue, upon the written direction of an Authorized Representative of the District, an amount shall be deposited to each subaccount of the Rebate Account by the Trustee from any funds so designated by the District if and to the extent required, so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance with (i) of this Subsection (a)(1) with respect to the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the District, the Trustee shall withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in each subaccount of the Rebate Account,

(X) not later than 60 days after the end of (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which this Section 3.7 is applicable, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds, as applicable; and

(Y) not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, as applicable, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a)(1)

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

(2) Alternate Penalty Account.

(i) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District shall obtain expert advice in making such determinations.

(ii) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Trustee, at the written direction of an Authorized Representative of the District, shall deposit an amount in the appropriate subaccounts of the Alternate Penalty Account from any source of funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternate Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in Subsection (a)(2)(i) above. In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternate Penalty Account exceeds the amount required to be on deposit therein to make the payments required by Subsection (iii) below, the Trustee, at the written direction of an Authorized Representative of the District, may withdraw the excess from the applicable subaccount of the Alternate Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in a subaccount of the Alternate Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from a subaccount of the Alternate Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternate Penalty Account from any funds held by the Trustee pursuant to this Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a)(2) shall be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or an issue of Parity Bonds after redemption and payment of such issue and after making the payments described in Subsection (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall

survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis.

(e) Trustee. The Trustee shall have no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to this section and shall be deemed constructively to have complied with its obligations hereunder if it follows the written instructions of the District given pursuant to this Section.

Section 3.8. Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, as soon as practicable after each September 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; or (iv) to the District, for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District shall notify the Trustee in a Certificate of an Authorized Representative and the Trustee shall segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes. Such amounts shall be disbursed as directed by an Authorized Representative.

Section 3.9. Costs of Issuance Fund.

The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District, and any balance therein shall be transferred by the Trustee to the Special Tax Fund as directed in writing by an Authorized Representative of the District. Following such transfer to the Special Tax Fund, the Costs of Issuance Fund shall be closed.

Section 3.10. Investments. Moneys held in any of the Funds, Accounts and Subaccounts under this Indenture shall be invested at the written direction of the District upon at least two Business Days' notice in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds, Accounts and Subaccounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the Funds, Accounts and Subaccounts held under this Indenture may be invested by the Trustee as directed in writing by the District, from time to time, in Authorized Investments subject to the following restrictions:

(a) [Reserved].

(b) The District shall invest moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) The District shall invest moneys in the Reserve Account of the Special Tax Fund only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6 hereof; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(d) The District shall invest moneys in the Rebate Fund only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7 hereof or in Authorized Investments of the type described in clause (2)(e) of the definition thereof.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Authorized Investments specified in clause (2)(e) of the definition thereof.

The Trustee shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any such funds and accounts, any such investments constituting a part of such funds and accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations hereunder, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture. Any Authorized Investments that are registrable securities shall be registered in the name of the Trustee.

The Trustee may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or which any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds may be redeemed, at the option of the District from any source of funds on any Interest Payment Date in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices expressed as a percentage of the principal amount to be redeemed:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to _____	103%
_____and _____	102
_____and _____	101
_____and any Interest Payment Date thereafter	100

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 60 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Trustee.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2039 (the "2039 Term Bonds") shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20___, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2039 Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 2039 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2039

Sinking Fund Redemption Date (September 1)	*Sinking Payments*
	$
†	

† Maturity.

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District shall notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased shall be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1 hereof.

In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds shall be reduced, as nearly as practicable, on a pro rata basis.

(c) Special Mandatory Redemption. The Bonds are subject to special mandatory redemption as a whole, or in part on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.2, plus amounts transferred from the Reserve Account pursuant to Section 3.6(c), at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to March 1, 2023	103%
September 1, 2023 and March 1, 2024	102
September 1, 2024 and March 1, 2025	101
September 1, 2025 and any Interest Payment Date thereafter	100

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2. Selection of Bonds and Parity Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof. In selecting portions of such Bonds or Parity Bonds for redemption, the Trustee shall treat such Bonds or Parity Bonds, as applicable, as representing that number of Bonds or Parity Bonds of $5,000 denominations which is obtained by dividing the principal amount of such Bonds or Parity Bonds to be redeemed in part by $5,000. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. The Trustee shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds or Parity Bonds are due for redemption under Section 4.1 above or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds; provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments shall be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. Such notice of redemption shall (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds or Parity Bonds are to be redeemed; (v) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (vi) state the date of issue of the Bonds or Parity Bonds as originally issued; (vii) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the

redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent not later than the date that notice of redemption is mailed to the Owners pursuant to the first paragraph of this Section by first class mail or facsimile to the Depository and to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and Parity Bonds as determined by the Trustee and to one or more of the national information services that the Trustee determines are in the business of disseminating notice of redemption of obligations such as the Bonds and Parity Bonds.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

Section 4.4. Partial Redemption of Bonds or Parity Bonds. Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3 hereof, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Warranty. The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Owners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Indenture to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds, subject to compliance with the District's bonded indebtedness limit.

(b) Levy of Special Tax. Beginning in Fiscal Year 2016-17 and so long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, the City Council covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expense Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners or the Owners of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or

property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "private activity bonds" within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, where such opinion is required in connection with a change or amendment to this Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by Stradling Yocca Carlson & Rauth, a Professional Corporation, that interest on the Bonds is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates

authorized to be levied on parcels in the District below the levels provided in this Section 5.2(g) would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Agreement and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in this Indenture.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. Supplemental Indentures or Orders Not Requiring Owner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Owners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Owners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the RMA in any manner, so long as the Trustee receives a certificate of an Independent Financial Consultant stating that (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; and (ii) based on the current development plan for parcels within the District, do not reduce the maximum Special Taxes which could be levied upon taxable property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Owners.

Section 6.2. Supplemental Indentures or Orders Requiring Owner Consent. Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Owners, the District shall so notify the Trustee in writing and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Owners at their addresses as they appear in

the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Owners. The failure of any Owners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of such Owner's Bond or Parity Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

Section 6.4. Opinion of Bond Counsel. The Trustee may, at the expense of the District, obtain an opinion of Bond Counsel that any amendment to be accomplished by a Supplemental Indenture entered into pursuant to this Article VI complies with the provisions of Article VI, and the Trustee may conclusively rely on such opinions in entering into such Supplemental Indenture.

ARTICLE VII

TRUSTEE

Section 7.1. Trustee. U.S. Bank National Association shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The Trustee represents that it has (or is a member of a bank holding company system whose bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Owners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, timely pay to the Trustee following demand therefor compensation for its services, including, but not limited to, fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys (not arising from its own gross negligence or willful misconduct) which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee or the discharge of the Bonds.

Section 7.2. Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having (or whose parent bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so

published. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Owners of the successor Trustee's identity and address.

Section 7.3. Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed by the District pursuant to Section 7.2 or this Section 7.3, within thirty (30) days of giving such notice or removal or resignation, the Trustee, or any Owner may petition, at the expense of the District, a court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint a successor Trustee under the Indenture.

Section 7.4. Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility or liability for the correctness of the same and makes no representations whatsoever as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility or liability in respect thereof, other than in connection with its express duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall not have nor be under any responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct.

The Trustee shall be conclusively protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document signed or presented by the proper party or parties as provided hereunder. The Trustee, at the expense of the District, may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection to the Trustee in respect of any action taken or suffered hereunder in good faith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established to the Trustee, if disputed.

Whenever in the administration of its express obligations under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may but shall not be obligated to accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. It is understood and agreed that no such act shall broaden or imply the

Trustee's acceptance of a broadening of the scope of the Trustee's duties and obligations hereunder unless the Trustee shall provide written acceptance thereof.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of any default or event of default until an officer at the Trustee's corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

Before taking any action under Article VIII hereof the Trustee may require indemnity and security satisfactory to the Trustee be furnished to it for and from any expenses and liabilities and to protect it against any liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents (including its counsel).

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Owners of 25% (or other percentage provided for herein) in aggregate principal amount of Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty or in any way expand or impliedly expand the scope of the Trustee's duties hereunder.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee may become the Owner or pledgee of the Bonds with the same rights it would have if it were not Trustee.

The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee.

Section 7.5. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the

Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of the Trustee's actual knowledge of an Event of Default under (c) above.

Section 8.2. Remedies of Owners. Upon the occurrence of an Event of Default, any Owner may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

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

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested and directed so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article 8, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 8.3. Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Owners under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee and the Owners in declaring such Event of Default and in carrying out the provisions of this Article 8, including reasonable compensation to their agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Section 8.4. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its obligations hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.5. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right to which the District expressly agrees, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.6. Non-Waiver. Nothing in this Article 8 or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, or to pay the Trustee its fees and expenses as provided in Section 8.3 hereof, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by this Article 8 may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Section 8.7. Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the

Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity and security reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity and security shall have been made to, the Trustee.

Such notification, request, tender of indemnity and security and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.8. Termination of Proceedings. In case any Owner shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Owners shall continue as if no such proceedings had been taken.

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, the federal securities subparagraph (1) to the definition of Authorized Investments, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (b) or (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Owners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Section 9.2. Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purposes of refunding all or a portion of the Bonds or Parity Bonds subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District 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); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, 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 the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Section 10.3. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee

shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Section 10.4. Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Owners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Owners or the Trustee, then the District, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrepealable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

Section 10.6. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Owners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8. Notices. Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the City Manager of the City of Malibu, 23825 Stuart Ranch Road, Malibu, California 90265-4861, all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, or personally delivered to the Trustee, U.S. Bank National Association, _____.

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IN WITNESS WHEREOF, COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUND) has caused this Indenture to be signed by an Authorized Representative of the District and U.S. Bank National Association in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

By: _____
Mayor of the City of Malibu

ATTEST:

_____
City Clerk of the City of Malibu

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SPECIAL TAX REFUNDING BOND

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

R-_____ $_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BOND, SERIES 2016

INTEREST RATE:	*MATURITY DATE:*	*DATED DATE:*	*CUSIP:*
____%	September 1, ____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND AND NO/100 DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING) (the "District") which was formed by the City of Malibu (the "City") and is situated in the County of Los Angeles, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to

which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing September 1, 2016, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee (as such term is defined in the Indenture), initially U.S. Bank National Association (the "Trustee"). Interest on this Bond shall be paid by check of the Trustee mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Owner hereof as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Owner's address as it appears on the registration books maintained by the Trustee.

This Bond is one of a duly authorized issue of "Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016" (the "Bonds") issued in the aggregate principal amount of $_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of refinancing certain undergrounding improvements and related appurtenant work, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Legislative Body"), on January 25, 2016 and a Bond Indenture executed in connection therewith dated as of February 1, 2016, by and between the District and the Trustee (the "Indenture"), and this reference incorporates the Indenture herein, and by acceptance hereof the Owner of this Bond assents to said terms and conditions. The Indenture is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds may be redeemed, at the option of the District from any source of funds on any Interest Payment Date in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices expressed as a percentage of the principal amount to be redeemed:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to _____	103%
_____and _____	102
_____and _____	101
_____and any Interest Payment Date thereafter	100

The Bonds maturing on September 1, 2039 (the "Term Bonds") shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2039

Sinking Fund Redemption Date (September 1)	*Sinking Payments*
	$
†	

† Maturity.

The Bonds are subject to special mandatory redemption as a whole, or in part on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account, plus amounts transferred from the Reserve Account, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to March 1, 2023	103%
September 1, 2023 and March 1, 2024	102
September 1, 2024 and March 1, 2025	101
September 1, 2025 and any Interest Payment Date thereafter	100

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to

accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OR OF THE DISTRICT. NEITHER THE CITY NOR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) has caused this Bond to be dated as of _____, 2016, to be signed on behalf of the District by the Mayor of the City by his facsimile signature and attested by the facsimile signature of the City Clerk of the City of Malibu.

_____
Mayor

ATTEST:

_____
City Clerk

[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2016

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Its: Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

_____
City Clerk of the City of Malibu

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

_____
whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

_____
attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:_____

Signature guaranteed:

_____
NOTE: Signature(s) must be guaranteed by an eligible guarantor institution.

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

EXHIBIT B

FORM OF REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE

COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BONDS, SERIES 2016

U.S. Bank National Association, Trustee, is hereby requested to pay from the Costs of Issuance Fund, established by the Bond Indenture between the Trustee and Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) for the District, dated as of February 1, 2016 (the "Indenture"), the amount specified and to the payee named below for payment of the Costs of Issuance set forth in Attachment No. 1 hereto.

Payee:

Address:

Purpose:

Amount: $

The amount is due and payable under purchase order, contract or other authorization and has not formed the basis of any prior request for payment. The conditions for the release of this amount from the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Costs of Issuance Fund, including those conditions in Section 3.9(a) of the Indenture have been satisfied.

There has not been filed with nor served upon the District notice of any lien, right to lien or attachment upon, or stop notice or claim affecting the right to receive payment of the amount specified above which has not been released or will not be released simultaneously with the payment of such amount, other than materialmen's or mechanic's liens accruing by mere operation of law.

Dated: _____

COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU (CARBON BEACH
UNDERGROUNDING)

By: _____
Name: _____
Title: City Manager or Authorized Representative

$_____
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BONDS, SERIES 2016

BOND PURCHASE AGREEMENT

February __, 2016

Community Facilities District No. 2006-1
of the City of Malibu (Carbon Beach Undergrounding)
c/o City of Malibu
23825 Stuart Ranch Road
Malibu, California 90265

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement with Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") which, upon acceptance, will be binding upon the District and upon the Underwriter. This offer is made subject to acceptance of it by the District on the date hereof, and if not accepted will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

The District acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the District on other matters); and (iv) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter agrees to purchase from the District, and the District agrees to sell to the Underwriter, all (but not less than all) of the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016 (the "Bonds") in the aggregate principal amount specified in Exhibit A hereto. The Bonds shall be dated the Closing Date (hereinafter defined), and bear interest (payable semiannually on March 1 and September 1 in each year, commencing September 1, 2016) at the rates

per annum and maturing on the dates and in the amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be the amount specified as such in Exhibit A hereto.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Bond Indenture by and between the District and U.S. Bank National Association (the "Trustee"), dated as of February 1, 2016 (the "Bond Indenture"), approved in a resolution adopted by the City Council (the "City Council") of the City of Malibu (the "City"), as the legislative body of the District, on January 25, 2016 (the "Resolution of Issuance"). The Bonds and interest thereon will be payable from a special tax (the "Special Tax") levied and collected on the taxable land within the District in accordance with Resolution Nos. 07-05 and 07-06 adopted by the City Council on January 22, 2007 (collectively, the "Resolution of Formation") and Ordinance No. 312 adopted by the City Council on June 11, 2007 ("Ordinance No. 312"). Proceeds of the sale of the Bonds will be used in accordance with the Bond Indenture and the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the "Act"), to refund and defease the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds (the "Prior Bonds"). The Resolution of Issuance, the Resolution of Formation, Ordinance No. 312 and all other resolutions adopted with respect to the formation of the District, the authorization for the District to incur indebtedness and the issuance of the Bonds are collectively referred to herein as the "District Resolutions."

The Bonds are being issued for the purpose of refunding the District's Special Tax Refunding Bonds (the "Prior Bonds"). A portion of the proceeds of the Bonds will be deposited into an escrow fund pursuant to an Escrow Agreement dated as of February 1, 2016 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), for the purpose of refunding the Prior Bonds on March 1, 2016 at a redemption price equal to 103% of the principal amount thereof, together with accrued interest to such date.

(b) At or prior to the acceptance hereof by the District, the District shall cause to be delivered to the Underwriter a Certificate of Representations and Warranties of the City, dated as of the date of this Bond Purchase Agreement (the "City Certificate"), in substantially the form attached hereto as Exhibit B, with only such changes therein as shall have been accepted by the Underwriter on or prior to the date of this Bond Purchase Agreement.

(c) Subsequent to its receipt of a certificate from the District deeming the Preliminary Official Statement for the Bonds, dated _____, 2016 (which Preliminary Official Statement, together with the cover page and all appendices thereto, is herein collectively referred to as the "Preliminary Official Statement" and which, as amended with the prior approval of the Underwriter and executed by the District, will be referred to herein as the "Official Statement") final for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), the Underwriter has distributed copies of the Preliminary Official Statement. The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute the final Official Statement dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12) and any supplements and amendments thereto as have been approved by the City as evidenced by the execution and delivery of such document by an officer of the City, the Bond Indenture, the Continuing Disclosure Agreement of the District (the "District Disclosure Agreement"), the Escrow Agreement, this Bond Purchase Agreement, any other documents or contracts to which City or the District is a party, and all information contained therein, and all other documents, certificates and statements furnished by the

City and the District to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter. The Underwriter hereby agrees to deliver a copy of the Official Statement to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Marketplace Access website of the MSRB on or before the Closing Date (as hereinafter defined) and to each investor that purchases any of the Bonds prior to the "end of the underwriting period" (as such term is defined in Section 2(g) below) and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and Rule 15c2-12.

(d) At 8:00 A.M., Pacific Daylight Time, on February __, 2016, or at such earlier time or date as shall be agreed upon by the Underwriter and the District (such time and date being herein referred to as the "Closing Date"), the District will deliver (i) to the Depository Trust Company in New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co. and having the CUSIP numbers assigned to them printed thereon), duly executed by the officers of the District as provided in the Bond Indenture, and (ii) to the Underwriter, at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, or at such other place as shall be mutually agreed upon by the District and the Underwriter, the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in immediately available funds (such delivery and payment being herein referred to as the "Closing"). Notwithstanding the foregoing, the Underwriter may, in its discretion, accept delivery of the Bonds in temporary form upon making arrangements with the District which are satisfactory to the Underwriter relating to the delivery of the Bonds in definitive form.

2. Representations, Warranties and Agreements of the District. The District represents, warrants and covenants to and agrees with the Underwriter that:

(a) The City Council as the legislative body of the City and the District has duly adopted the District Resolutions and has caused to be recorded in the real property records of the County of Los Angeles on June 7, 2007 as Document No. 20071384817 a Notice of Special Tax Lien (the "Notice of Special Tax Lien") (such District Resolutions, and Notice of Special Tax Lien being collectively referred to herein as the "Formation Documents"). Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended. The District is duly organized and validly existing as a community facilities district under the laws of the State of California. The District has, and at the Closing Date will have, as the case may be, full legal right, power and authority (i) to execute, deliver and perform its obligations under this Bond Purchase Agreement, the District Disclosure Agreement, the Escrow Agreement, and the Bond Indenture, and to carry out all transactions contemplated by each of such agreements and the Formation Documents, (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution of Issuance and Bond Indenture as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents and by the Bond Indenture, this Bond Purchase Agreement, the Escrow Agreement, the District Disclosure Agreement (collectively, the "District Documents") and the Official Statement;

(b) The District and the City, as applicable, each has complied, and will at the Closing Date be in compliance, in all material respects with the Formation Documents and the District Documents, and any immaterial compliance by the District and the City, if any, will not impair the ability of the District and the City, as applicable, to carry out, give effect to or

consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the District will continue to comply with the covenants of the District contained in the District Documents;

(c) The City Council has duly and validly: (i) adopted the District Resolutions, (ii) called, held and conducted in accordance with all requirements of the Act the election within the District, to approve the levy of the Special Tax and the issuance of the Bonds and recorded the Notice of Special Tax Lien which established a continuing lien on the land within the District securing the Special Tax, (iii) authorized and approved the execution and delivery of the Bonds and the District Documents, (iv) authorized the preparation, delivery and distribution of the Preliminary Official Statement and the Official Statement, and (v) authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of the District Documents (including, without limitation, the collection of the Special Tax), and at the Closing Date the Formation Documents will be in full force and effect and the District Documents and the Bonds will constitute the valid, legal and binding obligations of the District and (assuming due authorization, execution and delivery by other parties thereto, where necessary) will be enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought;

(d) To the best of the District's knowledge, neither the District nor the City is in breach of or default under any applicable law or administrative rule or regulation of the State of California (the "State"), or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, bond indenture, contract, agreement or other instrument to which the District or the City is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the District of its obligations under the Bonds, the Formation Documents or the District Documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the District or the City, as the case may be, is a party or is otherwise subject or bound;

(e) Except for compliance with the blue sky or other states securities law filings, as to which the District makes no representations, all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the District of its obligations hereunder, or under the Formation Documents or the District Documents, have been obtained and are in full force and effect;

(f) The Special Tax constituting the security for the Bonds has been duly and lawfully authorized and may be levied under the Act and the Constitution and the applicable laws of the State of California, and such Special Tax, when levied, will constitute a valid and legally binding continuing lien on the properties on which it has been levied;

(g) Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the District is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the District shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the District shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "end of the underwriting period" means the later of such time as (i) the District delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period";

(h) The Bond Indenture creates a valid pledge of the Net Taxes, as defined in the Bond Indenture, and the moneys in the Special Tax Fund (except the Administrative Expense Account therein) established pursuant to the Bond Indenture, including the investments thereof, subject in all cases to the provisions of the Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(i) Except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or, to the best knowledge of the District after reasonable inquiry, threatened (i) which would materially adversely affect the ability of either the City or the District to perform their respective obligations under the Formation Documents or the District to perform its obligations under the Bonds or the District Documents, or (ii) seeking to restrain or to enjoin the development of the land within the District, the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Indenture, or the collection or application of the Special Tax pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Formation Documents, the District Documents, or any action contemplated by any of said documents, or (iii) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the powers or authority of the District with respect to the Bonds, the Formation Documents, the District Documents, or any action of the District contemplated by any of said documents; nor is there any action pending or, to the best knowledge of the District, threatened against the City or the District which alleges that interest on the Bonds is not excludable from gross income for federal income tax purposes or is not exempt from California personal income taxation;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the District shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing;

(k) Any certificate signed by any authorized official of the City and the District authorized to do so shall be deemed a representation and warranty to the Underwriter as to the statements made therein;

(l) The District will apply the proceeds of the Bonds in accordance with the Bond Indenture and as described in the Official Statement;

(m) The information contained in the Preliminary Official Statement (other than information therein provided by David Taussig & Associates, the Underwriter and the County of Los Angeles, or information related to The Depository Trust Company, a New York corporation ("DTC"), and its book-entry only system, as to which no view is expressed) was as of the date thereof, and the information contained in the Official Statement (other than information therein provided by David Taussig & Associates, the Underwriter and the County of Los Angeles or information related to The DTC and its book-entry only system, as to which no view is expressed) as of its date and on the Closing Date shall be, true and correct in all material respects and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(n) The Preliminary Official Statement heretofore delivered to the Underwriter was deemed final by the District as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby covenants and agrees that, within seven (7) business days from the date hereof, the District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in a quantity mutually agreed upon by the Underwriter and the District so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board;

(o) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City and the District have not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 during the past five years.

3. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the District contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City and the District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Formation Documents and the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel for the District, shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices set forth in the Official Statement shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest as would be received by the holders of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

(2) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Bond Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underwriting arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(3) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the District, its property, income, securities (or interest thereon), the validity or enforceability of the Special Tax, the ability of the City or the District to construct or acquire the improvements as contemplated by the Formation Documents, the District Documents or the Official Statement, or the ability of the District to issue the Bonds as described herein;

(4) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or results in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange; or

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter.

(c) On the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) The Formation Documents and the District Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that each Formation Document is a true, correct and complete copy of the one duly adopted by the City Council;

(2) The Preliminary Official Statement and the Official Statement;

(3) An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the District, of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel for the District, in the form attached to the Preliminary Official Statement as Appendix C, and an unqualified opinion of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such approving opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(4) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Stradling Yocca Carlson & Rauth, a Professional corporation, Bond Counsel for the District, to the effect that (i) the District Documents have been duly authorized, executed and delivered by the District and, assuming such agreements constitute a valid and binding obligation of the other parties thereto, constitute the legally valid and binding agreements of the District enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law); (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) the information contained in the Official Statement on the cover and under the captions "INTRODUCTION," "THE BONDS," "SOURCES OF PAYMENT FOR THE BONDS," "THE COMMUNITY FACILITIES DISTRICT," "TAX EXEMPTION," "LEGAL OPINION" and Appendices C and D thereof, insofar as it purports to summarize certain provisions of the Act, the Bonds and the Bond Indenture and such counsel's opinion as to the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds, presents a fair and accurate summary of such provisions;

(5) A certificate, dated the Closing Date and signed by an authorized representative of the District, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds; and certifying that (i) the representations and warranties of the District contained in Section 2 hereof

are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds, the Formation Documents and the District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Formation Documents, the District Documents and the Official Statement at or prior to the Closing Date;

(6) A certificate dated the Closing Date and signed by the City Manager of the City certifying that the representations and warranties of the City contained in the City Certificate are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the Closing Date, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(7) An opinion, dated the Closing Date and addressed to the City and the Underwriter, of the City Attorney, to the effect that (i) the District is duly organized and validly existing under the Act; (ii) the District Resolutions have each been duly adopted at a meeting of the City Council, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting, and the District Resolutions are in full force and effect and have not been amended or repealed; (iii) the City Council has full legal power and authority to adopt the District Resolutions; and (iv) other than as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body to which the City or the District is a party is pending or, to such counsel's knowledge, threatened, in any way affecting the existence of the City or the District or the titles of their officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Indenture, the collection or application of the Special Taxes to pay the principal of, and interest on, the Bonds, or in any way contesting or affecting the validity or enforceability of the District Resolutions, the Bonds, the Formation Documents, the District Documents, or any action of the City or the District contemplated by any of such documents or in any way contesting the completeness or accuracy of the Official Statement or the powers of the City or the District or their respective City with respect to the District Resolutions, the Formation Documents, the District Documents, or which challenges the exclusion from gross income for federal income tax purposes of interest paid on the Bonds or the exemption of interest paid on the Bonds from State of California personal income taxation.

(8) A certificate dated the Closing Date from David Taussig & Associates, Inc. addressed to City, the District and the Underwriter to the effect that (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes as of the Closing Date would generate at least 110% of the maximum annual debt service payable with respect to the principal amount of the Bonds plus the Administrative Expenses Cap (as defined in the Bond Indenture), based on such assumptions and qualifications as shall be acceptable to the Underwriter, and (ii) all information supplied by it for use in the Official Statement is true and correct as of the date of the Official Statement and as of the Closing Date;

(9) A certificate of the District dated the Closing Date, in a form acceptable to Bond Counsel, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, together with an executed Form 8038;

(10) A certificate of the Trustee and the Escrow Agent and an opinion of counsel to the Trustee and the Escrow Agent dated the Closing Date and addressed to the City, the District and the Underwriter to the effect that it has duly authorized the execution and delivery of the Bond Indenture, the Escrow Agreement and the District Disclosure Agreement and that the Bond Indenture, the Escrow Agreement and the District Disclosure Agreement are valid and binding obligations of the Trustee and the Escrow Agent, as applicable, enforceable in accordance with their terms;

(11) An opinion of Bond Counsel addressed to the Trustee, the District and the Underwriter to the effect that the Prior Bonds have been legally defeased and discharged;

(12) A verification report prepared by Grant Thornton addressed to the District, the Underwriter and Bond Counsel as to the sufficiency of moneys on deposit in the escrow fund to defease and discharge the Prior Bonds; and

(13) An opinion of Jones Hall, A Professional Law Corporation, counsel to the Underwriter, addressed to the Underwriter, in form and substance acceptable to the Underwriter;

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the District's representations and warranties contained herein and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Official Statement.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the District shall be under any further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Section 5 and Section 6 hereof shall continue in full force and effect.

4. Conditions of the District's Obligations. The District's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the District executing the certificate referred to in Section 3(c)(5) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Formation Documents, the District Documents or the existence or powers of the City or the District; and

(b) As of the Closing Date, the District shall receive the approving opinions of Bond Counsel referred to in Section 3(c)(3) and (4) hereof, dated as of the Closing Date, addressed to the City, the District and the Underwriter.

5. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

(a) The Underwriter shall be under no obligation to pay, and the District shall pay or cause to be paid (out of any legally available funds of the District) all expenses incident to the performance of the District's obligations hereunder, including, but not limited to, the cost of printing and delivering the Bonds to the Underwriter, the cost of preparation, printing, distribution and delivery of the Bond Indenture, the Preliminary Official Statement, the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of the Trustee for the Bonds, Bond Counsel, City Attorney, and any accountants, engineers or any other experts or consultants the District has retained in connection with the Bonds; and

(b) The District shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Bond Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

6. Notices. Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing to the City at 23825 Stuart Ranch Road, Malibu, California 90265, Attention: City Manager; and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Sara Oberlies Brown.

7. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the District and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the District and the City set forth in or made pursuant to this Bond Purchase Agreement and any certificates delivered hereunder shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Bond Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the District and the City and regardless of delivery of and payment for the Bonds.

9. Effective. This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance. This Bond Purchase Agreement may be signed in counterparts by each party.

10. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the District.

11. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

12. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Managing Director

ACCEPTED: February __, 2016 at _____ a.m./p.m. (California time)

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

By: _____
Assistant City Manager

EXHIBIT A

MATURITY SCHEDULE

COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BONDS, SERIES 2016

Maturity Date (September 1)	**Principal**	**Coupon**	**Yield**

Par Amount	$_____
Original Issue Discount	(_____)
Underwriter's Discount	(_____)
	$_____

CALL FEATURES

Optional Redemption. The Bonds may be redeemed, at the option of the District from any source of funds on any Interest Payment Date in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices expressed as a percentage of the principal amount to be redeemed:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to _____	103%
_____and _____	102
_____and _____	101
_____and any Interest Payment Date thereafter	100

Special Mandatory Redemption. The Bonds are subject to special mandatory redemption as a whole, or in part on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account, plus amounts transferred from the Reserve Account, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to March 1, 2023	103%
September 1, 2023 and March 1, 2024	102
September 1, 2024 and March 1, 2025	101
September 1, 2025 and any Interest Payment Date thereafter	100

EXHIBIT B

CERTIFICATE OF REPRESENTATIONS AND WARRANTIES
OF THE CITY OF MALIBU

February __, 2016

To: Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Re: *Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds*

Ladies and Gentlemen:

We are delivering to you this certificate in connection with the issuance and sale of $_____ aggregate principal amount of the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016, and pursuant to the Bond Purchase Agreement, dated the date hereof (the "Purchase Agreement"), by and between you and Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District"). All capitalized terms used herein without definition shall have the meanings assigned to such terms in the Purchase Agreement.

The undersigned, in his capacity as an officer of the City of Malibu (the "City") and not in his individual capacity, on behalf of the City, represents and warrants to you that:

(1) The City is duly organized and validly existing as a municipal corporation and general law City under the Constitution and laws of the State of California and the City Council has duly and validly adopted each of the District Resolutions and authorized the formation of the District pursuant to the Act.

(2) The information contained in the Preliminary Official Statement (other than information provided by David Tausig & Associates, Inc. and the County of Los Angeles and information relating to the DTC and its book-entry only system, as to which no view is expressed) is, as of the date thereof and as of the date hereof, true and correct in all material respects and does not, as of the date thereof and as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(3) The representations and warranties of the District in the Purchase Agreement, to the extent they relate to the City, are true and correct in all material respects.

CITY OF MALIBU

By:_____
Assistant City Manager

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE—BOOK-ENTRY-ONLY **NO RATING**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX EXEMPTION" herein with respect to tax consequences relating to the Bonds.

$3,640,000*
COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING) SPECIAL TAX REFUNDING BONDS, SERIES 2016

Dated: Delivery Date **Due: September 1, as shown on inside cover**

The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016 (the "Bonds") are being issued by Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") for the purpose of (i) refunding the District's Special Tax Refunding Bonds which are currently outstanding in the aggregate principal amount of $3,410,000, (ii) funding a reserve account for the Bonds, and (iii) paying costs of issuance for the Bonds. The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant to that certain Bond Indenture, dated as of February 1, 2016 (the "Indenture"), by and between the District and U.S. Bank National Association, as trustee.

The Bonds are payable from Net Taxes (as defined herein) derived from a certain annual Special Tax (as defined herein) to be levied on taxable parcels within the District and from certain other funds pledged under the Indenture, all as further described herein. The Special Tax is to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes" and APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" herein.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in principal amounts of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the Bonds will be payable commencing September 1, 2016 and semiannually thereafter on each March 1 and September 1. Principal of and interest on the Bonds will be paid by the Trustee, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—General Provisions" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as set forth herein. See "THE BONDS—Redemption" herein.

Investment in the Bonds involves risks that are not appropriate for certain investors. Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California as Disclosure Counsel and for the City and the District by Jenkins & Hogin LLP, Manhattan Beach, California, City Attorney. Certain legal matters will be passed on for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Bonds in book-entry form will be available for delivery on or about February ___, 2016.

STIFEL

Dated: _____, 2016

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* *Preliminary, subject to change.*

DOCSOC/1734499v5/024317-0015

Attachment 4

$3,640,000*
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BONDS, SERIES 2016

MATURITY SCHEDULE

Serial Bonds $_____
Base CUSIP†: 56117L

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Price or Yield*	*CUSIP†*	*Maturity Date (September 1)*	*Principal Amount*	*Interest Rate*	*Price or Yield*	*CUSIP†*

$_____ _____% Term Bonds due September 1, _____ Yield: _____% CUSIP†: _____

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* *Preliminary, subject to change.*

† *CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter takes any responsibility for the selection or correctness of the CUSIP numbers set forth herein.*

CITY OF MALIBU
COUNTY OF LOS ANGELES, CALIFORNIA

CITY COUNCIL

Laura Rosenthal, *Mayor*
Lou La Monte, *Mayor Pro Tem*
Joan House, *Councilmember*
Skylar Peak, *Councilmember*
John Sibert, *Councilmember*

CITY ADMINISTRATORS

Jim Thorsen, *City Manager*
Reva Feldman, *Assistant City Manager*
Robert Brager, *Public Works Director/City Engineer*
Lisa Pope, *City Clerk*

PROFESSIONAL SERVICES

Jenkins & Hogin LLP
Manhattan Beach, California
City Attorney

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California
Bond and Disclosure Counsel

U.S. Bank National Association
Los Angeles, California
Trustee and Escrow Agent

David Taussig & Associates
Newport Beach, California
Special Tax Consultant

Grant Thornton
Minneapolis, Minnesota
Verification Agent

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 City or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget," or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE COMMUNITY FACILITIES DISTRICT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

The City maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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$3,640,000*
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
SPECIAL TAX REFUNDING BONDS, SERIES 2016

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance by Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") of its Special Tax Refunding Bonds, Series 2016, in the aggregate principal amount of $3,640,000* (the "Bonds"). The proceeds of the Bonds will be used for the purpose of (i) refunding the District's Special Tax Refunding Bonds which are currently outstanding in the aggregate principal amount of $3,410,000 (the "Prior Bonds"), (ii) funding a reserve account for the Bonds, and (iii) paying costs of issuance for the Bonds. See "REFUNDING PLAN" herein.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the "Act"), and a Bond Indenture dated as of February 1, 2016 (the "Indenture") by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) as described in the Indenture.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX D—"SUMMARY OF THE BOND INDENTURE" herein.

The District

The District is located in the northwestern portion of Los Angeles County (the "County") along the Pacific Ocean. The District is located within the City of Malibu (the "City") along the ocean side of Pacific Coast Highway roughly at Carbon Canyon Road along Carbon Beach. The District consists of 44 taxable parcels which contain completed oceanfront residential units which had an aggregate assessed value for Fiscal Year 2015-16 of $261,886,675 based on records of the Los Angeles County Tax Collector-Assessor's Office. See "THE COMMUNITY FACILITIES DISTRICT" herein.

The District was formed on January 22, 2007 pursuant to the Act. The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

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* *Preliminary, subject to change.*

Pursuant to the Act, on August 14, 2006 the City Council of the City (the "City Council"), acting as the legislative body of the District, adopted Resolution No. 06-54 (the "Resolution of Intention"), stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District, and Resolution No. 06-55, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed $5,000,000 within the District for the purpose of financing the purchase, construction, modification, expansion or improvement of facilities required to underground existing overhead utilities, including all trench work, removal and relocation of street lighting, removals of overhead lines and utility poles, furnishings, equipment and supplies related thereto, and together with all appurtenant work in the connection therewith, provided that such facilities have a useful life of five years or longer (the "Facilities") within the District and associated incidental expenses (the "Incidental Expenses").

Subsequent to a noticed public hearing on January 22, 2007, the City Council adopted Resolution Nos. 07-05 and 07-06 on January 22, 2007 (collectively the "Resolution of Formation") which established the District, authorized the levy of a special tax (the "Special Tax") within the District, determined the necessity to incur bonded indebtedness in an amount not to exceed $5,000,000 within the District and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit.

On May 8, 2007, an election was held within the District in which the registered voters within the District approved the proposition authorizing the issuance of bonds in an amount not to exceed $5,000,000 to finance the Facilities. On May 29, 2007, the City Council, acting as the legislative body of the District, adopted Resolution 07-24 certifying the results of the election and introduced Ordinance No. 312 (the "Ordinance") which provides for the rate and method of apportionment and levying of the Special Tax (the "Rate and Method"). The Ordinance was adopted on June 11, 2007.

On December 28, 2008, the District issued its Special Tax Bonds (the "2008 Bonds") and used the proceeds of such bonds to construct the Facilities which have since been completed. On July 14, 2011, the District issued the Prior Bonds for the purpose of refunding the 2008 Bonds. On January 25, 2016, the City Council authorized the refinancing of the Prior Bonds. The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Agreement between the Underwriter and the District. For more complete information, see "THE BONDS—General Provisions" herein.

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term "Special Tax" is the annual Special Tax which has been authorized pursuant to the Act and the Rate and Method to be levied upon taxable property within the District. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes" and APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." There are 44 taxable parcels consisting of completed oceanfront homes in the District, on which Special Taxes will be levied for the repayment of the Bonds. See "THE COMMUNITY FACILITIES DISTRICT" herein.

Under the Indenture, the District has pledged to repay the Bonds from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the "Net Taxes") and from other amounts in the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture. The Special Taxes are the primary source of security for the repayment of the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein, to the limited extent described in the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund" herein.

Foreclosure Proceeds. The District has covenanted for the benefit of the owners of the Bonds that it will commence, and diligently pursue to completion, judicial foreclosure proceedings against Assessor's

Parcels with delinquent Special Taxes in excess of $10,000 by the October 1 following the close of the fiscal year in which such Special Taxes were due, and it will commence and diligently pursue to completion judicial foreclosure proceedings against all Assessor's Parcels with delinquent Special Taxes by the October 1 following the close of any fiscal year in which (i) it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and (ii) the amount in the Reserve Account is less than the Reserve Requirement (as defined herein). See "SOURCES OF PAYMENT FOR THE BONDS—Proceeds of Foreclosure Sales" herein. There is no assurance that the property within the District can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See "SPECIAL RISK FACTORS—Land Values."

EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption." For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and APPENDIX D—"SUMMARY OF THE BOND INDENTURE" herein.

Tax Exemption

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX EXEMPTION" herein.

Set forth in Appendix C is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain tax consequences incidental to the ownership of the Bonds, see "TAX EXEMPTION" herein.

Professionals Involved in the Offering

U.S. Bank National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Bonds. All proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed on for the City and the District by Jenkins & Hogin LLP, Manhattan Beach, California, City Attorney, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California. Other professional services have been performed by David Taussig & Associates, Newport Beach, California, as the Special Tax Consultant.

For information concerning circumstances in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS" herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial information and operating data and, in a timely manner, notice of certain material events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5).

See APPENDIX E—"CONTINUING DISCLOSURE AGREEMENT" herein for a form of the District's Continuing Disclosure Agreement.

Parity Bonds

The District has covenanted not to issue additional indebtedness secured by the Net Taxes on a parity with the Bonds ("Parity Bonds") other than for refunding all or a portion of the Bonds. See "SOURCES OF PAYMENT FOR THE BONDS—No Parity Bonds." Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes may also be levied in the future on the property within the District which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See "COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness" and "SPECIAL RISK FACTORS—Parity Taxes, Special Assessments and Land Development Costs" herein.

Bond Owners' Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The purchase of the Bonds involves risks, and the Bonds may not be appropriate investments for some types of investors. See "SPECIAL RISK FACTORS" herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE COMMUNITY FACILITIES DISTRICT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State of California as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information are available for inspection and copies may be obtained from the City, 23825 Stuart Ranch Road, Malibu, California 90265 Attention: City Clerk.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds	
Principal Amount of Bonds	$
Plus/Less Original Issue Premium/Discount	
Proceeds from Prior Bonds	
Total Sources	$
Uses of Funds:	
Escrow Fund	$
Costs of Issuance Fund[1]	
Administrative Expense Account	
Reserve Account of the Special Tax Fund	
Underwriter's Discount	
Total Uses	$

[1] To pay costs of issuance, including legal fees, printing costs, escrow agent fees, verification agent fees and Trustee fees.

REFUNDING PLAN

Refunded Bonds. The Prior Bonds, which are currently outstanding in the aggregate principal amount of $3,410,000, were executed and delivered under a Bond Indenture, dated as of July 1, 2011 (the "2011 Bond Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "2011 Trustee"). The District plans to apply a portion of the proceeds of the Bonds to refund the Prior Bonds maturing on and after September 1, 2016 on March 1, 2016 at a redemption price equal to 103% of the principal amount of the Prior Bonds to be redeemed, plus accrued interest with respect thereto to the date of redemption (the "Redemption Price").

Under an Escrow Agreement, dated as of February 1, 2016, by and between the District and the 2011 Trustee (the "Escrow Agreement"), the District will deliver a portion of the proceeds of the Bonds to the 2011 Trustee, together with certain other funds held by the 2011 Trustee, for deposit in the escrow fund established under the Escrow Agreement (the "Escrow Fund"). The 2011 Trustee will hold all monies uninvested in cash. From the moneys on deposit in the Escrow Fund, the 2011 Trustee will pay the Redemption Price on March 1, 2016.

Sufficiency of the deposits in the Escrow Fund to pay the Redemption Price will be verified by Grant Thornton LLP (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the Prior Bonds will be defeased pursuant to the provisions of the 2011 Bond Indenture, as of the date of execution and delivery of the Bonds.

The amounts held by the 2011 Trustee in the Escrow Fund are pledged solely to the payment of the Prior Bonds. The funds deposited in the Escrow Fund will not be available for the payments with respect to the Bonds.

Verification. Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the funds deposited in the Escrow Fund to pay the Redemption Price on March 1, 2016.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on September 1, 2016 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the registration books. Pursuant to a written request prior to the Record Date of a Bondowner of at least $1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Principal of, premium, if any, and interest on the Bonds due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

The Bonds are issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee for the DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of $5,000 and any integral multiple thereof. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming that there are no optional or special mandatory redemptions. See "Redemption" below.

Date (September 1)	***Principal***	***Interest***	***Total***
2016	$	$	$
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total	$	$	$

Redemption

Optional Redemption. The Bonds may be redeemed, at the option of the District from any source of funds on any Interest Payment Date in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices expressed as a percentage of the principal amount to be redeemed:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to _____	103%
_____and _____	102
_____and _____	101
_____and any Interest Payment Date thereafter	100

Mandatory Sinking Payment Redemption. The Bonds maturing on September 1, 2039 (the "2039 Term Bonds") will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, _____, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2039 Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 2039 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2039

Sinking Fund Redemption Date (September 1)	*Sinking Payments*
	$
†	

† Maturity.

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District is required to notify the Trustee at least 45 days prior to the redemption date as to the principal amount and the maturity purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds, as applicable, will be reduced, as nearly as practicable, on a pro rata basis.

Special Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to special mandatory redemption from Special Tax Prepayments as a whole, or in part on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date, and will be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account (see "SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund"), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

Redemption Date	*Redemption Price*
Interest Payment Dates on and prior to March 1, 2023	103%
September 1, 2023 and March 1, 2024	102
September 1, 2024 and March 1, 2025	101
September 1, 2025 and any Interest Payment Date thereafter	100

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" herein. The Trustee is obligated to mail, at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the Bonds and the respective registered Owners of the Bonds at the addresses appearing on the Bond registration books. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all of the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee.

So long as notice by first class mail has been provided as set forth above, the actual receipt by the Owner of any Bond of notice of such redemption is not a condition precedent to redemption, and failure to receive such notice will not affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Effect of Redemption. When notice of redemption has been given, and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Account, the Bonds designated for redemption will become due and payable on the date fixed for redemption, and upon presentation and surrender of the Bonds at the place specified in the notice of redemption, and no interest will accrue on the Bonds called for redemption from and after the redemption date, and the Owners of the redeemed Bonds, after the redemption date, may look for the payment of principal and premium, if any, of such Bonds or portions of Bonds only to the Redemption Account and shall have no rights, except with respect to the payment of the redemption price from the Redemption Account.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Special Taxes are the primary source of security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of the annual Administrative Expenses in an amount not to exceed the Administrative Expenses Cap) and from amounts held in the Special Tax Fund (other than amounts held in the Administrative Expense Account therein). Special Tax revenues include the proceeds of the annual Special Tax levy received by the District, including any scheduled payments and Prepayments thereof, and the net proceeds of the redemption of delinquent Special Taxes or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien, and penalties and interest thereon.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the Reserve Account therein, for the exclusive benefit of the Owners of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on January 22, 2007 for the purpose of financing the Facilities and Incidental Expenses. At a special election held on May 8, 2007, the registered voters within the District authorized the District to incur indebtedness in an amount not to exceed $5,000,000, and approved the Rate and Method which authorizes the Special Tax to be levied to repay District indebtedness, including the Bonds.

The Bonds will be repaid only from annual Net Taxes derived from the levy and collection of Special Taxes pursuant to the Rate and Method. The Rate and Method permits the prepayment of Special Taxes for an assessor's parcel, and any such Prepayments will be applied to redeem Bonds and Parity Bonds, if any. The Net Taxes collected from the annual Special Tax levy and the proceeds of any prepayment of Special Taxes have been pledged under the Indenture to the repayment of the Bonds and Parity Bonds.

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. There is no assurance that the Net Tax will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See "SPECIAL RISK FACTORS—Insufficiency of Special Taxes" herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized to levy the Special Taxes in an amount determined according to the Rate and Method. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below. The full text of the Rate and Method is set forth in Appendix A hereto.

Property to be taxed pursuant to the Rate and Method of Apportionment is classified as "Taxable Property." The Rate and Method provides that Special Taxes may be prepaid in whole under the circumstances described in Section G of the Rate and Method. The amount of Special Tax that the District may levy is limited by the Maximum Special Tax rates set forth in the Rate and Method. The Maximum Special Tax for each Assessor's Parcel of Taxable Property is $9,548.62. In the event any Assessor's Parcel of Taxable Property is subdivided, the aggregate Maximum Special Tax applicable to the Assessor's Parcels created as a result of the subdivision will be $9,548.62. Notwithstanding the foregoing, no Special Tax will be levied against any Assessor's Parcel classified as Exempt Property. The Maximum Special Tax for any Assessor's Parcel created by the consolidation of two or more Assessor's Parcels will be equal to the sum of the Maximum Special Tax applicable to the Assessor's Parcels which were consolidated.

Each Fiscal Year, the City Council will determine the Special Tax Requirement. The Special Tax will be levied in equal percentages on each Assessor's Parcel of Taxable Property, up to the applicable Maximum Special Tax, to satisfy the Special Tax Requirement. Notwithstanding the foregoing, under no circumstances will the Special Taxes levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Assessor's Parcels within the District by more than 10%.

UNDER NO CIRCUMSTANCES MAY THE SPECIAL TAX ON ANY ASSESSOR'S PARCEL EXCEED THE MAXIMUM RATE APPLICABLE TO THAT PARCEL AS SET FORTH IN THE RATE AND METHOD ATTACHED AS APPENDIX A HERETO. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" herein.

Estimated Debt Service Coverage. In connection with the issuance of the Bonds, David Taussig & Associates, Newport Beach, California, the District's Special Tax Consultant, has certified that the Maximum Annual Special Taxes that may be levied in each fiscal year on assessor's parcels within the District classified as Taxable Property as of May 1, 2015 will be at least equal to the sum of (i) 110% of maximum annual debt service on the Bonds plus (ii) the Administrative Expenses Cap. Actual collections of the Special Tax will depend on the amount of Special Tax delinquencies.

Table 1 below sets forth the estimated debt service coverage on the Bonds based on the Taxable Property in the District as of May 1, 2015. The Rate and Method provides that the Special Tax may not be levied on a parcel of Taxable Property after Fiscal Year 2042-2043. As shown in Table 1, there are adequate Net Taxes, assuming 100% collection, to pay debt service and provide 110% coverage in each year throughout the term of the Bonds.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
MAXIMUM DEBT SERVICE COVERAGE

Year Ending September 1	*Net Taxes*[1]	*Bond*[*] *Debt Service*	*Debt Service Coverage*[2][*]
2016	$186,420	$167,200	111%
2017	248,116	223,288	111
2018	251,306	226,188	111
2019	253,176	227,888	111
2020	249,381	224,438	111
2021	251,086	225,988	111
2022	251,306	226,188	111
2023	251,994	226,813	111
2024	247,346	222,588	111
2025	248,199	223,363	111
2026	254,373	228,975	111
2027	249,588	224,625	111
2028	250,303	225,275	111
2029	250,646	225,588	111
2030	245,318	220,744	111
2031	250,777	225,706	111
2032	250,378	225,344	111
2033	249,567	224,606	111
2034	248,570	223,700	111
2035	252,640	227,400	111
2036	250,825	225,750	111
2037	253,781	228,438	111
2038	245,325	220,750	111
2039	247,869	223,063	111

* *Preliminary, subject to change.*

(1) Equals 110% of the total of debt service on the Bonds plus an amount equal to the Administrative Expenses Cap of $25,000, less an amount equal to the Administrative Expenses Cap of $25,000.

(2) Equals Net Taxes column divided by Bond Debt Service. Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the amount shown as "Net Taxes" above.

Source: David Taussig & Associates, Inc. and Underwriter.

Levy, Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer and Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes.

The District has covenanted in the Indenture that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and Parity Bonds, to replenish the Reserve Account to the Reserve Requirement and to pay Administrative Expenses.

The District has made certain covenants in the Indenture which are intended to ensure that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District has covenanted that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes that may be levied on Taxable Property in each fiscal year to less than the sum of 110% of Annual Debt Service on Outstanding Bonds and Parity Bonds plus an amount of Administrative Expenses equal to the Administrative Expenses Cap. See "SPECIAL RISK FACTORS—Proposition 218." Second, the District has covenanted not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant stating that to accept such tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and any Parity Bonds remaining Outstanding following such tender.

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness" and "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments" herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Table 2 below sets forth the historical Special Tax levy and collections within the District for Fiscal Years 2009-10 (the first year of the levy) and 2015-16 (first installment only).

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
SPECIAL TAX LEVIES, COLLECTIONS AND DELINQUENT RATES

		Delinquencies			
		Amount		Percent	
Fiscal Year	Special Tax Levy	Current	FY-End	Current	FY-End
2009-10	$404,326.56	$0.00	$21,360.49	0.00%	5.28%
2010-11	400,555.76	0.00	0.00	0.00	0.00
2011-12	319,424.16	0.00	379.00	0.00	0.12
2012-13	293,751.48	0.00	6,676.17	0.00	2.27
2013-14	288,948.00	0.00	6,567.00	0.00	2.27
2014-15	288,948.00	0.00	6,567.00	0.00	2.27
2015-16[1]	285,694.64	30.57	N/A	0.01	N/A

(1) First Installment only.
Source: David Taussig & Associates, Inc.

Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of land within the District resulting from a landowner's failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Taxes levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District has covenanted for the benefit of the owners of the Bonds that it will commence and diligently pursue to completion, judicial foreclosure proceedings against (i) parcels with delinquent Special Taxes in excess of $10,000 or more by the October 1 following the close of the Fiscal Year in which such Special Taxes were due; and (ii) all properties with delinquent Special Taxes by the October 1 following the close of any fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount in the Reserve Account is less than the Reserve Requirement. See APPENDIX D—"SUMMARY OF THE BOND INDENTURE—Covenants and Warranty" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed unless the foreclosure proceedings produce any net foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure" herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the net proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS—Assessed Value" herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

Collection of Special Taxes and Flow of Funds. The Special Taxes will be levied and collected by the Treasurer and Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. When the County apportions Special Taxes to the District, the District will transmit the Special Taxes to the Trustee for deposit in the Special Tax Fund established by the Indenture. The Trustee is required to disburse moneys in the Special Tax Fund, first to the Administrative Expense Account of the Special Tax Fund in an amount necessary to pay the Administrative Expenses, up to the amount of the Administrative Expenses Cap of $25,000. Additionally, on the dates specified in the Indenture and if there are sufficient amounts available in the Special Tax Fund for such purposes, the Trustee is to make the following transfers in the priority described below:

First: To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

Second: To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year commencing September 1, 2016, shall equal the principal payment or Sinking Fund Payment of the Bonds due on such September 1. Moneys in the Principal Account shall be used for the payment of the principal or Sinking Fund Payment of the Bonds as the same become due.

Third: To the Redemption Account, an amount sufficient to pay the principal of and interest on and any premiums payable on Bonds called for optional redemption or mandatory redemption.

Fourth: To the Reserve Account of the Special Tax Fund to the extent necessary to replenish the Reserve Account to the Reserve Requirement.

Fifth: To the Administrative Expense Account of the Special Tax Fund the amount of any Administrative Expenses for the current Bond Year in excess of the Administrative Expenses Cap as directed by the City.

Sixth: To the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.

Seventh: To the Surplus Fund established by the Indenture such remaining amounts in the Special Tax Fund after making the foregoing transfers on September 1.

Reserve Account of the Special Tax Fund

In order to further secure the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. "Reserve Requirement" is defined in the Indenture to mean, as of any date of calculation, equal the lesser of (i) 10% of the initial principal amount of the Bonds and any Parity Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds; or (iii) 125% of average Annual Debt Service on the Bonds and Parity Bonds.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District has covenanted to levy Special Taxes in an amount sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds, including Sinking Fund Payments, to the extent other monies are not available therefor; (ii) redeem Bonds in accordance with the Indenture and the Rate and Method in the event of prepayment of Special Taxes; and

(iii) pay any rebate requirements. See APPENDIX D—"SUMMARY OF THE BOND INDENTURE—Creation of Funds and Application of Proceeds—Reserve Account of the Special Tax Fund" herein.

Parity Bonds

The District has covenanted not to issue Parity Bonds except as provided in the Indenture and only for the purposes of refunding all or a portion of the Bonds. See APPENDIX D—"SUMMARY OF THE BOND INDENTURE—Defeasance and Parity Bonds—Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness" herein.

THE COMMUNITY FACILITIES DISTRICT

General Description of the District

The District is located in the northwestern portion of the County along the Pacific Ocean. The District is located within the City along the ocean side of Pacific Coast Highway roughly at Carbon Canyon Road along Carbon Beach. The District consists of 44 taxable parcels which contain completed oceanfront residential units.

Description of Authorized Facilities

The Facilities financed by the District with the proceeds of the 2008 Bonds consisted of facilities required to underground the existing overhead utilities, including all trench work, removal and relocation of street lighting, removals of overhead lines and utility poles, furnishings, equipment and supplies related thereto. As of January 1, 2016, the Facilities have been completed. Incidental Expenses which were authorized to be financed with the proceeds of the Bonds included (i) the cost of planning and designing the Facilities to be financed, including the cost of environmental evaluations thereof; (ii) any other expenses incidental to the construction, completion and inspection of the authorized work; and (iii) the costs associated with the formation of the District, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the District.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. Certain of those taxes and assessments relate to direct and overlapping debt which is set forth in Table 3 below (the "Debt Report"). The Debt Report includes the principal amount of the Bonds.

The Debt Report has been derived from data assembled and reported to the District by David Taussig & Associates, Inc. as of January 1, 2016. None of the District, the City nor the Underwriter have independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or other special taxes. The Debt Report is included for general information purposes only.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
DIRECT AND OVERLAPPING DEBT

Overlapping District	*Fiscal Year 2015-16 Total Levy*	*Amount of Levy on Parcels in the District*	*Percent of Levy on Parcels in the District*	*Total Debt Outstanding*	*District Share of Total Debt Outstanding*
Los Angeles County Regional Park and Open Space District	$28,304,881	$347	0.0012%	$82,880,000	$ 1,015
				TOTAL OVERLAPPING DEBT:	$ 1,015
				Plus: CFD No. 2006-1 bonded indebtedness:	3,640,000*
				Estimated share of Direct and Overlapping Debt:	$ 3,641,015*

* Preliminary, subject to change.
Source: David Taussig & Associates

Estimated Assessed Value-To-Lien Ratios

The total Fiscal Year 2015-16 assessed value of the property within the District which is subject to the levy of the Special Tax in Fiscal Year 2015-16 is $261,886,675. The estimated assessed value-to-lien ratio for such property based on the assessed values for fiscal year 2015-16 is 71.95* to 1 based on the outstanding principal amount of the Bonds and 71.93* to 1 including the overlapping land-secured debt described in Table 3 above.

Table 4 below sets forth the assessed value of the property within the District for Fiscal Years 2009-10 through 2015-16.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
HISTORICAL ASSESSED VALUES

Fiscal Year	Assessed Value
2009-10	$214,791,827
2010-11	214,360,526
2011-12	217,476,717
2012-13	233,826,245
2013-14	239,731,075
2014-15	261,886,666
2015-16	261,886,675

* *Preliminary, subject to change.*

Table 5 below sets forth the estimated assessed value-to-lien ratios of direct debt for parcels within the District subject to a projected Special Tax levy in Fiscal Year 2016-17 based upon land values in the District as of the January 1, 2015 lien date established by the County Assessor's Office and projects what percentage of the projected 2016-17 Special Tax levy will be paid from parcels within certain estimated assessed value-to-lien ranges.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF MALIBU
(CARBON BEACH UNDERGROUNDING)
ESTIMATED ASSESSED VALUE-TO-LIEN RATIOS
OF DIRECT DEBT FOR TAXABLE PARCELS

Estimated Assessed Value-to-Lien Ratio[1]	*Number of Parcels*	*Projected 2016-17 Special Tax Levy*[2]*	*Percentage of Projected Total 2016-17 Special Tax Levy**	*Share of Bonds**	*Average Assessed Value-to-Lien Ratio*[3]*
150:1 +	7	$ 43,450	15.91%	$579,091	194.21
125:1 to 149.99:1	3	18,622	6.82	248,182	134.38
100:1 to 124.99:1	2	12,414	4.55	165,455	106.94
75:1 to 99.99:1	5	31,036	11.36	413,636	92.06
50:1 to 74.99:1	3	18,622	6.82	248,182	59.76
25:1 to 49.99:1	12	74,486	27.27	992,727	35.97
10:1 to 24.99:1	4	24,829	9.09	330,909	15.74
5:1 to 9.99:1	7	43,450	15.91	579,091	7.17
3:1 to 4.99:1	1	6,207	2.27	82,727	4.89
0:1 to 2.99:1	0	0	0.00	0	N/A
Totals	**44**	**273,116**	**100.00**	**3,640,000**	

* *Preliminary, subject to change.*
(1) Several properties within the District have lien assessment dates from the 1950's, which means the assessed value of such properties has, as a result of Proposition 13, increased from the 1975-76 assessed value only as a result of inflation or new construction. Excludes direct and overlapping debt shown on Table 3.
(2) Includes levy of Administrative Expenses.
(3) Total assessed value of parcels in such category divided by share of Bonds attributable to such parcels.
Source: David Taussig & Associates, Inc.

Largest Landowners by Percentage of Projected Total Special Tax Levy

No single taxpayer is expected to be responsible for more than 2.27* of the projected Fiscal Year 2016-17 Special Tax levy on property within the District.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and, therefore, the Bonds are not suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The

* *Preliminary, subject to change.*

occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See "—Assessed Value" below.

Risks of Real Estate Secured Investments Generally

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, wildfire, earthquakes, tsunamis and floods), which may result in uninsured losses. See "—Natural Disasters" herein.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Net Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's or the District's property or upon any of the City's or the District's income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

Insufficiency of Special Taxes

The Rate and Method governing the levy of the Special Tax provides that Exempt Property is not subject to the Special Tax. The Rate and Method also provides for prepayment of Special Taxes. The Prepayment is an amount equal to the sum of (1) Principal, (2) Premium, (3) Defeasance and (4) Fees minus the Reserve Fund Credit as those terms are defined in the Rate and Method. The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

Natural Disasters

The District is located in the northwest portion of the County, a seismically active region in Southern California. There is significant potential for destructive ground-shaking during the occurrence of a major seismic event or for damage and flooding related to a tsunami event. In addition, the property within the District may be subject to liquefaction during the occurrence of such an event. The City is located in an area of high fire risk. Significant wildfires have burned portions of the City in recent years. Although no portions

of the District have been subject to wildfires, risk of wildfire is significant for all property within the City, including the District. Additionally, oceanfront homes within the City are subject to risk of damage or destruction from *el niño* and other significant storm events or tsunamis.

In the event of a severe earthquake, tsunami, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Concentration of Property Ownership

A limited number of property owners own the 44 parcels of Taxable Property in the District. See "THE COMMUNITY FACILITIES DISTRICT." However, no single property is expected to be responsible for more than 2.27* of the projected Fiscal Year 2016-17 Special Tax levy.

Failure of any owner of property in the District to pay installments of the Special Tax when due could result in the depletion of the Reserve Account prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, an insufficiency of Net Taxes to pay debt service on the Bonds when due. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds.

Future Land Use Regulations and Growth Control Initiatives

It is possible that future growth control initiatives could be enacted by the voters or future local, state or federal land use regulations could be adopted by governmental agencies, which could affect a property owner's ability to rebuild in the event of damage or destruction. See "—Natural Disasters" above.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The District has not independently verified, but is not aware of, the presence of any hazardous substances within the District.

Payment of the Special Tax is not a Personal Obligation of the Landowners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the owner.

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* *Preliminary, subject to change.*

Assessed Value

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations or other events will adversely impact the value of the land upon which the Special Taxes are levied. See "THE COMMUNITY FACILITIES DISTRICT—Estimated Assessed Value-to-Lien Ratios."

The taxable property in the District has an assessed value of $261,886,675 for Fiscal Year 2015-16. The assessed value of property within the District does not necessarily reflect the market value of such property. Prospective purchasers of the Bonds should not assume that a home within the District could be sold for its assessed value at a foreclosure sale for delinquent Special Taxes.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SOURCES OF PAYMENT FOR THE BONDS—Proceeds of Foreclosure Sales."

Parity Taxes and Special Assessments

Property within the District is subject to taxes, charges and assessments imposed by public agencies other than the District that also have jurisdiction over the land within the District. See "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness."

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "—Bankruptcy and Foreclosure" and "—FDIC/Federal Government Interests in Properties" below.

Neither the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within the District described herein. See "SOURCES OF PAYMENT FOR THE BONDS," "THE COMMUNITY FACILITIES DISTRICT—Estimated Assessed Value-To-Lien Ratios" and "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness."

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the property is sufficient to justify payment may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused notices of the Special Tax to be recorded in the Office of the Recorder for the County against each parcel in the District. While title companies normally refer to such notices in title reports, there can be no guarantee that such

reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, are customarily billed to the properties within the District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*," for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See "—Bankruptcy and Foreclosure" and "—FDIC/Federal Government Interests in Properties" below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District's ability to foreclosure on the lien of the Special Taxes in certain circumstances.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special

Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS—Proceeds of Foreclosure Sales." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Secondly, the Bankruptcy Code might prevent moneys on deposit in the Special Tax Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount and priority of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in procuring Superior Court foreclosure proceedings. If enough parcels were involved in bankruptcy proceedings, court delays would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds and the possibility of delinquent tax installments not being paid in full.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture and further subject to the prior lien of owners of Bonds, an owner is given the right for the equal benefit and protection of all owners of a series similarly situated to pursue certain remedies described in APPENDIX D—"SUMMARY OF THE BOND INDENTURE—Events of Default; Remedies" attached to this Official Statement.

Loss of Tax Exemption

As discussed under the caption "TAX EXEMPTION" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District or the City in violation of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to an early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See "CONTINUING DISCLOSURE." Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIIC and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Provisions of the Initiative have been and will continue

to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIIIC states that "...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that Article XIIIC has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds.

It may be possible, however, for voters or the District or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings under the Act to reduce the Maximum Special Tax rates on parcels of Taxable Property within the District to less than an amount projected to equal to 110% of annual debt service each year on the Outstanding Bonds and Parity Bonds plus the Administrative Expenses Cap. In connection with the foregoing covenant, the District has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District also has covenanted that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes."

With respect to the approval of the Special Taxes, on August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the "San Diego Decision"). The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego (the "City"). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in the entire City. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be

apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIIIA, Section 4 thereof and Article XIIIC, Section 2 thereof require that the electors in such an election be the registered voters within the district.

The facts of the San Diego Decision show that there were thousands of registered voters within the CCFD (viz., all of the registered voters in the City). The election held in the District similarly had more than 11 registered voters within the District at the time of the election to authorize the Special Tax. However, unlike the facts in the San Diego Decision, the Special Tax was approved by more than 2/3 of the registered voters (21 out of 29), as required by Section 53328 of the Act. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters within the District approved the Special Tax and the issuance of bonds on May 8, 2007. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

The interpretation and application of Article XIIIC and Article XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "—Limitations on Remedies."

Ballot Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995 in the case of Rossi v. Brown, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations.

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 the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles, by the exercise of judicial discretion and by limitations or remedies against public agencies in the State. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement with U.S. Bank National Association, as dissemination agent (the "Disclosure Agreement"), the District has agreed to provide, or cause to be provided, certain annual financial and operating data, including its audited financial statements, by no later than April 1 of each year commencing April 1, 2016, and to provide notice of certain enumerated events to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission (the "Repository").. The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Agreement solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City or any entity other than the District. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS—Limited Obligations."

Within the past five years, neither the City nor the District has failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events. Notwithstanding the foregoing, certain of the City's filings were missing certain tabular financial information which has subsequently been filed with the Repository. [CONFIRM COMPLIANCE] The full text of the Disclosure Agreement is set forth in Appendix E.

TAX EXEMPTION

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment to current earnings in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner of the Bonds is excluded from the gross income of such

Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds (including any original issue discount) is based upon the accuracy of certain representations of fact and certifications made by the District, the Underwriter and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds (including any original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds (including any original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE

STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Although Bond Counsel is expected to deliver an opinion that interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds (including any original issue discount) may otherwise affect the tax liability of the recipient. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

LEGAL OPINION

The legal opinion of Bond Counsel, approving the validity of the Bonds, in substantially the form set forth as Appendix C hereto, will be made available to purchasers of the Bonds at the time of original delivery of the Bonds. Certain legal matters will be passed upon for the City and the District by Jenkins & Hogin, LLP, Manhattan Beach, California. Bond Counsel undertakes no responsibility to the purchasers of the Bonds for the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

NO RATING

The District has not made and does not contemplate making an application to any rating agency for the assignment of a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_____ (being $_____ aggregate principal amount thereof, less Underwriter's discount of $_____ and [plus/less] original issue [premium/discount] of $_____). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering price stated on the cover page thereof. The offering price may be changed from time to time by the Underwriter.

FINANCIAL INTERESTS

The fees being paid to the Underwriter and its counsel, Bond Counsel and the Trustee are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representatives of fact.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council of the City acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

By: _____

City Manager of the City of Malibu

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

A Special Tax shall be levied and collected in Community Facilities District No. 2006-1 of the City of Malibu ("CFD No. 2006-1") each Fiscal Year, in an amount determined by the City Council of the City of Malibu acting in its capacity as the legislative body of CFD No. 2006-1 through the application of the procedures described below. All of the real property in CFD No. 2006-1, unless exempted by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"**Administrative Expenses**" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2006-1, including but limited to the following: (i) the costs of computing the Special Taxes and of preparing the annual Special Tax collection schedules (whether by the CFD Administrator or designee thereof, or both); (ii) the costs of collecting the Special Taxes (whether by the County, City, or otherwise); (iii) the costs of remitting the Special Taxes to the fiscal agent or trustee for any Bonds; (iv) the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes; (v) the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under any Indenture; (vi) the costs of the City or designee in complying with arbitrage rebate requirements and disclosure requirements of applicable federal and state securities laws and of the Act, including public inquiries regarding the Special Taxes or the Bonds; (vii) the fees and expenses of CFD No. 2006-1 associated with a prepayment as calculated by the CFD Administrator including, but not limited to, the costs of computing the prepayment, the costs of removing any Special Taxes from the Assessor's Roll, the costs of redeeming the Bonds, and the costs of recording and publishing any notices to evidence the prepayment and the redemption of Bonds; (viii) the costs of the City or designee related to any appeal of the Special Tax; and (ix) an allocable share of the salaries of City staff and City overhead expense directly related to the foregoing. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of CFD No. 2006-1.

"**Assessor's Parcel**" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"**Assessor's Parcel Map**" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"**Bonds**" means any bonds or other indebtedness (as defined in the Act), whether in one or more series, secured by the levy of Special Taxes within CFD No. 2006-1.

"**CFD Administrator**" means the City Manager of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of Special Taxes.

"**City**" means the City of Malibu, California.

"**Council**" means the City Council of the City, acting as the legislative body of CFD No. 2006-1.

"**County**" means the County of Los Angeles, California.

"**Fiscal Year**" means the period starting on each July 1 and ending on the following June 30.

"**Indenture**" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"**Maximum Special Tax**" means the maximum Special Tax, determined in accordance with Section B that can be levied by the Council in any Fiscal Year on any Assessor's Parcel.

"**Exempt Property**" means any Assessor's Parcel within the boundaries of CFD No. 2006-1 (i) owned by the federal government, the State, the County, the City, or any other public agency and (ii) cannot be developed or improved with any building or structure due to it's dimensions or size, as determined by the City. Notwithstanding the preceding, any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"**Special Tax**" means the Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"**Special Tax Requirement**" means that amount required in any Fiscal Year to: (1) pay the Administrative Expenses, (2) pay debt service on any issued and outstanding Bonds, (3) replenish any reserve funds attributable to CFD No. 2006-1 and established in connection with Bonds, (4) pay the costs of remarketing, credit enhancement and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund in lieu of cash related to any Bonds), (5) pay directly for acquisition or construction of facilities eligible under the Act in accordance with plans established at the time the Bonds are issued or its functional equivalent as modified, and less (6) available funds as provided under the Indenture.

"**State**" means the State of California.

"**Taxable Property**" means the following Assessor's Parcels and their successors in the event of a subdivision or consolidation, excluding any Assessor's Parcel classified as Exempt Property: 4451-004-010, 4451-004-011, 4451-004-012, 4451-004-013, 4451-004-014, 4451-004-015, 4451-004-016, 4451-004-017, 4451-004-018, 4451-004-019, 4451-004-020, 4451-004-021, 4451-004-022, 4451-004-023, 4451-004-024, 4451-004-026, 4451-004-027, 4451-004-028, 4451-005-007, 4451-005-008, 4451-005-009, 4451-005-010, 4451-005-011, 4451-005-012, 4451-005-013, 4451-005-016, 4451-005-017, 4451-005-018, 4451-005-019, 4451-005-020, 4451-005-021, 4451-005-022, 4451-005-023, 4451-005-024, 4451-005-027, 4451-005-028, 4451-005-029, 4451-005-030, 4451-005-031, 4451-005-032, 4451-005-033, 4451-005-034, 4451-005-035 and 4451-006-035.

B. MAXIMUM SPECIAL TAX

The Maximum Special Tax for each Assessor's Parcel of Taxable Property shall be $9,548.62.

1. Subdivision of Assessor's Parcel

In the event any Assessor's Parcel of Taxable Property is subdivided, the Maximum Special Tax applicable to the Assessor's Parcels created as a result of the subdivision shall be

$9,548.62. Notwithstanding the preceding, no Special Tax shall be levied against any Assessor's Parcel classified as Exempt Property.

2. Consolidation of Assessor's Parcels

The Maximum Special Tax for any Assessor's Parcel created by the consolidation of two or more Assessor's Parcels shall be equal to the sum of the Maximum Special Tax applicable to the Assessor's Parcels which were consolidated.

C. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2007-2008 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement. The Special Tax shall be levied in equal percentages on each Assessor's Parcel of Taxable Property, up to the applicable Maximum Special Tax, to satisfy the Special Tax Requirement. Notwithstanding the preceding, under no circumstances will the Special Taxes levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Assessor's Parcels within CFD No. 2006-1 by more than ten percent (10%) per Fiscal Year.

D. TERM

The Maximum Special Tax shall not be levied after Fiscal Year 2042-2043.

E. APPEALS

Any property owner who is current on any and all CFD No. 2006-1 Special Taxes and feels that the amount of the Special Tax levied on his Assessor's Parcel is in error may submit a written appeal to CFD No. 2006-1. The CFD Administrator shall review the appeal, and if he or she concurs, shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Assessor's Parcel(s). No refunds of previously paid Special Taxes shall be made. The Council may interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner appeal. Any decision of the Council shall be final and binding as to all persons.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 2006-1 may collect Special Taxes at a different time or in a different manner as determined by the Council, if necessary to meet its financial obligations.

G. PREPAYMENT OF SPECIAL TAX

1. Prepayment in Full

Following the issuance of the Bonds, The Maximum Special Tax for any Assessor's Parcel may be prepaid and permanently satisfied as described herein, provided that a prepayment may be made only if at the time of the prepayment there are no delinquent Special Taxes with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel and the date through which the amount any such prepayment shall be valid.

The "Prepayment" shall be an amount equal to the sum of (1) Principal, (2) Premium, (3) Defeasance, and (4) Fees minus the Reserve Fund Credit, where the terms "Principal," "Premium," "Defeasance," "Fees," and "Reserve Fund Credit" have the following meanings:

> "**Principal**" means the principal amount of Bonds to be redeemed and equals the quotient derived by dividing (a) the applicable Maximum Special Tax for the Assessor's Parcel intending to prepay by (b) the aggregate Maximum Special Taxes on all Taxable Property within CFD No. 2006-1 (and excluding from (b) any Maximum Special Taxes which have previously been prepaid), and multiplying the quotient by the principal amount of Bonds issued and outstanding.
>
> "**Premium**" means an amount equal to the Principal multiplied by the applicable redemption premium, if any, for the Bonds so redeemed with the proceeds of any such Prepayment.
>
> "**Defeasance**" means an amount equal to the amount needed to pay interest on the Principal to be redeemed until the earliest redemption date for the outstanding Bonds. Credit shall be given for any Special Tax heretofore paid and which will not be needed for the Special Tax Requirement.
>
> "**Fees**" equal the fees and expenses of CFD No. 2006-1 directly related to calculating the Prepayment and redeeming Bonds.
>
> "**Reserve Fund Credit**" shall equal the lesser of (i) the expected reduction in the applicable reserve fund requirement (as defined in the Indenture), if any, following the redemption of Bonds from proceeds of the prepayment or (ii) the amount derived by subtracting the new reserve fund requirement in effect after the redemption of Bonds from the balance in the reserve fund (as such term is defined in the Indenture) on the prepayment date, but in no event shall such amount be less than zero.

The sum of the amounts calculated in the preceding steps shall be paid to CFD No. 2006-1 and shall be used to pay and redeem Bonds in accordance with the Indenture and to pay the Fees. Upon the payment of such Prepayment to CFD No. 2006-1, the obligation to pay the Special Tax for such Assessor's Parcel shall be deemed to be permanently satisfied, the Special Tax shall not be levied thereafter on such Assessor's Parcel, and the CFD Administrator shall cause notice of cessation of the Special Tax for such Assessor's Parcel to be recorded within 30 working days of receipt of the Prepayment.

2. Prepayment in Part

Following the issuance of the Bonds, the Maximum Special Tax for any Assessor's Parcel may be prepaid in part as described herein, provided that a prepayment may be made only if at the time of the prepayment there are no delinquent Special Taxes with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to partially prepay the Special Tax shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel and the date through which the amount any such prepayment shall be valid.

The amount of the "Partial Prepayment" shall be computed pursuant to Section G.1 above substituting the portion of the Maximum Special Tax to be prepaid for the Maximum Special Tax applicable to the Parcel when computing Principal. Upon payment of the Partial Prepayment, the CFD Administrator shall cause a notice of reduction of the Special Tax for

such Assessor's Parcel to be recorded within 30 working days of receipt of such Partial Prepayment.

Notwithstanding the foregoing, no Prepayment or Partial Prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied in CFD No. 2006-1 pursuant to Section B after the proposed prepayment is at least the sum of (i) the estimated Administrative Expenses and (ii) one hundred ten percent (110%) of the annual debt service for the Bonds, taking into account the Bonds to remain outstanding after such Prepayment or Partial Prepayment.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MALIBU

THE CITY OF MALIBU

The following information relating to the City is included only for the purpose of supplying general information regarding the City. Neither the faith and credit nor taxing power of the City have been pledged to the payment of the Bonds and the Bonds will not be payable from any of City's revenues or assets.

General Information

The City of Malibu was incorporated on March 28, 1991. Located in the northwestern portion of the County, the City has 21 miles of coastline along the Pacific Ocean. The City operates under a Council-Manager form of government and provides public safety, community services, engineering services, planning services, public works services and general administrative services.

City Council

The City is governed by a five member City Council. Members are elected to four year terms.

City of Malibu
City Council

Name	*Term Expires*
Laura Zahn Rosenthal, *Mayor*	2018
Lou La Monte, *Mayor Pro Tem*	2018
Joan House, *Councilmember*	2016
Skylar Peak, *Councilmember*	2016
John Sibert, *Councilmember*	2016

Source: City of Malibu.

Population

The historic population of Malibu, the County and the State is shown below.

City of Malibu, County of Los Angeles and State of California
Population Estimates

Year	*City of Malibu*	*County of Los Angeles*	*State of California*
2011	12,671	9,847,712	37,427,946
2012	12,727	9,908,030	37,680,593
2013	12,789	9,980,432	38,030,609
2014	12,871	10,054,852	38,357,121
2015	12,935	10,136,559	38,714,725

Source: State of California, Department of Finance, *E-4 Population Estimates for Cites, Counties and the State, 2011-2015, with 2010 Benchmark, Sacramento, California, May 2015.*

Building Activity

Residential building activity for the past five calendar years for Malibu is shown in the following tables.

City of Malibu
New Housing Units Building Permits

	2010	*2011*	*2012*	*2013*	*2014*
Single Family Units	12	20	17	10	10
Multifamily Units	0	0	0	0	0
Total Units	12	20	17	10	10

Source: Construction Industry Research Board.

City of Malibu
Building Permit Valuations

	2010	*2011*	*2012*	*2013*	*2014*
Residential					
New Single Family	$ 18,029,600	$ 24,602,304	$ 17,400,212	$ 13,241,469	$ 12,193,000
New Multifamily	--	--	--	--	--
Res. Alt. & Adds	20,178,400	23,561,200	8,294,700	20,910,055	11,195,090
Total Residential	$ 38,208,000	$ 48,163,504	$ 25,694,912	$ 34,151,524	$ 23,388,090
Nonresidential					
New Commercial	$ 5,000,000	$ 3,397,248	$ 405,000	$ 360,000	$ 90,000
New Industrial	--	--	--	--	--
New Other[1]	7,076,400	4,536,956	6,350,512	5,349,214	2,307,300
Alters. & Adds.	8,521,100	3,014,374	1,476,621	18,666,761	2,276,000
Total Non-Residential	$ 20,597,500	$ 10,948,578	$ 8,232,133	$ 24,375,975	$ 4,673,300
Total All Building	$ 58,805,500	$ 59,112,082	$ 33,927,054	$ 58,527,499	28,061,390

(1) Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and other non-residential buildings.

Note: "Total All Building" is the sum of Residential and Nonresidential Building Permit Valuations. Totals may not add to sums because of independent rounding.

Source: Construction Industry Research Board.

Employment

The following table summarizes the labor force, employment and unemployment figures over the period 2010 through 2014 for Malibu, the County, the State and the United States.

Malibu, Los Angeles County, State of California and United States
Labor Force, Employment and Unemployment Yearly Average

Year and Area	*Civilian Labor Force*	*Civilian Employment*[1]	*Civilian Unemployment*[2]	*Civilian Unemployment Rate*[3]
2010				
Malibu	4,900	5,500	400	7.4%
Los Angeles County	4,917,400	4,302,300	615,100	12.5
California	18,336,300	16,091,900	2,244,300	12.2
United States[4]	153,889,000	139,064,000	14,825,000	9.6
2011				
Malibu	5,900	5,500	400	7.2%
Los Angeles County	4,929,500	4,326,100	603,400	12.2
California	18,419,500	16,260,100	2,159,400	11.7
United States[4]	153,617,000	139,869,000	13,747,000	8.9
2012				
Malibu	6,000	5,600	400	6.4%
Los Angeles County	4,914,500	4,378,800	535,800	10.9
California	18,554,800	16,630,100	1,924,700	10.4
United States[4]	154,975,000	142,469,000	12,506,000	8.1
2013				
Malibu	6,100	5,700	300	5.7%
Los Angeles County	4,982,300	4,495,700	486,600	9.8
California	18,671,600	17,002,900	1,668,700	8.9
United States[4]	155,389,000	143,929,000	11,460,000	7.4
2014				
Malibu	6,200	5,900	300	4.8%
Los Angeles County	5,025,900	4,610,800	415,100	8.3
California	18,811,400	17,397,100	1,414,300	7.5
United States[4]	155,922,000	146,305,000	9,617,000	6.2

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Not strictly comparable with data for prior years

Source: State of California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Los Angeles-Long Beach-Glendale Metropolitan Division, which includes Malibu, civilian labor force and wage and salary employment figures for calendar years 2010 through 2014 are shown in the following table. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in Malibu.

Los Angeles-Long Beach-Glendale Metropolitan Division
Industry Employment & Labor Force - by Annual Average

Title	*2010*	*2011*	*2012*	*2013*	*2014*
Civilian Labor Force	4,917,400	4,929,500	4,914,500	4,982,300	5,025,900
Civilian Employment	4,302,300	4,326,100	4,378,800	4,495,700	4,610,800
Civilian Unemployment	615,100	603,400	535,800	486,600	415,100
Civilian Unemployment Rate	12.5%	12.2%	10.9%	9.8%	8.3%
Total Farm	6,200	5,600	5,400	5,500	5,300
Total Nonfarm	3,890,000	3,911,600	4,010,500	4,129,800	4,226,400
Total Private	3,310,500	3,346,200	3,453,700	3,578,500	3,669,700
Goods Producing	482,000	476,000	480,800	488,900	489,700
Natural Resources and Mining	4,100	4,100	4,300	4,600	4,700
Construction	104,500	105,100	109,200	116,200	120,200
Manufacturing	373,300	366,900	367,400	368,200	364,900
Durable Goods	207,100	204,200	204,300	204,300	203,100
Nondurable Goods	166,300	162,800	163,100	163,800	161,800
Service Providing	3,408,100	3,435,600	3,529,700	3,640,800	3,736,700
Private Service Producing	2,828,500	2,870,100	2,972,900	3,089,600	3,180,000
Trade, Transportation and Utilities	740,400	750,700	767,500	782,200	800,700
Wholesale Trade	203,400	205,800	211,900	218,700	223,500
Retail Trade	386,500	393,000	401,000	406,000	414,500
Transportation, Warehousing and Utilities	150,600	151,800	154,500	157,500	162,700
Information	191,600	192,000	191,500	196,400	195,900
Financial Activities	209,600	208,600	211,000	211,700	209,700
Professional and Business Services	528,100	544,000	571,600	594,700	609,400
Educational and Health Services	637,300	643,200	674,300	719,600	748,000
Leisure and Hospitality	384,800	394,700	415,400	439,300	464,600
Other Services	136,700	137,000	141,700	145,700	151,700
Government	579,600	565,500	556,800	551,200	556,700
Total, All Industries	3,896,300	3,917,200	4,015,900	4,135,200	4,231,700

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division.

Sales Taxes

The following table shows taxable transactions in Malibu by type of business during calendar years 2010 through 2014. A summary of historic taxable transactions for Malibu is shown in the following table.

City of Malibu
Taxable Transactions[1]
(Dollars in thousands)

	2010	*2011*	*2012*	*2103*	*2014[2]*
Apparel Stores	$ 32,594	$ 34,222	$ 33,058	$ 24,154	$ 28,484
General Merchandise	#	3,445	#	#	#
Food Stores	21,869	20,540	21,972	35,197	19,838
Eating and Drinking Places	72,196	78,006	87,264	102,683	92,997
Home Furnishings/Appliances	2,756	3,060	3,056	4,005	3,568
Building Material	3,961	2,789	5,837	23,572	5,475
Auto Dealers and Supplies	#	#	#	#	#
Service Stations	25,921	29,457	32,599	34,724	27,692
Other Retail Stores	30,650 #	27,302 #	33,361 #	34,348 #	26,832 #
All Other Outlets	22,932	29,021	26,987	28,724	18,736
Total All Outlets	$ 212,880	$ 227,842	$ 244,135	$ 271,580	$ 225,623

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.
(2) Through third quarter of 2014.
Sales omitted because their publication would result in the disclosure of confidential information. These are included with "Other Retail Stores" when possible.
Note: Detail may not compute to total due to rounding.
Source: State Board of Equalization and the City.

Education

Public educational instruction from kindergarten through high school is provided by the Santa Monica-Malibu Unified School District. The District administers ten elementary schools, two junior high schools and two senior high schools. Santa Monica College is a two year community college located in Santa Monica. Pepperdine University (located just outside the City limits) is an independent, medium-sized university enrolling approximately 8,300 students in five colleges and schools. Seaver College, the School of Law, the Graduate School of Education and Psychology, the Graziadio School of Business and Management and the School of Public Policy are located on Pepperdine University's 830-acre campus overlooking the Pacific Ocean in Malibu. There are several universities or colleges within 30 minutes commuting distance from Malibu in the Los Angeles Metropolitan Area.

Community Facilities

There are two daily and two weekly newspapers published and circulated in Malibu. Malibu has one public library.

Recreational facilities within or near Malibu include Leo Carrillo State Park, Malibu Creek State Park, Santa Monica Mountains National Recreation Area, Solstice Canyon Park, Malibu Bluffs Park, Charmlee Nature Center and Las Flores Creek Park. Malibu has 21 miles of coastline, including 12 public beaches that host more than 10 million visitors a year.

Transportation

California Route 1 provides full access from Malibu west to Los Angeles and east to Ventura and there are three major access routes through the Santa Monica Mountains to U.S. Highway 101.

Daily bus connections serve Malibu. Los Angeles International Airport is thirty minutes to the southeast of Malibu.

Utilities

Electric power is provided by Southern California Edison. Natural Gas is provided by The Gas Company. Verizon provides telephone service to the area. Los Angeles County Water District #29 provides water services. Los Angeles County also administers several community-based wastewater treatment facilities within Malibu.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

City Council
City of Malibu
23825 Stuart Ranch Road
Malibu, California 90265

Re: *$_____ Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding), Special Tax Refunding Bonds, Series 2016*

Dear Honorable Members of the City Council:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of Malibu (the "City") taken in connection with the formation of Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") and the authorization and issuance of the District's Special Tax Refunding Bonds in the aggregate principal amount of $_____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the City Council of the City acting in its capacity as the legislative body of the District (the "City Council") on January 25, 2016 (the "Resolution"), and a Bond Indenture (the "Indenture") dated as of February 1, 2016 by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other laws affecting creditors' rights generally and by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California. The Bonds are limited obligations of the District but are not a debt of the City, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Net Taxes, neither the faith and credit nor the taxing power of the City, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The Indenture has been duly executed and delivered by the District. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture. The Indenture is enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency,

reorganization, moratorium, fraudulent conveyance or transfer or other laws affecting creditors' rights generally and by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest (and original issue discount) will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues for the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations (as described in paragraph (3) above) and is exempt from State of California personal income tax.

(6) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate executed by the District and other documents related to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the Owners of the Bonds with respect to matters contained in the Official Statement or other offering material.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur).

Respectfully submitted,

APPENDIX D

SUMMARY OF THE BOND INDENTURE

The following is a summary of certain provisions of the Bond Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive and reference should be made to the Bond Indenture for a full and complete statement of its provisions. All capitalized terms not defined in the body of the Official Statement have the meanings set forth in the Bond Indenture.

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings:

"Account" means any account created pursuant to the Indenture.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq.* of the California Government Code.

"Administrative Expense Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Administrative Expenses" means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys' fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District's compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

"Administrative Expenses Cap" means $25,000 per Bond Year.

"Alternate Penalty Account" means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

"Annual Debt Service" means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

"Authorized Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) For all purposes, including defeasance investments in refunding escrow accounts:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation; or

(2) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S., including: U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General Services Administration, guaranteed Title XI financing, Government National Mortgage Association (GNMA) and State and Local Government Series; or

(3) obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corporation (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives), Federal Home Loan Banks (FHL Banks), Federal National Mortgage Association (FNMA) debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations and U.S. Agency for International Development (U.S.A.I.D.) guaranteed notes.

(b) For all purposes other than defeasance investments in refunding escrow accounts:

(1) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank, Rural Economic Community Development Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing & Urban Development (PHAs), Federal Housing Administration and Federal Financing Bank;

(2) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), obligations of the Resolution Funding Corporation (REFCORP), and senior debt obligations of the Federal Home Loan Bank System;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which have rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(5) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(6) pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America, or any agency, instrumentality or local governmental unit of any such state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and

(i) which are rated, based on irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in subparagraph (a)(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this subparagraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of at least "Aa2/AA" or higher by both Moody's and S&P;

(8) investment agreements (supported by appropriate opinions of counsel); and

(9) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

The value of the above investments is determined as follows:

(a) for the purpose of determining the amount in any fund, all Permitted Investments credited to such fund will be valued at market value. The Trustee will determine the market value based on accepted industry standards and from accepted industry providers. Accepted industry providers include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Salomon Smith Barney, Bear Stearns or Lehman Brothers. Notwithstanding anything to the contrary in the Indenture, in making any valuation of investments under the Indenture, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and rely thereon;

(b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest thereon; and

(c) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

"Authorized Representative of the City" means the members of the City Council, the City Manager of the City or the Assistant City Manager of the City or any other person or persons designated by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City by a written certificate signed by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City and containing the specimen signature of each such person.

"Authorized Representative of the District" means the members of the City Council, the City Manager of the City or the Assistant City Manager of the City or any other person or persons designated by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City by a written certificate signed by any of the members of the City Council, the City Manager of the City or the Assistant City Manager of the City and containing the specimen signature of each such person.

"Bond Counsel" means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Register" means the books which the Trustee will keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds will be recorded.

"Bonds" means the District's Special Tax Refunding Bonds, Series 2016, issued on February __, 2016 in the aggregate principal amount of $_____.

"Bond Year" means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds will begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

"Business Day" means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

"Certificate of an Authorized Representative" means a written certificate or warrant request executed by an Authorized Representative of the City.

"Certificate of the Special Tax Administrator" means a certificate of an authorized representative of the entity appointed by the City, to administer the calculation and collection of the Special Taxes.

"City" means the City of Malibu, County of Los Angeles, State of California.

"City Council" means the City Council of the City.

"Code" means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement dated as of February 1, 2016 between the District and U.S. Bank National Association, as dissemination agent, together with any amendments thereto.

"Costs of Issuance" means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee and its counsel, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants, costs of the appraisal and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

"Costs of Issuance Fund" means the fund by that name created and established pursuant to the Indenture.

"Delivery Date" means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

"Depository" means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, or any other securities depository acting as Depository under the Indenture.

"District" means Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) established pursuant to the Act and the Resolution of Formation.

"Event of Default" means the "event of default" described in the Indenture.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next following June 30.

"Gross Taxes" means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to foreclosure for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

"Indenture" means the Bond Indenture dated as of February 1, 2016 by and between the District and the Trustee, together with any Supplemental Indenture approved pursuant to the Indenture.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom: (a) is in fact independent and not under the domination of the District or the City; (b) does not have any substantial interest, direct or indirect, in the District or the City; and (c) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

"Interest Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Interest Payment Date" means each September 1 and March 1, commencing September 1, 2016; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

"Investment Agreement" means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in the definition of Authorized Investments in the Indenture.

"Maximum Annual Debt Service" means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year: (a) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and (b) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Net Taxes" means Gross Taxes minus amounts set aside to pay Administrative Expenses Cap.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

"Ordinance" means Ordinance No. 312 adopted by the City Council on June 11, 2007, providing for the levying of the Special Tax.

"Outstanding" or "Outstanding Bonds and Parity Bonds" means all Bonds and Parity Bonds theretofore issued by the District, except: (a) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture; (b) Bonds and Parity Bonds for payment or redemption of which monies have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will be given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and (c) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

"Owner" means the person or persons in whose name or names any Bond or Parity Bond is registered.

"Parity Bonds" means all bonds, notes or other similar evidences of indebtedness issued after the date of the Indenture, payable out of the Net Taxes and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

"Person" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"Prepayments" means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

"Principal Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Principal Office of the Trustee" means the office of the Trustee located in Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

"Project" means those undergrounding improvements and appurtenant work described in the Resolution of Formation which have been or are to be acquired or constructed within or of benefit to the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

"Rating Agency" means Moody's and Standard & Poor's, or both, as the context requires.

"Rebate Account" means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

"Rebate Fund" means the fund by that name established pursuant to the Indenture in which there are established the Accounts described in the Indenture.

"Rebate Regulations" means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

"Record Date" means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

"Redemption Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Regulations" means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

"Representation Letter" means the Blanket Letter of Representations from the District and the Paying Agent to the Depository as described in the Indenture.

"Reserve Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Reserve Requirement" means that amount as of any date of calculation equal to the lesser of: (a) 10% of the initial principal amount of the Bonds and Parity Bonds, if any; (b) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (c) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds.

"Resolution of Formation" means Resolution No. 07-05 adopted by the City Council on January 22, 2007, pursuant to which the City Council formed the District.

"RMA" or "Rate and Method" means the Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District of the District at the May 8, 2007 election.

"Sinking Fund Payment" means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in the Indenture and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

"Six-Month Period" means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

"Special Tax Administrator" means the individual or entity appointed by the City to administer the calculation and collection of the Special Taxes.

"Special Tax Requirement" means an amount sufficient, together with amounts on deposit in the Special Tax Fund, to pay: (a) the principal of and interest on the Bonds and any Parity Bonds when due; (b) the Administrative Expenses; and (c) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement.

"Special Tax Fund" means the fund by that name created and established pursuant to the Indenture.

"Special Taxes" means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the May 8, 2007 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon.

"Standard & Poor's" means Standard & Poor's Ratings Group, a division of McGraw-Hill, its successors and assigns.

"Supplemental Indenture" means any supplemental indenture amending or supplementing the Indenture.

"Surplus Fund" means the fund by that name created and established pursuant to the Indenture.

"Tax Certificate" means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

"Tax-Exempt" means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

"Term Bonds" means the Bonds maturing on September 1, 20__, September 1, 20__, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

"Trustee" means U.S. Bank National Association, duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

GENERAL AUTHORIZATION AND BOND TERMS

Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds will be equally payable from and secured by a first pledge of and lien on the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, will be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) will constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding will not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Costs of Issuance Fund or the Administrative Expense Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners.

Nothing in the Indenture or any Supplemental Indenture precludes: (a) subject to the limitations contained in the Indenture, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as amended after the date of the Indenture, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained in the Indenture, of Parity Bonds which are payable from Net Taxes.

Place and Form of Payment. The Bonds and Parity Bonds are payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof will be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond or Parity Bond, unless: (a) such date of authentication is an Interest Payment Date in which event interest will be payable from such date of authentication; (b) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (c) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest will be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on that Bond or Parity Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond or Parity Bond, interest on that Bond or Parity Bond will be payable from its dated date. Interest on any Bond or Parity Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to such Owner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of $1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment will be made on the Interest Payment Date by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Owner or his or her duly authorized attorney.

Bonds or Parity Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee will not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but will require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds is surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee is not required to register transfers or make exchanges of: (a) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (b) any Bonds or Parity Bonds chosen for redemption.

Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the financing or refinancing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Creation of Funds; Application of Proceeds.

(a) The following funds and accounts are created under the Indenture and maintained by the Trustee:

(1) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Fund (the "Special Tax Fund") (in which there is established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account, and an Administrative Expense Account).

(2) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Rebate Fund (the "Rebate Fund") (in which there is established a Rebate Account and an Alternate Penalty Account).

(3) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Costs of Issuance Fund (the "Costs of Issuance Fund").

(4) The Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts are held by the Trustee and the Trustee will invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of the Indenture and will disburse investment earnings thereon in accordance with the provisions of the Indenture.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the City, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds will be received by the Trustee on behalf of the District and deposited as set forth in the Official Statement under the caption "ESTIMATED SOURCES AND USES OF FUNDS."

Administrative Expense Account of the Special Tax Fund. The Trustee will transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the District; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year will not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expense Account to the extent necessary to collect delinquent Special Taxes. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the District and will be disbursed as directed in a Certificate of an Authorized Representative.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, will be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For

the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture, at least one Business Day prior to each March 1 and September 1, the Trustee will make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency will be made up by transfers from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date equals the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 2016, equals the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account will be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

Redemption Account of the Special Tax Fund.

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund as required by the Indenture, the Trustee will next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 on which a Sinking Fund Payment is due equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency will be made up by an immediate transfer from the Reserve Account, if funded, pursuant to the Indenture. Moneys so deposited in the Redemption Account will be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedules set forth in the Indenture, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule in the Supplemental Indenture for such Parity Bonds.

(b) After making the deposits to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund pursuant to the Indenture and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (a) above, and in accordance with the District's election to call Bonds for optional redemption as set forth in the Indenture, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee will transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expense Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(c) Prepayments deposited to the Redemption Account will be applied on the redemption date established pursuant to the Indenture together with money transferred from the Reserve Account pursuant to the Indenture, to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

(d) Moneys set aside in the Redemption Account will be used solely for the purpose of redeeming Bonds and Parity Bonds and applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds, and, in the case of an optional redemption or a special mandatory redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or a special mandatory redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Reserve Account of the Special Tax Fund. There will be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Account will be applied as follows:

(a) Moneys in the Reserve Account will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund pursuant to the Indenture upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee will withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Indenture, the Trustee will transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund will be available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District will include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to the Indenture or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with the Indenture, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District will set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the Indenture be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and will be transferred to the Interest Account of the Special Tax Fund.

Rebate Fund. The Trustee will establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund and will establish a separate Rebate Account and Alternate Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternate Penalty Account of the Rebate Fund will be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternate Penalty Account will be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds will be governed by the Indenture and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

Surplus Fund. After making the transfers required by the Indenture, as soon as practicable after each September 1, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District: (a) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (b) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (c) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; or (d) to the District, for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund will be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes. Such amounts will be disbursed as directed by an Authorized Representative.

Costs of Issuance Fund.

The moneys in the Costs of Issuance Fund will be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District, and any balance therein will be transferred by the Trustee to the

Special Tax Fund as directed in writing by an Authorized Representative of the District. Following such transfer to the Special Tax Fund, the Costs of Issuance Fund will be closed.

Investments. Moneys held in any of the Funds, Accounts and Subaccounts under the Indenture will be invested at the written direction of the District upon at least two Business Days notice in accordance with the limitations set forth below only in Authorized Investments which will be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments will be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount will be applied as follows: (i) investment earnings on all amounts deposited in the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) will be deposited in those respective Funds, Accounts and Subaccounts; and (ii) investment earnings on all amounts deposited in the Reserve Account will be deposited therein to be applied as set forth in the Indenture. Moneys in the Funds, Accounts and Subaccounts held under the Indenture may be invested by the Trustee as directed in writing by the District, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund will be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(b) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds will mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(c) Moneys in the Rebate Fund will be invested only in Authorized Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to the Indenture or in Authorized Investments of the type described in clause (b)(5) of the definition thereof.

(d) In the absence of written investment directions from the District, the Trustee will invest solely in Authorized Investments specified in clause (b)(5) of the definition thereof.

The Trustee will sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any such funds and accounts, any such investments constituting a part of such funds and accounts will be valued at their cost, except that amounts in the Reserve Account will be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations under the Indenture, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything to the contrary in the Indenture, the Trustee will not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture. Any Authorized Investments that are registrable securities will be registered in the name of the Trustee.

The Trustee may act as principal or agent in the making or disposing of any investment and will be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Authorized Investment so purchased whenever it is necessary to

provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of the Indenture, the Trustee is not liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but will account for each separately. The Trustee may, in making or disposing of any investment permitted by the Indenture, deal with itself (in its individual capacity) or which any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

COVENANTS AND WARRANTY

Warranty. The District will preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Owners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District has no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes will be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued under the Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing in the Indenture prevents the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds, subject to compliance with the District's bonded indebtedness limit.

(b) Levy of Special Tax. Beginning in Fiscal Year 2016-17 and so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the City Council covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay: (1) the principal of and interest on the Bonds and any Parity Bonds when due; (2) the Administrative Expenses; and (3) any

amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it: (1) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; (2) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (3) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expense Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing in the Indenture requires the District to make any such payments so long as the District in good faith contests the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners or the Owners of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "private activity bonds" within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a

tax-exempt basis for federal income tax purposes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, where such opinion is required in connection with a change or amendment to the Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by Stradling Yocca Carlson & Rauth, a Professional Corporation, that interest on the Bonds is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District has found and determined that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District has determined that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in the Indenture would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District covenants, that it will not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (1) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (2) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Agreement and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District will make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in the Indenture.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Owner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Owners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Owners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect after the date of the Indenture, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which does not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the RMA in any manner, so long as the Trustee receives a certificate of an Independent Financial Consultant stating that: (1) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; and (2) based on the current development plan for parcels within the District, do not reduce the maximum Special Taxes which could be levied upon taxable property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Owners.

Supplemental Indentures or Orders Requiring Owner Consent. Exclusive of the Supplemental Indentures described in the Indenture, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding has the right to consent to and approve the adoption by the District of such Supplemental Indentures as necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture permits, or will be construed as permitting: (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District desires to adopt a Supplemental Indenture, which pursuant to the terms of the Indenture requires the consent of the Owners, the District will so notify the Trustee and deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee will, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Owners at their addresses as they appear in the Bond Register. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and state that a copy thereof is on file at the office of the Trustee for inspection by all Owners. The failure of any Owners to receive such notice will not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee receives an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments must refer to the proposed Supplemental Indenture described in such notice, and specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, will thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, will be disregarded and treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of the Indenture, the Indenture will be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds will thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as provided in the Indenture, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of such Owner's Bond or Parity Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action will be made on such Bonds or Parity Bonds. If the District so determines, new Bonds or Parity Bonds so

modified as, in the opinion of the District, necessary to conform to such action will be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds will be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

TRUSTEE

Trustee. U.S. Bank National Association will be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee represents that it has (or is a member of a bank holding company system whose bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements of the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture.

The Trustee may and will mail by first class mail, postage prepaid, or wire transfer in accordance with the Indenture, interest payments to the Owners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Trustee may pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in the Indenture, and to provide for the authentication of Bonds and Parity Bonds, and will perform all other duties assigned to or imposed on it as provided in the Indenture. The Trustee will keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee may redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee will cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of the Indenture.

The District will from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, , including, but not limited to, fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties under the Indenture, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own gross negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties under the Indenture. The obligation of the District to indemnify the Trustee will survive the removal or resignation of the Trustee or the discharge of the Bonds.

Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor must be a bank or trust company having (or whose parent bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000, and subject to supervision or examination by federal or state authority. Any removal will become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Owners of the successor Trustee's identity and address.

Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice will be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed by the District pursuant to the Indenture, the within thirty (30) days of giving such notice or removal or resignation, the Trustee, or any Owner may petition, at the expense of the District a court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint a successor Trustee under the Indenture.

Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds and any Parity Bonds will be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and incurs no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth in the Indenture, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee is under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee is not liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

The Trustee is protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered under the Indenture in good faith and in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee has no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Indenture, or as to the correctness of any amounts received, but its liability is limited to the proper accounting for such funds as it actually receives. No provision in the Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of its rights or powers.

The Trustee is not deemed to have knowledge of any default or event of default until an officer at the Trustee's corporate trust office responsible for the administration of its duties under the Indenture has actual knowledge thereof or the Trustee has received written notice thereof at its corporate trust office.

The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

Before taking any action under the Indenture, the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur under the Indenture.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee is not liable for any action taken or not taken by it in accordance with the direction of the Owners of 25% (or other percentage provided for in the Indenture) in aggregate principal amount of Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty.

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and will not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee may become the Owner or pledgee of the Bonds with the same rights it would have if it were not Trustee.

The Trustee will perform such duties and only such duties as are specifically set forth in the Indenture and no implied duties or obligations will be read into the Indenture against the Trustee.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it is a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, will be the successor to the Trustee without the execution or filing of any paper or further act, anything to the contrary in the Indenture notwithstanding.

EVENTS OF DEFAULT; REMEDIES

Events of Default. Any one or more of the following events constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same becomes due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same becomes due and payable; or

(c) except as described in (a) or (b), default is made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, and such default has continued for a period of 30 days after the District has been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of the Trustee's knowledge of an event of default under (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, any Owner may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

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

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default has occurred and is continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee is obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy in the Indenture conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy is cumulative and in addition to every other remedy given under the Indenture or now or later existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Owners under the provisions of the Indenture relating to the Bonds and Parity Bonds will be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Owners in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts will be insufficient to pay in full the full amount of such interest and principal, then such amounts will be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, has taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds has the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds and Parity Bonds issued under the Indenture, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee is entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment confers.

Non-Waiver. Nothing in the Indenture, or in the Bonds or the Parity Bonds, affects or impairs the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as provided in the Indenture, out of the Net Taxes and other moneys pledged in the Indenture for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners does not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default impairs any such right or power or will be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by the Indenture may be enforced and exercised from time to time and as often as deemed expedient by the Trustee or the Owners, as the case may be.

Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued under the Indenture has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless: (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding have made written request upon the Trustee to exercise the powers in the Indenture granted or to institute such action, suit or proceeding in its own name; (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a period of sixty (60) days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy under the

Indenture; it being understood and intended that no one or more Owners of Bonds and Parity Bonds have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, will not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Termination of Proceedings. In case any Owner has proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case, the District, the Trustee and the Owners will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Owners will continue as if no such proceedings had been taken.

DEFEASANCE AND PARITY BONDS

Defeasance. If the District pays or cause to be paid, or there is otherwise paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond ceases to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Parity Bond thereupon ceases, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds, the Trustee will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond will be deemed to have been paid within the meaning expressed in the Indenture if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same becomes due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, the federal securities described subparagraph (a) to the definition of Authorized Investments, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same becomes due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds have not been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond will cease and

terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in the Indenture or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election will be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (b) or (c) above, there will be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with the Indenture, as and when the same becomes due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, will release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under the Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds and Parity Bonds, the Trustee will pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee will, at the written direction of the District, mail, first class, postage prepaid, a notice to the Owners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purposes of refunding all or a portion of the Bonds or Parity Bonds subject to the following specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds:

(a) The District is in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect has been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds has been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds has been provided for by a Supplemental Indenture duly adopted by the District which specifies the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date falls on an September 1; (ii) all such Parity Bonds of like maturity are identical in all respects, except as to number; and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, will be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District has received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee is directed by the District to accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that: (i) the District has the right and power under the Act to adopt the Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District 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); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, 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 the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

MISCELLANEOUS

Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption will be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose will be, cancelled forthwith and will not be reissued. The Trustee will destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds will be sufficient for the purposes of the Indenture (except as otherwise provided in the Indenture), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee will also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same is registered in the Bond Register will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, will be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee will be affected by any notice to the contrary.

Nothing contained in the Indenture limits the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters stated in the Indenture which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond will bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, will be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, will cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date will not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract. The provisions of the Indenture constitute a contract between the District and the Owners and the provisions of the Indenture will be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Owners or the Trustee, then the District, the Trustee and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture will be irrepealable, but subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Indenture restricts or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge under the Indenture, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged under the Indenture.

Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in the Indenture.

Severability. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, will be severable and unaffected thereby, and the Indenture, the Bonds and any Parity Bonds issued pursuant to the Indenture remain valid and the Owners will retain all valid rights and benefits accorded to them under the laws of the State of California.

APPENDIX E

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of February 1, 2016, by and between the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") and U.S. Bank National Association, in its capacity as dissemination agent (the "Dissemination Agent"), in connection with the issuance by the District of its Special Tax Refunding Bonds, Series 2016, in the aggregate principal amount of $_____ (the "Bonds"). The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the California Government Code) (the "Act"), and a Bond Indenture, dated as of February 1, 2016 (the "Bond Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). The District and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

Section 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Annual Report Date*" shall mean March 31 in each year, the date that is nine months after the end of the District's fiscal year, which fiscal year end, as of the date of this Disclosure Agreement, is June 30.

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

"*City*" shall mean the City of Malibu, California.

"*Dissemination Agent*" shall mean U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the District, which successor must have filed a written acceptance of such designation with the District.

"*EMMA*" shall mean the Electronic Municipal Market Access system of the MSRB.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"*Official Statement*" means the Official Statement relating to the Bonds.

"*Participating Underwriter*" shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5), adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*Special Taxes*" shall mean an annual special tax to be levied on certain real property within the District, which special tax shall secure the payment of debt service on the Bonds.

Section 3. Provisions of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than March 31 after the end of the District's Fiscal Year (June 30) commencing with the report due by March 31, 2016, which initial Annual Report shall consist solely of the Official Statement and audited financial statements of the District, if any are prepared, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District, if any are prepared, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) If the District is unable to provide MSRB an Annual Report by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to MSRB in substantially the form attached as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to MSRB by the date required in subsection (a); and

2. file a report with the District and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Agreement and stating the date it was so provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial Statements. The audited financial statements of the District for the most recent fiscal year of the District then ended, when and if available. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report may be filed without audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report if and when they become available. If audited financial statements of the District are prepared, such audited financial statements shall be audited by such auditor as shall then be required or permitted by State law or the Trustee. If audited financial statements of the District are prepared, such audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the District may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the District shall modify the basis upon which its financial statements are prepared, the District shall provide a notice of such modification to EMMA, including a reference to the specific federal or State law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Financial and Operating Data. The following information with respect to the Bonds and the property in the District subject to the levy of Special Taxes:

1. Principal amount of the Bonds (including principal amount and years of maturity of Bonds, if any, called for redemption in advance of maturity), and any bonds issued to refund the same.

2. Balance in the funds and accounts established under the Trustee as of the September 1 preceding the filing of the Annual Report.

3. An update of the information set forth in Table 4 of the Official Statement.

4. Any changes to the Rate and Method of Apportionment of the Special Tax approved or submitted to the electors of the District for approval prior to the filing of the Annual Report.

5. The status of any foreclosure actions being pursued within the District with respect to delinquent Special Taxes.

6. The identity of any property owner whose delinquent Special Taxes have not been collected by October 1 preceding the filing of the Annual Report, and the assessed value-to-lien ratios of the delinquent properties.

7. Any information not already under (i) through (v) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District, the City, or related public entities that are available to the public on MSRB's internet website or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

6. tender offers;

7. defeasances;

8. ratings changes; and

9. bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

3. appointment of a successor or additional trustee or the change of the name of a trustee;

4. nonpayment related defaults;

5. modifications to the rights of Owners of the Bonds;

6. notices of redemption; and

7. release, substitution or sale of property securing repayment of the Bonds.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with MSRB in a timely manner not more than 10 business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the District and that the Dissemination Agent shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the District and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days written notice to the District and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. If at any time there is no designated Dissemination Agent, the District shall act as the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or interpretations thereof, or a change in the identity, nature, or status of the District or the type of business conducted thereby;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by owners of the Bonds in the manner provided in the Bond Indenture for amendments to such Bond Indenture with the consent of owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended may apply to the District, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the District under such laws.

Section 10. Default. In the event of a failure of the District to comply with any provisions of this Disclosure Agreement any owner of a Bond, the Participating Underwriter, or the Trustee may (but in no event is obligated to or has a duty to) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense, cost, suit, claim, judgment, damages and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this section shall survive resignation or removal of the Dissemination Agent and payment of all of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the District pursuant to this Disclosure Agreement. The District shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the District, the Dissemination Agent, the Trustee, the Participating Underwriter, and the owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Future Determination of Obligated Persons. In the event the Securities Exchange Commission amends, clarifies or supplements the Rule in such a manner that requires any landowner within Improvement Area No. 6 to be an obligated person as defined in the Rule, nothing contained herein shall be construed to require the District to meet the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Agreement shall be deemed to obligate the District to disclose information concerning any owner of land within Improvement Area No. 6 except as required as part of the information required to be disclosed by the District pursuant to Section 4 and Section 5 hereof. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California.

Section 15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 16. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

Section 17. Governing Law. This Disclosure Agreement shall be governed under the laws of the state of California.

Dated as of: February 1, 2016

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

By: _____
Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding)

Name of Bond Issue: Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds, Series 2016

NOTICE IS HEREBY GIVEN that Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of February 1, 2016. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

By: _____
Authorized Signatory

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information concerning DTC set forth below has been supplied by The Depository Trust Company ("DTC"), and neither the City nor the District assumes any responsibility for the accuracy thereof. Neither the City nor the District shall have any responsibility or liability for any aspects of the records maintained by DTC relating to the payments made on account of beneficial ownership, or for maintaining, supervision, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as my be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in a principal amount of such maturity, and will be deposited with DTC. The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the City or the District, and neither the City nor the District shall have any liability with respect thereto. Neither the City nor the District shall have any responsibility or liability for any aspects of the records maintained by DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only and the information on the internet site is not a part of this Official Statement or incorporated by reference into the Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information included in such internet site.*

Purchases of the 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 the 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 the 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 are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 or the District 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 with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent, on the 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 or its nominee, the Fiscal Agent, the City, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City, the District, or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The City or the District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE DISTRICT EACH

BELIEVES TO BE RELIABLE, BUT NEITHER THE CITY NOR THE DISTRICT TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE CITY NOR THE DISTRICT GIVES ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of February __, 2016 (the "Agreement"), by and between the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") and U.S. Bank National Association as Escrow Agent (the "Escrow Agent"), is entered into in accordance with Resolution No. ____ of the District adopted on January 25, 2016 and a Bond Indenture, dated as of February 1, 2016, between the District and U.S. Bank National Association, to refund all of the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) Special Tax Refunding Bonds.

WITNESSETH:

WHEREAS, the District has heretofore duly issued its Special Tax Refunding Bonds which are currently outstanding in the principal amount of $_____ (the "Refunded Bonds") pursuant to the terms of that certain Bond Indenture (the "Bond Indenture") dated as of July 1, 2011 between the District and U.S. Bank National Association, as trustee (the "Prior Trustee"); and

WHEREAS, the District has determined to issue its Special Tax Refunding Bonds, Series 2016, for the purpose of providing moneys which together with certain other moneys of the District will be used to cause a defeasance of the Refunded Bonds and to redeem the Refunded Bonds maturing on and after September 1, 2016 at a redemption price equal to 103% of the principal amount thereof, plus accrued interest with respect thereto to the redemption date of March 1, 2016 (the "Redemption Price"), as required under the Bond Indenture; and

WHEREAS, the District has taken action to cause to be issued or delivered to the Escrow Bank for deposit in or credit to the escrow fund established and maintained by it (the "Escrow Fund") moneys to be held uninvested as cash, in an amount which has been certified by Grant Thornton, LLP, Certified Public Accountants (the "Verification Agent"), in a report on file with the District, to be sufficient to pay the Redemption Price and to redeem the Refunded bond, on March 1, 2016

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

Section 1. Establishment, Funding and Maintenance of Escrow Fund. The Escrow Bank agrees to establish and maintain the Escrow Fund until the Redemption Price of the Refunded Bonds has been paid in full, and to hold the moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit, with the Escrow Bank). The District agrees to cause to be deposited with the Escrow Agent $_____ to be deposited and to hold such moneys uninvested as cash in the Escrow Fund. All moneys in the Escrow Fund are hereby irrevocably pledged to secure the payment of the Redemption Price of the Refunded Bonds.

Section 2. Payment of Refunded Bonds.

(a) *Payment.* The Escrow Bank shall transfer from the Escrow Fund to the Prior Trustee for the Refunded Bonds amounts sufficient to redeem the Refunded Bonds on March 1, 2016 at a Redemption Price equal to 103% of the principal amount thereof, along with accrued interest thereon to such date (as described in Schedule I attached hereto). Such transfers shall constitute the

respective payments of the principal and interest with respect to the Refunded Bonds and Redemption Price due from the District.

(b) *Unclaimed and Other Moneys.* To the maximum extent permitted by law, any moneys held by the Escrow Bank in the Escrow Fund which remain unclaimed for two (2) years after March 1, 2016, shall, at the written request of the District, be repaid by the Escrow Bank to the District, provided, however, that the Escrow Bank shall first publish a notice as more fully described in the Indenture that said moneys remain unclaimed. Any moneys held by the Escrow Bank in the Escrow Fund on and after March 1, 2016, in excess of that necessary to redeem all remaining Refunded Bonds (aside from unclaimed moneys described above), shall be transferred to the District.

(c) *Priority of Payments.* The holders of the Refunded Bonds shall have a first lien on the moneys and Investment Securities in the Escrow Fund which are allowable and sufficient to pay the Refunded Bonds until such moneys and Investment Securities are used and applied as provided in this Agreement. Any cash or securities held in the Escrow Fund are irrevocably pledged only to the Refunded Bond holders.

Section 3. Notices of Defeasance and Redemption of the Refunded Bonds. The District hereby irrevocably instructs the Escrow Bank to mail a notice of defeasance with respect to the Refunded Bonds in the form attached as Schedule II hereto. The District and the Escrow Bank acknowledge that a conditional notice of redemption was previously provided on January ___, 2016 in accordance with the Bond Indenture.

The District hereby requests and irrevocably instructs the Escrow Bank, and the Escrow Bank hereby agrees, to collect and deposit in the Escrow Fund the amounts set forth in Section 1 above and to apply such amounts to the payment of the Redemption Price of the Refunded Bonds, by transferring to the Prior Trustee the amounts set forth on Schedule I on the date set forth therein. Upon payment in full of the Redemption Price of the Refunded Bonds, the Escrow Bank shall transfer any moneys or securities remaining in the Escrow Fund to, or upon the direction of, the District and this Agreement shall terminate. The Escrow Fund cash flow is set forth in Schedule I attached hereto.

Section 4. [Reserved]

Section 5. [Reserved]

Section 6. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the officer of the Escrow Bank assigned to administer this Escrow Agreement has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 2 hereof, the Escrow Bank shall notify the District in writing as soon as is reasonably practicable of such fact, the amount of such deficiency and, to the best of its information, the reason therefor.

(b) Upon receipt of the notice specified in subsection (a) of this Section, the District may deposit in the Escrow Fund, from any legally available moneys, such additional moneys as may be required to meet fully the aggregate amounts to become due and payable in connection with the payment of the Redemption Price of the Refunded Bonds, as necessary; provided, however,

the District shall under no circumstances be obligated to make such deposit and shall have no liability to the owners of the Refunded Bonds should it choose not to make such a deposit.

(c) Neither the Escrow Bank nor the District shall incur any liability to any party in the event the District elects not to make any such deposit.

Section 7. Fees and Costs.

(a) The parties hereto agree that the rights, duties and obligations of the Escrow Bank shall, except as otherwise expressly provided herein, be governed by provisions identical to the provisions set forth in the Bond Indenture. The Escrow Bank undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Bank. The Escrow Bank shall be entitled to the same rights and immunities applicable to the Prior Trustee as set forth in the Bond Indenture. The Escrow Bank shall not be liable for the sufficiency of the Escrow Fund or the moneys and Investment Security or any substitute Investment Security to pay the principal, interest and Redemption Price of the Refunded Bonds. The Escrow Bank may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement.

(b) The Escrow Bank shall also be entitled to payment by the District of additional fees and reimbursements for costs incurred, including, but not limited to, reasonable legal and accountants' fees, in connection with any litigation which may at any time be instituted involving this Agreement.

(c) The fees of and the costs incurred by the Escrow Bank shall in no event be deducted or payable from, or constitute a lien against, the amounts in the Escrow Fund until all of the Refunded Bonds have been paid and discharged in full.

Section 8. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 9. Successors or Assigns. Whenever the District or the Escrow Bank are named or are referred to herein, such provisions shall be deemed to include any successor of the District, or the Escrow Bank, whether so expressed or not. All of the stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the District, or the Escrow Bank contained herein:

(1) Shall bind and inure to the benefit of any such successor, and

(2) Shall bind and inure to the benefit of any officer, board, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with the law any right, power or duty of the District, or the Escrow Bank, respectively, or of its successor, the possession of which is necessary or appropriate to comply with any such stipulations, obligations, agreements or other provisions hereof.

Section 10. Termination. This Escrow Agreement shall terminate when all transfers required to be made by the Escrow Bank under the provisions hereof shall have been made. Any moneys remaining in the Escrow Fund at the time of such termination shall be distributed to or upon the direction of the District.

Section 11. Governing Law. This Escrow Agreement shall be governed by the applicable laws of the State of California.

Section 12. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 13. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) and U.S. Bank National Association, as Escrow Bank, have caused this Agreement to be executed as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING)

By:_____
City Manager of the City of Malibu

ATTEST:

_____
City Clerk of the City of Malibu

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

By:_____
Authorized Officer

SCHEDULE I

ESCROW CASH FLOW

Period Ending	*Principal Due*	*Accrued Interest*	*Principal Redeemed*	*Redemption Premium*	*Escrow Requirement Total*

SCHEDULE I

FORM OF NOTICE OF DEFEASANCE OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF MALIBU (CARBON BEACH UNDERGROUNDING) SPECIAL TAX REFUNDING BONDS

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Redemption Date*	*Redemption Price*	*CUSIP*
2016		3.000%	March 1, 2016	103%	56117LBB0
2017		3.350	March 1, 2016	103	56117LBC8
2018		3.750	March 1, 2016	103	56117LBD6
2019		4.000	March 1, 2016	103	56117LBE4
2020		4.250	March 1, 2016	103	56117LBF1
2021		4.375	March 1, 2016	103	56117LBG9
2022		4.600	March 1, 2016	103	56117LBH7
2023		4.750	March 1, 2016	103	56117LBJ3
2024		4.875	March 1, 2016	103	56117LBK0
2025		5.000	March 1, 2016	103	56117LBL8
2026		5.125	March 1, 2016	103	56117LBM6
2027		5.250	March 1, 2016	103	56117LBN4
2028		5.375	March 1, 2016	103	56117LBP9
2029		5.500	March 1, 2016	103	56117LBQ7
2030		5.600	March 1, 2016	103	56117LBR5
2031		5.700	March 1, 2016	103	56117LBS3
2032		5.750	March 1, 2016	103	56117LBT1
2033		5.750	March 1, 2016	103	56117LBU8
2034		5.875	March 1, 2016	103	56117LBV6
2039		5.875	March 1, 2016	103	56117LBW4

Notice is hereby given to the owners of the above-captioned and listed bonds (collectively, the "Refunded Bonds") that:

(i) There has been deposited in an Escrow Fund with U.S. Bank National Association, as Escrow Agent, certain monies as permitted by that Indenture of Trust dated as of July 1, 2011 (the "Indenture") by and between [U.S. Bank National Association], as trustee (the "Trustee") and the Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) (the "District") pursuant to which the Refunded Bonds were issued, for the purpose of defeasing and redeeming the Refunded Bonds. There has been deposited with U.S. Bank National Association, as escrow agent, moneys which will be sufficient to redeem the Refunded Bonds on March 1, 2016 at a redemption price equal to 103% of the principal amount of the Refunded Bonds, along with accrued interest thereon to such date (the "Redemption Price").

(ii) The Trustee has been irrevocably instructed by the District to mail a notice of redemption in accordance with the Indenture and to redeem the Refunded Bonds on March 1, 2016.

(iii) The Refunded Bonds are deemed to be paid in accordance with Section 9.1 of the Indenture and all liability of the District under the Indenture has ceased and been discharged except for the obligation of the Trustee to pay the owners of the Refunded Bonds the Redemption Price of the Refunded Bonds when due from amounts on deposit in the Escrow Fund in accordance with Section 9.1 of the Indenture.

Dated: February ___, 2016

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

BOND COUNSEL AGREEMENT

CITY OF MALIBU

(Community Facilities District No. 2006-1 Carbon Beach Undergrounding)

THIS AGREEMENT, made as of this 25th day of January, 2016, by and between the CITY OF MALIBU, a municipal corporation organized and existing under the laws of the State of California (herein "City") and STRADLING YOCCA CARLSON & RAUTH, a Professional Corporation (herein "Bond Counsel"):

RECITALS:

A. Community Facilities District No. 2006-1 of the City of Malibu (Carbon Beach Undergrounding) ("CFD No. 2006-1") was previously formed pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2, Title 5 (commencing at Section 55311) of the Government Code of the State of California, in order to finance the undergrounding of utilities at Carbon Beach; and

B. The City desires to retain Bond Counsel to do the necessary legal work hereinafter outlined, upon the terms and conditions hereinafter set forth, to assist in the issuance of refunding bonds for CFD No. 2006-1; and

C. Bond Counsel represents that it is ready, willing and able to perform said legal work;

NOW, THEREFORE, in consideration of the premises, and the mutual covenants, terms and conditions herein contained, the parties agree as follows:

1. SCOPE OF SERVICES

A. BOND COUNSEL SERVICES

The City retains Bond Counsel to provide, and Bond Counsel agrees to provide, legal services in connection with the issuance by CFD No. 2006-1 of refunding bonds to be issued by CFD No. 2006-1 (the "CFD No. 2006-1 Bonds"). Such services shall include the rendering of legal opinions (hereinafter called the "opinions") pertaining to the issuance of CFD No. 2006-1 Bonds to the effect that:

1. The CFD No. 2006-1 Bonds have been properly authorized and issued and are valid and binding obligations; and

2. The essential sources of security for CFD No. 2006-1 Bonds have been legally provided; and

3. Interest on CFD No. 2006-1 Bonds is exempt from California personal income taxation and is excluded from gross income for purposes of federal income taxes.

Bond Counsel's services will also include:

i. Researching applicable laws and ordinances relating to the issuance of the CFD No. 2006-1 Bonds;

ii. Attending conferences and consulting with City staff and the City Attorney regarding such laws, and the need for amendments thereto, or additional legislation;

iii. Participating in meetings, conferences or discussions with any financial advisors, underwriters or other experts retained by the City with respect to the issuance of CFD No. 2006-1 Bonds;

iv. Supervising and preparing documentation of the steps to be taken with respect to the issuance of CFD No. 2006-1 Bonds, including:

a. Drafting all resolutions, notices, rules and regulations, joint community facilities agreements and other legal documents required for the issuance of CFD No. 2006-1 Bonds, and all other documents relating to the security of CFD No. 2006-1 Bonds, in consultation with the City, the City Attorney, the City's financial advisor, underwriter and other experts;

b. Preparing the record of proceedings for the authorization, sale and issuance of CFD No. 2006-1 Bonds;

c. Assisting in the preparation of the portions of the official statement or placement memorandum for the sale of CFD No. 2006-1 Bonds which relate to the terms of the CFD No. 2006-1 Bonds and the firm's legal opinion delivered with respect to the Bonds;

d. Reviewing the purchase contracts or the bidding documents relating to the sale of CFD No. 2006-1 Bonds and participating in the related negotiations;

e. Participating in meetings and other conferences scheduled by the City, the City's financial advisor or the underwriter;

f. Consulting with prospective purchasers, their legal counsel and rating agencies;

g. Consulting with counsel to the City concerning any legislation or litigation which may effect CFD No. 2006-1 Bonds, the security for CFD No. 2006-1 Bonds, or any other matter related to the issuance of CFD No. 2006-1 Bonds;

h. Consulting with any trustee or fiscal agent for CFD No. 2006-1 Bonds and their counsel;

i. Preparing the form of CFD No. 2006-1 Bonds, and supervising their production or printing, signing, authentication and delivery;

j. Rendering the final approving opinion as to the validity of CFD No. 2006-1 Bonds for use and distribution upon their issuance; and

k. Rendering a legal opinion to the underwriter or purchaser of CFD No. 2006-1 Bonds as to the applicability of the registration requirements of federal securities laws and the fair and accurate nature of those portions of the Official Statement described in (c) above.

B. DISCLOSURE COUNSEL SERVICES

In addition to the services set forth in Section A above, Bond Counsel agrees to prepare the Official Statement for each issue of CFD No. 2006-1 Bonds for a fee of $15,000 per issue.

C. SPECIAL SERVICES

"Special Services" are defined for purposes of this Agreement as services in addition to the services outlined in Sections A and B above. Special Services will include, but not be limited to, any work after a bond closing related to the amendment of bond documents or agreements and special studies or analyses. Special Services must be authorized in writing by the City Manager, or his designee.

2. COMPENSATION

The City agrees to pay Bond Counsel, but only from the sources of funds specified below, the following amounts as compensation for services rendered by Bond Counsel under this Agreement:

A. For each issue of CFD No. 2006-1 Bonds, for the services rendered under Section 1.A above, Bond Counsel will be paid a fee of $45,000, which will be payable only from CFD No. 2006-1 Bond proceeds.

The fees referenced in this Section 2.A assume that CFD No. 2006-1 Bonds will be issued within two years from the date of this Agreement. In the event CFD No. 2006-1 Bonds are not issued within that time, Bond Counsel reserves the right to make such modifications to the foregoing fees as the City and Bond Counsel agree, as justified by reason of increased cost to Bond Counsel and the then prevailing fees for disclosure counsel and bond counsel services for bonds such as the CFD No. 2006-1 Bonds.

B. In the event Bond Counsel is requested to perform Special Services as set forth in Section 1.C above, Bond Counsel will be paid fees at the hourly rates set forth in Exhibit A, or in such other manner as is mutually acceptable to the City and Bond Counsel. Such fees will be billed monthly and shall be payable exclusively from funds of CFD No. 2006-1 within thirty (30) days following the receipt of each invoice.

C. In addition to the fees set forth in paragraphs A and B above, Bond Counsel shall be reimbursed for the actual cost of any out-of-pocket expenses reasonably incurred by Bond Counsel in the course of its employment, such as document reproduction, telecommunications charges, printing costs, filing fees, long-distance telephone calls, messenger services, overnight delivery services, travel and similar items of expense. Expenses related to the services described in Section 1.C above will be billed monthly. All expenses incurred in connection with services rendered under Sections 1.A and 1.B above will be billed upon the issuance of the series of CFD No. 2006-1 Bonds to which they relate.

3. PERSONNEL AND CONTRACT ADMINISTRATION

City agrees to accept and Bond Counsel agrees to provide the aforementioned services primarily through Brian P. Forbath, Carol L. Lew and Reed T.C. Glyer. If any one of the above attorneys is unable to provide such services due to death, disability or similar event, Bond Counsel reserves the right to substitute another of its attorneys, upon approval by the City Manager, or his designee, to provide such services; and such substitution shall not alter or affect in any way Bond Counsel's or the City's other obligations under this Agreement.

This Agreement will be administered by the City Manager, or his designee.

4. CONFLICTS OF INTEREST

Bond Counsel represents many of the underwriting firms active in the issuance of bonds for community facilities districts and other municipal financings. The City hereby provides its informed written consent to Bond Counsel's representation of such underwriting firms on matters unrelated to CFD No. 2006-1.

5. TERMINATION

A. This Agreement may be terminated without cause by the City or Bond Counsel upon thirty (30) days' advance written notice to the other party. Such notification shall state the effective date of the termination of this Agreement.

B. Bond Counsel reserves the absolute right to withdraw from representing the City if, among other things, the City fails to honor the terms of this Agreement, the City fails to cooperate fully or follow Bond Counsel's advice on a material matter, or any fact or circumstance occurs that would, in Bond Counsel's view, render its continuing representation unlawful or unethical. If Bond Counsel elects to withdraw, the City will take all steps necessary to free Bond Counsel of any obligation to perform further services, including the execution of any documents necessary to complete such withdrawal, and Bond Counsel will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on the City's behalf in accordance with the payment terms set forth in Section 2 above. If necessary in connection with litigation, Bond Counsel would request leave of court to withdraw.

C. Bond Counsel's representation of the City will be considered terminated at the earlier of (i) the City's termination of its representation, (ii) Bond Counsel's withdrawal from its representation of the City, or (iii) the substantial completion by Bond Counsel of its substantive work for the City. Unless Bond Counsel has been specifically engaged to perform Special Services related

to the Bonds after their execution and delivery, Bond Counsel's representation of City with respect to CFD No. 2006-1 shall terminate on the date of execution and delivery of the last series of CFD No. 2006-1 Bonds.

6. ARBITRATION

IN THE EVENT OF A DISPUTE REGARDING FEES, COSTS, OR ANY OTHER MATTER ARISING OUT OF OR RELATED IN ANY WAY WHATSOEVER TO BOND COUNSEL'S RELATIONSHIP WITH THE CITY, OR BOND COUNSEL'S OR THE CITY'S PERFORMANCE OF THIS AGREEMENT, INCLUDING THE QUALITY OF THE SERVICES WHICH BOND COUNSEL RENDERS, THE DISPUTE SHALL BE DETERMINED, SETTLED AND RESOLVED BY CONFIDENTIAL ARBITRATION IN THE COUNTY OF ORANGE, CALIFORNIA. ANY AWARD SHALL BE FINAL, BINDING AND CONCLUSIVE UPON THE PARTIES, AND A JUDGMENT RENDERED THEREON MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. SHOULD YOU ELECT TO HAVE ANY FEE DISPUTE ARBITRATED PURSUANT TO NONBINDING ARBITRATION UNDER STATUTORY OR CASE LAW, THEN SUCH NONBINDING ARBITRATION SHALL DETERMINE ONLY THE ISSUE OF THE AMOUNT OF FEES PROPERLY CHARGEABLE TO YOU. ANY OTHER CLAIMS OR DISPUTES BETWEEN US, INCLUDING CLAIMS FOR PROFESSIONAL NEGLIGENCE, SHALL REMAIN SUBJECT TO BINDING ARBITRATION PURSUANT TO THIS AGREEMENT.

Arbitration may be demanded by the sending of written notice to the other party. If arbitration is demanded, within 20 days of the demand the City shall present a list of five qualified individuals who would be willing to serve that the City would find acceptable to act as arbitrator. To serve as arbitrator, the individual must be a retired judge having served on any federal court or the California Superior Court or higher court in the State of California. Within 20 days of receiving the City's list, Bond Counsel may at its sole discretion (i) select any individual from that list and that individual shall serve as the arbitrator, or (ii) propose its own list of five individuals for arbitrator. If Bond Counsel chooses to present a separate list, the City may within 20 days select any individual from that list and that person shall serve as arbitrator. If no arbitrator can be agreed upon at the end of this process, the City and Bond Counsel each shall select one individual from its own list and those two persons shall jointly select the arbitrator. The arbitration shall be conducted pursuant to the procedures set forth in the California Code of Civil Procedure §§ 1280 *et seq.*, and in that connection you and we agree that § 1283.05 thereof is applicable to any such arbitration. Nothing herein shall limit the right of the parties to stipulate and agree to conduct the arbitration pursuant to the then-current rules of the American Arbitration Association, the Judicial Arbitration & Mediation Services, or any other agreed-upon arbitration services provider.

Notwithstanding any of the foregoing, the City shall be entitled to opt out of the arbitration provisions contained in this Section.

7. MISCELLANEOUS

A. Bond Counsel and the employees of Bond Counsel, in performance of the Agreement, shall act in an independent capacity and not as officers or agents of the City.

B. Without the written consent of the City, this Agreement is not assignable by Bond Counsel in whole or in part.

C. No alteration or variation of the terms of this Agreement shall be valid unless in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

D. In accordance with the requirements of California Business and Professions Code § 6148, Bond Counsel advises you that the firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to the City.

CITY OF MALIBU

By: _____
City Manager

STRADLING YOCCA CARLSON & RAUTH
a Professional Corporation

By: _____
Brian P. Forbath

DOCSOC/1734833v2/024317-0015

EXHIBIT A

Shareholders	$575/Hour
Associates	$285/Hour
Paralegals	$150/Hour

DOCSOC/1734833v2/024317-0015

City Council Meeting
01-25-16
Item 4.D.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Lisa Pope, City Clerk

Approved by: Jim Thorsen, City Manager

Date prepared: January 10, 2016 Meeting date: January 25, 2016

Subject: Update Commissioner Terms to Reflect Change to Municipal Election Date

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RECOMMENDED ACTION: 1) After the City Attorney reads the title, introduce on first reading Ordinance No. 401 updating the terms of commissioners based on the City's General Municipal Elections being moved to November of even-numbered years; and 2) Direct staff to schedule second reading and adoption of Ordinance No. 401 for the February 8, 2016 Regular City Council meeting.

FISCAL IMPACT: None.

DISCUSSION: On May 11, 2015, the Council adopted Ordinance No. 389 to move the date of the City's general municipal election from the second Tuesday in April of even-numbered years to the first Tuesday after the first Monday in November of even-numbered years beginning in 2016. The County Board of Supervisors approved the City's request on September 29, 2015.

Based on the City's elections being held in April, the following sections in the Malibu Municipal Code currently indicate the commissioners shall serve a four-year term commencing on June 1st following a general municipal election at which the appointing Councilmember was elected:

Section 2.26.040 Cultural Arts Commission Term
Section 2.32.040 Parks and Recreation Commission Term
Section 2.36.040 Planning Commission Term
Section 2.40.040 Public Safety Commission Term
Section 2.44.040 Public Works Commission Term

The terms of the appointing Councilmembers will be extended to November. Therefore, in order for the Commissioners terms to coincide with the appointing Councilmember, it is necessary to modify the Term section for the above Commissions as follows:

Each member of the commission shall serve a four-year term. Commissioners shall be appointed at a regular city council meeting ~~commencing on June 1st~~ following a general municipal election at which the appointing councilmember was elected. In the event the office of any appointing councilmember becomes vacant during the term thereof, the term of the commissioner appointed by such councilmember shall terminate ninety (90) days after such vacancy occurs. Following expiration of the term of office, each commissioner shall continue to serve until his or her successor is appointed and qualified. Notwithstanding any provision of this code, each commissioner shall serve at the pleasure of the appointing councilmember and may be removed by that councilmember at a regular city council meeting.

The language related to Term for the Mobilehome Park Rent Stabilization Commission does not need to be modified since it does not reflect the June 1st appointment date.

ATTACHMENTS: Ordinance No. 401

ORDINANCE NO. 401

AN ORDINANCE OF THE CITY OF MALIBU UPDATING THE TERMS OF COMMISSIONERS BASED ON THE CITY'S GENERAL MUNICIPAL ELECTION DATE BEING MOVED TO NOVEMBER OF EVEN-NUMBERED YEARS

The City Council of the City of Malibu does ordain as follows:

Section 1 Amendments

A. Section 2.26.040 of the Malibu Municipal Code is hereby amended to read as follows:

2.26.040 Term.

Each member of the cultural arts commission shall serve a four-year term. Commissioners shall be appointed at a regular city council meeting following the general municipal election at which the appointing councilmember was elected. In the event the office of any appointing councilmember becomes vacant during the term thereof, the term of the commissioner appointed by such councilmember shall terminate ninety (90) days after such vacancy occurs. Following expiration of the term of office, each commissioner shall continue to serve until his or her successor is appointed and qualified. Notwithstanding any provision of this code, each commissioner shall serve at the pleasure of the appointing councilmember and may be removed by that councilmember at a regular city council meeting.

B. Section 2.32.040 of the Malibu Municipal Code is hereby amended to read as follows:

2.32.040 Term.

Each member of the parks and recreation commission shall serve a four-year term. Commissioners shall be appointed at a regular city council meeting following the general municipal election at which the appointing councilmember was elected. In the event the office of any appointing councilmember becomes vacant during the term thereof, the term of the commissioner appointed by such councilmember shall terminate ninety (90) days after such vacancy occurs. Following expiration of the term of office, each commissioner shall continue to serve until his or her successor is appointed and qualified. Notwithstanding any provision of this code, each commissioner shall serve at the pleasure of the appointing councilmember and may be removed by that councilmember at a regular city council meeting.

C. Section 2.36.040 of the Malibu Municipal Code is hereby amended to read as follows:

2.36.040 Term.

Each member of the planning commission shall serve a four-year term. Commissioners shall be appointed at a regular city council meeting following the general municipal election

at which the appointing councilmember was elected. In the event the office of any appointing councilmember becomes vacant during the term thereof, the term of the commissioner appointed by such councilmember shall terminate ninety (90) days after such vacancy occurs. Following expiration of the term of office, each commissioner shall continue to serve until his or her successor is appointed and qualified. Notwithstanding any provision of this code, each commissioner shall serve at the pleasure of the appointing councilmember and may be removed by that councilmember at a regular city council meeting.

D. Section 2.40.040 of the Malibu Municipal Code is hereby amended to read as follows:

2.40.040 Term.

Each member of the public safety commission shall serve a four-year term. Commissioners shall be appointed at a regular city council meeting following the general municipal election at which the appointing councilmember was elected. In the event the office of any appointing councilmember becomes vacant during the term thereof, the term of the commissioner appointed by such councilmember shall terminate ninety (90) days after such vacancy occurs. Following expiration of the term of office, each commissioner shall continue to serve until his or her successor is appointed and qualified. Notwithstanding any provision of this code, each commissioner shall serve at the pleasure of the appointing councilmember and may be removed by that councilmember at a regular city council meeting.

E. Section 2.44.040 of the Malibu Municipal Code is hereby amended to read as follows:

2.44.040 Term.

Each member of the public works commission shall serve a four-year term. Commissioners shall be appointed at a regular city council meeting following the general municipal election at which the appointing councilmember was elected. In the event the office of any appointing councilmember becomes vacant during the term thereof, the term of the commissioner appointed by such councilmember shall terminate ninety (90) days after such vacancy occurs. Following expiration of the term of office, each commissioner shall continue to serve until his or her successor is appointed and qualified. Notwithstanding any provision of this code, each commissioner shall serve at the pleasure of the appointing councilmember and may be removed by that councilmember at a regular city council meeting.

Section 2. The City Clerk shall certify the adoption of this ordinance.

PASSED, APPROVED AND ADOPTED this ____ day of ____, 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney

City Council Meeting
01-25-16
Item 4.E.

Council Agenda Report

To: Mayor Rosenthal and the Honorable Members of the City Council

Prepared by: Reva Feldman, Assistant City Manager

Approved by: Jim Thorsen, City Manager

Date prepared: January 14, 2016 Meeting date: January 25, 2016

Subject: City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase One)

RECOMMENDED ACTION:

1) Conduct Public Hearing as required by Proposition 218;

Prior to Close of Public Hearing:

2) Ratify the prior approval authorizing the City Manager to cast a ballot in favor of assessment for City-owned Parcel Nos. 4458-018-902 and 4458-018-904 (Bluffs Park), 4458-020-902 (Legacy Park), 4458-020-903 (Legacy Park Commercial Properties), and 4458-021-901 (City Hall);
3) Ratify the prior approval authorizing City funding for oversizing elements associated with Phase Two of the project;

After Close of Public Hearing:

4) If over 50% of the weighted assessment ballots are returned in favor of the proposed assessments, adopt Resolution No. 16-06 making determinations, confirming assessments and proceedings and designating the Superintendent of Streets to collect and receive assessments and to establish a special fund for City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility - Phase 1);
5) Appropriate $1,183,000 from the General Fund Undesignated Reserve for the City Hall assessment, Bluffs Park assessment and the oversizing costs for Phase Two and $712,000 from the Legacy Park Project Fund for the City-owned commercial properties; and
6) Adopt Resolution No. 16-07 approving Engineer's Report for City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1); OR
7) If over 50% of the weighted assessment ballots are returned against the proposed assessments, adopt Resolution No. 16-08 declaring abandonment of proceedings for City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1).

FISCAL IMPACT: If the Assessment District is formed, the net assessable cost to fund Phase One will be $57.4 million, including design and construction.

The City owns the following properties located in the Assessment District:

- 23825 Stuart Ranch Road - City Hall Facility
- 24250 PCH - Bluffs Park
- 23500 Civic Center Way - Legacy Park
- 3939 Cross Creek Road – Malibu Lumber Yard
- 23431 PCH – Malibu Coast Animal Hospital
- 23661 PCH – Super Care/Malibu Medical building

Pending final approval by the Council, the City will be acquiring two vacant parcels located on Pacific Coast Highway (PCH) and Webb Way from the County of Los Angeles:

- APN 4458-020-900 – Northwest corner of PCH and Webb Way
- APN 4458-020-901 – Northeast corner of PCH and Webb Way

These two parcels are included in the proposed Assessment District, but will not be assessed since they are reserved for road purposes pursuant to the quitclaim deed accepted by the City during the transfer process and due to the fact that they were originally acquired by the County with federal highway funds.

As a municipal agency, the City is legally required to pay its entire assessment during the cash collection period. The cash collection period will commence if the Assessment District is successfully formed after tabulation of the ballots.

The total amount of the assessments for City-owned properties is $2,725,166. Funding in the amount of $1,795,000 was included in the Adopted Budget for Fiscal Year 2015-2016 in the Designated Reserve - CCWWTF City Share for the City's assessments. An additional $217,960 will need to be appropriated from the General Fund Undesignated Reserve and $712,206 from the Legacy Park Project Fund Reserve in order for the City to make a payment during the cash collection period. The City will be reimbursed for the assessments associated with the Legacy Park commercial properties by the tenants pursuant to their leases.

The City is responsible for the costs to connect each City-owned property to the centralized wastewater treatment facility. These costs will be included in the budget for Fiscal Year 2016-2017.

The project includes certain costs attributable to Phase Two that cannot be funded from the Assessment District for Phase One in the amount of $1,799,533. On June 8, 2015, the Council approved that the City will fund these costs and the recommended action ratifies this prior approval. Funding in the amount of $835,000 was included in the

Adopted Budget for Fiscal Year 2015-2016 in the Designated Reserve – CCWWTF Phase Two Reimbursable for costs associated with the second phase of the project. An additional $964,533 is needed for the costs for Phase Two. An additional appropriation of $964,533 will be needed from the General Fund Undesignated Reserve. The City will be reimbursed for this amount after an assessment district for Phase Two is formed. Council Policy #44 requires that all proposed appropriations over $10,000 be reviewed and discussed by the Administration and Finance (A&F) Subcommittee prior to being presented to the City Council. The proposed appropriations will be discussed by the A&F Subcommittee prior to the Council meeting and its comments will be presented during the oral report for this item.

DISCUSSION:

Project Information

On June 27, 2011, the Council approved a Memorandum of Understanding (MOU) between the City and the Regional Water Quality Control Board (RWQCB) and the State Water Resources Control Board (SWRCB) regarding the implementation of the Basin Plan Amendment for the Malibu Civic Center Area Prohibition. Under the MOU, which was amended in December 2014, properties in Phase One of the Prohibition Area (primarily the commercial core of the Civic Center) must connect to a centralized wastewater treatment facility by June 2017. Phase Two (primarily residential properties) must connect to the centralized wastewater treatment facility by November 2022. A third phase may be implemented, depending on the outcome of the first two phases.

The project will bring wastewater collection and recycled water distribution pipelines to the property line of individual parcels. Individual property owners will be responsible for the improvements needed on their particular parcel to connect to the system. It is anticipated that Phase One of the project could generate up to 70 million gallons of recycled water a year, thereby helping reduce Malibu's reliance on potable water.

On January 12, 2015, the Council certified the Environmental Impact Report, approved the Coastal Development Permit and Conditional Use Permit for Phase One of the Civic Center Wastewater Treatment Facility. Additionally, the Council approved a Local Coastal Program Amendment, Zoning Text Amendment and Zoning Map Amendment associated with the Project.

On March 12, 2015, the RWQCB unanimously approved the Waste Discharge Requirement (WDR) and the Water Recycling Requirements (WRR).

On May 13, 2015, the California Coastal Commission unanimously approved an amendment to the Local Implementation Plan (LIP) of the Local Coastal Plan to allow for the development of the CCWWTF with certain modifications. The Council approved the proposed modifications on June 8, 2015. The California Coastal Commission certified the LIP on August 12, 2015.

Assessment District
The Municipal Improvement Act of 1913 (Division 12 of the Streets & Highways Code of the State of California) (1913 Act) provides the City with the legal authority to form an assessment district to finance public improvements, provided that only those parcels which receive a special benefit in accordance with Article XIIID of the California Constitution (Prop 218) be assessed to pay for such improvements. Prop 218 requires that an assessment engineer prepare a report determining the special benefits each property within the proposed assessment district receives from the proposed improvements.

Each property located in the Assessment District has been assigned an assessment amount based on the volume and concentration of wastewater estimated to be generated by their individual property. Wastewater flow and treatment plant load for existing development are estimated using actual building square footage and current uses (e.g. retail, restaurant, and office). Wastewater flow and treatment plant load for vacant parcels are estimated using: 1) the maximum floor area ratio allowed by the City (0.15) and an eighty percent (80%) retail and twenty percent (20%) restaurant use mix; or 2) submitted development plans.

On June 8, 2015, the Council adopted Resolution Nos. 15-27 and 15-28 which stated the Council's intention to take proceedings to form the Assessment District pursuant to the 1913 Act, preliminarily approving the Assessment Engineer's Report and set a Public Hearing for August 10, 2015 on the proposed assessment proceedings, as required by Prop 218. On August 10, 2015, the Council adopted Resolution No. 15-51, which continued the Public Hearing until October 12, 2015 due to changes needed in the assessment amounts and a reduction in the purchase price for the land needed for the treatment facility. The October 12, 2015 scheduled Council meeting was continued to October 14, 2015. On October 14, 2015, the Council adopted Resolution No. 15-65 which continued the Public Hearing to January 25, 2016 in order for the City to re-bid the construction contract for the project and ordered changes to the Assessment Engineer's Report.

On, December 11, 2015, which was at least 45 days prior to the Public Hearing, the City Clerk's office mailed notices to all property owners in the proposed Assessment District as required by Prop 218. A certificate of the City Clerk as to the mailing is included as Attachment 4.

Final Assessment Engineer's Report
On October 12, 2015, the Council adopted Resolution No. 15-65 which directed revisions and modifications to the Engineer's Report. After the approval of the Preliminary Assessment Engineer's Report on June 8, 2015, the following modifications were made to the report:

- Parcel 3 (APN 4452-011-035) – The owners of this parcel have requested an increase in the flow amount. The Preliminary Assessment Engineer's Report

provided for a flow of 1,118 gallons per day (GPD) and the owners have requested a flow of 2,300 GPD. The requested increase of flow results in an assessment of $893,876.02. The property owners notified the City in writing to request the change. The Modified Assessment Engineer's Report reflects the requested change.

- Parcel 6 (APN 4452-011-039) and Parcel 33 (APN 4458-020-010) – Parcels 6 and 33 are owned by the same property owner. In the Preliminary Assessment Engineer's Report, the square footage and flows for the two parcels were inadvertently reversed. The correct assessment amount for Parcel 6 has been changed to $1,641,784.46 and the correct assessment amount for Parcel 33 has been changed to $1,818,306.54 in the Modified Assessment Engineer's Report. On December 11, 2015, the property owners were provided with corrected ballots for Parcels 6 and 33.

- Parcel 31 (APN 4458-020-002) – The Preliminary Assessment Engineer's Report reflected 2,102 square feet of office space for this parcel. The correct square footage is 2,102 square feet of office space and 284 square feet of retail space. The property owners were provided with a revised ballot reflecting the corrected square footage and assessment. The correct assessment for Parcel 31 has been changed to $44,832.78 in the Modified Assessment Engineer's Report. The property owner signed a certificate acknowledging that their assessment was increased to reflect the corrected square footage.

- Parcels 36 and 37 (APNs 4458-020-900 and 4458-020-901) – The assessments for Parcels 36 and 37 that were originally included in the Preliminary Assessment Engineer's Report have been removed. These two parcels will be transferred from the County of Los Angeles to the City and are reserved for road purposes pursuant to the Quitclaim Deed that the City will be accepting. Since these properties are reserved for road purposes, they receive no benefit from the CCWWTF.

The foregoing changes will result in a proportionate change to all other property owners' assessments which were reflected in the ballots and notice mailed to property owners.

Public Hearing and Ballot Tabulation Process

The Mayor will be asked to open the Public Hearing, at which time, the City's Bond Counsel will provide a brief explanation of the proceedings and public testimony will be heard and the City's Assessment Engineer may provide a brief explanation of the methodology of the assessment. All Assessment Ballots are required by Prop 218 to be returned to the City Clerk prior to the close of the Public Hearing. Following any public testimony and prior to closing the Public Hearing, the Council will need to ratify the prior approvals that allow the City to cast a ballot for the City parcels and authorize the funding of the oversizing elements. The Mayor will request all Assessment Ballots be

turned in, then close the Public Hearing. Once the Public Hearing is closed, the City Clerk will not accept any additional Assessment Ballots.

Following the close of the Public Hearing, the City Clerk, Bond Counsel and the Assessment Engineer will tabulate the ballots. The public is invited to witness the tabulation. The Council meeting may either proceed while the tabulation is taking place, or may be recessed. Once the ballots are tabulated, the City Clerk will return to the Council Chambers and provide the results to the Mayor to read. If more than 50% of the weighted assessment ballots are in favor of the assessments, Council will be asked to adopt Resolution No. 16-06 confirming the assessments and the assessment proceedings and also adopt Resolution No. 16-07 approving the Final Engineer's Report. Adoption of Resolution No. 16-06 is in the legislative discretion of the Council.

If over 50% of the weighted assessment ballots are returned against the proposed assessments, the Council is legally required to adopt Resolution No. 16-08 abandoning the assessment proceedings.

If the Assessments are confirmed, a cash collection period of sixty (60) days will commence. During such period, property owners will have the option to pay their assessments upfront and avoid paying any associated financing costs. Property owners who pay off their assessments in full during the cash collection period will receive a reduction in the amount of their assessment by avoiding the financing costs.

At the close of the cash collection period, an item will be presented to Council with resolutions confirming the final assessments and authorizing the funding of either a State Revolving Fund (SRF) Loan, grants and/or the issuance of bonds for the unpaid assessment amounts. In addition to the assessments, each property owner will be responsible for paying the costs of connecting their property to the wastewater treatment facility. Once the facility is operational, property owners will also be responsible for paying ongoing operations and maintenance costs. The ongoing operations and maintenance costs are not included in the assessment amounts.

Project Funding

The total net assessable cost of Phase One is $57.4 million, including design and construction.

The City has applied for two State Revolving Fund (SRF) loans from the State Water Resources Control Board, which provides low-interest loans for water quality projects. There are two separate loan programs that the CCWWTF project is eligible for: 1) the Recycled Water Loan (RWL) Program; and 2) the Wastewater Treatment Loan (WWTL) Program. The City has also applied for grant funding through the State Water Resources Control Board.

On June 25, 2012, the Council established Community Facilities District (CFD) 2012-01, which provided funding of $5 million for a portion of the design of the project. The CFD is comprised of some, but not all, of the properties that are located in the proposed Assessment District. The CFD was structured so that the first three years of debt service

would be paid from capitalized interest so property owners would not have to make a payment. If the Assessment District is formed, the CFD will be paid off through Assessment District proceeds.

The City has paid for some of the design costs of the project and will need to be reimbursed approximately $1 million once the Assessment District is formed and funding is obtained. The County of Los Angeles also provided $1.1 million that reduced the overall design costs applicable to the Assessment District. The CFD generated a net amount of $5 million, of which $4 million was used for design costs and $1 million was previously used to reimburse the City for design costs paid.

Certain project costs cannot be funded from the SRF, and the City will likely need to issue bonds to cover those costs regardless of the funding used for the remainder of the project, unless sufficient funds are received during the cash collection period to pay such costs. These costs include capitalized interest costs associated with the CFD and a reserve fund associated with the SRF loan. Bond funding and/or assessments collected during the cash collection period would also pay back the capitalized interest portion of the CFD, which is approximately $826,000. The SRF loan program requires the establishment of a reserve fund equal to 1.5 years of debt service. If the City receives funding from the SRF loan, bonds and/or assessments collected during the cash collection period will be issued for CFD capitalized interest and the required reserve fund.

The Modified Assessment Engineer's Report was based on a funding scenario of $2 million of grant funding, $3 million of SRF loans at 1%, $54 million of SRF loans at $1.8% and $1.3 million of taxable bonds at 7%. If the City receives additional grant funding or loans from the SRF, the total project costs over 30 years could be reduced.

ATTACHMENTS:

1. Resolution No. 16-06 Confirming Assessments and Proceedings for City of Malibu Assessment District No. 2015-1
2. Resolution No. 16-07 Approving Final Engineer's Report
3. Resolution No.16-08 Abandoning the Assessment Proceedings for City of Malibu Assessment District No. 2015-1
4. Certificate of the City Clerk as to Mailing of the Notice of Public Hearing and Assessment Ballots
5. Final Engineer's Report labeled as "Modified Engineer's Report City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility-Phase 1)"

RESOLUTION NO. 16-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU MAKING DETERMINATIONS, CONFIRMING ASSESSMENTS AND PROCEEDINGS AND DESIGNATING THE SUPERINTENDENT OF STREETS TO COLLECT AND RECEIVE ASSESSMENTS AND TO ESTABLISH A SPECIAL FUND FOR CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY-PHASE 1)

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. The City Council adopted Resolution No. 15-27 (Resolution of Intention) declaring its intention to order the construction of the improvements described in the Resolution of Intention (Improvements) and to form Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility-Phase 1) (the Assessment District) under the provisions of the Municipal Improvement Act of 1913 Division 12 of the California Streets and Highways Code (the Act).

B. The City Council preliminarily approved a report prepared under and pursuant to the Act and, in particular, Section 10204 of the California Streets and Highways Code (Engineer's Report).

C. The City Council fixed January 25, 2016, 6:30 p.m. at the regular meeting place of the City Council, City Hall, 23825 Stuart Ranch Road, Malibu, California 90265, as the time and place of hearing protests and objections to the improvements proposed in the Engineer's Report to be made, the extent of the Assessment District proposed to be created, and/or to the proposed assessment.

D. The City Clerk has caused notice to be given of the passage of the Resolution of Intention, the filing of the Engineer's Report and the time and place and purpose of said hearing, all as required by the Act and by Section 53753(c) of the California Government Code and Article XIIID, Section 4 of the California Constitution ("Article XIIID").

E. A final Engineer's Report (Final Report) previously directed to be modified by Resolution Nos. 15-49 and 15-65 has been prepared setting forth the Improvements to be acquired and constructed, and the Final Report has been filed with the City Council and has been available for review by the property owners within the proposed Assessment District.

F. At the time and place stated in the aforesaid notice, a hearing was duly held by this City Council and, during the course of said hearing, the Final Report was duly presented and considered, all written protests and objections received, if any, were duly presented, read, heard and considered and all persons appearing at said hearing and desiring to be heard in the matter of said Final Report were heard, and a full, fair and complete hearing has been conducted.

G. The City Council has received all ballots filed with the City Clerk prior to the conclusion of the hearing, and the Assessment Engineer, on behalf of the City Clerk, has counted all ballots for and against the formation of the Assessment District as provided in Article XIIID.

H. The City Council has considered the assessment proposed in the Final Report and the evidence presented at said hearing.

I. Under the provisions of Section 10424 of the California Streets and Highways Code, funds collected by the Public Works Director/City Engineer acting as the Superintendent of Streets (Superintendent of Streets) pursuant to an assessment under the Municipal Improvement Act of 1913 are required to be placed in a special improvement fund designated by the name of the assessment proceeding.

SECTION 2. The public hearing referred to in the recitals hereof has been duly held, and each and every step in the proceedings prior to and including the hearing has been duly and regularly taken. The City Council is satisfied with the correctness of the Final Report, including the assessment and diagram and the maximum annual assessment for administrative expenses, the proceedings and all matters relating thereto.

SECTION 3. The property within the Assessment District to be assessed as shown in the Final Report will be benefited by the Improvements.

SECTION 4. The City Council overrules and denies any and all protests, objections and appeals made in regard to these proceedings and it finds and determines that a majority of the ballots received are in favor of the assessment. In tabulating the ballots, the ballots were weighted according to the proportional financial obligation of the affected property.

SECTION 5. The amount of the assessments shown in the Final Report and the proposed maximum annual assessment for administrative expenses shown are confirmed and are fixed in said amounts.

SECTION 6. The amounts to be assessed against the individual parcels shown on the assessment diagram contained in the Final Report are hereby approved and confirmed, and the City Council is authorized and directed to endorse the fact and date of such approval on the Final Report.

SECTION 7. The assessment diagram and assessment is to be placed on file in the office of the Superintendent of Streets, and the City Clerk is authorized and directed to record, or cause to be recorded, the assessment diagram and assessment in the office of the County Recorder of the County of Los Angeles as required by Sections 3114, 10401 and 10402 of the California Streets and Highways Code; and the City Clerk shall record, or cause to be recorded, a Notice of Assessment as required by Section 3114 of said Code.

SECTION 8. The Superintendent of Streets is authorized and directed to give notice of the recordation of the assessment, as provided in Section 10404 of said Code.

SECTION 9. The Superintendent of Streets is designated to receive the assessments paid during the cash payment period which shall commence on the date of filing the assessment diagram with the Superintendent of Streets and extend for 60 days.

SECTION 10. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED on January 25, 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

BRIAN FORBATH, Special Counsel

RESOLUTION NO. 16-07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU APPROVING ENGINEER'S REPORT FOR CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY-PHASE 1)

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. On June 8, 2015, the City Council adopted Resolution No. 15-27 (Resolution of Intention) declaring its intention to order the construction of the improvements described in the Resolution of Intention (Improvements) and to form Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility-Phase 1) (Assessment District) under the provisions of the Municipal Improvement Act of 1913 Division 12 of the California Streets and Highways Code (the Act).

B. The City Council has heretofore preliminarily approved a report prepared under and pursuant to the Act and, in particular, Section 10204 of the California Streets and Highways Code (Preliminary Engineer's Report).

C. The City Council fixed January 25, 2016, at the hour of 6:30 p.m. at the regular meeting place of the City Council, City Hall, 23825 Stuart Ranch Road, Malibu, California 90265, as the time and place of hearing protests and objections to the improvements proposed in the Preliminary Engineer's Report to be made, the extent of the Assessment District proposed to be created, and/or to the proposed assessment.

E. A revised Engineer's Report (Modified Engineer's Report) has been presented to the City Council for approval.

SECTION 2. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED on January 25, 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

BRIAN FORBATH, Special Counsel

Attachment 2

RESOLUTION NO. 16-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU DECLARING ABANDONMENT OF PROCEEDINGS FOR CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY-PHASE 1)

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. The City Council has previously adopted Resolution No. 15-27 (Resolution of Intention) and initiated proceedings for the acquisition of certain public works of improvement, as described in the Resolution of Intention, in a special assessment district designated as "City of Malibu Assessment District No. 2015-1" (Civic Center Wastewater Treatment Facility-Phase 1) (hereinafter referred to as the Assessment District) pursuant to the terms and provisions of the Municipal Improvement Act of 1913, being Division 12 of the Streets and Highways Code of the State of California (the Act), Article XIIID of the Constitution of the State of California (Article XIIID), and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750 of the Government Code) (the Implementation Act) (the Act, Article XIIID, and the Implementation Act are referred to herein collectively as the Assessment Law).

B. After notice of a public hearing, accompanied by ballot materials, was mailed, a full public hearing on the improvements and assessments was held on January 25, 2016, all in accordance with Assessment Law.

C. The City Council has received all ballots filed with the City Clerk prior to the conclusion of the hearing, and the Assessment Engineer on behalf of the City Clerk has counted all ballots for and against the formation of the Assessment District as provided in Article XIIID.

SECTION 2. The above recitals, and each of them, are true and correct. The public hearing referred to in the recitals hereof has been duly held, and each and every step in the proceedings prior to and including the hearing has been duly and regularly taken.

SECTION 3. The City Council finds and determines based upon the Certificate of Assessment Engineer who conducted the ballot tabulation that a majority of the ballots received are in opposition to the assessment. In tabulating the ballots, the ballots were weighted according to the proportional financial obligation of the affected property.

SECTION 4. The proceedings had and taken under and pursuant to the Assessment Law for the work and improvements proposed by said Resolution of Intention in the Assessment District are hereby ordered abandoned.

SECTION 5. The City Clerk shall immediately cause the recordation of a certified copy of this Resolution of Abandonment with the County Recorder. The certificate attached to the Resolution shall include a reference to the date of the adoption of this Resolution, the date of the original Resolution of Intention, and the date the map of the Assessment District was previously filed with the County Recorder.

SECTION 6. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED on January 25, 2016.

LAURA ROSENTHAL, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

BRIAN FORBATH, Special Counsel

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF MALIBU

The undersigned CERTIFIES as follows:

1. During all of the times herein mentioned, the undersigned was, and now is, the duly qualified and acting City Clerk of the City of Malibu, California.

2. The attached Resolution abandoning proceedings for the construction of certain improvements in City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility-Phase 1) was duly adopted on January 25, 2016.

3. Reference is hereby made to a Resolution of Intention, Resolution No. 15-27, adopted on June 8, 2015 and Resolution No. 15-65, adopted on October 14, 2015 for a further and complete description of the works of improvement and assessments proposed for the Assessment District.

4. A map of the proposed boundaries of the Assessment District was filed in the Office of the County Recorder of the County of Los Angeles on _____, 2015 in Assessment District Maps Book ___, Page ___.

EXECUTED this 25th day of January, 2016.

_____
LISA POPE, City Clerk

CERTIFICATE OF THE CITY CLERK OF THE CITY OF MALIBU
REGARDING MAILING OF ASSESSMENT BALLOTS
AND NOTICE OF PUBLIC HEARING
FOR
CITY OF MALIBU
ASSESSMENT DISTRICT NO. 2015-1
CIVIC CENTER WASTEWATER TREATMENT FACILITY – PHASE ONE

I, Lisa Pope, City Clerk of the City of Malibu, hereby certify that on December 11, 2015, I mailed a notice of public hearing and assessment ballot to each of the property owners listed on Exhibit A hereto.

Lisa Pope

Lisa Pope, City Clerk

EXHIBIT A

PROPERTY OWNER INFORMATION

Assessment Number	APN	Parcel Owner
1	4452-011-029	Mariposa Land Company, Ltd. PO Box 2485 Malibu, CA 90265
2	4452-011-033	First Oaks Oil LLC 5134 Kanan Road Agoura Hills, CA 91301
3	4452-011-035	3806 Cross Creek Road LLC 28990 Pacific Coast Highway, Suite 208 Malibu, CA 90265
4	4452-011-036	Mariposa Land Company, Ltd. PO Box 2485 Malibu, CA 90265
5	4452-011-037	Mariposa Land Company, Ltd. PO Box 2485 Malibu, CA 90265
6	4452-011-039	3900 Cross Creek LLC 12410 Santa Monica Blvd. Los Angeles, CA 90025
7	4452-011-042	Jamestown Premier Malibu Village LP Ponce City Market 675 Ponce de Leon Avenue NE, 7th Floor Atlanta, Georgia 30308
8	4452-011-043	Jamestown Premier Malibu Village LP Ponce City Market 675 Ponce de Leon Avenue NE, 7th Floor Atlanta, Georgia 30308
9	4452-011-803	Southern CA Edison Co. 2244 Walnut Grove Ave., Quad 2D, GO#1 Rosemead, CA 91770
10	4452-012-024	Mariposa Land Co. Ltd. PO Box 2485 Malibu, CA 90265
11	4458-001-003	23676 & 23726 Malibu Road LLC 1517 S. Sepulveda Blvd. Los Angeles, CA 90025
12	4458-002-018	Morton & Leslie Gerson Trust Gerson Family Trust 535 Ocean Avenue, No. 4B Santa Monica, CA 90402

13	4458-002-019	23676 & 23726 Malibu Road LLC 1517 S. Sepulveda Blvd. Los Angeles, CA 90025
14	4458-002-900	County of Los Angeles Chief Executive Officer, Real Estate Division 222 South Hill Street, 4th Floor Los Angeles, CA 90012
15	4458-018-002	PCH Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
16	4458-018-018	PCH Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
17	4458-018-019	PCH Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
18	4458-018-027	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
19	4458-018-028	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
20	4458-018-029	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
21	4458-018-030	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
22	4458-018-031	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
23	4458-018-032	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
24	4458-018-033	Malibu Road Project Owner LLC 515 S. Flower Street, 25th Floor Los Angeles, CA 90071
25	4458-018-902	City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265
26	4458-018-904	City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265
27	4458-019-003	Reco Land Corporation 1999 Avenue of the Stars, Suite 3050 Los Angeles, CA 90067

28	4458-019-008	Chevron USA Inc. PO Box 1392 Bakersfield, CA 93302
29	4458-019-009	KW Partnership LP & KW Two Partnership LP 211 N. Stadium Blvd., #201 Columbia, MO 65203
30	4458-019-010	KW Malibu Colony LLC 211 N. Stadium Blvd., #201 Columbia, MO 65203
31	4458-020-002	Cross Creek Real Estate Group LLC Malibu Bear LLC 23405 Pacific Coast Highway Malibu, CA 90265
32	4458-020-004	CCW Partners LLC PO Box 492387 Los Angeles, CA 90049
33	4458-020-010	Malibu Cross Creek Ltd. 12410 Santa Monica Blvd. Los Angeles, CA 90025
34	4458-020-014	3835 Cross Creek LLC 12410 Santa Monica Blvd. Los Angeles, CA 90025
35	4458-020-015	Reco Land Company 1999 Avenue of the Stars, Suite 3050 Los Angeles, CA 90067
36	4458-020-900	County of Los Angeles Chief Executive Officer, Real Estate Division 222 South Hill Street, 4th Floor Los Angeles, CA 90012
37	4458-020-901	County of Los Angeles Chief Executive Officer, Real Estate Division 222 South Hill Street, 4th Floor Los Angeles, CA 90012
38	4458-020-902	City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265
39	4458-020-903	City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265
40	4458-021-173	Miramar Property Investment Company 23805 Stuart Ranch Road, #125 Malibu, CA 90265
41	4458-021-175	Surfrider Partners LLC 212 E. Rowland Street, #312 Covina, CA 91723
42	4458-021-901	City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265

43	4458-022-001	DB Malibu Holdco LLC 1101 Montana Avenue, Suite A Santa Monica, CA 90403
44	4458-022-011	Malibu Bay Company 1999 Avenue of the Stars, Suite 3050 Los Angeles, CA 90067
45	4458-022-012	Hitoshi Yamaguchi Trust PO Box 335 Malibu, CA 90265
46	4458-022-019	Wave Property Inc. 24255 Pacific Coast Highway Malibu, CA 90263
47	4458-022-022	DB Malibu Holdco LLC 1101 Montana Avenue, Suite A Santa Monica, CA 90403
48	4458-022-023	Malibu La Paz Ranch LLC 401 N. Michigan Avenue, Suite 3300 Chicago, IL 60611
49	4458-022-024	Malibu La Paz Ranch LLC 401 N. Michigan Avenue, Suite 3300 Chicago, IL 60611
50	4458-022-025	Steven J. Knapp Trust, Joan Knapp Trust 34077 Pacific Coast Highway Malibu, CA 90265
51	4458-022-802	GTE CA Inc. PO Box 635 Basking Ridge, NJ 07920
52	4458-022-906	County of Los Angeles Chief Executive Officer, Real Estate Division 222 South Hill Street, 4th Floor Los Angeles, CA 90012
53	4458-027-023	Archdiocese of LA – Our Lady of Malibu 3424 Wilshire Blvd., 4th Floor Los Angeles, CA 90010
54	4458-027-024	Roman Catholic Archbishop of LA 3424 Wilshire Blvd., 4th Floor Los Angeles, CA 90010
55	4458-027-025	Roman Catholic Archbishop of LA 3424 Wilshire Blvd., 4th Floor Los Angeles, CA 90010
56	4458-028-006	Reco Land Corporation 1999 Avenue of the Stars, Suite 3050 Los Angeles, CA 90067
57	4458-028-020	MBC Colony Plaza LLC 23705 Malibu Road, Suite D2 Malibu, CA 90265

MODIFIED
ENGINEER'S REPORT
CITY OF MALIBU
ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY – PHASE 1)

December 9, 2015

Prepared for

CITY OF MALIBU
23825 Stuart Ranch Road
Malibu, CA 90265

Prepared by

DAVID TAUSSIG & ASSOCIATES, INC.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660

Attachment 5

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

Pursuant to the provisions of the "Municipal Improvement Act of 1913," being Division 12 of the Streets and Highways Code of the State of California and as amended (the "Act"), and in accordance with the Resolution Ordering Changes to the Engineer's Report, being Resolution No. 15-51, adopted by the CITY COUNCIL of the City of Malibu (the "City Council"), STATE OF CALIFORNIA, in connection with the proceedings for ASSESSMENT DISTRICT NO. 2015-1 (Civic Center Wastewater Treatment Facility - Phase I) (hereinafter referred to as the "Assessment District"), the undersigned herewith submits the Modified Engineer's Report for the Assessment District (the "Modified Report"), consisting of seven (7) parts ("Parts") as follows:

PART I - PLANS AND SPECIFICATIONS AND DESCRIPTION OF IMPROVEMENTS

The plans and specifications for the proposed improvements are on file in the Offices of the City Clerk and the Director of Public Works of the City of Malibu (the "City") and are referenced herein and incorporated as if attached and a part of this Modified Report. This Part also contains a description of the proposed improvements to be installed by the Assessment District.

PART II - IMPROVEMENT COST ESTIMATE

This Part contains an estimate of the cost of the proposed improvements, including incidental costs and expenses in connection therewith.

PART III - ANNUAL ADMINISTRATIVE COSTS

This Part contains the maximum annual amount to be assessed to pay costs associated with the administration and collection of assessments, administration or registration of bonds, and/or reserve or other related funds.

PART IV - ASSESSMENT ROLL

This Part contains the following information:

1. A proposed assessment of the total amount of the costs and expenses of the proposed improvements upon the several subdivisions of land within the Assessment District, in proportion to the estimated benefits to be received by such subdivisions, from said improvements, as set forth upon the assessment roll filed herewith and made a part thereof; and

2. A proposed maximum annual assessment upon the several subdivisions of land within the Assessment District to pay costs incurred by the City and not otherwise reimbursed which result from the administration and collection of assessments.

PART V - ASSESSMENT DIAGRAM

This Part contains a diagram showing the Assessment District, the boundaries and the dimensions of the subdivisions of land within said Assessment District, as the same existed at the time of the passage of the Resolution No. 15-27 ("Resolution of Intention"), and is filed herewith and made a part hereof, and part of the assessment.

PART VI - REPORT UNDER PART 7.5 OF DIVISION 4 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

This Part satisfies the requirements of Part 7.5 of the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931," which is Division 4 of the Streets and Highways Code of the State of California. This Part identifies the total principal amount of all unpaid special assessments required or proposed to be levied, the total true value of the parcels within the Assessment District, and the total amount of the principal sum of unpaid special assessments proposed by this Assessment District.

PART VII - CERTIFICATES

This Part shall consist of sub-parts with the following information:

A. Rights-of-way certificate; and
B. Environmental certification.

Dated this ___ day of _____, 2015.

David Taussig & Associates, Inc.

_____

Steve Runk
R.C.E. C23473
Assessment Engineer
City of Malibu
State of California

PRELIMINARY APPROVAL BY THE CITY COUNCIL OF THE CITY OF MALIBU, CALIFORNIA, ON THE ____ DAY OF _____, 2015.

_____
City Clerk
City of Malibu
State of California

FINAL APPROVAL BY THE CITY COUNCIL OF THE CITY OF MALIBU, CALIFORNIA, ON THE ____ DAY OF _____, 2016.

_____
City Clerk
City of Malibu
State of California

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART I

PLANS AND SPECIFICATIONS AND DESCRIPTION OF IMPROVEMENTS

The plans and specifications which describe the general nature, location, and extent of the improvements for the Assessment District are on file in the Offices of the City Clerk and the Director of Public Works of the City and are referenced herein and incorporated as if attached and a part of this Modified Report. A map showing the general location and improvements for the Assessment District is attached as Exhibit A. A general description of the improvements is set forth below.

DESCRIPTION OF WORKS OF IMPROVEMENT

The works of improvements to be financed by the Assessment District will include the design and construction of the wastewater treatment plant, wastewater collection and recycled water distribution system, and a recycled water injection system required pursuant to the Memorandum of Understanding Regarding Phased Implementation of Basin Plan Amendment Prohibiting On-Site Wastewater Disposal Systems in the Malibu Civic Center Area entered into by and between the City of Malibu, the Regional Water Quality Control Board, Los Angeles, and the State Water Resources Control Board (the "MOU"). It should be noted that the purpose of the recycled water distribution and injection system is the disposal of treated wastewater. The Assessment District will also finance the acquisition of the land on which the wastewater treatment plant will be located.

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART II

IMPROVEMENT COST ESTIMATE

This Part presents the estimated cost of the works of improvements. Table II-1 shows the gross and net cost of the works of improvements. There are three adjustments made to the gross cost of the works of improvements to arrive at the net assessable costs. First, pursuant to Article XIII D, Section 1(a) of the California Constitution, the cost of the works of improvements necessary to serve only those parcels within the Assessment District is separated from the total cost of the works of improvements. In the case of the works of improvements for the Assessment District, the wastewater collection system and recycled water distribution system have been oversized in order to accommodate potential wastewater flow and recycled water attributable to property located in future phases identified in and subject to the provisions of the MOU. This Assessment District will not pay for the cost of this oversizing. Second, excess County of Los Angeles sewer project funds in the amount of $1,172,652 are applied as a credit against the estimated design cost of the works of improvements. Third, the estimated cost of the works of improvement are adjusted to reflect the funding of a portion of the design costs by Community Facilities District No. 2012-1 of the City of Malibu ("CFD 2012-1"). In January of 2013, CFD 2012-1 issued $6,500,000 in bonds to fund $5,000,000 of design costs. The Assessment District will pay off and refinance the CFD No. 2012-1 indebtedness. Therefore, the cost of the retirement of the CFD 2012-1 indebtedness ($6,346,324.27) is added and the amount of the design costs funded by CFD 2012-1 ($5,000,000) are deducted from the cost of the works of improvements. Fourth, the estimated cost of the works of improvement are further adjusted to reflect the funding of a portion of the construction costs by a grant through the Water Recycling Funding Program of the California State Water Resources Control Board.

The estimated assessment amount corresponding to the financing of the net cost of the works of improvements is shown in Table II-2. The net improvement costs will be assessed to each property in accordance with the Method of Assessment set forth in Exhibit B. The Assessment Roll identifying each parcel of real property within the Assessment District and its assessment is included in Exhibit C. As with the description of the improvements, the improvement costs are preliminary estimates.

TABLE II-1

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
IMPROVEMENT COST ESTIMATE

	Gross Costs	Adjustments	Net Assessable Costs
I. Construction			
A. Wastewater Treatment Plant	$22,305,666.00		$21,889,666.00
1. Grant		($416,000.00)	
B. Wastewater Treatment Plant Site	$4,100,000.00		$4,100,000.00
C. Collection/Distribution System			$17,825,684.00
1. Collection System	$14,076,845.00		
2. Distribution System	$6,933,372.00		
3. Oversizing Credit		($1,600,533.00)[1]	
4. Grant		($1,584,000.00)[1]	
D. Recycled Water Injection System	$2,186,445.00		$2,186,445.00
II. Design	$7,416,873.00		$7,391,545.27
1. Oversizing Credit		($199,000.00)	
2. Los Angeles County Credit		($1,172,652.00)	
3. CFD 2012-1 Credit		($5,000,000.00)	
4. Payoff of CFD 2012-1		$6,346,324.27	
III. CM/Engineering Services	$4,017,000.00		$4,017,000.00
TOTAL	**$61,036,201.00**	**($3,625,860.73)**	**$57,410,340.27**

[1] The oversizing credit and grant shown under I.C are allocated between the wastewater collection system and the recycled water distribution system in proportion to the associated hard costs.

TABLE II-2

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
BOND ASSESSMENT ESTIMATE

Description	Estimated Costs and Expenses	
	As Preliminarily Approved	As Confirmed
I. Total Amount to Assessment	**$49,725,000.00**	**$63,688,774.33**
II. Facility Construction		
A. Treatment Plant	$19,893,500.00	$25,989,666.00
B. Collection/Distribution System	$8,532,000.00	$20,012,129.00
C. Design/CM/Engineering Services	$11,291,225.13	$11,408,545.27
III. Assessment District Procedural and Formation Costs	$158,990.00	$158,990.00
IV. Bond Issuance Costs		
A. Capitalized Interest/Construction Period Interest	$5,469,750.00	$1,547,708.33
B. Bond/Loan Reserve Fund	$3,709,114.62	$4,244,648.73
C. Underwriting, Legal, Professional Costs	$670,420.25	$327,087.00

TABLE II-3

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
RECAPITULATION OF IMPROVEMENT COSTS AND AMOUNT TO ASSESSMENT

	Estimated Costs and Expenses	
Description	**As Preliminarily Approved**	**As Confirmed**
I. Total Amount to Assessment	$49,725,000.00	$63,688,774.33
II. Works of Improvements Design and Construction	$39,716,725.13	$57,410,340.27
III. Assessment District Procedural and Formation Costs	$158,990.00	$158,990.00
IV. Bond/Loan Issuance Costs	$9,849,284.87	$6,119,444.06

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART III

ANNUAL ADMINISTRATIVE COSTS

NOTICE IS HEREBY GIVEN that, pursuant to Subdivision (f) of Section 10204 of the Streets and Highways Code of the State of California, an Annual Administrative Assessment shall be levied on each parcel and subdivision of land within the Assessment District to pay for the necessary costs and expenses incurred, and not otherwise reimbursed, resulting from the administration and collection of assessments and from the administration or registration of any bonds and/or reserve or other related funds.

The maximum amount of such Annual Administrative Assessment for the Assessment District shall not exceed a total of $25,000 which may increase annually at a compound rate beginning January 1, 2016 by the lesser of (i) five percent (5%), or (ii) the annualized positive change, if any, in the U.S. Consumer Price Index, All Urban Consumers, for Los Angeles – Riverside – Orange County, as of January 1 of each year. The Annual Administrative Assessment for each such parcel of land shall be computed based on that parcel's proportionate share of the total annual assessment (exclusive of the Annual Administrative Assessment). The Annual Administrative Assessment is in lieu of the $8.00 per assessment installment allowed by law.

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART IV

ASSESSMENT ROLL

WHEREAS, on June 8, 2015, the City Council did, pursuant to the provisions of the Act, adopt its Resolution of Intention declaring its intention to order the construction of certain improvements, together with appurtenances and appurtenant work in connection therewith, and to form the Assessment District; and,

WHEREAS, said Resolution of Intention, as required by law, did direct the appointed Assessment Engineer to make and file a report (the "Engineer's Report"), consisting of the following:

1. Plans;
2. Specifications;
3. General Descriptions;
4. Cost estimate;
5. Assessment Diagram showing the Assessment District and the subdivisions of land contained therein; and
6. A proposed assessment of the costs and expenses of the works of improvement levied upon the parcels and lots of land within the boundaries of the Assessment District.

For particulars, reference is made to the Resolution of Intention as previously adopted; and

WHEREAS, on June 8, 2015, the City Council did adopt its Resolution No. 15-28 heretofore preliminarily approving the Engineer's Report; and,

WHEREAS, subsequent to June 8, 2015, (i) RMC Water and Assessment Engineer notified the City that there was an error in the methodology it used to determine the organic load (the "BOD"), (ii) the City has agreed to purchase the site on which the wastewater treatment facility will be constructed for $4,100,00 rather than $5,892,500 as set forth in the Engineer's Report, (iii) the wastewater treatment facility will be constructed for $13,001,0000 rather than $14,001,0000 as set forth in the Engineer's Report, and (iv) the property owner of Assessment No. 3 (APN 4452-011-035) has petitioned the City to increase the flow allocated to its parcel from 1,118 gallons per day to 2,300 gallons per day (collectively, the "Changes"); and,

WHEREAS, on August 10, 2015, the City Council did, pursuant to the provisions of the Act, adopt its Resolution No. 15-51 to direct the Assessment Engineer to revise and modify the Engineer's Report to reflect the Changes; and,

WHEREAS, on October 14, 2015, the City Council did, pursuant to the provisions of the Act, adopt Resolution No. 15-65 continuing the Public Hearing to January 25, 2016 and ordering further changes to the Assessment Engineer's Report for the City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility — Phase One) to reflect the opening of construction bids on December 8, 2015; and

WHEREAS, the assessments for the parcels identified herein as Assessment No. 36 and Assessment No. 37 have been reduced to zero as they were acquired by the County of Los Angeles (the "County") for purposes of road right-of-way and are anticipated to be quitclaimed by the County to the City with the condition that the property can only be used for those purposes authorized in Sections 2 and 9 of Article XIX of the California Constitution and Section 2101 of the California Streets and Highways Code thereby rendering these properties undevelopable for private purposes.

NOW, THEREFORE, I, the undersigned, authorized representative of David Taussig & Associates, Inc., the duly appointed ASSESSMENT ENGINEER, pursuant to the Act, do hereby submit the following:

1. Pursuant to the provisions of law and the Resolution of Intention, I have assessed the modified costs and expenses of the works of improvements to be performed in the Assessment District upon the parcels of land in the Assessment District benefited thereby in direct proportion and relation to the estimated benefits to be received by each of said parcels. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram, a copy of which is attached hereto as Exhibit D;

2. As required by law, the Assessment Diagram is hereto attached, showing the Assessment District, as well as the boundaries and dimensions of the respective parcels and subdivisions of land within said Assessment District as the same existed at the time of the passage of said Resolution of Intention, each of which subdivisions of land or parcels or lots respectively have been identified by Assessor's Parcel Number and Assessment Number upon said Assessment Diagram and in said Assessment Roll;

3. The subdivisions and parcels of land and the numbers shown on the respective Assessment Diagram as attached hereto correspond with the numbers as appearing on the Assessment Roll as contained herein as Exhibit C;

4. NOTICE IS HEREBY GIVEN that serial bonds to represent unpaid assessments, which bear interest at a fixed or variable interest rate and term of not to exceed twelve percent per annum or such higher maximum interest rate as may be permitted by law, may be issued in the manner provided in Division 10 of the Streets and Highways Code (the Improvement Bond Act of 1915) and the last installment of such bonds shall mature in not to exceed 39 years from the second of September next succeeding 12 months from their date and/or one or more contracts for loans funded by the State (the "State Loans") and secured by the assessments to be levied on property in the Assessment District may be entered

into pursuant to Section 10550 of the 1913 Act. The alternate procedure for collecting assessments and advance retirement of bonds as set forth in Part 11.1 of Division 10 of the Streets and Highways Code shall apply to these proceedings. Pursuant to Section 8650.1 of said Code, the City Council may determine to issue said bonds so that other than an equal annual proportion of the principal amount shall mature each year;

5. NOTICE IS HEREBY GIVEN that, pursuant to Subdivision (f) of Section 10204 of the Streets and Highways Code of the State of California, an annual assessment shall be levied on each parcel and subdivision of land within the Assessment District to pay for the necessary costs and expenses incurred, and not otherwise reimbursed, resulting from the administration and collection of assessments and from the administration or registration of any bonds and/or reserve or other related funds (the "Annual Administrative Assessment");

   The maximum amount of such Annual Administrative Assessment for the Assessment District shall not exceed a total of $25,000 which may increase annually at a compound rate beginning January 1, 2016, by the lesser of (i) five percent (5%), or (ii) the annualized positive change, if any, in the U.S. Consumer Price Index, All Urban Consumers, for Los Angeles – Riverside – Orange County, as of January 1 of each year. The Annual Administrative Assessment for each such parcel of land shall be computed based on that parcel's proportionate share of the total annual assessment (exclusive of the Annual Administrative Assessment). The Annual Administrative Assessment is in lieu of the $8.00 per assessment installment allowed by law;

6. By virtue of the authority contained in the Act and by further direction and order of the legislative body, I hereby make the following Assessment to cover the costs and expenses of the works of improvements for the Assessment District based on the costs and expenses as set forth below:

TABLE IV-1

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
BALANCE TO ASSESSMENT

Description	As Preliminarily Approved	As Confirmed
I. Total Amount to Assessment	$49,725,000.00	$63,688,774.33
II. Treatment Plant	$19,893,500.00	$25,989,666.00
III. Collection/Distribution System	$8,532,000.00	$20,012,129.00
IV. Design, Construction Management, and Engineering Services	$11,291,225.13	$11,408,545.27
V. Assessment District Procedural and Formation Costs	$158,990.00	$158,990.00
VI. Capitalized Interest/Construction Period Interest	$5,469,750.00[1]	$1,547,708.33[2]
VII. Bond/Loan Reserve Fund	$3,709,114.62[3]	$4,244,648.73[4]
VIII. Underwriting, Legal, and Professional Costs	$670,420.25	$327,087.00

[1] As preliminarily approved, capitalized interest was equal to twenty-two (22) months of estimated interest on $49,725,000 in bonds. No construction period interest was included.
[2] As confirmed, capitalized interest is equal to eighteen (18) months of estimated interest on $6,790,000 in bonds. Construction period interest on the Clear Water State Revolving Fund Loans is estimated based on the anticipated construction period of eighteen (18) months.
[3] As preliminarily approved, the bond reserve was equal to the estimated maximum annual debt service on $49,725,000 in bonds.
[4] As confirmed, the bond reserve is equal to the estimated maximum annual debt service on $6,790,000 in bonds, and the loan reserve is equal to one-hundred and fifty percent (150%) of the estimated maximum annual debt service on $56,898,774.33 in Clear Water State Revolving Fund Loans.

7. The Method of Assessment is as set forth in Exhibit B, which is attached hereto, referenced and so incorporated.

Dated: _____, 2015.

David Taussig & Associates, Inc.

_____

Steve Runk
R.C.E. C23473
Assessment Engineer
City of Malibu
State of California

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART V

DIAGRAM OF ASSESSMENT DISTRICT

A reduced copy of the Assessment Diagram (8.5 inches by 11 inches) is attached hereto as Exhibit D. A full-size copy of the Assessment Diagram (18 inches by 26 inches) is on file with the Office of the City Clerk of the City.

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART VI

REPORT UNDER PART 7.5 OF DIVISION 4
OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

Pursuant to the aforesaid Resolution of Intention, it has been provided that the requirements of Division 4 of the California Streets and Highways Code shall be satisfied with Part 7.5 of said Division 4.

Accordingly, the following is presented:

1. The total amount, as near as can be determined, of the total principal amount of all unpaid special assessments and special assessments required or proposed to be levied under any completed or pending assessment proceedings, other than contemplated in the instant proceedings is: $10,243[1].

2. The total true value, as near as may be determined, of the parcels of land and improvements which are proposed to be assessed in the instant proceedings, as determined by the full cash value of the parcels as shown upon the last equalized assessment roll of the County of Los Angeles is: $349,015,620.

3. The total amount of the principal sum of the special assessments proposed to be levied in the instant proceedings is: $63,688,774.33.

4. The total amount of the principal sum of unpaid special assessments levied against the parcels proposed to be assessed, as computed pursuant to paragraph 1 above, plus the principal amount of the special assessment proposed to be levied in the instant proceedings from paragraph 3 above is: $63,699,017.33.

Dated: _____

David Taussig & Associates, Inc

_____
Steve Runk
R.C.E. C23473
Assessment Engineer
City of Malibu
State of California

[1] This figure excludes the principal amount of bonds outstanding for City of Malibu CFD No. 2012-1 because these bonds will be paid off with Assessment District bonds and/or State Loans.

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART VII (A)

RIGHTS-OF-WAY CERTIFICATE

STATE OF CALIFORNIA
CITY OF MALIBU

The undersigned hereby **CERTIFIES UNDER PENALTY OF PERJURY** that the following is all true and correct.

At all times herein mentioned, the undersigned was, and now is, the duly appointed Director of Public Works of the City of Malibu, State of California.

That proceedings have now been instituted under the provisions of the "Municipal Improvement Act of 1913," being Division 12 of the Streets and Highways Code of the State of California, for the construction of certain improvements in a special Assessment District known and designated as ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1) (hereinafter referred to as the "Assessment District").

THE UNDERSIGNED STATES AND CERTIFIES AS FOLLOWS:

> All easements, rights-of-way, or land necessary for the accomplishment of improvements for the above referenced Assessment District will be in the possession of the Assessment District prior to the ordering of the works of improvements.

EXECUTED this ___ day of _____, 2015, at City of Malibu, California.

_____
Director of Public Works
City of Malibu
State of California

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

PART VII (B)

CERTIFICATION OF COMPLETION OF

ENVIRONMENTAL PROCEEDINGS

STATE OF CALIFORNIA
CITY OF MALIBU

The undersigned, under penalty of perjury, CERTIFIES as follows:

1. That I am the person authorized to prepare and process all environmental documentation as needed as it relates to the formation of the special assessment district being formed pursuant to the provisions of the "Municipal Improvement Act of 1913," being Division 12 of the Streets and Highways Code of the State of California, said special assessment district known and designated as ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1) (hereinafter referred to as the "Assessment District");

2. The specific environmental proceedings relating to this Assessment District that have been completed are as follows:

   The City has considered the effects of the proposed Improvements on the environment in accordance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA") and its implementing guidelines (14 California Code of Regulations Section 15000 et seq.) (the "Guidelines") and in accordance therewith has prepared and certified an Environmental Impact Report which was approved by the City on January 12, 2015.

3. I do hereby certify that all environmental evaluation proceedings necessary for the formation of the Assessment District have been completed to my satisfaction, and that no further environmental proceedings are necessary.

EXECUTED this ____ day of _____, 2015, at City of Malibu, California.

_____
Director of Planning
City of Malibu
State of California

EXHIBIT A

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

MAP OF GENERAL LOCATION AND IMPROVEMENTS

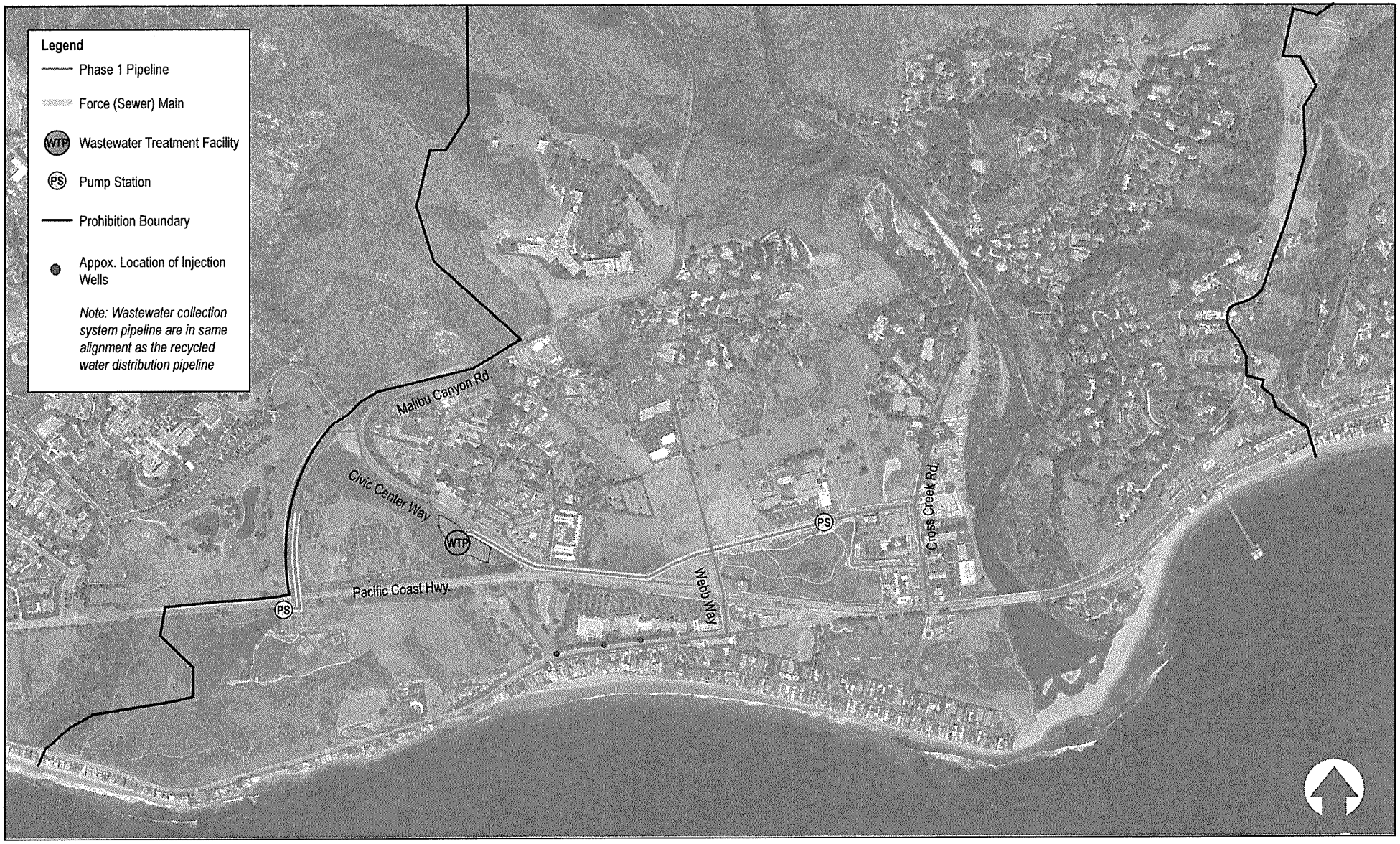
Legend
Phase 1 Pipeline
Force (Sewer) Main
WTP Wastewater Treatment Facility
PS Pump Station
Prohibition Boundary
Appox. Location of Injection Wells
Note: Wastewater collection system pipeline are in same alignment as the recycled water distribution pipeline
Malibu Canyon Rd.
Civic Center Way
WTP
Pacific Coast Hwy.
PS
Webb Way
PS
Cross Creek Rd.

EXHIBIT B

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

METHOD OF ASSESSMENT

A. Background

Assessment District jurisprudence requires that assessments levied pursuant to the Municipal Improvement Act of 1913 be based on the "special benefit" properties receive from the Works of Improvement. However, the law does not specify the method or formula that should be used to apportion the assessments in Assessment District proceedings. In addition, Article XIIID of the California Constitution, added in November 1996 through the passage of Proposition 218 by voters of the State of California, requires, inter alia, that (i) only special benefits be assessable, (ii) no assessment may exceed the proportional special benefit conferred on the parcel assessed, and (iii) publicly owned parcels shall not be exempt from assessment unless clear and convincing evidence demonstrates that such publicly owned parcels receive no special benefits from the improvements for which the assessment is levied.

"Special benefit" is a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. Importantly, the general enhancement of property value does not constitute special benefit. As such, this Engineer's Report has been designed to comply with these requirements, as well as to incorporate recent California court decisions such as: *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority (2008), Beutz v. County of Riverside (2010), Golden Hills Neighborhood Association v. City of San Diego (2011),* and *Concerned Citizens v. West Point Fire Protection District (2011).*

Methodologically, it is necessary and essential to identify the special benefit that the Works of Improvement will render to the properties within the District. It is also necessary that the properties receive a special and direct benefit as distinguished from benefit to the general public.

All costs associated with the financing of the works of improvement are to be fairly distributed among the lots and parcels within the District based upon the special benefit received by each lot and parcel. Additionally, in compliance with the California Constitution Article XIIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred upon it. In sum, each of the properties benefiting from the works of improvement proposed for Assessment District No. 2015-1 will be assessed only for the special benefit conferred on such properties.

The Assessment Engineer is appointed for the purpose of analyzing the facts and determining the method and formula for apportionment of the assessment obligation to the benefited properties. For these proceedings, the City has retained the firm of David Taussig & Associates, Inc. as the

Assessment Engineer.

The Assessment Engineer makes his or her recommendation for the method of apportionment in this Engineer's Report for consideration at the public hearing. The final authority and action rests with the City after hearing all testimony and evidence presented at the public hearing and the tabulation of the assessment ballots. Upon conclusion of the public hearing, the City must make the final action in determining that the assessment has been made in direct proportion to the special benefit received. Ballot tabulation will then be completed, and if a majority of ballots received, weighted by assessment amount, do not protest the assessment, then the City may establish the Assessment District.

B. Special Benefit

The special benefit conferred to each of the properties within the Assessment District is the ability to discharge wastewater flows to a centralized wastewater treatment facility in compliance with the Memorandum of Understanding Regarding Phased Implementation of Basin Plan Amendment Prohibiting On-Site Wastewater Disposal Systems in the Malibu Civic Center Area entered into by and between the City of Malibu, the Regional Water Quality Control Board, Los Angeles, and the State Water Resources Control Board (the "MOU"). Resolution R4-2009-007 adopted by the Regional Water Quality Control Board, Los Angeles Region (the "Basin Plan Amendment") prohibits on-site wastewater disposal systems in the City of Malibu Civic Center Area, and the MOU requires the construction of the works of improvements in lieu of on-site wastewater disposal systems. In addition to the wastewater treatment plant, the Assessment District will install wastewater collection and recycled water distribution facilities in existing public streets and/or public easements as shown in Exhibit A; the cost of connecting to these facilities will be borne separately by each property owner and will not be installed by the Assessment District. The Assessment District will provide each property the right to discharge up to the wastewater flow and load calculated in Section C.3 below.

The works of improvements constitute the least expensive facilities with a factor of safety that can be built to serve the properties within the Assessment District. The treatment plant will be comprised of the minimum sized treatment processing units, headworks, and lab facilities as determined by the design engineer and in accordance with customary and prudent engineering design standards. Specifically, the treatment plant will consist of two (2) modules; two modules are required in order that one may be taken off line for maintenance and/or repair. The treatment plant site to be acquired is similarly the least expensive available parcel of land that is in a suitable location from an engineering standpoint. In contrast to the wastewater treatment plant, the wastewater collection and recycled water distribution lines (i.e., the diameters of certain of the collection and distribution pipes) will be constructed to accommodate wastewater flows and recycled water from properties located outside the Assessment District that are also the subject of the MOU and may be required to discharge wastewater flows off-site for treatment. The cost associated with this oversizing of the wastewater collection and recycled water distribution lines is therefore not assessed to the properties within the Assessment District.

C. Apportionment Methodology

The extent of the special benefit conferred to the parcels in the Assessment District is quantified in terms of wastewater flow and organic load. The cost of the wastewater collection and recycled

water distribution and injection system is allocated in proportion to wastewater flow as it is the primary determinant in the design and cost of the collection and distribution facilities. The cost of the wastewater treatment plant is allocated in proportion to organic load as it is the primary determinant in the design and cost of the treatment facilities. With certain exceptions discussed in Section D below, wastewater flows and organic load for developed parcels are based on actual building square footage and uses. Wastewater flows and organic load for vacant parcels are based on (i) the maximum floor area ratio permitted by the City (0.15) and the anticipated mix of uses or (ii) development plans submitted to the City, including wastewater analyses for such development plans, if any. Standard wastewater flow rates and organic load concentrations are discussed in Sections C.1 and C.2 below. Special cases and/or exceptions are discussed in Section C.3 below.

1. Wastewater Flow Rates

Non-residential wastewater flow rate assumptions are 0.0216 gallons per day for retail, 0.6750 gallons per day for restaurant, and 0.0625 gallons per day per building square foot for office. Wastewater flow rate assumptions for church uses are 3.0000 gallons per day per seat[2]. Wastewater flow rate assumptions for school uses are 11.0000 gallons per day per student and faculty/staff[3]. The wastewater flow rate assumption for retail use is an average and is calculated using a factor of ten (10.0000) gallons per day per employee, two (2.0000) gallons per day per parking space, one (1.0000) parking space per employee, and a range of building square feet per employee of 500 to 625[4]. The wastewater flow rate assumption for restaurant is calculated by applying a factor of nine (9.0000) gallons per day per customer[5] to an existing restaurant located in the City of Malibu which averages three hundred (300) customer per day and occupies four thousand (4,000) building square feet. The wastewater flow rate assumption for office is calculated using an average of two hundred eight (208) building square feet per employee and a factor of thirteen (13.0000) gallons per day per employee[6].

Residential wastewater flow rate assumptions are 366 gallons per day for a typical single-family home and 700 gallons per day for large, estate-sized homes. The wastewater flow rate for the typical single family home is calculated assuming a household size, including housekeepers and visitors, of 5.2, a wastewater flow per capita of 69 gallons per day[7], and a 1.02 infiltration rate. The wastewater flow rate for large, estate-sized homes is based on the proposed wastewater treatment system design prepared in connection with the development plans for Assessor's Parcel Number 4458-018-019.

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[2] The source for the flow rate per church seat is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

[3] The source for the flow rate per school seat is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

[4] The source for the flow rate per employee and per parking space is *Design of Municipal Wastewater Treatment Plants, Fifth Edition.*

[5] The source for the flow rate per restaurant customer is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

[6] The source for the flow rate per office employee is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

[7] The source for the flow rate per capita is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

2. Organic Load Concentration

Organic load concentration, a measure of the strength of the wastewater to be treated, is used to design the treatment process. Residential organic load concentrations are estimated to be 313 milligrams per liter ("mg/L") using per capita BOD loads from EPA guidelines[8]. Non-residential organic load concentrations were estimated to be similar to residential concentrations at 313 mg/L for retail, office, school, and church uses. For restaurants the BOD concentration was estimated to be 544 mg/L based on wastewater sampling conducted at shopping centers within the Civic Center area of the City. Total organic load is expressed in pounds per day and is calculated using the following formula: wastewater flow x organic load concentration x 8.345 / 1,000,000[9]. The specific wastewater flow and treatment plant load calculations for each parcel are discussed in Section C.3 below.

3. Wastewater Flow and Load Calculations

The wastewater flow and load estimates are summarized below. The terms BSF, GPD and PPD mean, respectively, building square feet, gallons per day and pounds per day.

- 4452-011-029 (Assessment No. 1)
  This is land with certain existing structures located at 3730 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total future building area is estimated at 11,801 square feet using an FAR of 0.15 (78,670 parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses and therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 1,797.0563 GPD (11,801 x 0.8 x 0.0216 GPD/BSF (Retail) + 11,801 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 7.7650 PPD ((203.9213 GPD x 313 (Retail) + 1,593.1350 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4452-011-033 (Assessment No. 2)
  This is a Shell service station located at 23387 Pacific Coast Highway and occupies the northeast corner of Pacific Coast Highway and Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total existing building area is 1,731 square feet. While there are no existing restaurant or other "wet" uses, the City indicates that there is the potential for restaurant/food service use(s) in the future. Therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 263.5967 GPD (1,731 x 0.8 x 0.0216 GPD/BSF (Retail) + 1,731 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 1.1390 PPD ((29.9117 GPD x 313 (Retail) + 233.6850 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

[8] The source for the BOD load per capita is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3.*

[9] The source for the equation for total organic load is *Design of Municipal Wastewater Treatment Plants, Fifth Edition.*

- 4452-011-035 (Assessment No. 3)
  This is a commercial development with office, retail, and storage uses located on the east side of Cross Creek Road near the intersection of Cross Creek Road and Civic Center Way (3806 Cross Creek Road). The property is zoned Commercial Visitor Serving I. The City anticipates that this property will tend toward higher intensity uses following completion of the works of improvements, and the property owner has petitioned the City to increase the estimated wastewater flow to 2,300 GPD to accommodate future restaurant use. Estimated wastewater flow of 2,300 GPD would accommodate 1,930 square feet of restaurant and 15,967 square feet of office; no retail use is assumed because of the City's expectation that the property will tend toward higher intensity uses. Total building area is 17,897 square feet based on the November 26, 2013 site plan for The Courtyard development. Total estimated wastewater flow is 2,300.6875 GPD (1,930 x 0.675 GPD/BSF (Restaurant) + 15,967 x 0.0625 GPD/BSF (Office)). Estimated organic load is 8.5207 PPD ((1,302.7500 GPD x 544 (Restaurant) + 997.9375 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4452-011-036 (Assessment No. 4)
  This is vacant land located north of Pacific Coast Highway just west of Malibu Lagoon. The property is zoned Commercial Visitor Serving I. Total future building area is estimated at 15,968 square feet using an FAR of 0.15 (106,450 total parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 2,431.6070 GPD (15,968 x 0.8 x 0.0216 GPD/BSF (Retail) + 15,968 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 10.5068 PPD ((275.9270 GPD x 313 (Retail) + 2,155.6800 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4452-011-037 (Assessment No. 5)
  This is a commercial development located at 3728 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Actual building square footage data are not available. Therefore, building area is estimated at 4,494 using an FAR of 0.15 (29,960 parcel square feet x 0.15). The City indicates that there is the potential for restaurant and/or other wet use(s) in the future, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 684.3463 GPD (4,494 x 0.8 x 0.0216 GPD/BSF (Retail) + 4,494 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 2.9570 PPD ((77.6563 GPD x 313 (Retail) + 606.6900 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4452-011-039 (Assessment No. 6)
  This is a restaurant, retail, and office development located at 3900 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total building area is 13,061 square feet (4,686 square feet of retail, 5,245 square feet of restaurant, and 3,130 square feet of office). Total estimated wastewater flow is 3,837.2176

GPD (4,686 x 0.0216 GPD/BSF (Retail) + 5,245 x 0.675 GPD/BSF (Restaurant) + 3,130 x 0.0625 GPD/BSF (Office)). Estimated organic load is 16.8475 PPD ((101.2176 GPD x 313 (Retail) + 3,540.3750 GPD x 544 (Restaurant) + 195.6250 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4452-011-042 (Assessment No. 7) and 4452-011-043 (Assessment No. 8)
  These parcels comprise the Malibu Creek/Malibu Village development located on Cross Creek Road (3822 – 3896 Cross Creek Road) and Pacific Coast Highway (23357 - 23361 Pacific Coast Highway). The properties are zoned Commercial Visitor Serving I.

  Total building area for 4452-011-042 is 25,832 square feet (23,332 square feet of retail and 2,500 square feet of restaurant). Total estimated wastewater flow for 4452-011-042 is 2,191.4712 GPD (23,332 x 0.0216 GPD/BSF (Retail) + 2,500 x 0.675 GPD/BSF (Restaurant)). Estimated organic load for 4452-011-042 is 8.9771 PPD ((503.9712 GPD x 313 (Retail) + 1,687.5000 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

  Total building area for 4452-011-043 is 25,990 square feet (21,150 square feet of retail and 4,840 square feet of restaurant). Total estimated wastewater flow for 4452-011-043 is 3,723.8400 GPD (21,150 x 0.0216 GPD/BSF (Retail) + 4,840 x 0.675 GPD/BSF (Restaurant)). Estimated organic load for 4452-011-043 is 16.0244 PPD ((456.8400 GPD x 313 (Retail) + 3,267.0000 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4452-011-803 (Assessment No. 9)
  This is an unmanned Southern California Edison facility located at 3808 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Actual building square footage data are not available. Therefore, building area is estimated at 2,875 using an FAR of 0.15 (19,166 parcel square feet x 0.15). The City indicates that there is the potential for redevelopment of the property for non-utility use in the future, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 437.8050 GPD (2,875 x 0.8 x 0.0216 GPD/BSF (Retail) + 2,875 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 1.8917 PPD ((49.6800 GPD x 313 (Retail) + 388.1250 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4452-012-024 (Assessment No. 10)
  This is vacant land located at 3738 Cross Creek Road, north of 4452-011-029. The property is zoned Commercial General. Total future building area is estimated at 34,042 square feet using an FAR of 0.15 (226,948 parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 5,183.9158 GPD (34,042 x 0.8 x 0.0216 GPD/BSF (Retail) + 34,042 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 22.3994 PPD ((588.2458 GPD x 313 (Retail) + 4,595.6700 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-001-003 (Assessment No. 11)
  This is a parking lot that serves the development located on 4458-002-019 (Assessment No. 13). Therefore flow and load is zero and there will be no assessment. The property is zoned Commercial General.

- 4458-002-018 (Assessment No. 12)
  This is an office development located at 23730 Malibu Road. Total building area is 3,224 square feet. The property is zoned Commercial General. There are no existing restaurant or other "wet" uses, and the City does not anticipate any in the future. Estimated wastewater flow is 201.5000 GPD (3,224 x 0.0625 GPD/BSF). Estimated organic load is 0.5263 PPD ((201.5000 GPD x 313) x 8.345 / 1,000,000).

- 4458-002-019 (Assessment No. 13)
  This is an office development located along Malibu Road (23676 – 23712 Malibu Road). The property is zoned Commercial General. Total building area is 12,050 square feet. There are no existing restaurant or other "wet" uses, and the City does not anticipate any in the future. Estimated wastewater flow is 753.1250 GPD (12,050 x 0.0625 GPD/BSF). Estimated organic load is 1.9672 PPD ((753.1250 GPD x 313) x 8.345 / 1,000,000).

- 4458-002-900 (Assessment No. 14)
  This property is Los Angeles County Fire Station #88 and is located at 23720 Malibu Road. The property is zoned Commercial General. The number of fire fighters housed at the fire station is comparable to the household size for a typical single family home, and therefore wastewater flow is estimated at 366 GPD. Estimated organic load is 0.9560 PPD ((366.0000 GPD x 313) x 8.345 / 1,000,000).

- 4458-018-002 (Assessment No. 15), 4458-018-018 (Assessment No. 16), and 4458-018-019 (Assessment No. 17)
  This is vacant land located approximately at the southeast corner of Pacific Coast Highway and Malibu Canyon Road. The property is zoned Planned Development. Estimated wastewater flow is based on plans for the development of five (5) large, estate sized residential dwelling units plus a gatehouse and equals 3,560.0000 GPD (5 DUs x 700 GPD/DU + 60 GPD for the gatehouse). Estimated organic load is 9.2987 PPD ((3,500.0000 GPD x 313 + 60.0000 GPD x 313) x 8.345 / 1,000,000). All dwelling units are anticipated to be located on 4458-018-019.

- 4458-018-027 (Assessment No. 18), 4458-018-028 (Assessment No. 19), 4458-018-029 (Assessment No. 20), 4458-018-030 (Assessment No. 21), 4458-018-031 (Assessment No. 22), 4458-018-032 (Assessment No. 23), and 4458-018-033 (Assessment No. 24)
  This is vacant land located south of Pacific Coast Highway and east of 4458-018-019. The property is zoned Single Family Medium. Estimated wastewater flow is based on plans for the development of four (4) large, estate sized residential dwelling units plus an unmanned gatehouse. Estimated wastewater flow for each residential parcel is 700 GPD. Estimated organic load for each residential parcel is 1.8284 PPD ((700.0000 GPD x 313) x 8.345 / 1,000,000). The residential parcels are 4458-018-027, 4458-018-028, 4458-018-029, and 4458-018-030. The unmanned gatehouse will be located on 4458-018-031. 4458-018-032 and 4458-018-033 are open space, non-buildable lots.

- 4458-018-902 (Assessment No. 25)
  The property is zoned Public Open Space. This is the entrance to Bluffs Park and therefore will produce no wastewater flow. There will be no assessment.

- 4458-018-904 (Assessment No. 26)
  This is Bluffs Park. The property is zoned Public Open Space. Estimated wastewater flow is attributable to the public restroom facilities which are projected to generate 220 GPD. Estimated organic load is 0.5746 PPD ((220.0000 GPD x 313) x 8.345 / 1,000,000).

- 4458-019-003 (Assessment No. 27)
  This is vacant land located south of the intersection of Pacific Coast Highway and Civic Center Way and north of Malibu Road. The property is zoned Single Family Medium. Estimated wastewater flow is based on plans for the development of one (1) large, estate sized residential dwelling unit and equals 700 GPD. Estimated organic load is 1.8284 PPD ((700.0000 GPD x 313) x 8.345 / 1,000,000).

- 4458-019-008 (Assessment No. 28)
  This is vacant land located at 23614 Pacific Coast Highway, at the merger of Pacific Coast Highway and Malibu Road. The property is zoned Commercial General. Total future building area is estimated at 3,511 square feet using an FAR of 0.15 (23,409 total parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 534.6551 GPD (3,511 x 0.8 x 0.0216 GPD/BSF (Retail) + 3,511 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 2.3102 PPD ((60.6701 GPD x 313 (Retail) + 473.9850 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-019-009 (Assessment No. 29)
  This is a commercial development located at 23670 Pacific Coast Highway, on the southeast corner of the intersection of Pacific Coast Highway and Webb Way. The property is zoned Commercial General. Total building area is 8,434 square feet. While there are no existing restaurant or other "wet" uses, the City indicates that there is the potential for restaurant/food service use(s) in the future. Therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 1,284.3295 GPD (8,434 x 0.8 x 0.0216 GPD/BSF (Retail) + 8,434 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 5.5495 PPD ((145.7395 GPD x 313 (Retail) + 1,138.5900 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-019-010 (Assessment No. 30)
  This is the Malibu Colony Plaza development located at 23841 Malibu Road. The property is zoned Commercial General. Total building area is 116,925 square feet (68,014 square feet of retail and 48,911 square feet of restaurant). Total estimated wastewater flow is 34,484.0274 GPD (68,014 x 0.0216 GPD/BSF (Retail) + 48,911 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 153.7145 PPD ((1,469.1024 GPD x 313 (Retail) + 33,014.9250 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-020-002 (Assessment No. 31)
  This is an office development located at 23405 Pacific Coast Highway. The property is zoned Commercial Visitor Serving I. Total building area is 2,386 square feet (284 square feet of retail and 2,102 square feet of office). Total estimated wastewater flow is 137.5094 GPD (284 x 0.0216 GPD/BSF (Retail) + 2,102 x 0.0625 GPD/BSF (Office)). Estimated organic load is 0.3592 PPD ((6.1344 GPD x 313 (Retail) + 131.3750 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4458-020-004 (Assessment No. 32)
  This is the Malibu Professional Arts office development located at 23440 Civic Center Way. The property is zoned Commercial Visitor Serving I. Total building area is 12,644 square feet. Estimated wastewater flow is 790.2500 GPD (12,644 x 0.0625 GPD/BSF). Estimated organic load is 2.0641 PPD ((790.2500 GPD x 313) x 8.345 / 1,000,000).

- 4458-020-010 (Assessment No. 33)
  This is the Malibu Country Mart II development located at 23410 Civic Center Way. The property is zoned Commercial Visitor Serving I. Total building area is 39,076 square feet (19,996 square feet of retail, 4,700 square feet of restaurant, and 14,380 square feet of office). Estimated wastewater flow is 4,503.1636 GPD (19,996 x 0.0216 GPD/BSF (Retail) + 4,700 x 0.675 GPD/BSF (Restaurant) + 14,380 x 0.0625 GPD/BSF (Office)). Estimated organic load is 17.8778 PPD ((431.9136 GPD x 313 (Retail) + 3,172.5000 GPD x 544 (Restaurant) + 898.7500 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4458-020-014 (Assessment No. 34)
  This is the Malibu Country Mart I development located at 3835 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total building area is 29,068 square feet (19,737 square feet of retail, 8,025 square feet of restaurant, and 1,306 square feet of office). Total estimated wastewater flow is 5,924.8192 GPD (19,737 x 0.0216 GPD/BSF (Retail) + 8,025 x 0.675 GPD/BSF (Restaurant) + 1,306 x 0.0625 GPD/BSF (Office)). Estimated organic load is 25.9176 PPD ((426.3192 GPD x 313 (Retail) + 5,416.8750 GPD x 544 (Restaurant) + 81.6250 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4458-020-015 (Assessment No. 35)
  This parcel of vacant land is located south of Civic Center Way, north of Pacific Coast Highway, and west of Webb Way. The property is zoned Commercial General. Total future building area for 4458-020-015 is estimated at 7,242 square feet using an FAR of 0.15 (48,280 total parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 1,102.8118 GPD (7,242 x 0.8 x 0.0216 GPD/BSF (Retail) + 7,242 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 4.7652 PPD ((125.1418 GPD x 313 (Retail) + 977.6700 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-020-900 (Assessment No. 36) and 4458-020-901 (Assessment No. 37)
  Assessment No. 36 is a parcel of vacant land located south of Civic Center Way, north of Pacific Coast Highway, and west of Webb Way. Assessment No. 37 is vacant land located at the northeast corner of the intersection of Webb Way and Pacific Coast Highway. These two parcels were acquired by the County of Los Angeles for purposes of road right-of-way, and are anticipated to be quitclaimed to the City with the condition that the property can only be used for those purposes authorized in Sections 2 and 9 of Article XIX of the California Constitution and Section 2101 of the California Streets and Highways Code which renders these properties undevelopable for private purposes. Therefore, flow and load is zero and there will be no assessment.

- 4458-020-902 (Assessment No. 38)
  This is part of Legacy Park. The property is zoned Commercial Visitor Serving I and will have no restroom or other facilities which would discharge to the wastewater treatment system. Therefore, estimated wastewater flow organic load are zero (0) and there will be no assessment.

- 4458-020-903 (Assessment No. 39)
  This is a commercial development that includes the Lumber Yard (3939 Cross Creek Road), Super Care building (23661 and 23461 Pacific Coast Highway), and animal hospital facilities (23431 Pacific Coast Highway). The property is zoned Commercial Visitor Serving I. Total building area is 37,862 square feet (30,049 square feet of retail, 6,605 square feet of restaurant, and 1,208 square feet of office). Total estimated wastewater flow is 5,182.9334 GPD (30,049 x 0.0216 GPD/BSF (Retail) + 6,605 x 0.675 GPD/BSF (Restaurant) + 1,208 x 0.0625 GPD/BSF (Office)). Estimated organic load is 22.1321 PPD ((649.0584 GPD x 313 (Retail) + 4,458.3750 GPD x 544 (Restaurant) + 75.5000 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4458-021-173 (Assessment No. 40)
  This is an office development located adjacent and south of Malibu City Hall (23805 – 23815 Stuart Ranch Road). The property is zoned Community Commercial. Total building area is 40,528 square feet. Estimated wastewater flow is 2,533.0000 GPD (40,528 x 0.0625 GPD/BSF). Estimated organic load is 6.6162 PPD ((2,533.0000 GPD x 313) x 8.345 / 1,000,000).

- 4458-021-175 (Assessment No. 41)
  This is vacant land located at the northwest corner of Civic Center Way and Stuart Ranch Road. The property is zoned Community Commercial. Total future building area is estimated at 44,105 square feet using an FAR of 0.15 (294,030 total parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 6,716.3094 GPD (44,105 x 0.8 x 0.0216 GPD/BSF (Retail) + 44,105 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 29.0207 PPD ((762.1344 GPD x 313 (Retail) + 5,954.1750 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-021-901 (Assessment No. 42)
  This property is Malibu City Hall. The property is zoned Community Commercial. Total building area is 37,359 square feet. Estimated wastewater flow is 2,334.9375 GPD (37,359 x 0.0625 GPD/BSF). Estimated organic load is 6.0988 PPD ((2,334.9375 GPD x 313) x 8.345 / 1,000,000).

- 4458-022-001 (Assessment No. 43)
  This is vacant land located at the northwest corner of the Civic Center Way and Cross Creek Road. The property is zoned Commercial Visitor Serving I. Along with 4458-022-022, this property is proposed to be developed as a Whole Foods Store. Total future building area is 38,425 square feet (9,222 square feet of retail and 29,203 square feet of restaurant). Total estimated wastewater flow is 9,340 GPD and is based on a September 2, 2011 study prepared EPD Consultants, which estimates that 710 GPD is attributable to the retail use and the remaining 8,630 GPD is attributable to the restaurant use. The wastewater flow from each land use is split between Assessor's Parcels 4458-022-001 and 4458-022-022 proportionately on the basis of land area. Estimated wastewater flow for Assessor's Parcel 4458-022-001, based on its parcel square footage of 108,464 and the total parcel square footage for both parcels of 259,673, is 3,901.2672 GPD (710 GPD x 108,464 / 259,673 (Retail) + 8,630 GPD x 108,464 / 259,673 (Restaurant)). Estimated organic load for Assessor's Parcel 4458-022-001 is 17.1388 PPD ((296.5631 GPD x 313 (Retail) + 3,604.7041 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-022-011 (Assessment No. 44)
  This is vacant land located at the northeast corner of Civic Center Way and Stuart Ranch Road. The property is zoned Community Commercial. Total future building area is estimated at 81,010 based on an August 2013 traffic study for a proposed development comprised of retail, restaurant, and office uses (38,567 square feet of retail, 15,000 square feet of restaurant, and 27,443 square feet of office). Total estimated wastewater flow is 12,673.2347 GPD (38,567 x 0.0216 GPD/BSF (Retail) + 15,000 x 0.675 GPD/BSF (Restaurant) + 27,443 x 0.0625 GPD/BSF (Office)). Estimated organic load is 52.6202 PPD ((833.0472 GPD x 313 (Retail) + 10,125.0000 GPD x 544 (Restaurant) + 1,715.1875 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4458-022-012 (Assessment No. 45)
  This is vacant land located on the east side of Stuart Ranch Road opposite of Malibu City Hall. The property is zoned Community Commercial. Total future building area is estimated at 42,079 using an FAR of 0.15 (280,526 parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 6,407.7901 GPD (42,079 x 0.8 x 0.0216 GPD/BSF (Retail) + 42,079 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 27.6876 PPD ((727.1251 GPD x 313 (Retail) + 5,680.6650 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-022-019 (Assessment No. 46)
  This is vacant land located on the west side of La Paz Lane at its current terminus. The property is zoned Community Commercial. Total future building area is estimated at 55,408 using an FAR of 0.15 (369,389 parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 8,437.5302 GPD (55,408 x 0.8 x 0.0216 GPD/BSF (Retail) + 55,408 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 36.4580 PPD ((957.4502 GPD x 313 (Retail) + 7,480.0800 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-022-022 (Assessment No. 47)
  This is vacant land located approximately at the northwest corner of the Civic Center Way and Cross Creek Road. The property is zoned Commercial Visitor Serving I. Along with 4458-022-001, this property is proposed to be developed as a Whole Foods Store. Total estimated wastewater flow is 9,340 GPD and is based on a September 2, 2011 study prepared EPD Consultants, which estimates that 710 GPD is attributable to the retail use and 8,630 GPD is attributable to the restaurant use. The wastewater flow from each land use is split between Assessor's Parcels 4458-022-001 and 4458-022-022 proportionately on the basis of land area. Estimated wastewater flow for Assessor's Parcel 4458-022-022, based on its parcel square footage of 151,209 and the total parcel square footage for both parcels of 259,673, is 5,438.7328 GPD (710 GPD x 151,209 / 259,673 (Retail) + 8,630 GPD x 151,209 / 259,673 (Restaurant)). Estimated organic load for Assessor's Parcel 4458-022-022 is 23.8931 PPD ((413.4369 GPD x 313 (Retail) + 5,025.2959 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-022-023 (Assessment No. 48) and 4458-022-024 (Assessment No. 49)
  This is vacant land located east of La Paz Lane and north of Civic Center Way. Development assumptions are based on a February 26, 2008 site plan. The property is zoned Town Center Overlay.

  Total future building area for 4458-022-023 is 88,997 (43,917 square feet of retail, 10,000 square feet of restaurant, and 35,080 square feet of office). Estimated wastewater flow for 4458-022-023 is 9,891.1072 GPD (43,917 x 0.0216 GPD/BSF (Retail) + 10,000 x 0.675 GPD/BSF (Restaurant) + 35,080 x 0.0625 GPD/BSF (Office)). Estimated organic load is 38.8474 PPD ((948.6072 GPD x 313 (Retail) + 6,750.0000 GPD x 544 (Restaurant) + 2,192.5000 GPD x 313 (Office)) x 8.345 / 1,000,000).

  Total future building area for 4458-022-024 is 43,061 square feet of restaurant, (15,585 square feet of retail, and 27,476 square feet of office). Estimated wastewater flow for 4458-022-024 is 2,053.8860 GPD (15,585 x 0.0216 GPD/BSF (Retail) + 27,476 x 0.0625 GPD/BSF (Office)). Estimated organic load is 5.3647 PPD ((336.6360 GPD x 313 (Retail) + 1,717.2500 GPD x 313 (Office)) x 8.345 / 1,000,000).

- 4458-022-025 (Assessment No. 50)
  This is vacant land located on north of the 4458-022-024. The property is zoned Community Commercial. Total future building area is estimated at 23,509 using an FAR of 0.15 (156,728 parcel square feet x 0.15). The City indicates that the property has the potential for office uses. Estimated wastewater flow is 1,469.3125 GPD (23,509 x 0.0625 GPD/BSF). Estimated organic load is 3.8378 PPD ((1,469.3125 GPD x 313) x 8.345 / 1,000,000).

- 4458-022-802 (Assessment No. 51)
  This is a GTE California, Inc. facility along Cross Creek Road. The property is zoned Commercial Visitor Serving I. Actual building square footage data are not available. Therefore, building area is estimated at 5,138 using an FAR of 0.15, the maximum permitted under current City zoning regulations (34,250 parcel square feet x 0.15). The City indicates that there is the potential for redevelopment of the property for non-utility use in the future, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 782.4146 GPD (5,138 x 0.8 x 0.0216 GPD/BSF (Retail) + 5,138 x 0.2 x 0.675 GPD/BSF (Restaurant)). Estimated organic load is 3.3808 PPD ((88.7846 GPD x 313 (Retail) + 693.6300 GPD x 544 (Restaurant)) x 8.345 / 1,000,000).

- 4458-022-906 (Assessment No. 52)
  This property is located at 23519 Civic Center Way and currently houses Los Angeles County courthouse, sheriff substation, library, and Water Works District 29 facilities and an unmanned communications tower. The property is zoned Institutional. A new Santa Monica Community College District satellite campus (no restaurant or cafeteria are anticipated) and Los Angeles County Sheriff substation facility will be constructed, replacing the existing sheriff substation. Total building square footage will be 86,900. The new SMCCD campus will be 27,500 building square feet with a total of two hundred ten (210) full time equivalent students and twelve (12) faculty/staff. The new Sheriff substation will be 5,640 building square feet. The existing courthouse facility is 24,240 building square feet. The existing library is 16,229 square feet. The Water Works District 29 offices are 12,291 building square feet. In addition, there is 1,000 square feet of storage. Estimated wastewater flow is 6,154.5000 GPD (59,400 x 0.0625 GPD/BSF (Office) + 222 x 11 GPD). Estimated organic load is 16.0755 PPD ((3,712.5000 GPD x 313 (Office) + 2,442.0000 GPD x 313 (College)) x 8.345 / 1,000,000).

- 4458-027-023 (Assessment No. 53), 4458-027-024 (Assessment No. 54), and 4458-027-025 (Assessment No. 55)
  This is Our Lady of Malibu Church and School. The property is zoned Institutional. The school is located on 4458-027-023, the church is located on 4458-027-024, and the rectory is located on 4458-027-025. The church has seating for 250. The school has a student capacity of one hundred twenty-three (123) with faculty and staff of up to twenty (20).

  Estimated wastewater flow for 4458-027-023 is 1,573.0000 GPD (143 x 11 GPD). Estimated organic load for 4458-027-023 is 4.1087 PPD ((1,573.0000 GPD x 313) x 8.345 / 1,000,000).

  Estimated wastewater flow for 4458-027-024 is 750.0000 GPD (250 seats x 3 GPD/seat). Estimated organic load for 4458-027-024 is 1.9590 PPD ((750.0000 GPD x 313) x 8.345 / 1,000,000).

  Estimated wastewater flow for 4458-027-025 is 366 GPD. Estimated organic load for 4458-027-025 is 0.9560 PPD ((366.0000 GPD x 313) x 8.345 / 1,000,000).

- 4458-028-006 (Assessment No. 56) and 4458-028-020 (Assessment No. 57)
  These two properties comprise the wastewater treatment plant site. The properties are zoned Commercial Visitor Serving II. Estimated wastewater flow is 100 GPD and is based on one bathroom, laboratory sink, and a dishwasher. Estimated organic load is 0.2612 PPD (100 x 313 x 8.345 / 1,000,000). Wastewater flow and load are allocated to each parcel in proportion to land area. Estimated wastewater flow for Assessor's Parcel 4458-028-006 is 27 GPD (100 x 4458-028-006 parcel square footage of 30,930 divided by the total parcel square footage for both parcels of 113,400). Estimated wastewater flow for Assessor's Parcel 4458-028-020 is 73 GPD (100 x 4458-028-020 parcel square footage of 82,470 divided by the total parcel square footage for both parcels of 113,400). Estimated organic load for Assessor's Parcel 4458-028-006 is 0.0705 PPD ((27.0000 GPD x 313) x 8.345 / 1000000). Estimated organic load for Assessor's Parcel 4458-028-020 is 0.1907 PPD ((73.0000 GPD x 313) * 8.345 / 1,000,000).

D. Parcel Subdivisions and Consolidations

If an Assessor's Parcel is subdivided, the assessment for the subdivided parcel shall be apportioned to the new parcels in accordance with the preceding assessment methodology. The sum of the assessments for the new parcels shall equal the assessment for the subdivided parcel. If two or more Assessor's Parcels are consolidated, the assessment for the parcel resulting from such consolidation shall be equal to the sum of the assessments for the consolidated parcels.

In conclusion, it is my opinion that the assessments for the above-referenced Assessment District have been spread in accordance with the direct and special benefits that each parcel receives from the works of improvement.

Dated: _____, 2015.

David Taussig & Associates, Inc.

_____

Steve Runk
R.C.E. C23473
Assessment Engineer
City of Malibu
State of California

I, _____, as CITY CLERK of the City of Malibu, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was recorded in my office on the _____day of _____, 2016.

_____

City Clerk
City of Malibu
State of California

I, _____, as CITY CLERK of the City of Malibu, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was approved and confirmed by the City Council of said City on the day of _____, 2016.

_____

City Clerk
City of Malibu
State of California

I, _____, as DIRECTOR OF PUBLIC WORKS of the City of Malibu, CALIFORNIA do hereby certify that the foregoing Assessment, together with Diagram attached thereto, was recorded in my office on the day of _____, 2016.

_____

Director of Public Works
City of Malibu
State of California

EXHIBIT C

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

ASSESSMENT ROLL

PROPOSED CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER PHASE I WASTEWATER TREATMENT FACILITY)
ASSESSMENT ROLL

Assessment Number	Assessor's Parcel Number	Property Owner	Treatment Plant Construction Costs		Collection/Distribution System Construction Costs		Total Construction Hard Costs		Construction Soft Costs, District Formation Costs, and Bond Issuance Costs		Total Assessment as Preliminarily Approved		Total Assessment as Confirmed	
			Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total
1	4452-011-029	Mariposa Land Company Ltd	$321,091.87	1.24%	$229,092.83	1.14%	$550,184.70	1.20%	$211,537.51	1.20%	$548,408.97	1.10%	$761,722.21	1.20%
2	4452-011-033	First Oaks Oil LLC	$47,098.55	0.18%	$33,603.91	0.17%	$80,702.46	0.18%	$31,028.85	0.18%	$80,442.00	0.16%	$111,731.31	0.18%
3	4452-011-035	3806 Cross Creek Road LLC	$352,341.25	1.36%	$293,296.89	1.47%	$645,638.14	1.40%	$248,237.88	1.40%	$275,490.39	0.55%	$893,876.02	1.40%
4	4452-011-036	Mariposa Land Company Ltd	$434,471.22	1.67%	$309,986.82	1.55%	$744,458.04	1.62%	$286,232.60	1.62%	$742,055.28	1.49%	$1,030,690.64	1.62%
5	4452-011-037	Mariposa Land Company Ltd	$122,276.66	0.47%	$87,242.03	0.44%	$209,518.69	0.46%	$80,556.70	0.46%	$208,842.46	0.42%	$290,075.39	0.46%
6	4452-011-039	3900 Cross Creek LLC	$696,668.02	2.68%	$489,177.26	2.44%	$1,185,845.28	2.58%	$455,939.18	2.58%	$1,267,177.86	2.55%	$1,641,784.46	2.58%
7	4452-011-042	Jamestown Premier Malibu Village LP	$371,214.39	1.43%	$279,373.75	1.40%	$650,588.14	1.41%	$250,141.08	1.41%	$601,844.86	1.21%	$900,729.22	1.41%
8	4452-011-043	Jamestown Premier Malibu Village LP	$662,630.70	2.55%	$474,723.62	2.37%	$1,137,354.32	2.47%	$437,295.17	2.47%	$1,122,048.31	2.26%	$1,574,649.49	2.47%
9	4452-011-803	So Calif Edison Co, SB of E Par 1 Map 148-19-454A	$78,225.49	0.30%	$55,812.38	0.28%	$134,037.87	0.29%	$51,535.49	0.29%	$133,605.27	0.27%	$185,573.36	0.29%
10	4452-012-024	Mariposa Land Co Ltd	$926,244.32	3.56%	$660,857.41	3.30%	$1,587,101.73	3.45%	$610,216.08	3.45%	$1,581,979.34	3.18%	$2,197,317.81	3.45%
11	4458-001-003	23676 And 23726 Malibu Rd LLC	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
12	4458-002-018	Morton M And Leslie Gerson Trs, Gerson Family Trust	$21,763.85	0.08%	$25,687.68	0.13%	$47,451.53	0.10%	$18,244.38	0.10%	$49,627.38	0.10%	$65,695.91	0.10%
13	4458-002-019	23676 And 23726 Malibu Rd LLC	$81,344.41	0.31%	$96,010.10	0.48%	$177,354.51	0.39%	$68,190.07	0.39%	$185,486.90	0.37%	$245,544.58	0.39%
14	4458-002-900	L A County Consolidated Fire Pro Dist	$39,531.36	0.15%	$46,658.51	0.23%	$86,189.87	0.19%	$33,138.68	0.19%	$90,142.03	0.18%	$119,328.55	0.19%
15	4458-018-002	PCH Project Owner LLC	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
16	4458-018-018	PCH Project Owner LLC	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
17	4458-018-019	PCH Project Owner LLC	$384,512.65	1.48%	$453,836.92	2.27%	$838,349.57	1.82%	$322,332.46	1.82%	$876,791.22	1.76%	$1,160,682.03	1.82%
18	4458-018-027	Malibu Rd Project Owner LLC	$75,606.42	0.29%	$89,237.59	0.45%	$164,844.01	0.36%	$63,379.97	0.36%	$172,402.75	0.35%	$228,223.98	0.36%
19	4458-018-028	Malibu Rd Project Owner LLC	$75,606.42	0.29%	$89,237.59	0.45%	$164,844.01	0.36%	$63,379.97	0.36%	$172,402.75	0.35%	$228,223.98	0.36%
20	4458-018-029	Malibu Rd Project Owner LLC	$75,606.42	0.29%	$89,237.59	0.45%	$164,844.01	0.36%	$63,379.97	0.36%	$172,402.75	0.35%	$228,223.98	0.36%
21	4458-018-030	Malibu Rd Project Owner LLC	$75,606.42	0.29%	$89,237.59	0.45%	$164,844.01	0.36%	$63,379.97	0.36%	$172,402.75	0.35%	$228,223.98	0.36%
22	4458-018-031	Malibu Rd Project Owner LLC	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
23	4458-018-032	Malibu Rd Project Owner LLC	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
24	4458-018-033	Malibu Rd Project Owner LLC	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
25	4458-018-902	Malibu City	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
26	4458-018-904	Malibu City	$23,762.02	0.09%	$28,046.10	0.14%	$51,808.12	0.11%	$19,919.43	0.11%	$54,183.71	0.11%	$71,727.55	0.11%
27	4458-019-003	Reco Land Corp	$75,606.42	0.29%	$89,237.59	0.45%	$164,844.01	0.36%	$63,379.97	0.36%	$172,402.75	0.35%	$228,223.98	0.36%
28	4458-019-008	Chevron Usa Inc	$95,530.34	0.37%	$68,159.04	0.34%	$163,689.38	0.36%	$62,936.04	0.36%	$163,161.10	0.33%	$226,625.42	0.36%
29	4458-019-009	KW Partnership LP And KW Two Partnership LP	$229,479.61	0.88%	$163,729.25	0.82%	$393,208.86	0.85%	$151,182.73	0.85%	$391,939.76	0.79%	$544,391.59	0.85%
30	4458-019-010	KW Malibu Colony LLC	$6,356,304.43	24.46%	$4,396,102.55	21.97%	$10,752,406.98	23.37%	$4,134,134.41	23.37%	$12,749,737.24	25.64%	$14,886,541.39	23.37%
31	4458-020-002	Cross Creek Real Estate Group LLC And Malibu Bear LLC	$14,852.28	0.06%	$17,530.01	0.09%	$32,382.29	0.07%	$12,450.49	0.07%	$32,356.30	0.07%	$44,832.78	0.07%
32	4458-020-004	CCW Partners LLC	$85,354.25	0.33%	$100,742.87	0.50%	$186,097.12	0.40%	$71,551.46	0.40%	$194,630.41	0.39%	$257,648.58	0.40%
33	4458-020-010	Malibu Cross Creek Ltd	$739,271.93	2.84%	$574,073.57	2.87%	$1,313,345.50	2.85%	$504,961.04	2.85%	$1,398,527.08	2.81%	$1,818,306.54	2.85%
34	4458-020-014	3835 Cross Creek LLC	$1,071,729.27	4.12%	$755,309.46	3.77%	$1,827,038.73	3.97%	$702,468.16	3.97%	$1,941,899.83	3.91%	$2,529,506.89	3.97%
35	4458-020-015	Reco Land Corp	$197,046.63	0.76%	$140,588.96	0.70%	$337,635.59	0.73%	$129,815.67	0.73%	$336,545.86	0.68%	$467,451.26	0.73%
36	4458-020-900	LA County	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$146,942.57	0.30%	$0.00	0.00%

PROPOSED CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER PHASE I WASTEWATER TREATMENT FACILITY)
ASSESSMENT ROLL

Assessment Number	Assessor's Parcel Number	Property Owner	Treatment Plant Construction Costs		Collection/Distribution System Construction Costs		Total Construction Hard Costs		Construction Soft Costs, District Formation Costs, and Bond Issuance Costs		Total Assessment as Preliminarily Approved		Total Assessment as Confirmed	
			Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total	Parcel Assessment	Percent of Total
37	4458-020-901	LA County	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$91,130.40	0.18%	$0.00	0.00%
38	4458-020-902	Malibu City	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
39	4458-020-903	Malibu City	$915,194.05	3.52%	$660,732.17	3.30%	$1,575,926.22	3.43%	$605,919.28	3.43%	$1,544,087.19	3.11%	$2,181,845.50	3.43%
40	4458-021-173	Miramar Property Investment Co	$273,587.23	1.05%	$322,912.62	1.61%	$596,499.85	1.30%	$229,344.97	1.30%	$623,851.71	1.25%	$825,844.82	1.30%
41	4458-021-175	Surfrider Partners LLC	$1,200,047.17	4.62%	$856,210.44	4.28%	$2,056,257.61	4.47%	$790,599.27	4.47%	$2,049,621.01	4.12%	$2,846,856.88	4.47%
42	4458-021-901	Malibu City	$252,194.66	0.97%	$297,663.16	1.49%	$549,857.82	1.20%	$211,411.84	1.20%	$575,070.95	1.16%	$761,269.66	1.20%
43	4458-022-001	DB Malibu Holdco LLC	$708,713.81	2.73%	$497,342.44	2.49%	$1,206,056.25	2.62%	$463,709.98	2.62%	$1,833,901.20	3.69%	$1,669,766.23	2.62%
44	4458-022-011	Malibu Bay Company	$2,175,918.02	8.37%	$1,615,612.87	8.07%	$3,791,530.89	8.24%	$1,457,785.03	8.24%	$3,810,997.49	7.66%	$5,249,315.92	8.24%
45	4458-022-012	Hitoshi Yamaguchi Tr Et Al, Tosh Trust, Eiko Mori Tr, And H And E Mori Trust	$1,144,922.01	4.41%	$816,879.70	4.08%	$1,961,801.71	4.26%	$754,282.44	4.26%	$1,955,469.97	3.93%	$2,716,084.15	4.26%
46	4458-022-019	Wave Property Inc	$1,507,589.02	5.80%	$1,075,635.60	5.37%	$2,583,224.62	5.62%	$993,209.95	5.62%	$2,574,887.22	5.18%	$3,576,434.57	5.62%
47	4458-022-022	DB Malibu Holdco LLC	$988,013.60	3.80%	$693,342.06	3.46%	$1,681,355.66	3.65%	$646,455.27	3.65%	$2,556,630.46	5.14%	$2,327,810.93	3.65%
48	4458-022-023	Malibu Lapaz Ranch LLC	$1,606,391.91	6.18%	$1,260,940.91	6.30%	$2,867,332.82	6.23%	$1,102,445.16	6.23%	$2,764,253.02	5.56%	$3,969,777.98	6.23%
49	4458-022-024	Malibu Lapaz Ranch LLC	$221,838.52	0.85%	$261,834.07	1.31%	$483,672.59	1.05%	$185,964.63	1.05%	$505,881.35	1.02%	$669,637.22	1.05%
50	4458-022-025	Steven J Knapp Tr, Steven J Knapp Trust, Joan Knapp Tr, And Knapp Trust	$158,699.22	0.61%	$187,311.31	0.94%	$346,010.53	0.75%	$133,035.70	0.75%	$361,876.47	0.73%	$479,046.23	0.75%
51	4458-022-802	GTE Calif Inc, SB of E Par 3 Map 201-19-746	$139,799.17	0.54%	$99,744.00	0.50%	$239,543.17	0.52%	$92,100.65	0.52%	$238,770.06	0.48%	$331,643.82	0.52%
52	4458-022-906	LA County	$664,742.43	2.56%	$784,589.70	3.92%	$1,449,332.13	3.15%	$557,245.81	3.15%	$1,515,789.73	3.05%	$2,006,577.94	3.15%
53	4458-027-023	Archdiocese Of LA Educ And Welfare Corp Our Lady Of Malib	$169,898.43	0.65%	$200,529.63	1.00%	$370,428.06	0.81%	$142,423.87	0.81%	$387,413.65	0.78%	$512,851.93	0.81%
54	4458-027-024	Roman Catholic Archbishop Of LA	$81,006.88	0.31%	$95,611.71	0.48%	$176,618.59	0.38%	$67,907.11	0.38%	$184,717.24	0.37%	$244,525.70	0.38%
55	4458-027-025	Roman Catholic Archbishop Of LA	$39,531.36	0.15%	$46,658.51	0.23%	$86,189.87	0.19%	$33,138.68	0.19%	$90,142.03	0.18%	$119,328.55	0.19%
56	4458-028-006	Reco Land Corp	$2,916.24	0.01%	$3,442.02	0.02%	$6,358.26	0.01%	$2,444.65	0.01%	$6,649.83	0.01%	$8,802.91	0.01%
57	4458-028-020	MBC Colony Plaza LLC	$7,884.67	0.03%	$9,306.21	0.05%	$17,190.88	0.04%	$6,609.63	0.04%	$17,979.14	0.04%	$23,800.51	0.04%
		Grand Total:	**$25,989,666.00**	**100.00%**	**$20,012,129.00**	**100.00%**	**$46,001,795.00**	**100.00%**	**$17,686,979.33**	**100.00%**	**$49,725,000.00**	**100.00%**	**$63,688,774.33**	**100.00%**

EXHIBIT D

MODIFIED ENGINEER'S REPORT

ASSESSMENT DISTRICT NO. 2015-1
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE 1)
CITY OF MALIBU

ASSESSMENT DIAGRAM

SHEET 1 OF 2

ASSESSMENT DIAGRAM FOR CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY – PHASE I) CITY OF MALIBU. LOS ANGELES COUNTY, CALIFORNIA

Filed in the office of the City Clerk of the City of Malibu this ____ day of _____, 2016.

_____
City Clerk of the City of Malibu
County of Los Angeles, State of California

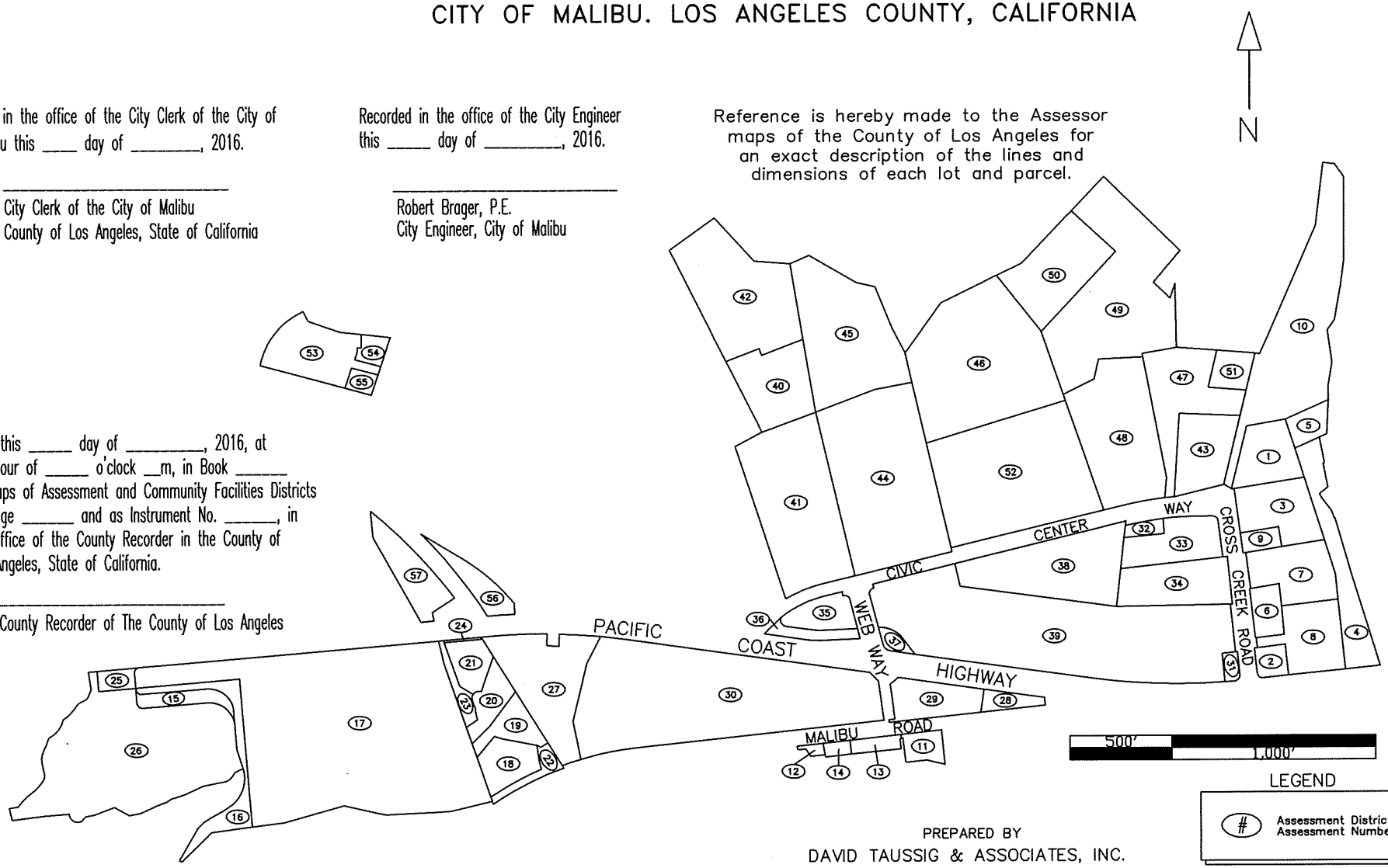
Recorded in the office of the City Engineer this _____ day of _____, 2016.

_____
Robert Brager, P.E.
City Engineer, City of Malibu

Reference is hereby made to the Assessor maps of the County of Los Angeles for an exact description of the lines and dimensions of each lot and parcel.

Filed this _____ day of _____, 2016, at the hour of _____ o'clock __m, in Book _____ of Maps of Assessment and Community Facilities Districts at page _____ and as Instrument No. _____, in the office of the County Recorder in the County of Los Angeles, State of California.

_____
County Recorder of The County of Los Angeles



PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

ASSESSMENT DIAGRAM FOR CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1 (CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE I) CITY OF MALIBU, LOS ANGELES COUNTY, CALIFORNIA

ASSESSMENT NUMBER	A.P.N.
1	4452-011-029
2	4452-011-033
3	4452-011-035
4	4452-011-036
5	4452-011-037
6	4452-011-039
7	4452-011-042
8	4452-011-043
9	4452-011-803
10	4452-012-024
11	4458-001-003
12	4458-002-018
13	4458-002-019
14	4458-002-900
15	4458-018-002
16	4458-018-018
17	4458-018-019
18	4458-018-027
19	4458-018-028
20	4458-018-029
21	4458-018-030
22	4458-018-031
23	4458-018-032
24	4458-018-033
25	4458-018-902
26	4458-018-904
27	4458-019-003
28	4458-019-008
29	4458-019-009
30	4458-019-010
31	4458-020-002
32	4458-020-004
33	4458-020-010
34	4458-020-014
35	4458-020-015
36	4458-020-900
37	4458-020-901
38	4458-020-902
39	4458-020-903
40	4458-021-173
41	4458-021-175
42	4458-021-901

ASSESSMENT NUMBER	A.P.N.
43	4458-022-001
44	4458-022-011
45	4458-022-012
46	4458-022-019
47	4458-022-022
48	4458-022-023
49	4458-022-024
50	4458-022-025
51	4458-022-802
52	4458-022-906
53	4458-027-023
54	4458-027-024
55	4458-027-025
56	4458-028-006
57	4458-028-020

Reference is hereby made to the Assessor maps of the County of Los Angeles for an exact description of the lines and dimensions of each lot and parcel.

An assessment was levied by the City Council on the lots, pieces, and parcels of land shown on this assessment diagram. The assessment was levied on the _____ day of _____, 2016. Reference is made to the assessment roll recorded in the office of the City Engineer for the exact amount of each assessment levied against each parcel of land shown on this assessment diagram.

_____

Lisa Pope
City Clerk of the City of Malibu

PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

Council Agenda Report

City Council Meeting
01-26-16
Item 6.A.

To: Mayor Sibert and the Honorable Members of the City Council

Prepared by: Jim Thorsen, City Manager

Date prepared: January 6, 2016 Meeting date: January 25, 2016

Subject: Mid-Year Commission Activity Report

RECOMMENDED ACTION: 1) Receive and file mid-year activity reports from the Cultural Arts Commission, Harry Barovsky Memorial Youth Commission, Parks and Recreation Commission, Public Safety Commission and Public Works Commission; and 2) amend Commission assignments for Fiscal Year 2015-2016, if appropriate.

FISCAL IMPACT: None.

DISCUSSION: At its Regular meeting of June 8, 2015, the City Council approved Fiscal Year 2015-2016 assignments for the City's Commissions (excluding the Planning Commission). In an effort to improve communication between the Commissions and the Council and to keep the Council informed of the Commissions' efforts on behalf of the City, the Council requested mid-year written reports from each Commission.

The Commissions met regularly during the first half of the year and focused their work plans on accomplishing the tasks listed in the assignments. Attached are summaries of the first half activities, along with the corresponding Fiscal Year 2015-2016 assignments for each Commission. The Commission Chairs have been asked to attend this meeting to answer questions from the Council or provide additional clarification of the accomplishments included in the reports.

Following review of the mid-year reports, the Council may take this opportunity to amend assignments for the remainder of the year, if appropriate.

ATTACHMENTS: Mid-Year (July through December 2015) Activity Reports and Fiscal Year 2015-2016 Commission Assignments:

1. Cultural Arts Commission
2. Harry Barovsky Memorial Youth Commission
3. Parks and Recreation Commission
4. Public Safety Commission
5. Public Works Commission

City of Malibu
MEMORANDUM

To: Mayor Rosenthal and the Honorable Members of the Malibu City Council

From: Chair Myer and Members of the Cultural Arts Commission

Date: November 24, 2015

Re: Cultural Arts Commission Mid-Year Commission Activity Report

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This report serves as a summary of the Cultural Arts Commission activities and achievements from the first half of the Fiscal Year 2015-2016 (July-December):

- Commission members continue to provide staff with feedback on content and information for the Malibu Arts and Culture website, which has been operating since December 4, 2014. City staff maintains the site and updates it regularly.

- Members of the Legacy Park Art Ad Hoc Committee have been working with City staff and hired consultants on the Legacy Park Art Enhancement Plan. The draft plan was presented to the Cultural Arts Commission on November 5, 2015 and will be sent to City Council in December for review and approval. The plan calls for the development of conceptual designs that utilize public art and natural enhancements to encourage more visitation and use of the park.

- Members of the Arts in Education Ad Hoc Committee reached out to the Getty Villa on the possibility of producing youth programs. The response has been positive and details are being worked out.

- The City Hall Art Ad Hoc Committee is working with City staff and outside engineers to finalize the design for installation of the surfboard art show, which will be unveiled at the City's 25th anniversary celebration.

- The Commission continues to work on securing sponsors and donations for the 2016 Summer Concert on the Bluffs event. Details on the event will be brought to Council in January.

City of Malibu
MEMORANDUM

To: Malibu Cultural Arts Commission

From: Jim Thorsen, City Manager

Date: June 11, 2015

Re: Cultural Arts Commission Assignments for Fiscal Year 2015-2016

At its Regular meeting of June 8, 2015, the City Council approved the following items for the Commission's annual work plan for Fiscal Year 2015-2016:

1. Provide staff with guidance and input on the Malibu Arts and Culture website
2. Facilitate implementation of regular art exhibits, utilizing the halls and foyer of the Malibu Civic Theatre and Malibu City Hall
3. Facilitate the approved fundraising mechanisms to raise funds for the arts in the community and make recommendations to City Council on how those funds should be utilized
4. Provide staff with support and guidance on the Legacy Park Public Art Enhancement Plan
5. Per the Art in Public Places Ordinance, review projects, as needed, by implementing City Public Art Policies and Procedures
6. Develop a comprehensive educational outreach program for local Malibu schools
7. Plan and produce cultural art events for the Malibu community
8. Investigate the potential to build a performance and visual arts center in Malibu
9. Facilitate the design of gateway signs and public street signs
10. Host at least one Art Summit or stakeholder meeting to encourage ongoing dialogue and involvement from the community
11. Make bimonthly oral reports to the City Council on Commission activity
12. Submit a mid-year written report to the City Council on Commission activity

City of Malibu
MEMORANDUM

To: Mayor Rosenthal and Honorable Members of the Malibu City Council

From: Chair Baer and Members of the Harry Barovsky Memorial Youth Commission

Date: January 12, 2016

Re: Youth Commission Mid-Year Commission Activity Report

As requested by the City Council for Fiscal Year 2015-2016, the following is a summary of the Harry Barovsky Memorial Youth Commission's activities and accomplishments for the period of July through December 2015:

- The Youth Commission's Film Festival Committee met early in the school year to begin preparations for the second annual Malibu Teen Film Festival. After reviewing last year's recommendations for improvement and the school calendar, the Commission decided to hold the Film Festival in the spring season. The Commission has been in contact with various schools and is planning on holding a film workshop for teens in February 2016.

- Commissioners have worked with Malibu High School clubs, as well as Santa Monica-Malibu Unified School District, to promote and gather donations for canned food drive that helped build Thanksgiving baskets for families during the holidays. The Youth Commission requested attendees of the Haunted Maze to bring a donation of canned food to the event. Over 100 items were collected and given to the Thanksgiving Baskets project.

- In October, the Teen Halloween Movie Night and Haunted Maze event was organized by members of the Youth Commission. Commissioners designed the layout of the Haunted Maze, as well as assisted with the set-up, production and clean-up. Over 125 people attended the event.

- Commissioners have begun looking into different methods of communication with high school and middle school students and community organizations to promote programs and volunteer opportunities. In the upcoming months, Commissioners will meet with community organizations, schools and their peers to review ideas to expand communication between the groups.

- Commissioners volunteered at a variety of City-wide events, including Tiny Tot Olympics, Halloween Carnival, Haunted Maze and Breakfast with Santa. Over 150 volunteer hours have been served by Commissioners since September.

City of Malibu
MEMORANDUM

To: Harry Barovsky Memorial Youth Commission

From: Jim Thorsen, City Manager

Date: June 11, 2015

Re: Harry Barovsky Memorial Youth Commission Assignments for Fiscal Year 2015-2016

At its Regular meeting of June 8, 2015, the City Council approved the following items for the Commission's annual work plan for Fiscal Year 2015-2016:

1. Research opportunities for teens to engage in a multimedia or arts program through a Youth Commission-sponsored event
2. Work with Parks and Recreation Department staff and other local organizations to provide 30 hours of volunteer service and organize an annual teen community service project
3. Coordinate and conduct the annual Battle of the Bands event, including an opportunity for the winners to perform at a City special event
4. Coordinate a teen movie night, which will benefit a non-profit organization (canned food drive, clothing drive, etc.)
5. Collaborate with Malibu community groups to organize opportunities for teen outreach programs
6. Evaluate methods of communication that focus on youth-oriented volunteer opportunities, youth programs and outreach that may include social media, websites, etc.
7. Review and evaluate the structure of the Youth Commission membership and appointment process that may include interaction between community leaders and applicants
8. Facilitate a youth workshop that incorporates a teambuilding experience
9. Make bimonthly oral reports to the City Council on Commission activity
10. Submit a mid-year written report to the City Council on Commission activity

City of Malibu
MEMORANDUM

To: Mayor Rosenthal and Honorable Members of the Malibu City Council

From: Carl Randall, Chair, Parks and Recreation Commission CPR

Date: December 15, 2015

Re: Parks and Recreation Commission Mid-year Report (July – December 2015)

This report serves as a summary of work by the Parks and Recreation Commission reflecting the Commission's response to tasks assigned by the City Council.

- Recommended the City Council adopt the City Parks and Facilities Water Conservation Plan as part of the Parks and Recreation Department Parks Maintenance Program and implement the stage 4 water conservation plan.

- Conducted a community outreach meeting for Bluffs Parkland Master Plan as an opportunity for active public involvement in addressing priorities issues and concerns associated with the project, and to solicit community comment on design priorities in order to meet the recreational needs of the community.

- Recommended the City Council approve design priorities (listed below) based on community input and the opportunities and constraints of the site. (Walking and Hiking Trails, Youth Soccer Fields, Baseball Fields, Multipurpose Fields, Adventure Facility, Picnic Shelters, Playgrounds, Preservation of Existing Vegetation, Outdoor Pool, Multi-Generational Community Center, Skatepark, Adequate Onsite Parking, Amphitheater and Dog Park).

- Nominated Joan House for the 2015 Jake Kuredjian Citizenship Award.

- Created an Ad Hoc Committee to study the feasibility of securing the Las Flores Creek parking lot (Las Flores Canyon side of park) after sunset.

- Adopted Resolution No. PRC 15-01, amending the Rules of Procedure and Decorum for the Conduct of Parks and Recreation Commission Meetings, Section 4.C., to change the starting time of the Commission's regular meetings from 6:30 p.m. to 5:30 p.m. the third Tuesday of every month.

Additionally, the Commission reviews monthly reports from Parks and Recreation Department on activities, events, projects and programs. The Commission also provides feedback to staff based on the information contained in the reports.

City of Malibu
MEMORANDUM

To: Parks and Recreation Commission

From: Jim Thorsen, City Manager

Date: June 11, 2015

Re: Parks and Recreation Commission Assignments for Fiscal Year 2015-2016

At its Regular meeting of June 8, 2015, the City Council approved the following items for the Commission's annual work plan for Fiscal Year 2015-2016:

1. Research the feasibility of a City-sponsored After-School Enrichment Program at elementary schools in Malibu
2. Facilitate implementation of action strategies as outlined in the Parks and Recreation Master Plan
3. Nominate and recommend the Jake Kuredjian Citizen Award recipient
4. Review the Parks and Recreation Department Recreation Program Plan and make recommendations as deemed appropriate
5. Facilitate community outreach in developing a master plan for the Bluffs Park Open Space Project
6. Present a report to City Council on current uses and future needs of park amenities (e.g., picnic areas, playgrounds, athletic fields, etc.)
7. Conduct community outreach meetings to gather input on recreation amenities to be included in the development of the Crummer property park site
8. Evaluate all City-sponsored special events to ensure the focus and purpose of each event is to serve the needs of Malibu residents
9. Review athletic field use limitations and scheduling conflicts in Malibu and report findings to the City Council
10. Research and recommend a location for outdoor exercise equipment and/or fitness zones in a Malibu City park
11. Attend staff-facilitated tour of each City park, including the Bluffs Park Open Space Area
12. Conduct a joint Special meeting with the Cultural Arts Commission

13. Conduct a joint Special meeting with the City Council Parks and Recreation Subcommittee

14. Research and recommend locations for adding monarch gardens to current parks, to include milkweed and California poppies

15. Review the Joint Use Agreement with the Santa Monica-Malibu Unified School District and make recommendations as deemed appropriate

16. Make bimonthly oral reports to the City Council on Commission activity

17. Submit a mid-year written report to the City Council on Commission activity

City of Malibu

MEMORANDUM

TO: Mayor Rosenthal and Honorable Members of the Malibu City Council

FROM: Chair Saul and Members of the Public Safety Commission

DATE: December 3, 2015

SUBJECT: Public Safety Commission Mid-Year Commission Activity Report

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As directed by the City Council at its Regular meeting of June 8, 2015, the Public Safety Commission submits the following summary of its activities from the first half of Fiscal Year 2015-2016 (July through December), approved at the Commission's Regular meeting on December 2, 2015:

- Conducted quarterly reviews of the City's Emergency Preparedness Program
- Conducted the annual review of public safety services (Sheriff, Fire, and Lifeguard)
- Received and discussed the 2015 Summer Beach Enforcement Operations summary report
- Received update from staff and CHP regarding the PCH Safety Corridor Grant project, including discussion of placement and programming of changeable message signs
- Made a recommendation to the City Council to draft an ordinance establishing new parking lot safety standards for parking spaces directly adjacent to outdoor dining areas in the City (Scheduled for December 14, 2015 ZORACES agenda)
- Discussed safety issues related to golf carts and low speed vehicles and continued the consideration of a recommendation to enact City regulations on these vehicles
- Recommended the City Council adopt an ordinance that would amend the Malibu Municipal Code to restrict the dates allowed for professional fireworks displays (Ordinance No. 400 adopted by the Council November 9, 2015)
- Conducted monthly reviews of projects affecting traffic on PCH and City streets, providing input to staff and suggestions for Caltrans maintenance
- Members of the Commission continue active participation with the PCH Task Force

City of Malibu
MEMORANDUM

To: Public Safety Commission

From: Jim Thorsen, City Manager

Date: June 11, 2015

Re: Public Safety Commission Assignments for Fiscal Year 2015-2016

At its Regular meeting of June 8, 2015, the City Council approved the following items for the Commission's annual work plan for Fiscal Year 2015-2016:

1. Review and make a recommendation on the preliminary design of the Civic Center Way Widening Project
2. Make recommendations for solutions to parking concerns on Grasswood Avenue
3. Make recommendations for solutions to parking concerns on Fernhill Drive
4. Make a recommendation on the establishment of new parking lot safety standards
5. Conduct quarterly reviews of the City's Emergency Preparedness Program
6. Conduct an annual review of Fire Department and Lifeguard services
7. Review the proposed Summer 2016 Beach Team deployment schedule
8. Perform post-disaster assessment of City response, as necessary
9. Make bimonthly oral reports to the City Council on Commission activity
10. Submit a mid-year written report to the City Council on Commission activity

City of Malibu

MEMORANDUM

TO: Mayor Rosenthal and Honorable Members of the Malibu City Council

FROM: Richard Scott, Public Works Commission Chair

DATE: December 3, 2015

SUBJECT: Public Works Commission Midyear Report of Commission Activities – July 2015 through December 2015

As requested by the City Council upon approval of the Public Works Commission assignments for Fiscal Year 2015-2016 at the Regular City Council meeting on June 8, 2015, the following is a summary list of Public Works Commission activities for the period of July through December 2015:

1. Monitored the status of Capital Improvement Projects included in the Adopted Budget for Fiscal Year 2015-2016

2. Reviewed the new or updated Capital Improvement Projects for Fiscal Year 2015-2016 1) Annual Street Maintenance Project, and 2) Civic Center Wastewater Treatment Facility – Phase I

3. Monitored the Pacific Coast Highway Taskforce Safety Corridor Grant Project

4. Reviewed the Los Angeles County Congestion Management Program

5. Reviewed the County's Gas Tax program and the City's funding allocation

6. Discussed the City's efforts to prepare for potential El Niño conditions and coordinate with surrounding areas

7. Discussed the limited availability of parking along Pacific Coast Highway (PCH)

8. Discussed the City's PCH Parking Study with Southern California Association of Governments and Caltrans

9. Monitored the newly implemented pilot program restricting parking at the intersection of Heathercliff Road and Dume Drive for the Point Dume Neighborhood

10. Examined the City's Landslide Maintenance Assessment Districts

City of Malibu
MEMORANDUM

To: Public Works Commission

From: Jim Thorsen, City Manager

Date: June 11, 2015

Re: Public Works Commission Assignments for Fiscal Year 2015-2016

At its Regular meeting of June 8, 2015, the City Council approved the following items for the Commission's annual work plan for Fiscal Year 2015-2016:

1. Review and make recommendations to the City Council on Capital Improvement Projects
2. Review and make recommendations to the City Council for an updated five-year Capital Improvement Projects Plan
3. Review the Clean Water Program, including current and future regulations, cost estimates for implementation of Total Maximum Daily Load requirements, and the operation and maintenance of the City's stormwater treatment facilities
4. Report on the status of Los Angeles County Waterworks, District 29 infrastructure and make recommendations toward long term solutions
5. Review parking issues citywide
6. Review and make recommendations to the City Council regarding the City's public encroachment policy
7. Review the maintenance and monitoring of the City's landslide assessment districts
8. Review and make recommendations on the Pavement Management Plan Update
9. Make recommendations on a comprehensive inventory and map identifying the location and ownership of all drainage devices within the jurisdictions of the City, County of Los Angeles and Caltrans
10. Review and make recommendations on a comprehensive plan of existing trees in the public right-of-way
11. Review and make recommendations on the feasibility and costs to install four gateway signs at the City limits and relocate and install updated street name signs for City streets
12. Examine the feasibility of water reclamation, treatment and redistribution citywide
13. Make bimonthly oral reports to the City Council on Commission activity
14. Submit a mid-year written report to the City Council on Commission activity