NEW ISSUE—FULL BOOK-ENTRY

RATING
S&P Global Ratings: "AA"
(See "RATING" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

THE CITY OF BRENTWOOD
HERITAGE • VISION • OPPORTUNITY

$32,210,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Refunding Bonds, Series 2019
(Contra Costa County, California)

Dated: Date of Delivery **Due: October 1, as shown on the inside cover**

Purpose of Financing The $32,210,000 Civic Center Project Lease Revenue Refunding Bonds, Series 2019 (the "Bonds") are being issued by the Brentwood Infrastructure Financing Authority (the "Issuer" or the "Authority") to refund the Issuer's outstanding Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds) (the "Prior Bonds") and to pay costs of issuance of the Bonds.

The Prior Bonds were issued to purchase the Local Obligations (as defined herein) issued by the City of Brentwood, California (the "City") and to finance and refinance the costs of certain public capital improvements, including the Brentwood Senior Activity Center, the Brentwood Civic Center and the Brentwood Community Center.

Special Obligations The Bonds are special, limited obligations of the Issuer, payable from and secured solely by the Trust Estate (as defined herein) which includes the Creditable Revenues (as defined herein) and Base Rental Payments (as defined herein) payable by the City under the Facilities Lease (as defined herein). No reserve fund is being established or funded for the Bonds.

Purchase of Bonds The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical bonds representing their interest in the Bonds. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2019. See APPENDIX F — "THE BOOK-ENTRY SYSTEM."

Redemption The Bonds are subject to extraordinary and optional redemption prior to their respective stated maturities, as described herein. See "THE BONDS — Redemption" herein.

Base Rental Payments The Bonds are payable from and secured solely by the Trust Estate which includes the Creditable Revenues and the Base Rental Payments payable by the City under the Facilities Lease. The Base Rental Payments under the Facilities Lease (without regard to Creditable Revenues) are calculated to be sufficient to provide the Issuer with money to pay 100% of principal of, premium, if any, and interest on the Bonds when due. Amounts paid to the Trustee (as defined herein) representing (i) the CIFP Revenues (as defined herein), (ii) debt service payments on the CFD Local Obligations (as defined herein) and (iii) payments pursuant to the Reimbursement Agreement, but in each case only to the extent such amounts are actually received and applied by the Trustee pursuant to the Trust Agreement (as defined herein) (collectively, the "Creditable Revenues") will be applied as a credit against the Base Rental Payments due under the Facilities Lease. Except to the extent such Creditable Revenues are available, all Base Rental Payments due under the Facilities Lease are payable from the general fund of the City. The City covenants to take such action as may be necessary to include all Base Rental Payments in each of its annual budgets during the term of the Facilities Lease and to make the necessary annual appropriations for all such Base Rental Payments. While the City's obligation to make Base Rental Payments from its general fund is subject to abatement in the event of damage or destruction of the Facilities or a taking of the Facilities (as defined herein) (either in whole or in part, temporarily, or permanently) as further described herein, the Creditable Revenues are not subject to abatement. **The City expects the Creditable Revenues to be sufficient to provide the Issuer with money to pay 100% of principal of and interest on the Bonds when due but no assurance can be given that the Creditable Revenues will be available at the times or in the amounts expected by the City. Therefore, prospective investors should base their investment decision on the ability of the City to pay the Base Rental Payments due under the Facilities Lease from its general fund**. **The obligation of the City to pay the Base Rental Payments is not contingent upon the receipt of the Creditable Revenues**. See "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR" and "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR" herein.

Risks of Investment For a discussion of some of the risks associated with the purchase of the Bonds, see "RISK FACTORS" herein.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE FROM AND SECURED SOLELY BY THE TRUST ESTATE IN ACCORDANCE WITH THE TERMS OF THE TRUST AGREEMENT. THE BONDS ARE NOT A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, THE CITY OR THE AGENCY (AS DEFINED HEREIN) AND UNDER NO CIRCUMSTANCES WILL THE ISSUER BE OBLIGATED TO PAY PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE STATE OF CALIFORNIA NOR ANY PUBLIC AGENCY (OTHER THAN THE ISSUER) NOR THE CITY OR AGENCY IS OBLIGATED TO PAY THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE CITY, THE AGENCY, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE BONDS NOR THE LOCAL OBLIGATIONS CONSTITUTE A DEBT OF THE ISSUER, THE CITY OR THE AGENCY (AS DEFINED HEREIN) WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION.

This cover page contains certain information for general reference only. It is not a summary of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when and if issued and accepted by the Underwriter subject to the approval, as to their validity, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. It is expected that the Bonds will be available for delivery in book-entry form on or about April 2, 2019.

RBC Capital Markets®

Dated: March 19, 2019

MATURITY SCHEDULE

$32,210,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Refunding Bonds,
Series 2019

Due (October 1)	Amount	Interest Rate	Priced to Yield	CUSIP No.†
2019	$1,190,000	4.000%	1.460%	10727YAV8
2020	1,235,000	4.000	1.470	10727YAW6
2021	1,290,000	4.000	1.480	10727YAX4
2022	1,340,000	4.000	1.510	10727YAY2
2023	1,405,000	5.000	1.560	10727YAZ9
2024	1,475,000	5.000	1.630	10727YBA3
2025	1,550,000	5.000	1.720	10727YBB1
2026	1,630,000	5.000	1.800	10727YBC9
2027	1,715,000	5.000	1.880	10727YBD7
2028	1,805,000	5.000	1.990	10727YBE5
2029	1,890,000	5.000	2.100 C	10727YBF2
2030	1,710,000	5.000	2.260 C	10727YBG0
2031	1,675,000	5.000	2.410 C	10727YBH8
2032	1,755,000	5.000	2.550 C	10727YBJ4
2033	1,715,000	5.000	2.630 C	10727YBK1
2034	1,460,000	5.000	2.670 C	10727YBL9
2035	1,535,000	5.000	2.720 C	10727YBM7
2036	1,605,000	4.000	3.150 C	10727YBN5
2037	1,670,000	4.000	3.210 C	10727YBP0
2038	1,740,000	4.000	3.260 C	10727YBQ8
2039	820,000	4.000	3.300 C	10727YBR6

C Priced to the first optional redemption date of April 1, 2029.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS data base. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the City and are provided solely for convenience of reference. None of the Authority, the City or the Underwriter assume any responsibility for the accuracy of such numbers.

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BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY

CITY OF BRENTWOOD

City Council and Authority Officers

Robert Taylor, Mayor/Chairperson of the Authority
Joel R. Bryant, Vice Mayor/Vice-Chairperson of the Authority
Johnny Rodriguez, Councilmember/Boardmember
Karen Rarey, Councilmember/Boardmember
Claudette Staton, Councilmember/Boardmember

City Staff

Gus Vina, City Manager
Damien Brower, City Attorney
Miki Tsubota, Director of Public Works/City Engineer
Casey McCann, Community Development Director
Kerry Breen, CPA, City Treasurer/Director of Finance and Information Systems
Christine Andrews, CPA, Assistant Director of Finance and Information Systems

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Special Services

Bond Counsel
Orrick, Herrington & Sutcliffe LLP

Trustee
U.S. Bank National Association
San Francisco, California

Municipal Advisor
Del Rio Advisors, LLC
Modesto, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or the City, in any press release and in any oral statement made with the approval of an authorized officer of the Authority or the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. 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, give rise to any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. 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 of the Bonds.

Involvement of Underwriter. RBC Capital Markets, LLC (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 opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof. All summaries of the Trust Agreement, the Facilities Lease (as such terms are defined herein) or other documents referred to in this Official Statement, 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.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

$32,210,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Refunding Bonds, Series 2019
(Contra Costa County, California)

INTRODUCTION

This introduction is not a summary of this Official Statement, and is qualified by the more complete and detailed information contained in the entire Official Statement and the documents described or summarized herein. The sale of Bonds to potential investors is made only by means of the entire Official Statement.

General. This Official Statement, including the cover page and the appendices hereto, is provided to furnish information regarding the issuance by the Brentwood Infrastructure Financing Authority (the "Issuer" or the "Authority") of its $32,210,000 aggregate principal amount of Civic Center Project Lease Revenue Refunding Bonds, Series 2019 (the "Bonds").

Purposes of the Bonds. The Bonds are being issued to refund the Issuer's outstanding Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds) (the "Prior Bonds") and to pay costs of issuance of the Bonds. The Prior Bonds were issued to purchase the Local Obligations (as defined herein) issued by the City of Brentwood, California (the "City") and to finance and refinance the Prior Project (as defined herein). See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING."

The Prior Bonds financed and refinanced: (i) the development and construction of the Brentwood Senior Activity Center, an approximately 8,375 sq. ft. facility that provides meeting/classroom spaces, a large kitchen, a multi-purpose space, parking, a bus turnout and other amenities; (ii) construction of the Brentwood Civic Center, including new City Council Chambers and a City Hall facility; (iii) construction of the 32,000 sq. ft., two story Brentwood Community Center, which includes space for art, multi-purpose rooms, banquet facilities, catering kitchen, activity rooms, exercise rooms, and exterior event spaces; (iv) relocating the Brentwood branch of the Contra Costa County Library to an interim location; and (v) constructing a new two story library of approximately 20,275 sq. ft. on the site of the former interim library (collectively, the "Prior Project").

Authority for Issuance. The Bonds are issued pursuant to the terms of an Amended and Restated Trust Agreement, dated as of April 1, 2019 (the "Trust Agreement") by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee") and a Resolution of the Authority adopted on February 26, 2019.

The Creditable Revenues. The Bonds are payable from and secured solely by the Trust Estate (as defined herein) which includes the Creditable Revenues (as defined herein) and Base Rental Payments (the "Base Rental Payments") required to be made by the City under a Facilities Lease, dated as of October 1, 2009, as amended by a First Amendment to Facilities Lease, dated as of April 1, 2019 (collectively, the "Facilities Lease"), each by and between the City and the Authority pursuant to which the City leases certain real property and improvements thereon (as described further herein, the "Demised Premises") from the Authority. In connection with the issuance of the Prior Bonds, the Authority (a) acquired the $15,388,543.62 City of Brentwood Community Facilities District No. 3 Special Tax Bonds, Series 2009, which are currently outstanding in the amount of $13,352,767.54; the $3,691,998.13 City of Brentwood Community Facilities District No. 4 Special Tax Bonds, Series 2009, which are currently outstanding in the amount of $3,203,577.54; and the $1,129,984.56 City of Brentwood Community Facilities District No. 5 Special Tax Bonds, Series 2009, which are currently outstanding in the amount of $980,497.04 (collectively, the "CFD Local Obligations"), (b) entered into a Reimbursement Agreement among the Authority, the City and the former Redevelopment Agency of the City of Brentwood (now known as the Successor Agency to the Brentwood Redevelopment Agency) (the "Agency"), dated as of October 1, 2009 (the "Reimbursement Agreement"), pursuant to which the Agency agreed to reimburse the City for a portion of the Base Rental Payments, and (c) pledged certain revenues received by the Authority in connection with the refunding of certain of its other bonds (as more fully described herein, the "CIFP Revenues"). Amounts received by the Trustee (as defined herein) from these three sources (collectively, the "Creditable Revenues") will be credited against the City's obligation to pay Base Rental Payments from its general fund but only to the extent such amounts are actually received and applied by the Trustee pursuant to the Trust Agreement (as defined herein). Except to the extent such Creditable Revenues are available, all Base Rental Payments due under the Facilities Lease are payable from the general fund of the City, subject only to the limitations therein concerning abatement of rent. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – Abatement" and "RISK FACTORS – Abatement." While the City's obligation to make Base Rental Payments from its general fund is subject to abatement in the event of damage or destruction of the Facilities or a taking of the Facilities (either in whole or in part, temporarily, or permanently), the Creditable Revenues are not subject to abatement. **The City expects the Creditable Revenues to be sufficient to provide the Issuer with money to pay 100% of principal of and interest on the Bonds when due but no assurance can be given that the Creditable Revenues will be available at the times or in the amounts expected by the City. Therefore, prospective investors should base their investment decision on the ability of the City to pay the Base Rental Payments due under the Facilities Lease from its general fund. The obligation of the City to pay the Base Rental Payments is not contingent upon the receipt of the Creditable Revenues**.

Security for the Bonds. The Bonds are special, limited obligations of the Issuer, payable solely from and secured by the Trust Estate (as defined herein), which includes the Creditable Revenues and Base Rental Payments paid from the general fund of the City. No reserve fund is being established or funded for the Bonds. The Bonds are not a charge against the general credit of the Issuer, the City or the Agency, and under no circumstances will the Issuer be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Trust Estate (as defined herein). Neither the State of California (the "State") nor any public agency (other than the Issuer) nor the City or Agency is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the Issuer, the City, the Agency, the State or any public agency thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. Neither the Bonds nor the Local Obligations (as defined herein) constitute a debt of the Issuer, the City or the Agency within the meaning of any statutory or constitutional debt limitation.

CIFP Revenues. The CIFP Revenues consist of amounts available to the Authority for the purpose of paying the cost of public capital improvements upon receipt by the CIFP Trustee of a written requisition of the City pursuant to each CIFP Trust Agreement. CIFP Revenues are received by the Authority as a result of certain refunding bonds issued by the Authority in connection with the financing of infrastructure secured by certain assessment district bonds issued to the Authority by the City, and are derived from special assessment installments paid by property owners in the City with respect to such assessment bonds.

The Local Obligations. The Local Obligations consist of (i) the Facilities Lease, which was originally entered into by the City pursuant to a Resolution of the City adopted on September 8, 2009 and was amended pursuant to a Resolution of the City adopted on February 26, 2019, (ii) the Reimbursement Agreement, which was entered into by the Agency pursuant to a Resolution of the Agency adopted on September 8, 2009 and (iii) the CFD Local Obligations, which were issued by the City pursuant to three separate Master Indentures, each as supplemented by a First Supplemental Indenture, dated as of October 1, 2009, and by a Second Supplemental Indenture, dated as of April 1, 2019 (each, as supplemented, a "CFD Indenture" and, collectively, the "CFD Indentures"), each by and between the City and U.S. Bank National Association, as trustee (the "CFD Trustee"), and the provisions of the Mello Roos Community Facilities Act of 1982, as amended (being Section 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

Security for or Payment of the Local Obligations.

Facilities Lease. While amounts paid to the Trustee representing Creditable Revenues pursuant to the Trust Agreement will be applied as a credit against the Base Rental Payments due under the Facilities Lease, all Base Rental Payments due under the Facilities Lease are ultimately payable from the general fund of the City. The Base Rental Payments have been calculated to be sufficient to provide the Issuer with money to pay the principal of, premium, if any, and interest on the Bonds when due, assuming there are no Creditable Revenues. The City covenants to take such action as may be necessary to include Base Rental Payments in each of its annual budgets during the term of the Facilities Lease and to make the necessary annual appropriations for all such Base Rental Payments; however the Facilities Lease is subject to abatement in the event the City is prevented from using the Demised Premises. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR."

Reimbursement Agreement. Under the Reimbursement Agreement, the Agency and the City have agreed that, subject to the payment of certain senior obligations, certain tax increment revenues from the Agency's Merged Project Area may be used and applied to repay the City for a proportionate share of all Base Rental Payments made by the City to the Authority under the Facilities Lease related to expenditures on certain portions of the Prior Project.

CFD Local Obligations. The CFD Local Obligations are payable from special tax revenues collected from property owners in the applicable community facilities district ("CFD") as a result of the levy of special taxes. Additional bonds may be issued by the City and secured on a parity with the CFD Local Obligations subject to certain requirements set forth in each CFD Indenture.

Limited Scope of Official Statement. There follows in this Official Statement descriptions of the Issuer, the Bonds, the Trust Agreement and certain other documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of its respective terms and conditions. All statements herein with respect to such documents are qualified in their entirety by reference to each such document for the complete details of its respective terms and conditions. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Terms not defined herein shall have the meanings set forth in the Trust Agreement or the Facilities Lease.

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the City since the date hereof.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

THE BONDS

Authority For Issuance

The Bonds are special, limited obligations of the Issuer payable from and secured solely by the Trust Estate, which includes payments made under the Local Obligations. The Local Obligations were purchased by the Issuer in connection with the issuance of the Prior Bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as amended from time to time (the "Marks-Roos Law"). The Bonds are being issued pursuant to the provisions of the Trust Agreement and a Resolution adopted by the Authority on February 26, 2019. The Local Obligations are security for the Bonds and will not be refunded in connection with the issuance of the Bonds.

Amount and Issuance of the Bonds

The Bonds are being issued in the aggregate principal amount set forth on the cover of this Official Statement. The Bonds will be dated their date of delivery. The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. The Bonds shall be initially registered in the name of "Cede & Co." as nominee of DTC, and shall bear interest from the date of delivery thereof.

While the Bonds are subject to the book-entry system, the principal of and interest and any prepayment premium on a Bond will be paid by the Trustee to DTC or its nominee, Cede & Co., which in turn is obligated to remit such payment to DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Ultimate purchasers of Bonds will not receive physical bonds representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See APPENDIX F – "THE BOOK-ENTRY SYSTEM" herein.

The principal of and redemption premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in the United States. The principal of and redemption premiums, if any, on the Bonds shall be payable at the Principal Corporate Trust Office of the Trustee, upon presentation and surrender of such Bonds. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and payable at the rates set forth on the inside cover page of this Official Statement on April 1 and October 1 of each year, commencing October 1, 2019 (each, an "Interest Payment Date"). Principal of the Bonds will be payable in the amounts and on the maturity dates set forth on the inside cover page of this Official Statement (subject to the right of prior redemption).

For a discussion of the accounts and funds established under the Trust Agreement and related to the Bonds, see APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." For a schedule of the estimated sources and uses of funds related to the issuance of the Bonds, see "ESTIMATED SOURCES AND USES OF FUNDS."

Redemption

Extraordinary Redemption from Prepayments of Local Obligations. The Bonds are subject to mandatory redemption in part, on any Interest Payment Date, and will be redeemed by the Trustee, from moneys transferred from the Prepayment Account to the Redemption Fund and derived from prepayments of Local Obligations from insurance or condemnation proceeds or other mandatory redemption or acceleration of Local Obligations at a redemption price equal to the principal amount thereof, without premium.

Optional Redemption. The Bonds maturing on and after October 1, 2029 are also subject to optional redemption as a whole or in part on any date at the option of the Issuer from any moneys deposited in the Redemption Fund (from any source other than that described above under the heading "Extraordinary Redemption from Prepayments of Local Obligations") for such purpose by the Issuer, on and after April 1, 2029, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption. In the case of any redemption of Bonds, the Trustee shall determine that it has in the Funds maintained pursuant to the Trust Agreement and available therefor sufficient moneys on hand to pay the principal of, the interest on, and the redemption premium, if any, to make any such redemption. Subject to receipt of a Written Order of the Issuer, if sufficient moneys are available for such redemption, the Trustee shall give notice that Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date such Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of such redeemed Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption. Such notice shall be mailed by first class mail, postage prepaid, at least 20 but not more than 60 days before the date fixed for redemption, to the Owners of such Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. Neither the failure of an Owner to receive notice of redemption of Bonds nor any error in such notice will affect the validity of the proceedings for the redemption of Bonds.

Any notice of redemption may be rescinded by the Issuer by Written Order given to the Trustee not later than five (5) days prior to the date fixed for redemption. Upon receipt of such Written Order, the Trustee shall promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

The Issuer may instruct the Trustee to make any notice of optional redemption conditional upon receipt of money or any other event. The failure of the Issuer to optionally redeem Bonds pursuant to such conditional notice of redemption will not constitute an Event of Default under the Trust Agreement.

Cash Flow Sufficiency; Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed on any one date, the Issuer is required to provide the Trustee with a Cash Flow Certificate specifying the maturity or maturities of Bonds to be redeemed and showing that the remaining payments of principal of and interest on Local Obligations, together with other Revenues available to the Trustee, will be sufficient to pay on a timely basis the principal of and the interest on the remaining Bonds when due. If less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Bonds to be redeemed by lot and in Authorized Denominations.

Payment of Redeemed Bonds. If notice of redemption has been given or waived, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If less than the full principal amount of a Bond is called for redemption, the Issuer shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Owner thereof, Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds surrendered in Authorized Denominations. If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Issuer, then interest on such Bond or such portion shall cease to accrue from such date, and from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of such Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Purchase in Lieu of Redemption. In lieu of redemption of any Bond, amounts on deposit in the Principal Fund or in the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption having taken place with respect to such amounts, upon a Written Order from the Issuer for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Issuer may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date.

PLAN OF REFUNDING

The Bonds are being issued to refund the outstanding principal amount of the Prior Bonds. The Local Obligations were purchased by the Issuer at the time they were issued or executed and delivered, as applicable, and are security for the Bonds and will not be refunded in connection with the issuance of the Bonds. Proceeds of the Bonds will also be used to pay costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

Under an escrow agreement relating to the Prior Bonds between the Authority and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), a portion of the proceeds of the Bonds and other available moneys will be deposited into an escrow fund relating to the Prior Bonds and will be held by the Escrow Agent. A portion of the amount deposited in the escrow fund will be applied to purchase certain noncallable securities, the principal of and interest on which, together with uninvested amounts on deposit in the escrow fund, will be sufficient to pay the principal and redemption price of and interest on the Prior Bonds on October 1, 2019. Upon the deposit to the escrow fund, the Prior Bonds will no longer be deemed to be outstanding except as to the rights of the owners of the Prior Bonds to receive payments from the escrow fund. The money and securities held in the escrow fund will not be available for payment of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds and certain other amounts are estimated to be disbursed as set forth below:

Sources:	
Principal Amount of Bonds	$32,210,000.00
Plus: Original Issue Premium	5,297,298.10
Plus: Other Available Amounts Relating to Prior Bonds	5,726,573.90
Total Sources	$43,233,872.00
Uses:	
Refunding of Prior Bonds	$42,663,905.17
Costs of Issuance[(1)]	569,966.83
Total Uses	$43,233,872.00

(1) Includes legal fees, printing costs, rating agency fees, Underwriter's discount, yield reduction payment, fee and expenses of the Municipal Advisor, fee for title insurance and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds (assuming no early redemptions) is set forth below.

BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Refunding Bonds,
Series 2019
Annual Debt Service

Year Ending (October 1)	Principal	Interest	Total
2019	$ 1,190,000	$ 746,628.89	$ 1,936,628.89
2020	1,235,000	1,454,000.00	2,689,000.00
2021	1,290,000	1,404,600.00	2,694,600.00
2022	1,340,000	1,353,000.00	2,693,000.00
2023	1,405,000	1,299,400.00	2,704,400.00
2024	1,475,000	1,229,150.00	2,704,150.00
2025	1,550,000	1,155,400.00	2,705,400.00
2026	1,630,000	1,077,900.00	2,707,900.00
2027	1,715,000	996,400.00	2,711,400.00
2028	1,805,000	910,650.00	2,715,650.00
2029	1,890,000	820,400.00	2,710,400.00
2030	1,710,000	725,900.00	2,435,900.00
2031	1,675,000	640,400.00	2,315,400.00
2032	1,755,000	556,650.00	2,311,650.00
2033	1,715,000	468,900.00	2,183,900.00
2034	1,460,000	383,150.00	1,843,150.00
2035	1,535,000	310,150.00	1,845,150.00
2036	1,605,000	233,400.00	1,838,400.00
2037	1,670,000	169,200.00	1,839,200.00
2038	1,740,000	102,400.00	1,842,400.00
2039	820,000	32,800.00	852,800.00
Totals	**$32,210,000**	**$16,070,478.89**	**$48,280,478.89**

SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR

Limited Obligation

The Bonds are payable solely from and secured by a lien on and pledge of the Trust Estate. The "Trust Estate" consists of (i) the Revenues (as defined herein); (ii) the proceeds of the sale of the Bonds; (iii) the amounts in the Funds established by the Trust Agreement, except amounts in the Rebate Fund; (iv) the Local Obligations; and (v) the Site Lease (as defined herein).

The Bonds are special, limited obligations of the Issuer, payable from and secured solely by the Trust Estate in accordance with the terms of the Trust Agreement. The Bonds are not a charge against the general credit of the Issuer, the City or the Agency, and under no circumstances will the Issuer be obligated to pay principal of or redemption

premium, if any, or interest on the Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Issuer) nor the City or Agency is obligated to pay the principal of or redemption premiums, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the Issuer, the City, the Agency, the State or any public agency thereof is pledged to the payment of the principal of or redemption premiums, if any, or interest on the Bonds. Neither the Bonds nor the Local Obligations constitute a debt of the Issuer, the City or the Agency within the meaning of any statutory or constitutional debt limitation.

Revenues

The Bonds are secured by a lien on and pledge of Revenues under the Trust Agreement. "Revenues" means all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Prepayments or remedial proceedings taken in the event of a default thereon, the CIFP Revenues and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

The Local Obligations consist of the Facilities Lease, the Reimbursement Agreement and the CFD Local Obligations. Base Rental Payments under the Facilities Lease (without regard to Creditable Revenues) are calculated to be sufficient to provide the Issuer with money to pay 100% of the principal of, premium, if any, and interest on the Bonds when due. The Creditable Revenues will be applied as a credit against the Base Rental Payments; however, in the event that the Creditable Revenues fall short of the amount of Base Rental Payments due in any year, the City is obligated under the Facilities Lease to pay such shortfall from the general fund of the City, subject only to abatement pursuant to the Facilities Lease. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – Abatement" and "RISK FACTORS – The Facilities Lease – Abatement." **The City expects the Creditable Revenues to be sufficient to provide the Issuer with money to pay 100% of principal of and interest on the Bonds when due but no assurance can be given that the Creditable Revenues will be available at the times or in the amounts expected by the City. Therefore, prospective investors should base their investment decision on the ability of the City to pay the Base Rental Payments due under the Facilities Lease from its general fund. The obligation of the City to pay the Base Rental Payments is not contingent upon the receipt of the Creditable Revenues**.

Under the Trust Agreement, all of the Revenues and the amounts in the Funds established by the Trust Agreement (except amounts in the Rebate Fund) are pledged by the Issuer to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Trust Agreement. Said pledge constitutes a lien on and security interest in the Revenues upon the physical delivery thereof. In the Trust Agreement, the Issuer transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Issuer in the Local Obligations, if any. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Trustee and shall forthwith be paid by the Issuer to the Trustee. The Trustee also is entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Issuer or separately, all of the rights of the Issuer and all of the obligations of the City and the Agency under and with respect to the Local Obligations.

Base Rental Payments. The City covenants to take such action as may be necessary to include all Base Rental Payments in each of its annual budgets during the term of the Facilities Lease and to make the necessary annual appropriations for all such Base Rental Payments. The City's obligation to make Base Rental Payments is subject to abatement in the event of damage or destruction of the Facilities or a taking of the Facilities (either in whole or in part, temporarily, or permanently) as further described herein. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR" herein.

The Reimbursement Agreement. Pursuant to the Reimbursement Agreement, the Agency and the City have agreed that, subject to the payment of certain senior obligations, certain tax increment revenues from the Agency's Merged Project Area may be used and applied to repay the City for a proportionate share of all Base Rental Payments made by the City to the Authority under the Facilities Lease related to expenditures on certain portions of the Prior Project.

CFD Local Obligations. The CFD Local Obligations are payable from special tax revenues collected from property owners in the applicable CFD as a result of the levy of special taxes. Additional bonds may be issued by the City and secured on a parity with the CFD Local Obligations subject to certain requirements set forth in each CFD Indenture.

CIFP Revenues. The CIFP Revenues consist of amounts available to the Authority for the purpose of paying the cost of public capital improvements upon receipt by the CIFP Trustee of a written requisition of the City pursuant to each CIFP Trust Agreement. CIFP Revenues are received by the Authority as a result of certain refunding bonds issued by the Authority in connection with the financing of infrastructure secured by certain assessment district bonds issued to the Authority by the City, and are derived from special assessment installments paid by property owners in the City with respect to such assessment bonds.

Additional Bonds

The Trust Agreement permits the issuance of bonds to be secured by the Trust Estate on a parity with the Bonds but only for the purpose of refunding Bonds outstanding under the Trust Agreement; provided that the Issuer delivers a Cash Flow Certificate to the effect that, assuming that all payments are made with respect to the Local Obligations, (i) the Revenues, together with monies on deposit in other funds and accounts held under the Trust Agreement, will be sufficient to pay all scheduled principal and interest payments on the Bonds when due; and (ii) the redemption premium, if any, on the Local Obligations payable in the event of early retirement of the Local Obligations, together with other Revenues available to the Trustee for such purpose, are sufficient to offset any difference between the interest to accrue on the Bonds to be paid or redeemed with the proceeds of prepayment of such Local Obligations (plus any redemption premium payable upon redemption of such Bonds) and the income to be earned on any investment of such proceeds (assured as of the date of payment thereof), in each case until the date of payment or redemption of Bonds, such that in no event will the prepayment of the Local Obligations cause the Trustee to have insufficient funds to pay (A) debt service on the Bonds when due and (B) scheduled debt service on the Bonds which remain Outstanding after such redemption, plus in each case expenses to be payable from the Expense Fund.

No Reserve Fund

No reserve fund is being established or funded for the Bonds.

SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR

Neither the Bonds nor the obligation of the City to pay Base Rental Payments constitute an obligation of the City for which the City is obligated to levy or pledge, or for which the City has levied or pledged, any form of taxation. Neither the Bonds nor the obligation of the City to pay Base Rental Payments constitute a debt of the City, the State or any of its political subdivisions within the meaning of any constitutional debt limitation or violates any statutory debt limitation or constitute a pledge of the faith and credit of the City, the State or any of its political subdivisions. Capitalized terms used but not defined in this section have the meanings given in the Site Lease and the Facilities Lease. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Demised Premises

Pursuant to a Site Lease, dated as of October 1, 2009, as amended by a First Amendment to Site Lease, dated as of April 1, 2019 (collectively, the "Site Lease"), each between the City and the Authority, the City has leased to the Authority certain real property owned by the City consisting of approximately 4.965 acres of land generally bounded by 2nd St, 3rd St., Maple St. and Oak St. (the "Demised Premises"). Pursuant to the Facilities Lease, the City has leased the Demised Premises and the improvements thereon back from the Authority. The Demised Premises are the site of the Brentwood City Hall and Brentwood Community Center financed with a portion of the proceeds of the Prior Bonds. The City estimates that the Demised Premises, including improvements, currently have a value of approximately $50,000,000, based on insured value.

Base Rental Payments

For the right to the use and occupancy of the Demised Premises and the buildings, structures, improvements and appurtenances on the Demised Premises (the "Facilities"), the Facilities Lease requires the City to make Base Rental Payments. Base Rental Payments are due and payable on the fifteenth day of March and September in each year during the Term of the Facilities Lease. Base Rental Payments shall be for the use and occupancy of the Facilities and the Demised Premises for the year in which such payments occur, provided that the Base Rental Payments paid on any date shall only be for that portion of the applicable period that the City has use and occupancy of all or a portion of the Facilities and Demised Premises. The City and the Authority have agreed and determined that such total rental represents no more than the fair rental value of the Demised Premises and the Facilities for each such period. In making such determination, consideration has been given to costs of acquisition and financing of the

Facilities, other obligations of the parties under the Facilities Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public. The Base Rental Payments payable by the City are subject to reduction in each year from the Creditable Revenues received by the Trustee in such year. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Revenues" herein.

The Authority has assigned all of its rights under the Facilities Lease (excepting only its right to receive reasonable attorneys' fees and expenses incurred in the event of a default), including the right to receive Base Rental Payments and any prepayments, to the Trustee for the benefit of the Owners of the Bonds. On the fifteenth calendar day of the month preceding each Interest Payment Date during the term of the Facilities Lease, the City must pay to the Trustee a Base Rental Payment (to the extent required under the Facilities Lease) which is at least equal to the amount necessary to pay the principal, if any, and interest due with respect to the Bonds on the next succeeding Interest Payment Date. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority.

The Trust Agreement requires that Base Rental Payments and all other Revenues be deposited in the Revenue Fund maintained by the Trustee. Pursuant to the Trust Agreement, prior to each Interest Payment Date and Principal Payment Date, the Trustee will apply such amounts in the Revenue Fund as are necessary to make principal and interest payments with respect to Bonds as the same shall become due and payable. Payment of the Base Rental Payments is subject to abatement to the extent the City is denied the use and occupancy of the Facilities and Demised Premises. See "– Abatement" below.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The City has also agreed in the Facilities Lease to pay "Additional Payments" as are required by the Issuer for the payment of all amounts, costs and expenses incurred by the Issuer in connection with the execution, performance or enforcement of the Facilities Lease, including salaries and wages of employees, all expenses, compensation and indemnification payable by the Issuer to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Issuer. Such Additional Payments are not pledged to payment of the Bonds.

Covenant to Appropriate Funds for Base Rental Payments

Under the Facilities Lease, the City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Facilities Lease as a separate line item in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City is required to deliver to the Issuer copies of the portion of each annual City budget relating to the payment of Base Rental

Payments and Additional Payments under the Facilities Lease within thirty (30) days after the filing or adoption thereof. These covenants on the part of the City are deemed to be and will be construed to be duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed by the City.

Abatement

Except to the extent covered by Creditable Revenues, the Base Rental Payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the Facilities and Demised Premises during each such period. Except as otherwise provided in the Facilities Lease, Base Rental Payments and Additional Payments will be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Demised Premises and the Facilities, by the City, in the proportion in which the cost of that portion of the Demised Premises and the Facilities rendered unusable bears to the cost of the whole of the Demised Premises and the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease will continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Facilities Lease by virtue of any such damage or destruction or interference. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement (except the Rebate Fund) including Creditable Revenues, Base Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Facilities Lease."

Action on Default

Should the City default under the Facilities Lease, the Trustee, as assignee of the Authority under the Facilities Lease, may terminate the Facilities Lease and recover certain damages from the City, or may retain the Facilities Lease and hold the City liable for all Base Rental Payments thereunder on an annual basis. Base Rental Payments may not be accelerated upon a default under the Facilities Lease. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Facilities Lease and the Trust Agreement, see APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Facilities Lease" and "– Amended and Restated Trust Agreement."

Insurance

Liability Insurance. The Facilities Lease requires the City to maintain or cause to be maintained, throughout the term of the Facilities Lease a standard comprehensive general liability insurance policy or policies in protection of the City, the Issuer and their members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Demised Premises and the Facilities, with minimum liability limits of one million dollars ($1,000,000) for personal injury or death of each person and three million dollars ($3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of two hundred thousand dollars ($200,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of three million dollars ($3,000,000) covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City. As an alternative, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Issuer, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City.

Casualty Insurance. The Facilities Lease also requires the City to maintain throughout the term of the Facilities Lease insurance against loss or damage to any structures constituting any part of the Demised Premises and the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Demised Premises and the Facilities (except that such insurance may be subject to deductible clauses not to exceed $25,000), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable a portion of all Bonds then Outstanding equal to the amount of such Bonds to be paid from Base Rental Payments to be redeemed. The City may participate in a joint powers agency providing insurance or other pooled insurance program provided by statute to provide separately funded and maintained insurance. As an alternative to providing the insurance required above, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Issuer, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City.

No Earthquake Insurance. The City is not required to insure against loss or damage due to earthquake. See "RISK FACTORS – Natural Calamities and Climate Change."

Rental Interruption Insurance. The City is required to procure and maintain, or cause to be procured and maintained, throughout the term of the Facilities Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Demised Premises and the Facilities as the result of any of certain hazards covered by the City's casualty insurance, in an amount sufficient to pay the maximum annual Base Rental Payments under the Facilities Lease (without regard to Creditable Revenues) for any two year period except that such insurance may be subject to a deductible clause of not to exceed fifty thousand dollars ($50,000). Any proceeds of such insurance shall be used by the Trustee to reimburse to the City any rental theretofore paid by the City under this Facilities Lease attributable to such structure for a period of time during which the payment of rental under this Facilities Lease is abated, and any proceeds of such insurance not so used shall be applied to make Base Rental Payments or Additional Payments as provided in the Facilities Lease.

Title Insurance. The Facilities Lease also requires the City to deliver and maintain a policy of title insurance insuring the City's leasehold interest in the Demised Premises, in an amount not less than the sum of the principal components of all Base Rental Payments payable under the Facilities Lease, and issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance shall be delivered to the Trustee as a prepayment of rent to be applied by the Trustee to the redemption of Bonds pursuant to the Trust Agreement.

Substitution of the Demised Premises

The City has the option at any time and from time to time during the term of the Facilities Lease, to substitute other real property for the Demised Premises or any portion thereof, provided that the City comply with certain conditions precedent specified in the Facilities Lease, including that the useful life of the Demised Premises and the Facilities will not decrease as a result of the substitution, that the annual fair rental value after the substitution will be at least as great as the maximum annual Base Rental Payment and that the City obtain a policy of title insurance. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Facilities Lease." The City is not entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of such substitution.

RISK FACTORS

The ability of the Authority to pay principal of and interest on the Bonds depends primarily upon the receipt by the Authority of sufficient Revenues from the Local Obligations. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of presentation does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.

Limitations on Remedies

Remedies available to Bondholders may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of Bondowner rights.

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and with respect to the Local Obligations may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors rights. 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 Bonds, the Trust Agreement, the Site Lease, the Facilities Lease and other related documents by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Additionally, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City and the Agency, may become subject to laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. The exercise of powers by the federal or State government, if initiated, and the assertion by the City or the Agency of its or their rights as a debtor, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Bankruptcy

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as the Authority, the City and the Agency, there are no involuntary petitions in bankruptcy. If the City or the Agency were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Facilities Lease or the Local Obligations and the Trust Agreement, and from taking any steps to collect amounts due from the City or the Agency under the Local Obligations. If the Authority were to file a petition in bankruptcy, the Owners of the Bonds could also be prohibited from taking action to enforce their rights against the Authority.

There could be other adverse effects on the Owners if the Authority, the City or the Agency were to file a petition under Chapter 9 of the Bankruptcy Code, including, but not limited to, (i) the repudiation or modification of the terms of the Trust Agreement, Site Lease, Facilities Lease, the Local Obligations or other transaction documents, (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of the bankruptcy petition, (iii) assignment of contractual rights and obligations to parties less desirable that the Authority, the City or the Agency, (iv) the sale of the Facilities, (v) limits on the amount of the claims of the Owners, (vi) adverse effects on the tax-exempt status of the Bonds, (vii) the existence of obligations that may have a priority of payment superior to that of the Owners, (viii) the possibility of the adoption of a plan for the adjustment of debts (which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners) without the consent of the Trustee or all of the Owners and (ix) adverse effects on the liquidity or value of the Bonds.

There may be delays in payments on the Bonds while a bankruptcy court considers any of these issues or other issues raised in the bankruptcy proceeding. The Owners could experience losses on their investment in the Bonds in connection with any bankruptcy filing by the Authority, the City or the Agency.

No Liability of the Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments or the Local Obligations, or with respect to the observance or performance of the City or the Agency of other agreements, conditions, covenants and terms required to be observed or performed by it under the respective Local Obligations or under the Trust Agreement, or with respect to the performance by the Trustee of any duty required to be performed by it under the Trust Agreement.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the Authority or the City to comply with certain provisions of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or special redemption provisions of the Trust Agreement.

The Facilities Lease

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

Although the Facilities Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated, subject to abatement, under the Facilities Lease to pay the Base Rental Payments from any source of legally available funds and the City has covenanted in the Facilities Lease that it will take such action as may be necessary to include all Base Rental Payments due under the Facilities Lease in its annual budgets and to make necessary annual appropriations for all such Base Rental Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Facilities Lease.

Abatement. Except to the extent Creditable Revenues are available, in the event of substantial interference with the City's right to use and occupy any portion of the Facilities by reason of damage to, or destruction or condemnation of the Facilities, or any defects in title to the Facilities, Base Rental Payments will be subject to abatement. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – Abatement." In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full.

Limited Recourse on Default. If the City defaults on its obligations to make rental payments with respect to the Facilities, the Authority may retain the Facilities Lease and hold the City liable for all rental payments on an annual basis and will have the right to re-enter and re-let the Facilities. In the event such re-letting occurs, the City would be liable for any resulting deficiency in rental payments.

Due to the governmental function of the Facilities, the Site Lease and the Facilities Lease, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Facilities. In any case, due to the specialized nature of the Facilities, no assurance can be given that the Trustee would be able to re-let the Facilities so as to provide rental income sufficient to make principal and interest payments with respect to the Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Facilities for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such reletting will not adversely affect the exclusion of any interest component of Base Rental Payments from federal or state income taxation.

No Acceleration. If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facilities Lease. The City will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments.

Seismic and Natural Disaster Considerations. The area in and surrounding the City, like many State communities, may be subject to unpredictable seismic activity or other natural disasters, such as floods or wildfires. If there were to be an occurrence of a severe natural disaster in the City, there could be substantial damage to and interference with the City's right to use and occupy all or a portion of the Facilities, which could result in Base Rental Payments being subject to abatement. See "Abatement" above. The City is not required to maintain earthquake insurance.

No Reserve Fund

No reserve fund is being established or funded for the Bonds.

Property Taxes

Property taxes are a significant source of revenues for the City. Property tax revenues may be affected by a variety of factors including, but not limited to, reductions in the property tax rate, the implementation of constitutional or legislative property tax decreases, decreases, or reductions of the rate of increase, of the assessed value of taxable property in the City (whether due to economic recession, property owner appeals or other factors) and delinquencies in the payment of property taxes. A reduction in the City's property tax revenues could adversely affect the ability of the City to pay Base Rental Payments. See also "CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS."

Sales Taxes

Sales taxes are a significant source of revenues for the City. Sales tax revenues are based on the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors including, but not limited to, economic recession, changes to state laws applicable to the City's receipt of sales tax revenues (by legislative action or voter initiative) and exemptions of certain transactions, goods or products from taxation. A reduction in the City's sales tax revenues due to these or other factors could adversely affect the ability of the City to pay Base Rental Payments. See also "CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS."

Natural Calamities and Climate Change

From time to time, the City could be subject to natural calamities, including, but not limited to, floods, seismic events, wildfires, droughts and other severe weather events. The change in the earth's atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the severity or frequency of these events. The City cannot predict the timing, extent or severity of climate change or natural calamities. However, any of these events could adversely affect property values or economic activity in the City, damage or interfere with the City's use and occupancy of the Facilities or otherwise negatively impact the City's finances and, therefore, could adversely affect the ability of the City to pay Base Rental Payments.

Cybersecurity

The City could be subject to cyber threats, including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computers and other sensitive digital networks and systems. No assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs and/or impacts on operations resulting therefrom could be material.

Effect of the State Budget on the City

In past years, the State experienced significant financial stress, with budget shortfalls in the billions of dollars. State revenues declined significantly as a result of economic conditions and other factors. While the State is not a significant source of City revenues, and the City does not anticipate that the State's financial condition will materially adversely affect the financial condition of the City, there can be no assurances that State financial pressures will not adversely affect the City.

Information about the State budget is available through various State-maintained websites. Historical State budgets can be found at http://www.dof.ca.gov/budget/historical_ebudgets, while the current budget can be found at http://www.ebudget.ca.gov. Additionally, budget analyses are regularly posted on the website of the Legislative Analyst's Office at www.lao.ca.gov.

The information referred to above is prepared by the State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the internet addresses or the accuracy, completeness, or timeliness of information posted there. Information on these websites is not incorporated by reference into this Official Statement.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Property Tax Rate Limitations - Article XIIIA

On June 6, 1978, the State voters added Article XIIIA to the State Constitution which limits the amount of any ad valorem taxes on real property to one percent (1%) of its full cash value, except that additional ad valorem property taxes may be levied to pay debt service on indebtedness approved prior to July 1, 1978 and (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978, by two-thirds of the voters voting on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment period." This cash value may be increased at a rate not to exceed two percent (2%) per year to account for inflation. The United States Supreme Court has upheld the validity of Article XIIIA in a case decided in June 1992.

Article XIIIA as originally implemented has been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in various other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any ad valorem property tax. The 1% property tax is automatically levied annually by the county and distributed according to a formula among using agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1978. Any special tax to pay voter-approved indebtedness is levied in addition to the basic 1% property tax.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4.00 per $100 of assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the basic tax rate is expressed as $1 per $100 of taxable value.

Appropriation Limitation - Article XIIIB

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIIIB. On June 5, 1990, the voters approved Proposition 111, which amended Article XIIIB in certain respects. Under Article XIIIB, as amended, state and local government entities have an annual "appropriations limit" which limits the ability to spend certain moneys which are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes" and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two-thirds of the voters.

In general terms, the "appropriations limit" is to be based on the adjusted fiscal year 1986-87 appropriations limit, which is traced back through an annual adjustment process to the 1978-79 fiscal year. Annual adjustments reflect changes in State per capita personal income (or, at the City's option, changes in assessed value caused by local nonresidential new construction), population and services provided by these entities. Among other provisions of Article XIIIB, if the revenues of such entities in any fiscal year and the following fiscal year exceed the amounts permitted to be spent in such years, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Property Tax Collection Procedures

In the State, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state-assessed public utilities' property and property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition property on the secured roll with respect to which taxes are due is delinquent on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

Historically, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A ten percent (10%) penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization (the "SBE"). Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of distributing property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues derived from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if countywide revenues generated from unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the one percent tax rate to countywide unitary taxable value; further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

Proposition 218 and Proposition 26

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act". Proposition 218 added Articles XIIIC and XIIID to the State Constitution and contained a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

Proposition 218 (Article XIIIC) requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's general fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues through general fund taxes, and no assurance can be given that the City will be able to raise such taxes in the future to meet increased expenditure requirements.

On November 2, 2010, California voters approved Proposition 26. Proposition 26 declares that it is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Article XIIIC to define "taxes" that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by local government,” with certain exceptions. Proposition 26 also amended Article XIIIC to provide that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax.

Proposition 218 (Article XIIIC) also expressly extends the initiative power to matters of local taxes, assessments, fees and charges. This means that the voters of the City could, by future initiative, reduce or repeal existing local taxes, assessments, fees and charges. The initiative power granted under Proposition 218, by its terms, applies to all local fees and charges and is not necessarily limited to those that are property-related fees and charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges.

In addition, Proposition 218 (Article XIIID) added several provisions affecting property related fees and charges. All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 218 and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting City revenues or the City’s ability to expend revenues.

Property Assessment Appeals

An assessee of locally-assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the SBE, respectively. The assessee of SBE-assessed property or locally-assessed personal property, the valuation of which are subject to annual reappraisal, actually contests the determination of the full cash value of property when filing an assessment appeal. Because of the limitations to the determination of the full cash value of locally-assessed real property by Article XIIIA, an assessee of locally assessed real property generally contests the original determination of the base assessment value of the parcel, i.e. the value assigned after a change of ownership or completion of new construction. In addition, the assessee of locally-assessed real property may contest the current assessment value (the base assessment value plus the compounded annual inflation factor) when specified conditions have caused the full cash value to drop below the current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sale transaction or the recently completed improvement. A base assessment appeal has significant future revenue impact because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor allowable under Article XIIIA, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Pursuant to Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value, if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value pursuant to Section 51(b), commonly referred to as Proposition 8 appeals, can be achieved either by formal appeal or administratively by assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions which caused the drop in value. In fiscal years subsequent to a successful Proposition 8 appeal, the assessor may determine that the value of the property has increased as a result of corrective actions or improved market conditions and enroll a value on the tax roll up to the parcel's compounded base assessment value.

The taxable value of utility property may be contested by utility companies and railroads to the SBE. Generally, the impact of utility appeals is on the State-wide value of a utility determined by SBE. As a result, the successful appeal of a utility may not impact the taxable value of the Merged Project Area but could impact a project area's allocation of unitary property taxes.

CITY OF BRENTWOOD

The County of Contra Costa and City of Brentwood

Contra Costa County was incorporated in 1850 as one of the original 27 counties of the State, with the City of Martinez as the County Seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County covers about 733 square miles and extends from the northeastern shore of the of San Francisco Bay easterly about 20 miles to San Joaquin County. The County is bordered on the south and west by Alameda County and on the north by Suisun and San Pablo Bays. The western and northern shorelines are highly industrialized while the interior sections are suburban/residential, commercial and light industrial. A large part of the interior of the County is served by the Bay Area Rapid Transit District ("BART") which has contributed to the expansion of residential and commercial development. In addition, economic development along the Interstate 680 corridor in the County has been substantial in the cities of

Concord, Walnut Creek, and San Ramon. The County had a population of approximately 1,149,363 as of January 1, 2018, according to the State Department of Finance.

The City is located adjacent and southeast of the City of Antioch, 25 miles northeast of Walnut Creek, 45 miles northeast of San Francisco, and 65 miles southwest of Sacramento. The City of Tracy is located approximately 22 miles to the southeast and Livermore is located roughly 20 miles to the south. The City is situated in the eastern portion of the County, roughly five miles west of the San Joaquin County line. It is situated between the Mount Diablo foothills to the west, Antioch and Oakley to the north, Discovery Bay to the east and Byron to the south.

The City was incorporated in 1948 and up until the 1980's the City had retained its agricultural orientation. In recent years, new residential subdivisions have transformed the City into a more suburban environment. Land uses in and around the City are characterized by older farming and retail districts (the older retail districts are primarily located in downtown of the City) and residential neighborhoods in the peripheral areas of the City. The City had a population of approximately 63,042 as of January 1, 2018, according to the State Department of Finance.

The City experienced a period of growth from the mid 1990's to the mid 2000's. During this time period, the population of the City more than tripled. Development activity slowed dramatically in 2007 as the impacts from the recession began to be felt. Conditions worsened over the course of the next several years with the City's assessed valuation falling by one third. However, beginning in Fiscal Year 2012-13 development activity began to pick up and the housing market improved. In Fiscal Years 2016-17 and 2017-18, 541 and 411 new single family permits were issued, respectively. Assessed valuation growth has also continued to post strong gains, with an average annual growth rate of just under 10% for the past three years. In Fiscal Year 2017-18, the City's assessed valuation surpassed the previous peak reached in Fiscal Year 2006-07 and continued to increase in Fiscal Year 2018-19. The City's sales tax revenues remained stable throughout the recession and, over the past several years, have continued to post annual increases. The Fiscal Year 2016-17 and Fiscal Year 2017-18 increases were 11.9% and 7.3%, respectively.

For additional economic and demographic information regarding the City, see "APPENDIX C – ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BRENTWOOD."

Management

The members of the City Council and the expiration of their current terms of office are summarized below.

Council Members	Expiration of Term (November)
Robert Taylor, Mayor	2020
Joel R. Bryant, Vice Mayor	2022
Johnny Rodriguez, Council Member	2022
Karen Rarey, Council Member	2020
Claudette Staton, Council Member	2020

Employee Relations

Approximately 95% of all City employees are represented by six labor organizations under various labor agreements. These labor organizations consist of the following: the Brentwood Police Officers' Association, the Brentwood Police Lieutenants' Group, the Brentwood Managers and Confidential Employees' Association, the Brentwood Supervisors and Professionals Employees' Association, the Brentwood Employees' Association/Public Works Division and the Brentwood Employees' Association/Miscellaneous Office Division. The Brentwood Employees' Association/Miscellaneous Office Division represents the largest number of City employees, representing approximately 31% of all City employees. The current labor agreements with all six labor organizations expire June 30, 2020. Salaries and benefits for all represented employees are defined until the current labor agreements expire. City management is unaware of any major work stoppages in the City's history.

The City provides defined-benefit pension and healthcare plans for City employees. See "CITY OF BRENTWOOD FINANCES – Pension Plans" and "– Other Post-Employment Benefits."

CITY OF BRENTWOOD FINANCES

The following selected financial information provides a brief overview of the City's finances. This financial information has been extracted from the City's audited financial statements and, in some cases, from unaudited information provided by the City's Department of Finance. The most recent audited financial statements of the City are included as APPENDIX B – "CITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Accounting Policies and Financial Reporting

The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. The three broad fund categories include governmental, proprietary and fiduciary funds. The operations of the different funds are accounted for with separate sets of self-balancing accounts with assets, liabilities, fund balance or equity, and revenues and expenses. The basis of accounting for all funds is more fully explained in the Notes to the Basic Financial Statements contained in APPENDIX B.

The City has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the past sixteen fiscal years.

Budgetary Process

The City operates on a two-year budget cycle with the budget process beginning in October and culminating in final City Council approval the following June. The City's Budget and Fiscal Policy requires the City to maintain a balanced general fund budget over the two-year budgetary period. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the applicable governmental funds. The City Council periodically reviews the budget and adopts supplemental appropriations (amendments) at the fund level when required. The level of budgetary control is at the fund level and expenditures may not exceed budgeted appropriations at the fund level without City Council approval.

General Fund Financial Summary

The following general fund balance sheet and statement of revenues, expenditures and changes in fund balances information has been derived from the City's audited financial statements for fiscal years 2013-14 through 2017-18.

A copy of the City's audited financial statements for the twelve months ended June 30, 2018 is attached as APPENDIX B hereto.

CITY OF BRENTWOOD
General Fund Balance Sheet
For Fiscal Years 2013-14 through 2017-18

	2013-14	2014-15	2015-16	2016-17	2017-18
Assets					
Current Assets:					
Cash and Investments	$20,556,372	$23,258,898	$25,785,089	$27,847,238	$33,632,681
Receivables	1,467,026	1,147,364	1,955,507	1,112,326	1,370,414
Prepaids	63,693	108,998	68,054	83,944	87,527
Total Assets	$22,087,091	$24,515,260	$27,808,650	$29,043,508	$35,090,622
Liabilities					
Liabilities:					
Accounts Payable and Accrued Liabilities	$1,494,384	$2,184,762	$1,814,775	$1,836,253	$2,081,632
Unearned Revenue	154,570	160,061	194,169	197,580	294,978
Deposits Held	2,622,040	2,842,290	2,976,956	3,339,688	3,829,357
Total Liabilities	$4,270,994	$5,187,113	$4,985,900	$5,373,521	$6,205,967
Deferred Inflows of Resources					
Unavailable Revenue:					
Accounts Receivable	$676,604	$420,681	$275,840	$264,084	$315,197
Total Deferred Inflows of Resources	$676,604	$420,681	$275,840	$264,084	$315,197
Fund Balances					
Nonspendable	$63,693	$108,998	$68,054	$83,944	$87,527
Restricted	92,426	92,426	92,426	94,464	95,620
Committed	--	1,250,000	9,266,345	7,553,950	11,986,875
Assigned	5,083,574	5,137,130	--	--	--
Unassigned	11,899,800	12,318,912	13,120,085	15,673,545	16,399,436
Total Fund Balances	$17,139,493	$18,907,466	$22,546,910	$23,405,903	$28,569,458
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$22,087,091	$24,515,260	$27,808,650	$29,043,508	$35,090,622

Source: City of Brentwood, Finance Department.

CITY OF BRENTWOOD
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For Fiscal Years 2013-14 through 2018-19

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 (Budgeted)
Revenues:						
Taxes	$15,499,584	$17,709,971	$19,488,958	$21,496,490	$23,443,182	$24,129,681
Licenses	618,161	633,722	661,064	702,443	710,091	766,333
Permits and Fines	5,920,923	6,264,281	6,806,441	6,686,821	6,062,836	4,825,930
Uses of Money and Property	466,987	427,072	789,168	234,704	350,909	864,829
Intergovernmental	2,859,541	3,568,544	3,794,652	4,683,506	4,419,653	4,633,610
Franchises	1,321,089	1,400,350	1,473,443	1,487,179	1,499,715	1,532,091
Charges for Other Services	381,111	306,603	287,150	561,815	573,488	431,058
Charges to Other Funds	6,577,548	6,705,041	6,811,651	7,538,724	7,333,321	7,372,996
Fees and Other Revenues	1,643,099	2,065,406	2,144,717	1,787,913	2,157,493	2,229,049
Total Revenues	**$35,288,043**	**$39,080,990**	**$42,257,244**	**$45,179,595**	**$46,550,688**	**$46,785,577**
Expenditures:						
Current:						
General Government	$5,411,219	$5,616,074	$5,967,866	$6,633,141	$6,416,507	$9,173,858
Public Safety	16,808,923	18,088,964	19,245,916	21,417,144	22,120,911	25,930,476
Community Development	4,038,207	4,049,004	4,071,224	4,368,437	4,700,806	6,387,524
Engineering	2,620,029	2,741,148	2,865,976	3,227,631	3,315,619	3,647,215
Public Works	2,687,875	2,814,945	2,999,793	3,213,775	3,548,386	4,147,626
Parks and Recreation	4,987,381	5,022,452	5,091,656	5,576,169	6,260,262	7,022,917
Community Services	565,327	587,726	619,740	536,357	634,038	913,575
Debt Service:						
Principal	--	--	357,796	1,215,818	1,294,412	1,376,499
Total Expenditures	**$37,118,961**	**$38,920,313**	**$41,219,967**	**$46,188,472**	**$48,290,941**	**$58,599,690**
REVENUES OVER (UNDER) EXPENDITURES	**$(1,830,918)**	**$160,677**	**$1,037,277**	**$(1,008,877)**	**$(1,740,253)**	**$(11,814,113)**
OTHER FINANCING SOURCES (USES)						
Transfers In	$6,853,029	$6,616,104	$9,471,813	$9,520,696	$10,339,770	$12,489,854
Transfers Out	(5,917,303)	(5,008,808)	(6,869,646)	(7,652,826)	(3,435,962)	(1,883,119)
Total Other Financing Sources (Uses)	**$935,726**	**$1,607,296**	**$2,602,167**	**$1,867,870**	**$6,903,808**	**$10,606,735**
NET CHANGE IN FUND BALANCES	**$(895,192)**	**$1,767,973**	**$3,639,444**	**$858,993**	**$5,163,555**	**$ (1,207,378)**
Fund Balance, Beginning of Year	**18,034,685**	**17,139,493**	**18,907,466**	**22,546,910**	**23,405,903**	**28,569,458**
Fund Balance, End of Year	**$17,139,493**	**$18,907,466**	**$22,546,910**	**$23,405,903**	**$28,569,458**	**$27,362,080**

Source: City of Brentwood, Finance Department.

Tax Receipts

Taxes received by the City include Property Taxes, Sales Taxes, Transient Occupancy Tax, and Real Property Transfer Tax. None of the general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS - Proposition 218."

The following table presents tax revenues received by the City, by source, for the indicated fiscal years:

CITY OF BRENTWOOD
Tax Revenues by Source
For Fiscal Years 2014-15 through 2018-19

Fiscal Year Ended June 30:	2014-15	2015-16	2016-17	2017-18	2018-19 (Budgeted)
Source:					
Property Taxes (General Fund only)[1]	$9,950,059	$11,105,913	$12,238,838	$13,113,576	$13,951,740
Sales Taxes[2]	6,836,918	7,319,216	8,188,046	8,785,927	8,301,515
Transient Occupancy Tax	349,683	377,043	396,763	555,535	598,560
Real Property Transfer Tax	452,426	506,626	547,975	641,279	566,800
Total	$17,589,086	$19,308,798	$21,371,622	$23,096,317	$23,418,615

[1] Excludes the non-recurring residual share of payments received by the City under the Agency's payment plan.
[2] Excludes amounts received by the City pursuant to Proposition 172 and restricted for public safety purposes.
Source: City of Brentwood, Finance Department.

Sales Taxes

During fiscal year 2018-19, the City expects sales taxes to generate approximately 35% of the City's 2018-19 tax revenues. A sales tax is imposed on retail sales or consumption of personal property. The tax rate is established by the State Legislature. As of January 1, 2019, the statewide tax rate is 7.25%, of which the City's direct rate is 1%. An additional 1% is collected in Contra Costa County for transportation purposes. The State collects and administers the tax, and makes distributions of taxes collected within the City. The State's administrative costs are deducted before distribution.

The following table presents taxable transactions that generated sales tax revenues for the City for the indicated calendar years.

CITY OF BRENTWOOD
Taxable Sales
For Calendar Years 2014 through 2018[1]
($'s in thousands)

Year	Total
2014	$690,247
2015	753,583
2016	795,549
2017	875,712
2018[1]	639,252

[1] Data for calendar year 2018 through September 30, 2018 only.
Source: California State Board of Equalization and HdL Coren & Cone for years 2014-2017; California Department of Tax and Fee Administration and HdL Coren & Cone for 2018.

Property Taxes

Assessed Valuation. The valuation of property in the City is established by the Contra Costa County Assessor (the "County Assessor"), except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the State Constitution. See "CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS" above. The following table presents the assessed valuation of taxable property in the City for the indicated fiscal years.

CITY OF BRENTWOOD
Assessed Valuation
For Fiscal Years 2014-15 through 2018-19
($'s in thousands)

Fiscal Year	Total
2014-15	$7,051,011
2015-16	7,918,068
2016-17	8,560,049
2017-18	9,285,790
2018-19	9,969,478

Source: Contra Costa County Assessor.

Ad Valorem Property Taxes. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which have a viable tax lien, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." See "CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS."

County Tax Loss Reserve Fund ("Teeter Plan"). The Board of Supervisors of the County adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Property taxes and certain assessment installments are collected by the County and distributed pursuant to the Teeter Plan. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected.

Property Tax Levies. The table below presents the property tax levies and collections in the City and property tax collections accruing to the City's general fund for the indicated fiscal years. Because the City participates in the County's Teeter Plan, total collections equals total levies.

CITY OF BRENTWOOD
Property Tax Levies
For Fiscal Years 2013-14 through 2017-18

Fiscal Year	Total Levies	Total Collections	Collections Accruing to the General Fund[1]
2013-14	$10,540,496	$10,540,496	$ 8,262,111
2014-15	12,454,027	12,454,027	9,950,059
2015-16	13,602,591	13,602,591	11,105,913
2016-17	14,968,042	14,968,042	12,238,838
2017-18	15,929,680	15,929,680	13,113,576

[1] Excludes the non-recurring residual share of payments received by the City under the Agency's payment plan.
Source: Contra Costa County Auditor/Controller and City of Brentwood, Finance Department.

Principal Taxpayers. The ten largest payers of property tax in the City for fiscal year 2017-18 are as follows:

CITY OF BRENTWOOD
Largest Local Secured Taxpayers
Fiscal Year 2017-18

Property Owner[(1)]	**Taxable Assessed Value**	**% of Assessed Valuation**
G and I VII Brentwood LP	$ 86,263,039	0.94%
Sand Creek Crossing LLC	55,292,000	0.60
DS Lone Tree Plaza LLC	46,005,629	0.50
John Muir Mt Diablo Health	39,918,909	0.43
Trilogy Vineyards LLC	27,591,754	0.30
Shea Homes LP	27,215,707	0.30
CA Towncentre Owner LLC	26,939,676	0.29
Pulte Home Company	24,471,360	0.27
AFE Brentwood Park LLC	24,125,055	0.26
Brentwood Arbor Ridge LP	23,600,052	0.26
Total	**$381,423,181**	**4.15**

Source: HdL Coren & Cone and Contra Costa County Assessor.

Long-Term Obligations

For information on the long-term obligations of the City, see Note 6 to the City's audited financial statements attached as APPENDIX B hereto.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. This Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and make no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The second column in the table shows the percentage of each overlapping entity's assessed value located within the boundaries of the City. The third column shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the City. The total amount of debt for each overlapping entity is not given in the table.

CITY OF BRENTWOOD
Statement of Direct and Overlapping Debt As of February 1, 2019

2018-19 Assessed Valuation: $ 9,969,477,903

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/19
Bay Area Rapid Transit District	1.327%	$10,744,188
Contra Costa Community College District	4.879	19,372,801
Liberty Union High School District	53.040	50,271,312
Brentwood Union School District	93.785	48,477,189
Oakley Union School District	0.002	792
City of Brentwood	**100.**	**2,466,070** (1)
City of Brentwood Community Facilities Districts	100.	17,536,843
City of Brentwood 1915 Act Bonds	100.	117,832,542
California Statewide Communities Development Authority Assessment Districts	100.	16,223,313
East Bay Regional Park District	2.101	3,772,451
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$286,697,501
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	4.862%	$14,186,212
Contra Costa County Pension Obligation Bonds	4.862	7,578,886
Contra Costa Community College District Certificates of Participation	4.879	16,101
Liberty Union High School District Certificates of Participation	53.040	338,334
Brentwood Union School District Certificates of Participation	93.785	290,173
City of Brentwood General Fund Obligations	**100.**	**14,985,000**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$37,394,706
Less: Contra Costa County obligations supported from revenue funds		5,561,857
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$31,832,849
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	97.237%	$23,534,680
GROSS COMBINED TOTAL DEBT		$347,626,887 (2)
NET COMBINED TOTAL DEBT		$342,065,030

(1) Excludes accreted interest.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($2,466,070)..0.02%
Total Direct and Overlapping Tax and Assessment Debt 2.88%
Total Direct Debt ($17,451,070) 0.18%
Gross Combined Total Debt 3.49%
Net Combined Total Debt..3.43%

Ratios to Redevelopment Successor Agency Incremental Valuation ($865,802,871):
Total Overlapping Tax Increment Debt 2.72%

Source: California Municipal Statistics, Inc.

Pension Plans

The City provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to its employees, retirees and other beneficiaries through two defined-benefit plans (the "Miscellaneous Plan" and the "Safety Plan" and together, the "Plans") administered by the California Public Employees Retirement System ("CalPERS"), which acts as a common investment and administrative agent for its participating member employers. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost-Sharing Employer Plan.

The Miscellaneous Plan consists of three different benefit tiers and the Safety Plan consists of three different benefit tiers within a CalPERS safety risk pool. Benefit provisions under the Plans are established by State statute and City Resolution. Benefits are based on years of credited service, equal to one year of full-time employment. Plan members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. For a summary of the provisions and benefits of the Plans in effect at June 30, 2018, see Note 9 to the City's audited financial statements attached as APPENDIX B hereto.

While the City has some ability to adjust the retirement benefits provided to its employees, CalPERS determines the actuarial methods and assumptions used with respect to assets administered by CalPERS (including the assets of the Plans) and makes the investment decisions with respect to such assets. For a description of such actuarial methods and assumptions (including the smoothing conventions used by CalPERS when setting employer contribution rates) and investments, see the comprehensive annual financial report of CalPERS available on its website at www.calpers.ca.gov. The most recent CalPERS actuarial reports for the Plans are also available on the CalPERS website. The City cannot guaranty the accuracy of such information and none of the information on the CalPERS website is incorporated by reference in or part of this Official Statement. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The following tables present the historical funded status of the Plans for the indicated valuation dates as shown in the applicable CalPERS actuarial report for the June 30, 2017 actuarial valuation:

City of Brentwood Miscellaneous Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2015	$106,396,550	$80,945,597	$25,450,000	76.1%	$17,132,392
2016	117,269,105	83,048,091	34,221,014	70.8	17,890,851
2017	125,605,805	93,795,877	31,809,928	74.7	19,562,206

City of Brentwood Safety Plan – Tier 1

Valuation Date (June 30)	Accrued Liability	Share of Pool's Market Value of Assets	Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
2015	$56,711,937	$45,312,307	$11,399,630	79.9%	$4,963,189
2016	60,750,184	45,222,220	15,527,964	74.4	5,166,768
2017	66,469,792	50,715,225	15,754,567	76.3	4,861,414

City of Brentwood Safety Plan – Tier 2

Valuation Date (June 30)	Accrued Liability	Share of Pool's Market Value of Assets	Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
2015	$293,773	$296,142	$(2,369)	100.8%	$966,158
2016	603,068	556,759	46,309	92.3	1,123,574
2017	1,752,518	1,717,441	35,077	98.0	1,106,844

City of Brentwood Safety Plan – Tier 3

Valuation Date (June 30)	Accrued Liability	Share of Pool's Market Value of Assets	Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
2015	$204,540	$193,238	$11,302	94.5%	$1,131,477
2016	442,549	396,328	46,221	89.6	1,246,760
2017	780,019	730,337	49,682	93.6	1,629,425

Each year the City is required to contribute the employer normal cost (based on a percentage of the City's covered payroll) and a fixed unfunded liability payment to CalPERS to fund the Plans based on actuarial valuations performed by CalPERS. The following table presents the actuarially determined percentages and amounts for each of the indicated fiscal years as shown in the applicable CalPERS actuarial report for the June 30, 2017 actuarial valuation:

City of Brentwood Required Employer Contributions

	Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20	
	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability	Employer Normal Cost Rate	Employer Payment of Unfunded Liability
Miscellaneous Plan	11.483%	$1,439,351	11.218%	$1,809,012	11.466%	$1,312,986
Safety Plan – Tier 1	21.815	638,939	22.741	834,194	23.885	1,049,145
Safety Plan – Tier 2	16.842	579	17.614	1,722	18.928	3,361
Safety Plan – Tier 3	11.990	990	12.141	2,141	13.034	4,215

For the fiscal year 2017-18, the City's employer paid contributions to the Miscellaneous Plan and the Safety Plan were $3,754,868 and $2,126,779, respectively. The City also reported payables to the Miscellaneous Plan and the Safety Plan of $332,826 and $178,268 for the outstanding amount of the City's employer paid contributions to the Plans for the fiscal year 2017-18. As a result of the implementation of changes to the CalPERS actuarial methods and assumptions, including the reduction of the discount rate from 7.50% to 7.00% and the reduction of the period over which actuarial gains and losses are amortized from 30 years to 20 years, and other factors, the amount the City is required to contribute to CalPERS to fund the Plans is expected to increase in the future. The actual amount of such increases will depend on a variety of factors, including but not limited to investment returns, actuarial methods and assumptions, experience and retirement benefit adjustments.

On July 2, 2018, the City made voluntary payments to CalPERS in the amounts of \$9,511,348 and \$3,098,238 to be applied to the unfunded accrued liability of the Miscellaneous Plan and the Safety Plan, respectively. These voluntary payments are anticipated to reduce the impacts of expected future increases in pension contribution rates and required annual payments towards the unfunded accrued liabilities of the Plans.

For more information on the Plans and the City's liability with respect to the Plans, see Note 9 and the Required Supplementary Information to the City's audited financial statements attached as Appendix B to this Official Statement.

Other Post-Employment Benefits

The City also provides certain other post-retirement health care benefits. The City's Retiree Healthcare Plan (the "OPEB Plan") is a single-employer defined benefit healthcare plan administered by the City. Benefit provisions are established and may be amended through agreements and memoranda of understanding between the City and its employees. For a summary of the provisions and benefits of the OPEB Plan in effect at June 30, 2018, see Note 11 to the City's audited financial statements attached as APPENDIX B hereto.

The City's Healthcare Plan is funded through the California Employer's Retiree Benefit Trust (the "CERBT"), an agent multiple-employer plan administered by CalPERS. The funding of a plan occurs when the following events take place: the employer makes payments of benefits directly to or on behalf of a retiree or beneficiary; the employer makes premium payments to an insurer; or the employer irrevocably transfers assets to a trust or other third party acting in the role of trustee, where the plan assets are dedicated to the sole purpose of the payments of the plan benefits, and creditors of the government do not have access to those assets.

For the fiscal years 2016-17 and 2017-18, the City made contributions to the OPEB Plan of \$3,941,000 and \$4,055,000, respectively, including contributions to the CERBT and cash benefit payments. The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. Based on the June 30, 2017 measurement date, the City's total OPEB liability was \$47,404,000, the fiduciary net position of the OPEB Plan was \$9,179,000 and the City's net OPEB liability was \$38,225,000. For more information on the OPEB Plan, including the actuarial methods and assumptions used to determine the total OPEB liability as of June 30, 2017, see Note 11 to the City's audited financial statements attached as APPENDIX B hereto.

THE AUTHORITY

The Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, and pursuant to a Joint Exercise of Powers Agreement dated March 14, 1995, by and among the City and the former Redevelopment Agency of the City of Brentwood, and is qualified to assist in financing projects and certain public improvements and to issue the Bonds under the Marks-Roos Law. The Authority has no taxing power. The Authority and the City are each separate and distinct legal entities, and the debts and obligations of one such entity are not debts or obligations of the other entity. The members of the City Council serve as the governing board of the Authority.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than March 31 of each year commencing with the report due March 31, 2020 (the "Annual Report") and to provide notices of the occurrence of certain listed events. The Annual Report will be filed by the dissemination agent on behalf of the City with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA"). The notices of listed events will be filed by the dissemination agent on behalf of the City with the MSRB through EMMA. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report and the notices of listed events is summarized in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP. Certain legal matters will be passed upon for the Issuer and the City by the City Attorney. The fees of Bond Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the City and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the City or the Beneficial Owners to incur significant expense.

MUNICIPAL ADVISOR

The Authority has retained Del Rio Advisors, LLC of Modesto, California, as municipal advisor (the "Municipal Advisor") in connection with the offering of the Bonds. All financial and other information presented in this Official Statement has been provided by the Authority and others from their records. Unless otherwise footnoted, the Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the Authority with the structure, timing and terms for the sale of the Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

NO LITIGATION

There is no action, suit, or proceeding known by the Issuer or the City to be pending or threatened at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the Trust Agreement, the Site Lease, the Local Obligations or any proceedings of the Issuer, the Agency or the City taken with respect to the execution or delivery thereof.

RATING

S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" to the Bonds. Such rating reflects only the view of such organizations and any desired explanation of the significance of such rating should be obtained only from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of such rating agency, circumstances so warrant. The Authority and the Underwriter have undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of the rating might have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

RBC Capital Markets, LLC, the Underwriter of the Bonds, has agreed to purchase the Bonds from the Issuer at a purchase price of $37,297,933.10, being the aggregate principal amount of the Bonds, less an underwriter's discount of $209,365.00 and plus an original issue premium of $5,297,298.10. The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such contract of purchase.

The public offering prices of the Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer.

AUDITED FINANCIAL STATEMENTS

The City's financial statements for the fiscal year ended June 30, 2018, included in APPENDIX B — "CITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018," have been audited by Maze & Associates, Pleasant Hill, California, as stated in the report appearing in APPENDIX B. Maze & Associates has not undertaken to update its audit or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement, and no opinion is expressed by Maze & Associates with respect to any event subsequent to the report appearing in APPENDIX B.

MISCELLANEOUS

All quotations from, and summaries and explanations of the Trust Agreement, the Site Lease, the Facilities Lease, statutes and other documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Issuer. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Issuer, the City or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the Issuer, the City or the Bonds.

All information contained in this Official Statement pertaining to the Issuer and the City has been furnished by the Issuer and the City and the execution and delivery of this Official Statement has been duly authorized by the Issuer and the City.

BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY

By /s/ Kerry Breen
Treasurer/Controller

CITY OF BRENTWOOD

By /s/ Kerry Breen
City Treasurer/Director of Finance
& Information Systems

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APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the principal legal documents which are not described elsewhere in this Official Statement. This summary does not purport to be a definitive or comprehensive summary of all of the provisions of such documents. This summary is qualified in its entirety by reference to the full text of such documents. Copies of such documents are available from the City of Brentwood.

AMENDED AND RESTATED TRUST AGREEMENT

Definitions

"Act" shall mean Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time.

"Additional Bonds" shall mean any Bonds issued to refund Bonds Outstanding that are delivered under the Trust Agreement in accordance with the provisions of the Trust Agreement described herein under the heading "AMENDED AND RESTATED TRUST AGREEMENT – Additional Bonds."

"Agency" shall mean the Successor Agency of the Redevelopment Agency of the City of Brentwood and its successors.

"Authorized Denominations" shall mean five thousand dollars ($5,000) and any integral multiple thereof, but not exceeding the principal amount of Bonds maturing on any one date.

"Authorized Officer" shall mean the Chairman, Vice-Chairman, Treasurer/Controller or any other Person authorized by the Issuer in a Written Order to perform an act or sign a document on behalf of the Issuer for purposes of the Trust Agreement.

"Base Rental Payments" shall mean all amounts payable by the City to the Issuer as base rental payments pursuant to the Facilities Lease.

"Bond" or "Bonds" shall mean the Series 2019 Bonds and any Additional Bonds authorized and issued by the Issuer and authenticated by the Trustee and delivered under the Trust Agreement.

"Bond Counsel" shall mean Orrick, Herrington & Sutcliffe LLP or another attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

"Bond Register" shall mean the registration books specified as such in the Trust Agreement.

"Bond Year" shall mean any one-year period ending on October 1, except the first Bond Year shall commence on the date of issuance of the Bonds and end on October 1, 2019.

"Business Day" shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in New York, New York or the city in which the Principal Corporate Trust Office of the Trustee is located are closed.

"Cash Flow Certificate" shall mean a written certificate executed by a Cash Flow Consultant.

“Cash Flow Consultant” shall mean RBC Capital Markets, LLC, or such other independent investment bank or financial advisor selected by the Issuer to serve as such.

“CFD Local Obligations” shall mean, collectively:

(i) the City of Brentwood Community Facilities District No. 3 Special Tax Bonds, Series 2009;

(ii) the City of Brentwood Community Facilities District No. 4 Special Tax Bonds, Series 2009; and

(iii) the City of Brentwood Community Facilities District No. 5 Special Tax Bonds, Series 2009.

“Chairman” shall mean the Chairman of the Issuer.

“CIFP Revenues” shall mean the amounts available for the purpose of paying the cost of public capital improvements (as defined in the Act) upon receipt by the CIFP Trustee of a written requisition of the City pursuant to each CIFP Trust Agreement, which amounts are pledged to the payment of the Bonds pursuant to the Trust Agreement.

“CIFP Trust Agreements” shall mean, collectively, those certain trust agreements listed below:

(i) the Amended and Restated Trust Agreement, dated as of January 1, 2004, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2004A and the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds Subordinated Series 2004B;

(ii) the Amended and Restated Trust Agreement, dated as of November 1, 2004, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2004C;

(iii) the Amended and Restated Trust Agreement, dated as of June 1, 2005, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2005A and the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds Subordinated Series 2005B; and

(iv) the Amended and Restated Trust Agreement, dated as of January 1, 2007, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2006A and the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Subordinated Series 2006B.

“CIFP Trustee” shall mean U.S. Bank National Association, a national banking association, duly organized and existing under the laws of the United States of America, in its capacity as trustee, and any successor as trustee under the CIFP Trust Agreements.

“City” shall mean the City of Brentwood, California, and its successors.

“City Hall Project” shall have the meaning given in the Facilities Lease.

“Code” shall mean the Internal Revenue Code of 1986 and the regulations thereunder.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement between the City and U.S. Bank National Association, as dissemination agent, dated the Dated Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Creditable Revenues" shall mean, collectively, (i) the CIFP Revenues, (ii) debt service payments on the CFD Local Obligations and (iii) amounts paid by the Agency pursuant to the Reimbursement Agreement, but in each case only to the extent such amounts are actually received and applied by the Trustee; provided that no portion of the amounts paid pursuant to clause (iii) shall be used to pay for the portion of the Base Rental Payments allocable to the City Hall Project.

"Dated Date" shall mean the date of issuance of the Series 2019 Bonds.

"Debt Service Account" shall mean the account within the Revenue Fund by that name established and maintained pursuant to the Trust Agreement.

"Event of Default" shall mean any event of default specified as such in the Trust Agreement and described herein under the heading "AMENDED AND RESTATED TRUST AGREEMENT – Defaults and Remedies – Events of Default."

"Expense Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Expenses" shall mean all costs of issuing the Bonds and all administrative costs of the Issuer that are charged directly or apportioned to the administration of the Local Obligations and the Bonds, such as salaries and wages of employees, audits, overhead and taxes (if any), legal and financial consultant fees and expenses, amounts necessary to pay to the United States of America or otherwise to satisfy requirements of the Code in order to maintain the tax-exempt status of the Bonds, and compensation, reimbursement and indemnification of the Trustee, together with all other reasonable and necessary costs of the Issuer or charges required to be paid by it to comply with the terms of the Trust Agreement or of the Bonds or in connection with the Local Obligations.

"Facilities" shall have the meaning given in the Facilities Lease.

"Facilities Lease" shall mean the Local Obligation described in clause (i) of the definition thereof, as set forth in the Trust Agreement.

"Fiscal Year" shall mean the fiscal year of the Issuer, which at the date of the Trust Agreement is the period commencing on July 1 in each calendar year and ending on June 30 in the following calendar year.

"Funds" shall mean, collectively, the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Expense Fund, the Surplus Fund, the Local Obligation Fund and the Rebate Fund, including all accounts therein.

"Government Obligations" shall mean and include any of the following obligations of the United States of America or any agency or instrumentality thereof, when such obligations are guaranteed as to principal and interest by, or are backed by the full faith and credit of, the United States of America: (1) United States Treasury Obligations - State and Local Government Series, United States Treasury bills, notes and bonds, and certificates, receipts or other obligations evidencing direct ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any United States Treasury bill, note or bond; (2) Certificates of beneficial ownership of the Farmers Home Administration; (3) Participation certificates of the General Services Administration; (4) Guaranteed Title XI financing of the U.S. Maritime Administration; (5) Guaranteed participation certificates or guaranteed pool certificates of the Small Business Administration; (6) GNMA - guaranteed mortgage-backed securities or GNMA - guaranteed participation certificates of the Government National Mortgage Association; (7) Local authority bonds of the U.S. Department of Housing and Urban Development; (8) Guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; (9) Guaranteed REMIC Pass-through certificates of the Veterans Administration. "Governmental Obligations" shall also include the following non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States: (10) Debt obligations of the Federal Home Loan Mortgage Corp.; (11) Consolidated systemwide bonds and notes of the Farm Credit System (formerly known as Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives); (12) Consolidated debt obligations of the Federal Home Loan Banks; (13) Debt obligations of the Fannie Mae; (14) Debt obligations of the Student Loan Marketing Association; (15) Debt obligations of the Resolution Funding Corp. (REFCORP); and (16) Guaranteed Notes (maturing at least 4 business days before the appropriate payment date) of the U.S. Agency for International Development. "Governmental Obligations" shall also include stripped securities where the principal-only and interest-only strips of noncallable obligations are issued by the United States Treasury, and REFCORP securities stripped by the Bank of New York, but specifically excluding custodial receipts (i.e. CAT's, TIGERS, etc.). Other securities or investments not specifically described above (including without limitation unit investment trusts and mutual funds) shall not be considered "Governmental Obligations" under the Trust Agreement.

"Interest Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Interest Payment Date" shall mean April 1 and October 1 in each year, commencing, with respect to the Bonds, on October 1, 2019.

"Investment Securities" shall mean and includes any of the following securities:

(i) Government Obligations, or any other direct obligations of, or any obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and obligations of the Government National Mortgage Association).

(ii) Bonds, debentures or notes or other evidence of indebtedness payable in cash issued by the United States Treasury which represents the full faith and credit of the United States of America, any Federal agency or United States Government sponsored enterprise.

Any mortgage pass through security issue and guaranteed by a Federal agency or United States Government sponsored enterprise shall have a maturity of no more than five years and must be rated in a rating category of "AA", its equivalent or higher from a nationally recognized statistical rating organization (see, "NRSRO").

(iii) Certificates of deposit issued by commercial banks, state banking corporations, savings and loan associations and mutual savings banks and properly secured at all times by collateral security described in (i) or (ii) above.

(iv) The following investments fully insured by the Federal Deposit Insurance Corporation ("FDIC"): (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, or (d) depository receipts of banks, state banking corporations, savings and loan associations and mutual savings banks.

(v) Repurchase Agreements: Repurchase Agreements used solely as short-term investments not to exceed 90 days.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Issuer's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by the Issuer for the term of the investment.

For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis, but no less frequently than quarterly. Market value must also be calculated each time there is a substitution of collateral. Any deficiency in the market valuation of the underlying securities must be made up no later than the business day following the valuation.

The Issuer shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Issuer may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of $1 billion and in the highest short-term rating category as provided by a NRSRO.

The Issuer will have specific written agreements with each firm with which it enters into Repurchase Agreements.

(vi) Reverse Repurchase Agreements: Reverse repurchase agreements will not be allowed without the prior approval of the Issuer's Governing Board. If a reverse repurchase agreement is approved, the following guidelines will be applied: The Issuer may invest in reverse repurchase agreements only with "primary dealers" with which the Issuer has entered into a master repurchase agreement contract. The Issuer may invest in reverse repurchase agreements with the following conditions: The Issuer may only use reverse repurchase agreements to (1) cover a temporary cash shortage, or (2) augment earnings. Reverse repurchase agreements may not be used to leverage the Issuer's investment portfolio under the Trust Agreement.

(vii) Money market funds (including funds of the Trustee and its affiliates) comprised of investments rated in the highest category by at least two NRSROs, or have an investment advisor registered with the SEC with not less than five years' experience managing money market mutual fund with assets under management in excess of $500,000,000.

(viii) Bankers' Acceptances: Bankers' Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, provided that these securities are rated in the highest short-term rating category by a NRSRO. Bankers' Acceptances may not exceed 180 days maturity. Purchases of securities described in this subdivision may not exceed 40 percent of the Issuer's investment portfolio under the Trust Agreement.

(ix) Commercial Paper: Commercial paper of "prime" quality of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars ($500,000,000). (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A", its equivalent or

higher (without regard to any gradations within such categories by numerical qualifier or otherwise) by a NRSRO.

(2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements, including, but not limited to, over collateralization, letters of credit or a surety bond. (C) Has commercial paper that is rated in a rating category of “A-1” or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The Issuer shall be subject to the following concentration limits:

(1) No more than 25 percent of the Issuer’s money invested under the Trust Agreement may be invested in eligible commercial paper.

(2) No more than 10 percent of the outstanding commercial paper of any single issuer may be purchased by the Issuer with money invested under the Trust Agreement.

(ix) Medium-Term Notes: Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term notes shall be rated in a rating category of “A”, its equivalent or higher (without regard to any gradations within such categories by numerical qualifier or otherwise) by a NRSRO. Purchases of medium-term corporate notes may not exceed 30 percent of the Issuer’s investment portfolio under the Trust Agreement.

(x) Time Deposits: FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with the California Government Code section 53652. Purchase of time deposits shall not exceed 25% of the Issuer’s investment portfolio under the Trust Agreement.

(xi) Negotiable Certificates of Deposit: Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal association as defined in Section 5102 of the Financial Code or by a state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated in a rating category of “A”, its equivalent or higher (without regard to any gradations within such categories by numerical qualifier or otherwise) by a NRSRO. Purchases of negotiable certificates of deposit may not exceed 30 percent of the Issuer’s investment portfolio under the Trust Agreement.

(xii) Supranationals: United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less and eligible for purchase and sale within the United States. Supranationals shall be rated in the rating category of “AA”, its equivalent or higher (without regard to any gradations within such categories by numerical qualifier or otherwise) by a NRSRO. Purchases of supranationals may not exceed 30% of the Issuer’s investment portfolio under the Trust Agreement.

(xiii) Asset-Backed Securities: Mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds, with a maximum remaining maturity of five years or less. Asset-backed securities shall be rated in a rating category of “AA”, its equivalent or higher (without regard to any gradations within such categories by numerical qualifier or otherwise) by a NRSRO. Additionally, securities must be issued by an issuer whose debt is rated in a rating category of "A", its equivalent or higher (without regard to any gradations within such categories by numerical qualifier or otherwise) by a NRSRO. Purchases of asset-backed securities may not exceed 20% of the Issuer's investment portfolio under the Trust Agreement.

(xiv) Tax-exempt obligations rated "A", its equivalent or higher by any NRSRO, including money market funds comprised solely of such obligations.

(xv) Local Agency Investment Fund (established under Section 16429.1 of the California Government Code), provided that such investment is held in the name and to the credit of the Trustee, and provided further that the Trustee may restrict such investment if required to keep monies available for the purposes of the Trust Agreement.

(xvi) Shares in a State of California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

(xvii) Money market deposit accounts, time deposits, and certificates of deposits issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1" or better by S&P and "P-1" by Moody's.

"Issuer" shall mean the Brentwood Infrastructure Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State, and its successors.

"Local Obligations" shall mean (in each case as such agreement or instrument may be amended from time to time):

(i) Facilities Lease, dated as of October 1, 2009, between the Issuer and the City, relating to certain City property described therein, as amended by the First Amendment to Facilities Lease, dated as of April 1, 2019;

(ii) Reimbursement Agreement, dated as of October 1, 2009, among the Agency, the City and the Issuer; and

(iii) the CFD Local Obligations.

"Moody's" shall mean Moody's Investors Service, its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Issuer.

"NRSRO" shall mean a nationally recognized statistical rating organization, which generally means either S&P or Moody's.

"Opinion of Bond Counsel" shall mean a legal opinion signed by Bond Counsel.

"Outstanding" shall mean, with respect to the Bonds and as of any date, the aggregate of Bonds authorized, issued, authenticated and delivered under the Trust Agreement, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to the Trust Agreement;

(b) Bonds paid or deemed to have been paid as provided in the Trust Agreement; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Trust Agreement.

"Owner" shall mean, as of any date, the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register as of such date.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Prepayment" shall mean any payment of principal received with respect to a Local Obligation earlier than the time scheduled for payment.

"Prepayment Account" shall mean the account by that name within the Revenue Fund established and maintained pursuant to the Trust Agreement.

"Principal Corporate Trust Office" shall mean the office of the Trustee in San Francisco, California, except that with respect to presentation of Bonds for payment, transfer or exchange, such term shall mean the office of the Trustee in St. Paul, Minnesota, or such other offices as it shall designate from time to time.

"Principal Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Principal Installment" shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds due on such date, if any.

"Principal Payment Date" shall mean October 1 of the years specified in the Trust Agreement.

"Rating Confirmation" shall mean evidence from each rating agency then providing, at the request of the Issuer, a rating for the Outstanding Bonds confirming that the action proposed to be taken will not, in and of itself, have the effect of reducing the rating then applicable to the Outstanding Bonds, or of causing the rating agency to suspend or withdraw the rating then applicable to the Outstanding Bonds.

"Rebate Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Rebate Instructions" shall mean those calculations and directions required to be delivered to the Trustee by the Issuer pursuant to the Tax Certificate.

"Rebate Requirement" shall mean the Rebate Requirement defined in the Tax Certificate.

"Record Date" shall mean the close of business on the fifteenth (15th) day of the month preceding the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

"Redemption Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Reimbursement Agreement" shall mean the Reimbursement Agreement, dated as of October 1, 2009, by and among the Agency, the City and the Issuer.

"Revenue Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Revenues" shall mean all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Prepayments or remedial proceedings taken in the event of a default thereon, the CIFP Revenues and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

"S&P" shall mean S&P Global Ratings, its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Issuer.

"Securities Depositories" shall mean, initially, The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as designated by the Trustee.

"Series 2019 Bonds" shall mean the Brentwood Infrastructure Financing Authority Civic Center Project Lease Revenue Refunding Bonds, Series 2019, authorized and issued by the Issuer and authenticated by the Trustee and delivered under the Trust Agreement.

"Site Lease" shall mean that certain Site Lease, dated as of October 1, 2009, as amended by the First Amendment to Site Lease, dated as of April 1, 2019, each between the City, as lessor, and the Issuer, as lessee, relating to the Bonds.

"State" shall mean the State of California.

"Supplemental Trust Agreement" shall mean any trust agreement supplemental to or amendatory of the Trust Agreement which is duly executed and delivered in accordance with the provisions of the Trust Agreement.

"Surplus Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Tax Certificate" shall mean that certificate for the Bonds, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Issuer on the date the Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

"Treasurer/Controller" shall mean the Treasurer/Controller of the Issuer.

"Trust Agreement" shall mean the Amended and Restated Trust Agreement dated as of April 1, 2019, between the Issuer and the Trustee, pursuant to which the Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

"Trustee" shall mean U.S. Bank National Association, a national banking association, in its capacity as trustee under the Trust Agreement and any other successor as trustee under the Trust Agreement.

"Trust Estate" shall mean (i) the proceeds of sale of the Bonds; (ii) the Revenues; (iii) the amounts in the Funds established by the Trust Agreement, except amounts in the Rebate Fund; (iv) the Local Obligations; and (v) the Site Lease.

"Vice-Chairman" shall mean the Vice-Chairman of the Issuer.

"Written Request" or "Written Order" shall mean a written direction of the Issuer to the Trustee signed by an Authorized Officer.

Additional Bonds

The Issuer shall not issue or incur additional indebtedness secured by a lien on any part of the Trust Estate which is equal to or on a parity with the lien on the Trust Estate of Bonds Outstanding under the Trust Agreement, except refunding Bonds issued to refund Bonds Outstanding under the Trust Agreement. Such refunding Bonds may be executed by the Issuer for issuance under the Trust Agreement and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Order of the Issuer. Such refunding Bonds may be issued upon execution and delivery to the Trustee of:

(a) A Cash Flow Certificate with respect to the Bonds to remain Outstanding after the proposed refunding which contains the certifications as described in the forepart of this Official Statement under the caption "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR – Additional Bonds;"

(b) A Certificate of the Issuer to the effect that the Issuer shall be in compliance with all covenants set forth in the Trust Agreement, as supplemented, and no event of default shall have occurred and be continuing;

(c) The issuance of such refunding Bonds shall have been duly authorized pursuant to the all applicable laws, and the issuance of such refunding Bonds shall have been provided for by a "Supplemental Trust Agreement" supplemental to the Trust Agreement, which shall specify the following:

(A) A provision requiring the proceeds of such refunding Bonds to be applied solely for the purpose of refunding any Bonds, including payment of all costs incidental to or connected with such refunding;

(B) The authorized principal amount of such refunding Bonds;

(C) The date and the maturity date or dates of such refunding Bonds; provided that (i) Principal Payment Dates may occur only on Interest Payment Dates, (ii) all such refunding Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or mandatory sinking account installments, or any combination thereof, shall be established to provide for the retirement of all such refunding Bonds on or before their respective maturity dates;

(D) The Interest Payment Dates for such refunding Bonds; provided that Interest Payment Dates shall be on the same semiannual dates as the Interest Payment Dates for the Bonds Outstanding under the Trust Agreement;

(E) The denomination and method of numbering of such refunding Bonds;

(F) The redemption premiums, if any, and the redemption terms, if any, for such refunding Bonds;

(G) The amount and due date of each mandatory sinking account installment, if any, for such refunding Bonds;

(H) The amount, if any, to be deposited from the proceeds of such refunding Bonds in the Interest Fund;

(I) The form of such refunding Bonds; and

(J) Such other provisions as are necessary or appropriate and not inconsistent with the Trust Agreement.

(d) A Written Order of the Issuer as to the authentication and delivery of such refunding Bonds;

(e) An Opinion of Bond Counsel to the effect that (i) such refunding Bonds constitute the valid and binding, limited obligations of the Issuer; and (ii) such Supplemental Trust Agreement has been duly executed and delivered by and (assuming valid execution and delivery by the Trustee) constitutes a valid and binding obligation of, the Issuer; provided that, in each case, no opinion need be expressed as to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, the application of equitable principles, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against public entities in the State; and

(f) Such further documents, money and securities as are required by the provisions of the Trust Agreement and the supplement thereto providing for the issuance of such refunding Bonds.

Revenues and Funds

Establishment of Funds. There is established with the Trustee and the Trustee agrees to maintain the following special trust funds for the Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Expense Fund, the Surplus Fund, the Local Obligation Fund and the Rebate Fund.

Revenue Fund; Transfer of CIFP Revenues and Credit to Base Rental Payments.

All Revenues, other than Revenues described in the paragraph immediately below, received by the Trustee shall be deposited by the Trustee into the Debt Service Account within the Revenue Fund. The Trustee shall transfer Revenues from the Debt Service Account, in the amounts and at the times specified in the Trust Agreement for deposit into the following respective funds in the following order of priority, the requirements of each fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

(1) Interest Fund;
(2) Principal Fund;
(3) Expense Fund; and
(4) Surplus Fund.

All Revenues derived from Prepayments received by the Trustee shall be deposited in the Prepayment Account within the Revenue Fund. Amounts in the Prepayment Account shall be transferred as soon as practicable (and in any event prior to the next succeeding Interest Payment Date which is at least forty-five (45) days following receipt of such Prepayment) to the Redemption Fund to be used to redeem Bonds on such Interest Payment Date pursuant to the redemption provisions as set forth in the Trust Agreement, as appropriate, subject to the terms of the Trust Agreement relating to purchase in lieu of redemption.

The City has irrevocably directed the CIFP Trustee to transfer the CIFP Revenues, when as and if received, to the Trustee for deposit in the Revenue Fund. The Issuer covenants for the benefit of the holders of the Bonds not to apply the CIFP Revenues to any other purpose so long as the Bonds remain outstanding.

Interest Fund. The Trustee shall deposit in the Interest Fund before each Interest Payment Date from the Debt Service Account an amount of Revenues which together with any amounts then on deposit in said Interest Fund is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Bonds on such date from the Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Trust Agreement).

Expense Fund. On each Interest Payment Date and Principal Payment Date, after making any deposits in the Interest Fund and the Principal Fund required to be made on or before such Interest Payment Date or Principal Payment Date, the Trustee shall deposit from the Debt Service Account into the Expense Fund an amount of Revenues, specified in a Written Order as necessary (taking into account amounts then on deposit therein) to pay all Expenses as they become due and payable. The Trustee shall also deposit in the Expense Fund all amounts paid to the Trustee pursuant to the provisions of the Trust Agreement relating to the payment of Expenses. Amounts in the Expense Fund shall be applied by the Trustee to the payment of Expenses upon receipt of a Written Order stating the Person to whom payment is to be made, the amount and purpose of the payment and that the payment is a proper charge against the Expense Fund.

Surplus Fund. On each Interest Payment Date and Principal Payment Date, after making any deposits in the Interest Fund, the Expense Fund and the Principal Fund required to be made on or before such Interest Payment Date or Principal Payment Date, the Trustee shall deposit any moneys remaining in the Debt Service Account in the Surplus Fund. Amounts in the Surplus Fund (together with any earnings thereon) shall be withdrawn by the Trustee upon a Written Order and transferred to the City and applied for any lawful purpose of the City. Prior to such withdrawal and transfer, money in the Surplus Fund may be used and withdrawn by the Trustee for the purpose of paying the principal of and the interest and redemption premium, if any, on the Bonds or Expenses; but solely in the event that insufficient moneys are available for such purpose in the Interest Fund, the Principal Fund, the Expense Fund or the Redemption Fund.

Principal Fund. Before each Principal Payment Date, the Trustee shall transfer from the Debt Service Account to the Principal Fund the amount of Revenues that will be sufficient to pay the Principal Installments on the Bonds due on such date.

Redemption Fund.

(a) All moneys held in or transferred to the Redemption Fund from Prepayments shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds pursuant to the provisions of the Trust Agreement described in the forepart of this Official Statement under the captions "THE BONDS – Redemption – Extraordinary Redemption from Prepayments of Local Obligations" and "THE BONDS – Redemption – Purchase in Lieu of Redemption."

(b) All moneys held in or transferred to the Redemption Fund by the Issuer for the purpose of optionally redeeming Bonds shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds pursuant to the provisions of the Trust Agreement described in the forepart of this Official Statement under the captions "THE BONDS – Redemption – Optional Redemption" and "THE BONDS – Redemption – Purchase in Lieu of Redemption."

(c) The Trustee shall use amounts in the Redemption Fund solely for the payment of the redemption price of Bonds called for redemption pursuant to the provisions of the Trust Agreement described in the forepart of this Official Statement under the captions "THE BONDS – Redemption – Extraordinary Redemption from Prepayments of Local Obligations" and "THE BONDS – Redemption – Optional Redemption" or the purchase price of Bonds purchased pursuant to the provisions of the Trust Agreement described in the forepart of this Official Statement under the caption "THE BONDS – Redemption – Purchase in Lieu of Redemption" (accrued interest to the redemption or purchase date on such Bonds shall be paid from the Interest Fund).

Rebate Fund. Upon issuance of the Bonds, the Trustee agrees to establish and maintain a fund separate from any other fund established and maintained under the Trust Agreement designated the Rebate Fund. The Trustee shall deposit in the Rebate Fund the Rebate Requirement all in accordance with Rebate Instructions received from the Issuer. The Trustee will apply moneys held in the Rebate Fund as provided in the Trust Agreement and described herein under the heading "AMENDED AND RESTATED TRUST AGREEMENT – Covenants of the Issuer – Tax Covenants" and according to instructions provided by the Issuer. Subject to the provisions of the Trust Agreement, moneys held in the Rebate Fund are pledged to secure payments to the United States of America. The Issuer and the Owners will have no rights in or claim to such moneys. The Trustee will invest all amounts held in the Rebate Fund in Investment Securities as directed in writing by the Issuer and all investment earnings with respect thereto shall be deposited in the Rebate Fund.

Notwithstanding any other provision of the Trust Agreement, including in particular the provisions relating to the defeasance of the Bonds, the obligation to remit the rebate amounts to the United States and to comply with all other requirements of the Trust Agreement described under this subheading, and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Local Obligation Fund.

(a) All Local Obligations held by the Trustee under the Trust Agreement shall be deposited into the Local Obligation Fund.

(b) Upon a Written Order, the Trustee shall sell any CFD Local Obligations specified in such Written Order in the open market, but only on the following conditions:

(i) The Trustee shall have received an Opinion of Bond Counsel to the effect that the sale of the Local Obligations and the use of the proceeds thereof specified in such Written Order will not, of itself, cause interest on the Bonds to be includable in gross income for federal income tax purposes or subject to State personal income tax;

(ii) The Written Order of the Issuer shall direct the Trustee to use the proceeds of such sale for one or more purposes authorized by subsection (c);

(iii) The Trustee shall have received a Cash Flow Certificate to the effect that (taking into account the use of proceeds specified in such Written Order) the scheduled debt service on all Local Obligations held by the Trustee under the Trust Agreement after giving effect to such sale together with Revenues and other monies on deposit in the other funds and accounts held under the Trust Agreement available to the Trustee for such purpose will be sufficient and timely to pay scheduled debt service on all of the Outstanding Bonds plus Expenses anticipated to be payable from the Expense Fund; and

(iv) The Trustee shall have received a Rating Confirmation.

(c) The proceeds of any sale of a Local Obligation in accordance with subsection (b) shall be deposited in the Redemption Fund in an amount sufficient to retire Bonds pursuant to the provisions of the Trust Agreement described in the forepart of this Official Statement under the caption "THE BONDS – Redemption – Optional Redemption" in an amount at least equal to the outstanding principal amount of such Local Obligation at the time of such sale on the earliest date permitted under the Trust Agreement and the remaining amount of such proceeds, if any, shall be deposited in the Surplus Fund.

(d) Upon receipt of a Written Order the Trustee shall waive any redemption premium payable on any Local Obligation provided that the Trustee shall first receive a Cash Flow Certificate verifying the matters set forth in the provisions of the Trust Agreement described in the forepart of this Official Statement under the caption "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR – Additional Bonds."

Application of Insurance Proceeds. In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Issuer, except as provided in the Trust Agreement, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds in a fund established when required by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Investment Securities pursuant to the written direction of the City, as agent for the Issuer under the Facilities Lease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a certification of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City shall file a certification with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof are available in the event it elects to repair, reconstruct or replace the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be treated by the Trustee as Base Rental Payments or a prepayment thereof and applied in the manner provided in the Trust Agreement as described in the forepart of this Official Statement under the caption "THE BONDS – Redemption – Extraordinary Redemption from Prepayments of Local Obligations" or described above under the heading "AMENDED AND

RESTATED TRUST AGREEMENT – Revenues and Funds – Revenue Fund; Transfer of CIFP Revenues and Credit to Base Rental Payments," as directed by the City. Alternatively, the City, at its option, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Facilities, of the Base Rental Payments relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of the Trust Agreement as described in the forepart of this Official Statement under the caption "THE BONDS – Redemption – Extraordinary Redemption from Prepayments of Local Obligations." The City shall not apply the proceeds of insurance as described in this subheading to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

Credit to Base Rental Payments. As provided in the Facilities Lease, amounts paid to the Trustee representing Creditable Revenues shall be credited against the Base Rental Payments due from the City.

Security for and Investment of Moneys

Security. All moneys required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to in any provision of the Trust Agreement shall be held by the Trustee in trust, and except for moneys held for the payment or redemption of Bonds or the payment of interest on Bonds pursuant to the Trust Agreement, shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created by the Trust Agreement.

Investment of Funds. So long as the Bonds are Outstanding and there is no default under the Trust Agreement, moneys on deposit to the credit of the Revenue Fund, the Interest Fund, the Principal Fund, the Expense Fund and the Surplus Fund and all accounts within such funds (other than amounts invested in Local Obligations) shall be invested by the Trustee in Investment Securities as directed by the Issuer, and moneys held in the Rebate Fund or the Redemption Fund shall be invested by the Trustee in Government Obligations as directed by the Issuer. If no such instructions are provided, the Trustee shall invest such funds in Investment Securities described in clause (vii) of the definitions thereof, and the Trustee shall thereupon immediately request investment instructions from the Issuer. Notwithstanding, anything to the contrary contained in the Trust Agreement, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund (or account) from which such accrued interest was paid. The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the moneys in any such Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of the Trust Agreement, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same.

Covenants of the Issuer

Payment of Bonds; No Encumbrances. The Issuer shall cause the Trustee to promptly pay, from Revenues and other funds derived from the Trust Estate pledged under the Trust Agreement, the principal of and redemption premium, if any, on and the interest on every Bond issued under and secured by the Trust Agreement at the place, on the dates and in the manner specified in the Trust Agreement and in such Bonds according to the true intent and meaning thereof. The Issuer shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Bonds.

Enforcement and Amendment of Local Obligations. The Issuer shall enforce all of its rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners under the Trust Agreement. The Issuer and the Trustee may, without the consent of or notice to the Owners, consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions of the Trust Agreement (including any modifications or changes contained in any Supplemental Trust Agreement), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the owners of the Bonds pursuant to an Opinion of Bond Counsel, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Local Obligations or the Bonds from federal income taxes or the exemption from California personal income tax.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the mailing of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Trust Agreement. If at any time the Issuer and the City or the Agency, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided in the Trust Agreement. Nothing contained in the Trust Agreement and described under this caption shall be construed to prevent the Trustee, with the consent of the Issuer, from settling a default under any Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

Tax Covenants.

(a) The Issuer will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. The Issuer will not directly or indirectly use or permit the use of any proceeds of the Bonds any other funds of the Issuer or take or omit to take any action that would cause the Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The Issuer will not allow ten percent (10%) or more of the proceeds of the Bonds to be used in the trade or business of any nongovernmental units and will not lend five percent (5%) or more of the proceeds of the Bonds to any nongovernmental units.

(b) The Issuer will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Issuer to take or omit to take any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Issuer will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the Issuer is of the opinion that for the purposes of the Trust Agreement described under this subheading it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Issuer will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

(c) The Issuer will pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Issuer will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the Tax Certificate.

(d) Notwithstanding any provision of the Trust Agreement described under this subheading, if the Issuer shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this subheading is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds, the Trustee and the Issuer may conclusively rely on such Opinion in complying with the requirements described in this subheading, and the covenants under the Trust Agreement shall be deemed to be modified to that extent.

(e) The provisions of the Trust Agreement described under this heading shall survive the redemption or defeasance of the Bonds.

Continuing Disclosure. Pursuant to the provisions of the Facilities Lease relating to continuing disclosure and the provisions of the Master Indentures relating to the CFD Local Obligations, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the Owners of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. The Trustee covenants and agrees that it will comply with and carry out all of the provisions of the provisions of the Facilities Lease relating to continuing disclosure and the provisions of the Master Indentures relating to the CFD Local Obligations. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the provisions of the Facilities Lease relating to continuing disclosure and the provisions of the Master Indentures relating to the CFD Local Obligations or to cause the Trustee to comply with its obligations under the Trust Agreement described under this subheading. For purposes of the provisions of the Trust Agreement described under this subheading, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Defaults and Remedies

Events of Default. The following shall constitute "Events of Default" under the Trust Agreement:

(a) if payment of interest on the Bonds shall not be made when due; or

(b) if payment of any Principal Installment shall not be made when due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise; or

(c) if the Issuer shall fail to observe or perform in any material way any agreement, condition, covenant or term contained in the Trust Agreement on its part to be performed, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer by the Trustee or by the Owner(s) of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, provided, that if such default (other than a default arising from nonpayment of the Trustee's fees and expenses) be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected, but subject to the condition that no grace period may be extended beyond sixty (60) days after the written notice described above.

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Issuer, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Issuer shall deposit with the Trustee a sum sufficient to pay all the principal or redemption price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, if such declaration was made by the Trustee, and the Trustee shall, upon receipt of written notice by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which written notice shall also be delivered to the Issuer, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Proceedings by Trustee. Upon the happening and continuance of any Event of Default the Trustee in its discretion may, or at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;

(b) bring suit upon or otherwise enforce any defaulting Local Obligation;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and

(e) take such action with respect to any and all Local Obligations or Investment Securities as the Trustee shall deem necessary and appropriate pursuant to the Trust Agreement and to the terms of such Local Obligations or Investment Securities.

Rights of Owners. Anything in the Trust Agreement to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in the Trust Agreement, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement.

The Trustee may refuse to follow any direction that conflicts with law or the Trust Agreement or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability without adequate indemnification therefor.

<u>Restriction on Owner's Action</u>. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Trust Agreement, no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Trust Agreement, or any other remedy under the Trust Agreement or on the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided in the Trust Agreement and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Trust Agreement, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case to be conditions precedent to the execution of the trusts of the Trust Agreement or for any other remedy under the Trust Agreement, it being understood and intended that no one or more Owners of the Bonds secured by the Trust Agreement shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Trust Agreement, or to enforce any rights under the Trust Agreement or under the Bonds, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Trust Agreement, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Trust Agreement. Notwithstanding the foregoing provisions of this subheading, the obligation of the Issuer shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premium, if any, and the interest on the Bonds to the respective Owners thereof at the respective due dates thereof, and nothing in the Trust Agreement shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

<u>Remedies Not Exclusive</u>. No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute.

<u>Waiver of Events of Default; Effect of Waiver</u>. Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds the Trustee shall waive any Event of Default under the Trust Agreement and its consequences. The Trustee may waive any Event of Default under the Trust Agreement and its consequences at any time. If any Event of Default shall have been waived as provided in the Trust Agreement, the Trustee shall promptly give written notice of such waiver to the Issuer and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or

impair any right or remedy consequent thereon. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given to the Trustee pursuant to the Trust Agreement and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys. Any moneys received by the Trustee pursuant to the Trust Agreement shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in connection with the performance of the Trustee's duties under the Trust Agreement, be applied as follows:

(a) Unless the principal of all of the Outstanding Bonds shall be due and payable,

FIRST, to the payment of the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND, to the payment of the Owners entitled thereto of the unpaid principal of and redemption premium, if any, and any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement) in the order of their due dates, and if the amount available shall not be sufficient to pay in full the principal of and redemption premium, if any, on such Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD, to be held for the payment to the Owners entitled thereto as the same shall become due of the principal of and redemption premium, if any, on and interest on the Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such principal and redemption premium, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs above.

(b) If the principal of all of the Outstanding Bonds shall be due and payable, to the payment of the principal and redemption premium, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of the principal of or the redemption premium, if any, on any Outstanding Bond over any other Outstanding Bond or of any interest on any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal and redemption premium, if any, and interest, to the Owners entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

Whenever moneys are to be applied pursuant to the provisions of the Trust Agreement, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

Modification of Trust Agreement and Supplemental Trust Agreements

Supplemental Trust Agreements Without Consent of Owners. The Issuer may, without the consent of the Owners, enter into a Supplemental Trust Agreement or Supplemental Trust Agreements, which thereafter shall form a part of the Trust Agreement, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Issuer contained in the Trust Agreement other agreements and covenants thereafter to be observed, or to surrender any right or power in the Trust Agreement reserved to or conferred upon the Issuer; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;

(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained in the Trust Agreement or in any Supplemental Trust Agreement;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject to the Trust Agreement additional collateral or to add other agreements of the Issuer;

(f) to modify the Trust Agreement or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(g) to make any change necessary or appropriate to accommodate leases;

(h) to evidence the succession of a new Trustee; or

(i) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Bonds or the Local Obligations from federal income taxes or the exemption from California personal income tax.

The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment hereof any particular Bond would be affected by any modification or amendment of the Trust Agreement and any such determination shall be binding and conclusive on the Issuer and all Owners of Bonds.

Supplemental Trust Agreements With Consent of Owners. Any modification or alteration of the Trust Agreement or of the rights and obligations of the Issuer or of the Owners of the Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Owners of which is required for any such modification or alteration, or permit the creation by the Issuer of any lien prior to or on a parity with the lien of the Trust Agreement upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premium, if any, on or the interest on the Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

Defeasance

Defeasance. If and when the Bonds shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Trust Agreement, or otherwise, and the whole amount of the principal and the redemption premium, if any, and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under the Trust Agreement by the Issuer, including all fees and expenses of the Trustee, then and in that case, the Trust Agreement and the lien created thereby shall be completely discharged and satisfied and the Issuer shall be released from the agreements, conditions, covenants and terms of the Issuer contained in the Trust Agreement, and the Trustee shall assign and transfer to or upon the order of the Issuer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by the Issuer in this regard.

Notwithstanding the satisfaction and discharge of the Trust Agreement, those provisions of the Trust Agreement relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall, subject to the provisions of the Trust Agreement, continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and redemption premium, if any, on and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due, and those provisions contained in the Trust Agreement relating to the compensation and indemnification of the Trustee shall remain in effect and shall be binding upon the Trustee and the Issuer.

Bonds Deemed to Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest installments therefor at the maturity or redemption date thereof, such Bonds shall be deemed to be paid within the meaning and with the effect provided in the Trust Agreement and described under the immediately preceding subheading. Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect provided in the Trust Agreement and described under the immediately preceding subheading if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail notice of redemption of such Bonds on such redemption date, such notice to be given in accordance with the redemption provisions of the Trust Agreement, (b) there shall have been deposited with the Trustee in escrow either moneys in an amount which shall be sufficient, or noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a Cash Flow Certificate), to pay when due the principal of and the redemption premium, if any, and the interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (c) in the event any of such Bonds are not to be redeemed within the next succeeding sixty (60) days, the Issuer shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to the Trust Agreement, a notice to the Owners of such Bonds and to the Securities Depositories and the Information Services that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this subheading and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on and interest on such Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to the provisions described in this subheading nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, on and interest on such Bonds; provided, that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the direction of the Issuer, be reinvested in Government Obligations maturing at times and in amounts, together with the other moneys and payments with respect to Government Obligations then held by the Trustee pursuant to the provisions described in this subheading, sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Issuer as received by the Trustee free and clear of any trust, lien or pledge.

Limitation of Liability

The Issuer shall not be obligated to make any payments required under the Trust Agreement or under any Bond, or be deemed to incur any liability under the Trust Agreement or by reason thereof or arising out of any of the transactions contemplated, payable from any funds or assets other than the Trust Estate as provided in the Trust Agreement.

FACILITIES LEASE

Definitions

Certain terms used in the Facilities Lease and not defined below shall have the meanings as defined in the Trust Agreement.

"Additional Payments" means all amounts payable to the Issuer or the Trustee or any other person from the City as Additional Payments pursuant to the Facilities Lease.

"Applicable Environmental Law" means and shall include, but shall not be limited to, Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901, et seq., the Federal Water Pollution Control Act, 33 USC §§ 1251, et seq., the Clean Air Act, 42 USC §§ 7401, et seq., the California Hazardous Waste Control Law ("HWCL"), California Health and Safety Code §§ 25100, et seq., Hazardous Substance Account Act ("HSAA"), California Health & Safety Code §§ 25300, et seq., or the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code §§ 13000 et seq., the Air Resources Act, California Health & Safety Code §§ 3900, et seq., the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code §§ 25249.5, and the regulations thereunder, and any other local, State and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern

(i) the existence, cleanup and/or remedy of contamination on property;

(ii) the protection of the environment from spilled, deposited or otherwise emplaced contamination;

(iii) the control of hazardous wastes; or

(iv) the use, generation, transport, treatment, removal or recovery of Hazardous Substances, including building materials.

"Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Issuer from the City pursuant to the Facilities Lease.

"Base Rental Payments" means all amounts payable to the Issuer from the City as Base Rental Payments pursuant to the Facilities Lease.

"City Hall Project" means the acquisition of certain real property situated in the City and the construction of a new city hall facility thereon and any facilities substituted for the City Hall Project or any portion thereof at the discretion of the City in compliance with the Tax Certificate.

"Closing Date" means October 27, 2009.

"Demised Premises" means that certain real property situated in the City, described in the Facilities Lease or any real property substituted for all or any portion of such property in accordance with the Facilities Lease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

"Event of Default" shall have the meaning specified in the Facilities Lease.

"Existing Leases" means, collectively, all leases granted by the City to any party other than the Issuer with respect to any portion of the Demised Premises or the Facilities, or both, that are in effect as of the Closing Date, including without limitation the leases identified in the Facilities Lease. Any lease that has not been executed as of the Closing Date and any renewal of an Existing Lease shall not be included within the meaning of "Existing Leases" for purposes of the Facilities Lease.

"Facilities" means all buildings, structures, improvements and appurtenances existing on the Demised Premises, as more fully described in the Facilities Lease.

"Facilities Lease" means the lease dated as of October 1, 2009, by and between the Issuer and the City, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Facilities Lease and of the Trust Agreement, including as amended by the First Amendment to Facilities Lease, dated as of April 1, 2019, by and between the Issuer and the City.

"Government Obligations" shall have the meaning ascribed to such term in the Trust Agreement.

"Hazardous Substance" means any substance which shall, at any time, be listed as "hazardous" or "toxic" or in the regulations implementing CERCLA, RCRA, HWCL, HSAA, or the Porter-Cologne Act, or which has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Law. The term "Hazardous Substance" shall also include, without limitation, raw materials, building components, the products of any manufacturing or other activities on the subject property, wastes, petroleum, and source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC §§ 3011, et seq., as amended).

"Insurance Consultant" means an individual or firm employed by the City, including the Risk Manager of the City, that has actuarially-experienced personnel in the field of risk management.

"Issuer" means (i) the Brentwood Infrastructure Financing Authority, acting as lessor under the Facilities Lease; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Issuer.

"Opinion of Counsel" means an opinion signed by an attorney or firm of attorneys (who may be counsel to the City) selected by the City.

"Outstanding," when applied to Bonds, shall have the meaning ascribed to such term in the Trust Agreement.

"Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facilities Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facilities Lease in the office of the County Recorder of Contra Costa County and which the City certifies in writing will not materially impair the use of the Demised Premises; (3) the Site Lease, as it may be amended from time to time; (4) the Facilities Lease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Issuer and the City consent in writing and certify to the Trustee will not materially impair the leasehold interests of the Issuer or use of the Facilities by the City; and (8) subleases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds.

"Rental Payment Period" means the twelve month period commencing September 16 of each year and ending the following September 15; provided, that the first Rental Payment Period shall commence on the date of issuance of the Bonds and end on September 15, 2010.

"Site Lease" means that lease, entitled "Site Lease" dated as of October 1, 2009, by and between the City, as lessor, and the Issuer, as lessee, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement, including as amended by the First Amendment to Site Lease, dated as of April 1, 2019, by and between the City and the Issuer.

"Written Request of the City" means an instrument in writing signed by the City Manager or Director of Finance of the City or by such official's designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

"Written Request of the Issuer" means an instrument in writing signed by or on behalf of the Issuer by its Treasurer/Controller or by such official's designee or by any other officer of the Issuer duly authorized by the governing board of the Issuer to sign documents on its behalf under the Facilities Lease.

Lease of Demised Premises and Facilities; Term; Substitution

Lease of Demised Premises and Facilities. The Issuer leases to the City and the City leases from the Issuer the Demised Premises and the Facilities. The City agrees and covenants during the term of the Facilities Lease that it will use the Demised Premises and the Facilities for public and City purposes so as to afford the public the benefits contemplated by the Facilities Lease.

The leasing by the City to the Issuer of the Demised Premises and the Facilities shall not effect or result in a merger of the City's leasehold estate pursuant to the Facilities Lease and its fee estate as lessor under the Site Lease, and the Issuer shall continue to have and hold a leasehold estate in said Demised Premises and Facilities pursuant to the Site Lease throughout the term thereof. As to said Demised Premises and Facilities, the Facilities Lease shall be deemed and constitute a sublease.

Term; Occupancy. The term of the Facilities Lease shall commence on the Closing Date and shall end on the date of the last scheduled Base Rental Payment, unless such term is extended or sooner terminated as provided in the Facilities Lease.

If on the date of the last scheduled Base Rental Payment, all amounts due under the Facilities Lease and under the Trust Agreement shall not be fully paid or deemed paid, or if the rental or other amounts payable under the Facilities Lease shall have been abated at any time and for any reason, then the term of the Facilities Lease shall be extended until all amounts due under the Facilities Lease and under the Trust Agreement shall be fully paid or deemed paid, subject to the limitations on such extension described in the Facilities Lease. If prior to the date of the last scheduled Base Rental Payment, all Bonds allocable to the Facilities Lease and all amounts due thereunder and under the Trust Agreement shall be fully paid or deemed paid, or provision therefor made in accordance with the terms and provisions of the Trust Agreement, the term of the Facilities Lease shall end immediately.

The Facilities. The City and the Issuer agree to lease the Facilities under the Facilities Lease. The annual Base Rental Payments for the Demised Premises and the Facilities as set forth in the Facilities Lease shall be the fair rental value for such property, as determined by the City. The Base Rental Payments for the Demised Premises and the Facilities shall be due and payable on the dates set forth in the Facilities Lease.

Substitution. The City and the Issuer may substitute real property as part of the Demised Premises and the Facilities for purposes of the Site Lease and the Facilities Lease only after the City shall have filed with the Issuer and the Trustee, with copies to each rating agency then providing a rating for the Bonds at the request of the City or the Issuer, all of the following:

(a) Executed copies of the Site Lease and the Facilities Lease or amendments thereto containing the amended description of the Facilities and the Demised Premises, including the legal description of the Demised Premises as modified if necessary.

(b) A Certificate of the City with copies of the Site Lease and the Facilities Lease, if needed, or amendments thereto containing the amended description of the Facilities and the Demised Premises stating that such documents have been duly recorded in the official records of the County Recorder of Contra Costa County.

(c) A Certificate of the City evidencing that the useful life of the Facilities and the Demised Premises which will constitute the Facilities and the Demised Premises after such substitution will be at least equal to the useful life of the Facilities and the Demised Premises which constitute the Facilities and the Demised Premises before such substitution.

(d) A Certificate of the City, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the City, evidencing that the annual fair rental value of the Facilities and the Demised Premises which will constitute the Facilities and the Demised Premises after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the City) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending September 15, or in any subsequent year ending September 15.

(e) (i) A California Land Title Association leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Demised Premises after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Demised Premises prior to such substitution; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the City in such substituted property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the City under the Facilities Lease; or

(ii) An Opinion of Counsel or Certificate of the City stating that, based upon review of such instruments, certificates or any other matters described in such Opinion of Counsel or Certificate of the City, the City has good merchantable title to the Facilities and the Demised Premises which will constitute the Facilities and the Demised Premises after such substitution. The term "Good Merchantable Title" shall mean such title, as in the Opinion of Counsel or Certificate of the City, is satisfactory and sufficient for the needs and operations of the City, subject only to Permitted Encumbrances.

(f) A Certificate of the City stating that such substitution does not adversely affect the City's use and occupancy of the Facilities and the Demised Premises.

(g) An Opinion of Bond Counsel stating that such amendment or modification (i) will, upon the execution and delivery thereof, be valid and binding upon the Issuer and the City in accordance with its terms; and (ii) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Base Rental Payments; Use of Proceeds

Base Rental Payments. Subject to any credits available pursuant to the Facilities Lease, the City agrees to pay to the Issuer, as Base Rental Payments for the use and occupancy of the Facilities and the Demised Premises (subject to the provisions of the Facilities Lease with respect to Payment Provisions, Rental Abatement and Eminent Domain), annual rental payments, all in accordance with the Base Rental Payment Schedule as set forth in the Facilities Lease. Base Rental Payments shall be calculated on an annual basis, for each Rental Payment Period. Each Base Rental Payment shall be for the use of the Demised Premises and the Facilities for such Rental Payment Period.

If the term of the Facilities Lease shall have been extended pursuant to the Facilities Lease, Base Rental Payment installments shall continue to be due on the fifteenth (15th) day of March and September in each year, and payable as described in the Facilities Lease, continuing to and including the date of termination of the Facilities Lease, in an amount equal to the amount of Base Rental payable for the last scheduled Rental Payment Period under the Facilities Lease. Upon such extension of the Facilities Lease, Base Rental Payments shall be established in an amount sufficient to pay all unpaid principal of and interest on the Bonds plus interest on the extended principal and interest at a rate equal to the rate of interest on such Bonds so extended.

Additional Payments. The City shall also pay such amounts (herein called the "Additional Payments") as shall be required by the Issuer for the payment of all amounts, costs and expenses incurred by the Issuer in connection with the execution, performance or enforcement of the Facilities Lease or any assignment thereof, the Trust Agreement, its interest in the Demised Premises and the Facilities and the lease of the Demised Premises and the Facilities to the City, the allocable portion of the fees, costs and expenses and administrative costs of the Issuer related to the Bonds, the Demised Premises and the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Issuer to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Issuer or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

<u>Fair Rental Value</u>. Such payments of Base Rental Payments and Additional Payments for each Rental Payment Period during the term of the Facilities Lease shall constitute the total rental for said Rental Payment Period and shall be paid by the City in each Rental Payment Period for and in consideration of the right of use and occupancy of the Demised Premises and the Facilities during each such period for which said rental is to be paid. The parties to the Facilities Lease have agreed and determined that such total rental payable for each Rental Payment Period represents no more than the fair rental value of the Demised Premises and the Facilities for each such period. In making such determination, consideration has been given to costs of acquisition, design, construction and financing of the Facilities, other obligations of the parties under the Facilities Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public.

<u>Payment Provisions</u>. Each Base Rental Payment installment or Additional Payment payable under the Facilities Lease shall be paid in lawful money of the United States of America to or upon the order of the Issuer at the corporate trust office of the Trustee or such other place as the Issuer shall designate. Any such Base Rental Payment installment or Additional Payment accruing under the Facilities Lease which shall not be paid when due and payable under the terms of the Facilities Lease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due under the Facilities Lease until the same shall be paid. Notwithstanding any dispute between the Issuer and the City, the City shall make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and shall not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments due under the Facilities Lease or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Facilities Lease for payment of Base Rental Payments on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor. Rental is subject to abatement as provided in the Facilities Lease. Nothing contained in the Facilities Lease shall prevent the City from making from time to time contributions or advances to the Issuer for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Facilities in the event of damage to or the destruction of the Facilities.

Subject to any credits available pursuant to Facilities Lease, the City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder as a separate line item in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Issuer copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments hereunder within thirty (30) days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed by the City.

The Issuer and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments under the Facilities Lease shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Facilities Lease constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments and Additional Payments due under the Facilities Lease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due under the Facilities Lease as consideration for the use of the Demised Premises and Facilities. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facilities Lease.

The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction there is substantial interference with the use and occupancy of the Demised Premises and the Facilities, by the City, in the proportion in which the cost of that portion of the Demised Premises and the Facilities rendered unusable bears to the cost of the whole of the Demised Premises and the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease shall continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Facilities Lease by virtue of any such damage or destruction or interference. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement, including Creditable Revenues available to be credited against Base Rental Payments pursuant to the Trust Agreement and Facilities Lease (but excluding amounts in the Rebate Fund) Base Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts.

Assignment of Facilities Lease. The City acknowledges that the Issuer has assigned, bargained, conveyed, granted, mortgaged and pledged its interest in the Facilities Lease to the Trustee under the Trust Agreement and the City consents to same.

Credits Toward Base Rental Payments. Amounts paid to the Trustee representing Creditable Revenues pursuant to the Trust Agreement shall be applied as a credit against the Base Rental Payments due under the Facilities Lease. The City's obligation to pay Base Rental Payments shall be satisfied to the extent Creditable Revenues are actually received and applied by the Trustee pursuant to the Trust Agreement. If Creditable Revenues are insufficient to make any payment of rental under the Facilities Lease, such rental shall be paid out of any source of available funds of the City.

Maintenance; Alterations and Additions to the Facilities

Maintenance and Utilities. Throughout the term of the Facilities Lease, all maintenance and repair, both ordinary and extraordinary, of the Demised Premises and the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Demised Premises and the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Demised Premises and the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Demised Premises and the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Demised Premises and the Facilities.

Changes to the Facilities. Subject to provisions of the Facilities Lease, the City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities and the Demised Premises. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and the Demised Premises and be subject to the provisions of the

Facilities Lease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause either to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities, upon completion of any additions, modifications and improvements made as described in this subheading, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

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

Defaults And Remedies

Defaults and Remedies.

(a) If the City shall fail to pay any Base Rental Payment, Additional Payment or other amount payable under the Facilities Lease when the same becomes due and payable, time being expressly declared to be of the essence of the Facilities Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained in the Facilities Lease or in the Trust Agreement to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Issuer, the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same or upon the happening of any of the events specified in subsection (b) of this subheading (any such case above being an "Event of Default"), the City shall be deemed to be in default under the Facilities Lease and it shall be lawful for the Issuer to exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Lease. Upon any such default, the Issuer, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) Terminate the Facilities Lease in the manner provided on account of default by the City, notwithstanding any re-entry or re-letting of the Demised Premises and the Facilities as provided for in subparagraph (2) below, and to re-enter the Demised Premises and the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Demised Premises and the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City agrees to surrender immediately possession of the Demised Premises and the Facilities, without let or hindrance, and to pay the Issuer all damages recoverable at law that the Issuer may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Demised Premises and the Facilities and removal and storage of such property by the Issuer or its duly authorized agents in accordance with the provisions contained in the Facilities Lease. Neither notice to pay rent or to deliver up possession of the Demised Premises or the Facilities given pursuant to law nor any entry or re-entry by the Issuer nor any proceeding in unlawful detainer, or otherwise, brought by the Issuer for the purpose of effecting such re-entry or obtaining possession of the Demised Premises and the Facilities nor the appointment of a receiver upon initiative of the Issuer to protect the Issuer's interest under the Facilities Lease shall of itself operate to terminate

the Facilities Lease, and no termination of the Facilities Lease on account of default by the City shall be or become effective by operation of law or acts of the parties to the Facilities Lease, or otherwise, unless and until the Issuer shall have given written notice to the City of the election on the part of the Issuer to terminate the Facilities Lease. The City covenants and agrees that no surrender of the Demised Premises and the Facilities or of the remainder of the term of the Facilities Lease or any termination of the Facilities Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Issuer by such written notice.

(2) Without terminating the Facilities Lease, (i) collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision of the Facilities Lease to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) exercise any and all rights of re-entry upon the Demised Premises and the Facilities. In the event the Issuer does not elect to terminate the Facilities Lease in the manner provided for in subparagraph (1) above, the City shall remain liable and agrees to keep or perform all covenants and conditions contained in the Facilities Lease to be kept or performed by the City and, if the Demised Premises and the Facilities are not re-let, to pay the full amount of the Base Rental Payments, Additional Payments and other amounts to the end of the term of the Facilities Lease or, in the event that the Demised Premises and the Facilities are re-let, to pay any deficiency in rent and other amounts that result therefrom; and further agrees to pay said rent and other amounts and/or deficiency rent and other amounts punctually at the same time and in the same manner as provided in the Facilities Lease for the payment of Base Rental Payments, Additional Payments and other amounts under the Facilities Lease (without acceleration), notwithstanding the fact that the Issuer may have received in previous years or may receive thereafter in subsequent years rental or other amounts in excess of the rental or other amounts specified in the Facilities Lease, and notwithstanding any entry or re-entry by the Issuer or suit in unlawful detainer, or otherwise, brought by the Issuer for the purpose of effecting such entry or re-entry or obtaining possession of the Demised Premises and the Facilities. Should the Issuer elect to enter or re-enter as provided in the Facilities Lease, the City irrevocably appoints the Issuer as the agent and attorney-in-fact of the City to re-let the Demised Premises and the Facilities, or any part thereof, from time to time, either in the Issuer's name or otherwise, upon such terms and conditions and for such use and period as the Issuer may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Demised Premises and the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City, for the account of and at the expense of the City, and the City exempts and agrees to save harmless the Issuer from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Demised Premises and the Facilities and removal and storage of such property by the Issuer or its duly authorized agents in accordance with the provisions contained in the Facilities Lease. The City agrees that the terms of the Facilities Lease constitute full and sufficient notice of the right of the Issuer to re-let the Demised Premises and the Facilities and to do all other acts to maintain or preserve the Demised Premises and the Facilities as the Issuer deems necessary or desirable in the event of such re-entry without effecting a surrender of the Facilities Lease, and further agrees that no acts of the Issuer in effecting such re-letting shall constitute a surrender or termination of the Facilities Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Facilities Lease shall vest in the Issuer to be effected in the sole and exclusive manner provided for in sub-paragraph (1) above. The City further waives the right to any Base Rental Payment or other amounts obtained by the Issuer in excess of such rental and other amounts specified in the Facilities Lease and conveys and releases such excess to the Issuer as compensation to the Issuer for its services in re-letting the Demised Premises and the Facilities or any part thereof. The City further agrees to pay the Issuer

the cost of any alterations or additions to the Demised Premises and the Facilities necessary to place the Demised Premises and the Facilities in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

(b) If (1) the City's interest in the Facilities Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Issuer, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Demised Premises and the Facilities, then the City shall be deemed to be in default under the Facilities Lease.

(c) The Issuer shall in no event be in default in the performance of any of its obligations under the Facilities Lease or imposed by any statute or rule of law unless and until the Issuer shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Issuer properly specifying wherein the Issuer has failed to perform any such obligation. In the event of default by the Issuer, the City shall be entitled to pursue any remedy provided by law; provided, however, that the City shall not have the right to terminate the Facilities Lease and expressly waives any such right.

(d) In addition to the other remedies set forth in the Facilities Lease, upon the occurrence of an event of default as described in the Facilities Lease, the Issuer shall proceed to protect and enforce the rights vested in the Issuer by the Facilities Lease or by law. In addition to the other remedies available to the Issuer, the Issuer has the remedy described in California Civil Code Section 1951.4 (Issuer may continue the Facilities Lease in effect after the City's breach and abandonment and recover rent as it becomes due, if the City has the right to sublet or assign the Facilities or any portion thereof, subject to the consent of the Owners of seventy-five percent (75%) of the principal amount of the Outstanding Bonds). The provisions of the Facilities Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Issuer by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Issuer may bring the following actions:

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

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer.

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

The exercise of any rights or remedies under the Facilities Lease shall not permit acceleration of Base Rental Payments.

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

<u>Waiver</u>. Failure of the Issuer to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Issuer to insist upon performance by the City of any term, covenant or condition of the Facilities Lease, or to exercise any rights given the Issuer on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent under the Facilities Lease shall not be, or be construed to be, a waiver of any term, covenant or condition of the Facilities Lease.

Eminent Domain; Prepayment

<u>Eminent Domain</u>. If the whole of the Demised Premises and the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of the Facilities Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Demised Premises and the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then the Facilities Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due under the Facilities Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Demised Premises and the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Facilities Lease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefore made, shall be paid to the City.

<u>Prepayment</u>.

(a) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in the Facilities Lease (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Issuer the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in Facilities Lease for proceeds of insurance), all or any part (in an integral multiple of $5,000 principal component) of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the allocable Bonds to the date of redemption of such Bonds, plus such additional amount as may be required under subsection (e) below.

(b) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee moneys or securities as provided in the Facilities Lease or the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, (ii) satisfying the other defeasance requirements set forth in the Trust Agreement and (iii) satisfying the provisions of subsection (e) below. The City agrees that if following such prepayment the Facilities and the Demised Premises are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to provisions in the Facilities Lease, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Issuer and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Government Obligations, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the allocable Bonds to the due date of such Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be and to the payment in full of all other amounts due under the Facilities Lease or under the Trust Agreement; (2) all of the defeasance requirements set forth in the Trust Agreement have been satisfied; (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the allocable Bonds shall remain unpaid; and (4) the requirements of subsection (e) below have been satisfied; then and in that event the right, title and interest of the Issuer in the Facilities Lease and the obligations of the City under the Facilities Lease shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Issuer and the obligation of the City to have such moneys and such Government Obligations applied to the payment of the Base Rental Payments or option price) and the Issuer’s interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Issuer shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Issuer (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Issuer shall pay over to the City as an overpayment of Base Rental Payments all such moneys or Government Obligations held by it pursuant to the Facilities Lease other than such moneys and such Government Obligations as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Issuer to the payment and redemption of the allocable Bonds and the fees and expenses of the Trustee.

(e) Notwithstanding any contrary provision of the Facilities Lease, the price to prepay all or any portion of the Base Rental Payments under the Facilities Lease and the option price to purchase all or any portion of the Demised Premises as described in the subheading below shall include a premium equal to such additional amount as may be necessary to increase such prepayment price or option price to that amount which is sufficient to redeem an amount of Bonds, including the principal thereof and any redemption premium and accrued interest thereon, such that, after such redemption, the remaining scheduled payments payable to the Issuer under the remaining Local Obligations and other Revenues shall be sufficient to pay when due the remaining principal of and interest on the Bonds; provided, however, that with respect to prepayments from insurance or eminent domain proceeds, such premium shall be payable only out of such proceeds, and further provided that to the extent such sources are insufficient therefor, the prepayment price shall be reduced by the amount of such insufficiency and the amount of Bonds to be redeemed therefrom shall be reduced as necessary.

Option to Purchase; Sale of Personal Property. The City shall have the option to purchase the Issuer's interest in any part of the Demised Premises and the Facilities upon payment of an option price consisting of moneys or Government Obligations (not callable by the issuer thereof prior to maturity), or both, in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facilities Lease of the part of the total rent under the Facilities Lease attributable to such part of the Demised Premises and Facilities, plus such additional amount as may be required under subsection (e) above. Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the allocable Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all defeasance requirements set forth in the Trust Agreement, (a) the Base Rental Payments thereafter payable under the Facilities Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to the Facilities Lease, (b) the Rental Abatement and the Option to Purchase and Sale of Personal Property as described in the Facilities Lease shall not thereafter be applicable to such part of the Demised Premises and Facilities, (c) the insurance required by the Facilities Lease need not be maintained as to such part of the Demised Premises and Facilities, and (d) title to such part of the Facilities and of the portion of the Demised Premises upon which such part of the Facilities is located shall vest in the City and the term of the Facilities Lease shall end as to the portion of the Demised Premises upon which such part of the Facilities is located and to such part of the Facilities.

The City, in its discretion may request the Issuer to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the Facilities Lease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Issuer, exceed the amount of $500,000, the Issuer shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Issuer) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Issuer. Any money so paid to the Issuer may, so long as the City is not in default under any of the provisions of the Facilities Lease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased under the Facilities Lease. The Issuer may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to the Facilities Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

Covenants

Right of Entry. The Issuer and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Facilities and the Demised Premises during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Issuer's or the City's rights or obligations under the Facilities Lease, and (c) for all other lawful purposes.

Liens. In the event the City shall at any time during the term of the Facilities Lease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Demised Premises or the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Demised Premises or the Facilities and shall keep the Demised Premises and the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Demised Premises or the Facilities or the Issuer's interest therein. In the event any such lien attaches to or is filed against the Demised Premises or the Facilities or the Issuer's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Issuer and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Demised Premises or the Facilities or the Issuer's interest therein.

Quiet Enjoyment. The parties mutually covenant that the City, by keeping and performing the covenants and agreements contained in the Facilities Lease and if not in default thereunder, shall at all times during the term of the Facilities Lease peaceably and quietly have, hold and enjoy the Demised Premises and the Facilities without suit, trouble or hindrance from the Issuer.

Issuer Not Liable. The Issuer and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Demised Premises and the Facilities.

The City, to the extent permitted by law, shall indemnify and hold the Issuer and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from (i) the construction or operation of the Demised Premises or the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Demised Premises or the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity, and (ii) the issuance of the Bonds and any other action of the Issuer taken pursuant to the Trust Agreement.

Assignment and Subleasing. The Facilities Lease or any interest of the City under the Facilities Lease may be mortgaged, pledged, assigned, sublet or transferred by the City, provided, such subletting shall not cause interest on the Bonds to be included in gross income for federal income tax purposes. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required under the Facilities Lease.

Title to Facilities. During the term of the Facilities Lease, the Issuer shall hold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to the installation of City's equipment as described in the Facilities Lease. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to the Facilities Lease. During the term of the Facilities Lease, the Issuer shall have a leasehold interest in the Demised Premises pursuant to the Site Lease.

Upon the termination or expiration of the Facilities Lease (other than as provided therein), title to the Facilities shall vest in the City pursuant to the Site Lease. Upon any such termination or expiration, the Issuer shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Tax Covenants. The City and the Issuer shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

The City further covenants that it will not use or permit the use of the Facilities by any person not an "exempt person" within the meaning of Section 141(a) of the Code or by an "exempt person" (including the City) in an "unrelated trade or business", in such manner or to such extent as would result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

Purpose of Facilities Lease. The City covenants that during the term of the Facilities Lease, (a) it will use, or cause the use of, the Demised Premises and the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Demised Premises and the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to the Facilities Lease.

Environmental Matters.

(a) The City will comply with Applicable Environmental Law and shall not use, store, generate, treat, transport or dispose of any Hazardous Substance on, or in a manner that would cause it to later flow, migrate, leak, leach or otherwise come to rest on or in the Facilities or the Demised Premises.

(b) The City will transmit copies of all records concerning the contact with any local, State or federal agency concerning any violation of any Applicable Environmental Law involving the Facilities or the Demised Premises, and all notices, orders or statements received from any governmental entity concerning violations of Applicable Environmental Law with respect to the Facilities or the Demised Premises and any operations conducted thereon or any conditions existing thereon to the Trustee.

(c) The City shall permit the Issuer, its agents or any experts designated by the Issuer to have full access to the Facilities and the Demised Premises during reasonable business hours for purposes of such independent investigation of compliance with the Applicable Environmental Law.

Net-Net-Net Facilities Lease. The Facilities Lease shall be deemed and construed to be a "net-net-net lease" and the City agrees that the rentals and other payments provided for in the Facilities Lease shall be an absolute net return to the Issuer, free and clear of any expenses, charges or set-offs whatsoever.

Eminent Domain. The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Demised Premises or Facilities. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns all or part of the Demised Premises or Facilities, the appraised value of such property shall not be less than the greater of (i) the principal and interest components of the outstanding Bonds allocable to the Base Rental Payments relating to such property, through the date of their redemption, if such Bonds are then subject to redemption, or (ii) the amount necessary to defease such Bonds to the first available redemption date in accordance with the Trust Agreement, if such Bonds are not then subject to redemption.

Use of the Facilities

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

SITE LEASE

The City and the Issuer have entered into a Site Lease, dated as of October 1, 2009, as amended by the First Amendment to Site Lease, dated as of April 1, 2019 (collectively, the "Site Lease") in a lease-leaseback arrangement of that certain real property and all buildings, structures, improvements and appurtenances thereon as described in the Site Lease. Capitalized terms used in this summary of the Site Lease and not otherwise defined shall have the meanings given to such terms in the above-described Facilities Lease or, if not defined therein, the meanings given to such terms in the above-described Trust Agreement.

Demised Premises.

The City leases to the Issuer and the Issuer hires from the City, on the terms and conditions as set forth in the Site Lease, the real property situated in the County of Contra Costa, State of California, and described therein, together with any additional real property added thereto by any supplement or amendment thereto, or any real property substituted for all or any portion of such property in accordance with the Site Lease and the Trust Agreement (collectively called the "Demised Premises"), and the buildings, structures, improvements and appurtenances located on the Demised Premises (the "Facilities"); subject, however, to any conditions, reservations, and easements of record or known to the City.

Term.

The term of the Site Lease shall commence on the Closing Date and shall end on October 1 of the year in which the last Base Rental Payment is due under the Facilities Lease, unless such term is extended or sooner terminated as provided in the Site Lease. If on October 1 of the year in which the last Base Rental Payment is due under the Facilities Lease, the Bonds and all other amounts due under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable under the Facilities Lease shall have been abated at any time and for any reason or shall not have been fully paid, then the term of the Site Lease shall be extended until ten (10) days after the Bonds and all other amounts due under the Trust Agreement and the Facilities Lease shall be fully paid, subject to the limitation on such extension described in the Site Lease. If prior to October 1 of the year in which the last Base Rental Payment is due under the Facilities Lease, the Bonds and all other amounts due under the Trust Agreement shall be fully paid, the term of the Site Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Issuer, whichever is earlier.

Rental.

The Issuer shall pay to the City as and for rental under the Site Lease, including but not limited to the payment of rent for the Facilities, the sum of $1.00, the receipt of which amount the City acknowledges.

Purpose.

The Issuer shall use the Demised Premises solely for the purpose of leasing the Demised Premises and the Facilities thereon to the City pursuant to the Facilities Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facilities Lease the Issuer may exercise the remedies provided in the Facilities Lease or in the Trust Agreement.

Owner in Fee.

The City represents and warrants that it is the owner in fee of the Demised Premises, as described in the Site Lease. The City covenants and agrees that if for any reason this representation and warranty proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion. The City further covenants and agrees that it will hold the Issuer harmless from any loss, cost or damages resulting from any breach by the City of the covenants contained in the Site Lease.

Assignments and Subleases.

Unless the City shall be in default under the Facilities Lease, the Issuer may not assign its rights under the Site Lease or sublet the Demised Premises and the Facilities, except pursuant to the Facilities Lease and the Trust Agreement, without the written consent of the City, which consent may be withheld in the City's sole and absolute discretion. Upon the occurrence of a default by the City under the Facilities Lease, the Issuer may assign or sell its rights under the Site Lease or sublet the Demised Premises and the Facilities, without the consent of the City.

Termination.

The Issuer agrees, upon the termination of the Site Lease, to quit and surrender the Demised Premises in the same good order and condition as the same were in at the time of commencement of the term under the Site Lease, reasonable wear and tear excepted; provided, that certain structures and improvements currently on the Demised Premises may be demolished or remodeled, as approved by the City, and the Issuer further agrees that any permanent improvements and structures existing upon the Demised Premises at the time of the termination of the Site Lease shall remain thereon and title thereto shall vest in the City without any further act.

Upon the exercise of the option to purchase set forth in the Facilities Lease and upon payment of the option price required by said section, the term of the Site Lease shall terminate as to the portion of the Demised Premises upon which the part of the Facilities being so purchased is situated.

Default.

In the event the Issuer shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for one hundred and eighty (180) days following notice and demand for correction thereof to the Issuer, the City may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate the Site Lease by reason of any default on the part of the Issuer if such termination would affect or impair any assignment or sublease of all or any part of the Demised Premises then in effect between the Issuer and any assignee or subtenant of the Issuer (including the City under the Facilities Lease). So long as any such assignee or subtenant of the Issuer (other than the City) shall duly perform the terms and conditions of the Site Lease, such assignee or subtenant shall be deemed to be and shall become the tenant of the City under the Site Lease and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Issuer or Trustee shall continue to be paid to the Trustee on behalf of the Owner of Bonds.

Eminent Domain.

In the event the whole or any part of the Demised Premises or the improvements thereon (including all or any part of the Facilities) is taken by eminent domain proceedings, the interest of the Issuer shall be recognized and is determined to be the amount of the then unpaid or outstanding Bonds and all other amounts due under the Trust Agreement and the Facilities Lease attributable to such part of the Facilities and shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the City.

APPENDIX B

CITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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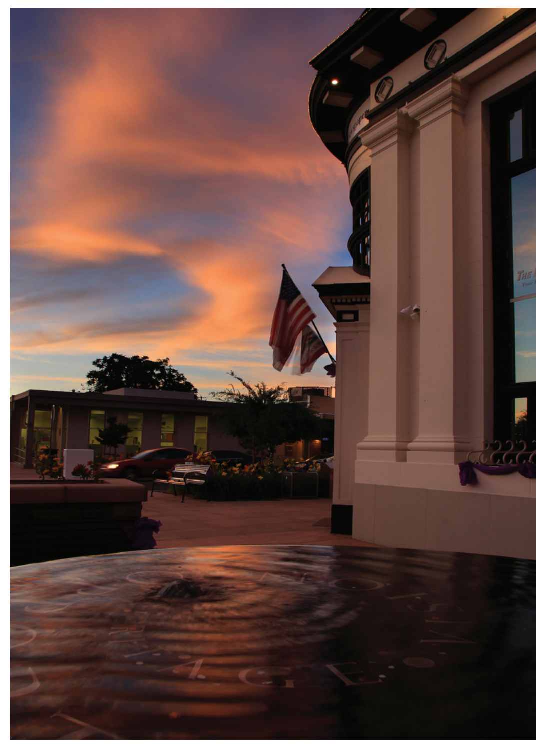
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018



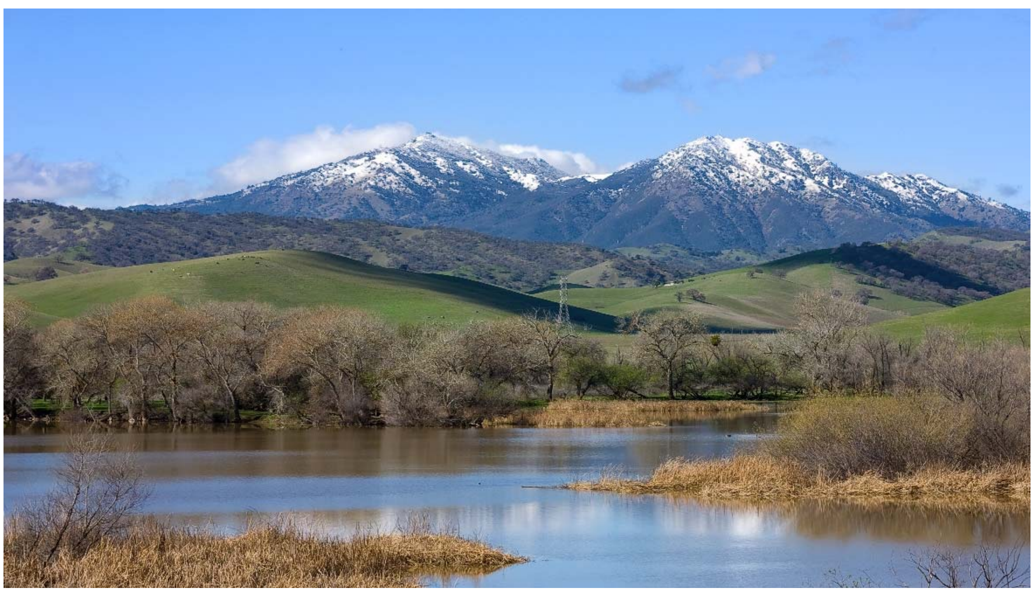
THE CITY OF
BRENTWOOD

HERITAGE ▪ VISION ▪ OPPORTUNITY

For Fiscal Year Ended June 30, 2018

INTRODUCTORY SECTION

OTHER AUDIT REPORT



December 11, 2018

The Honorable Mayor, Members of the City Council and Citizens of Brentwood
Brentwood, California 94513

Dear Mayor, Members of the City Council and Citizens of Brentwood:

We are pleased to submit the Comprehensive Annual Financial Report for the City of Brentwood, California, for the fiscal year (FY) ended June 30, 2018. The City of Brentwood annually publishes a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by an independent, certified public accounting firm.

The City's Finance & Information Systems Department has prepared this report. Responsibility for both the accuracy of the data and the completeness and fairness of the information, including all disclosures, rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of Brentwood. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. GAAP requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of a 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. The MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Finance & Information Systems Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data and, in conjunction with the City's management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance these objectives are met, while recognizing that this assurance is not absolute. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. City management believes the existing internal control systems are adequate to provide reasonable assurance the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the "unmodified" audit opinion issued by the City's independent external auditors for the fiscal year ended June 30, 2018.

INDEPENDENT AUDIT

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements and 2) engaging certified public accountants with whom the City Council reviews the scope of the audit and the accounting principles to be applied in financial reporting.

The Government Code of the State of California requires general law cities, such as the City of Brentwood, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Maze & Associates. The firm was engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, Maze & Associates presents the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting directly to the City Council. The auditor's report on the basic financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements.

PROFILE OF BRENTWOOD

The City of Brentwood encompasses approximately 14.83 square miles. It was founded in 1878 and incorporated in 1948 as a general law city under the laws of the State of California. Brentwood is located in eastern Contra Costa County, 55 miles east of San Francisco and 62 miles south of Sacramento. The City is governed by a five member City Council, under the Council-Manager form of government. As of January 1, 2018, the City had an estimated population of 63,042.

The City provides a full range of services including: Police, Police Dispatch, Public Works, Economic Development, Planning, Building, Engineering and Inspection, Parks and Recreation, Housing and General Administrative services. The City also operates public water and wastewater utilities, as well as garbage collection and disposal services and a recycling program. All of these services are accounted for in the City's financial statements.

The City had been financially accountable for the Brentwood Redevelopment Agency prior to its dissolution, which was effective February 1, 2012 as a matter of State law. At that time, the City opted to become the Successor Agency to the Brentwood Redevelopment Agency ("Successor Agency"). Financial data of the Successor Agency has been segregated in a private-purpose trust fund. In addition, the City is financially accountable for the Brentwood Infrastructure Financing Authority (the "Authority"), a component unit of the City. Although a legally separate entity, this blended component unit is also substantively part of the government's operations. Financial data for the Authority is combined with the data of the primary government. For accounting purposes, the Authority, the Successor Agency and the City all have a June 30 year-end date. See Note #1A for a more detailed discussion of the reporting entity.

The City's annual budget serves as the foundation for planning and controlling the City's finances. As such, the City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. For additional budgetary information see Note #2A. The City operates on a two-year budget cycle with the budget process beginning in October and culminating in final Council approval in June. The newly adopted two-year budget is then formally reviewed by the City Council at a public meeting every six months for adjustments. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Proprietary Funds, Internal Service Funds and certain Capital Project Funds are included in the annual appropriated budget.

ECONOMIC CONDITION AND FINANCIAL OUTLOOK

The City experienced a period of growth from the mid 1990's to the mid 2000's in which the population of the City more than tripled. In the years following the 2007 recession after this period of rapid growth, housing assessed valuation (AV) fell by one-third. Housing values have since recovered to near pre-recession levels, with the City experiencing an average annual AV growth rate of just under 10% for the past three years. The City also issued 2,422 single-family dwelling building permits in the five-year period from FY 2013/14 through FY 2017/18, surpassing internal projections. Revenues, such as property tax, development related fees, community facilities district revenues and sales tax are all affected positively from increased development activity either directly from fees received or indirectly due to increased population.

Over the past several years, the City's sales tax revenues have posted strong year-over-year increases. The growth in sales tax for FY 2016/17 and FY 2017/18 was 11.9% and 7.3%, respectively, resulting in increased revenues of $0.8 million and $0.6 million. The City's Strategic Plan continues to put a focus on Economic Development strategies to attract future sources of sales tax revenue and employment opportunities for the community.

With continued growth in development and population, demand for services has escalated. The City has increased service levels by constructing a Police Dispatch center and bringing dispatch operations in-house. The new dispatch center completed its first full year of operations in FY 2017/18. A new library has also been constructed in the Civic Center, close to downtown to serve the needs of a growing community. In addition, a Municipal Service Center is in the process of being constructed at the public works corporation yard to accommodate growth in Enterprise and maintenance operations. The City Council recently approved a staffing plan in order to proactively address increasing demands for service brought on by the City's growing population. The costs of the staffing plan have been incorporated into the operational budgets and long-term fiscal forecasts.

The City continues to work on addressing upcoming increases in pension contributions. In early FY 2018/19, a lump sum contribution of $12.6 million was made to reduce the City's pension liability and reduce the impacts of projected increases in contributions. The City has taken steps to address funding required for Other Post-Employment Benefits (OPEB) by reaching the goal of contributing 85% of the actuarial determined contribution in each fiscal year to the OPEB trust. The City also has a measure of cost certainty over the next two years as a result of entering into three-year labor agreements with all of its bargaining groups, covering FY 2017/18 through FY 2019/20. The City continues to remain vigilant in maintaining its fiscal strength and has maintained an Unassigned General Fund Balance of at least 30% of the annual operating expenditures.

The historic California drought of 2012 through 2016 created fiscal challenges for the City's Water Enterprise Fund. State mandated reductions in water consumption resulted in reduced revenues in both FY 2014/15 and FY 2015/16, while at the same time the City incurred new drought-related conservation program costs. Although the State mandate is no longer in effect, water consumption remains lower than pre-drought averages resulting in reduced water revenues.

In FY 2017/18, a five-year rate study was approved by City Council setting rates for Water, Wastewater and Solid Waste services through FY 2022/23. The Water rate study incorporated known revenue impacts due to the drought in determining the rates needed to ensure longer-term fiscal stability of the Water Enterprise. All three studies also included updated assumptions to account for changes in operating costs and capital outlay requirements for increased service level demands and new governmental regulations.

Balanced Budget

The City's Budget and Fiscal Policy requires the City to maintain a balanced General Fund budget over the two-year period of the Financial Plan. This means that each fiscal year, current revenues must meet or exceed operating expenditures, including debt service. Use of fund balance commitments to offset non-operating expenditures may allow for current expenditures to exceed current revenues in a fiscal year. Pursuant to Council policy, City staff will present General Fund budgets for City Council consideration that maintain 30% of the annual operating appropriations and transfers in the unassigned fund balance. The City will also strive to maintain cash reserves in the Enterprise Funds of 30% of annual operating appropriations and transfers.

Long-Term Financial Planning

To help ensure the City remains financially healthy in the future, a General Fund Fiscal Model ("Fiscal Model") is prepared and presented annually to the City Council. The Fiscal Model provides detailed analysis and projections of the next ten years of revenues, expenses and fund balance of the General Fund. The Fiscal Model provides the City Council with a tool to help determine the financial feasibility of priorities and goals they may wish to adopt through the strategic planning process. The Fiscal Model can also alert management and the City Council of potential future financial changes and affords them the time to develop practical solutions with minimal impacts to the services provided to the residents of Brentwood.

The Fiscal Model projects the City will achieve a balanced General Fund budget for each year of the model, including transfers in from the Pension/OPEB Obligation Fund. The Pension/OPEB Obligation Fund is comprised of accumulated General Fund savings from previous fiscal years and can be used for budget stabilization purposes. Use of the fund allows the City to meet the goal of maintaining 30% of the annual operating appropriations and transfers in the General Fund's unassigned fund balance throughout the ten-year period.

Along with the Fiscal Model, the City internally prepares ten-year projections for the Solid Waste, Water and Wastewater Enterprises. These projections serve a similar purpose as the Fiscal Model in providing tools for City staff to analyze the health of the Enterprises and identify potential future economic changes allowing sufficient time to develop solutions. Rate studies are conducted periodically to ensure the Enterprise rates are sufficient to cover: operating expenses; capital improvements; upgrades and costs associated with meeting both State and Federal guidelines and regulations. The ten-year projections provide the essential support needed to complete these rate studies.

Strategic Planning

Enhancing the quality of life for the citizens of Brentwood is a high priority for the City Council and requires planning and allocation of resources. To ensure that a high quality of life continues to be the City's focus into the future, in February of 2018, the City Council adopted the FY 2018/19 & FY 2019/20 City of Brentwood Strategic Plan ("Strategic Plan"). The strategic planning process is ongoing with a new planning process beginning every two years to identify the high priority strategic initiatives of the City

Council. This process serves our community well by ensuring that the services and projects that support an enhanced quality of life in our community remain a priority. The costs associated with the Strategic Plan are built into the City's Operating Budget and long-term financial models.

The Strategic Plan continues to focus on the City's infrastructure, public safety, parks and recreation opportunities and economic development. Through strong business growth and thoughtful land use and planning, the City will ensure that the quality of life enjoyed by Brentwood residents today will also be enjoyed by future generations.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

A great deal of effort and attention to detail, representing many hours of work by staff members throughout the organization, is required to produce a report of this quality. We would like to express our appreciation to all of the City Departments who have taken the time to participate in the development of this year's Comprehensive Annual Financial Report. Special recognition is given to the Finance and Information Systems Department and specifically the Business Services and Financial Services staff. We wish to thank and express our appreciation to the Mayor and the City Council for providing clear policy direction and goals which have been used to prepare this Comprehensive Annual Financial Report along with their interest and support in planning and conducting the financial activities of the City in a responsible manner.

Respectfully submitted,

Gustavo "Gus" Vina
City Manager

Kerry Breen
City Treasurer
Director of Finance & Information Systems

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brentwood

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

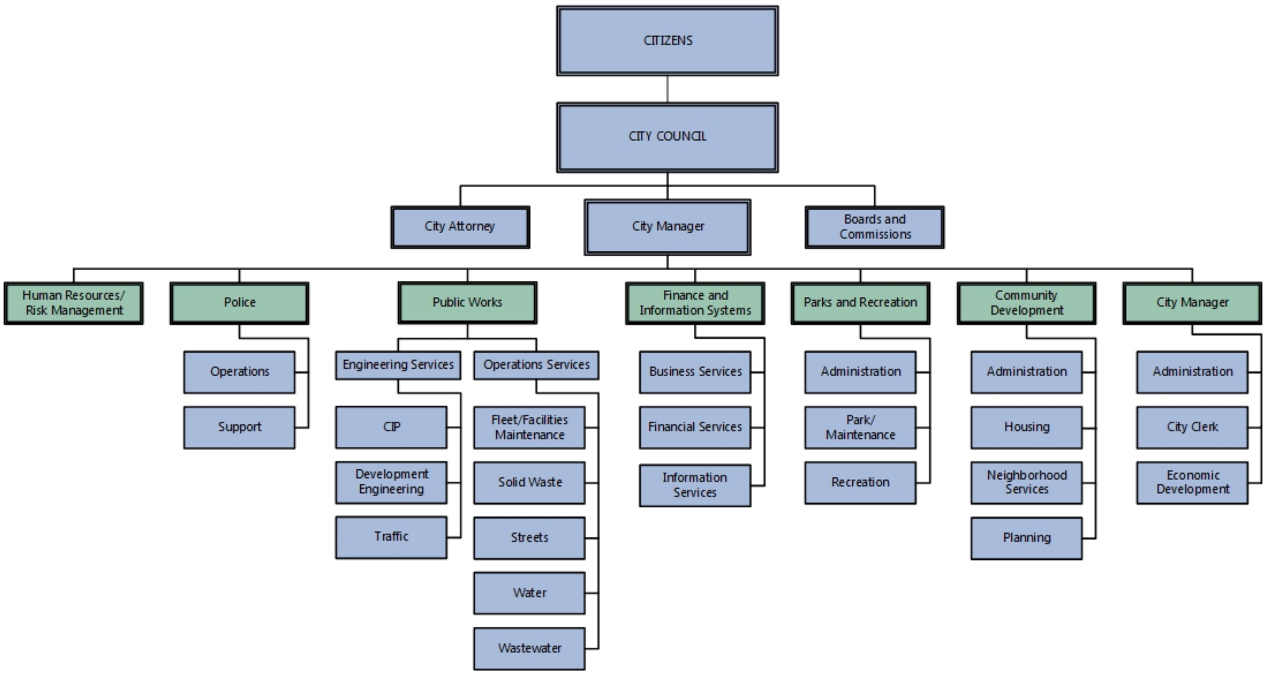
City Council as of June 30, 2018

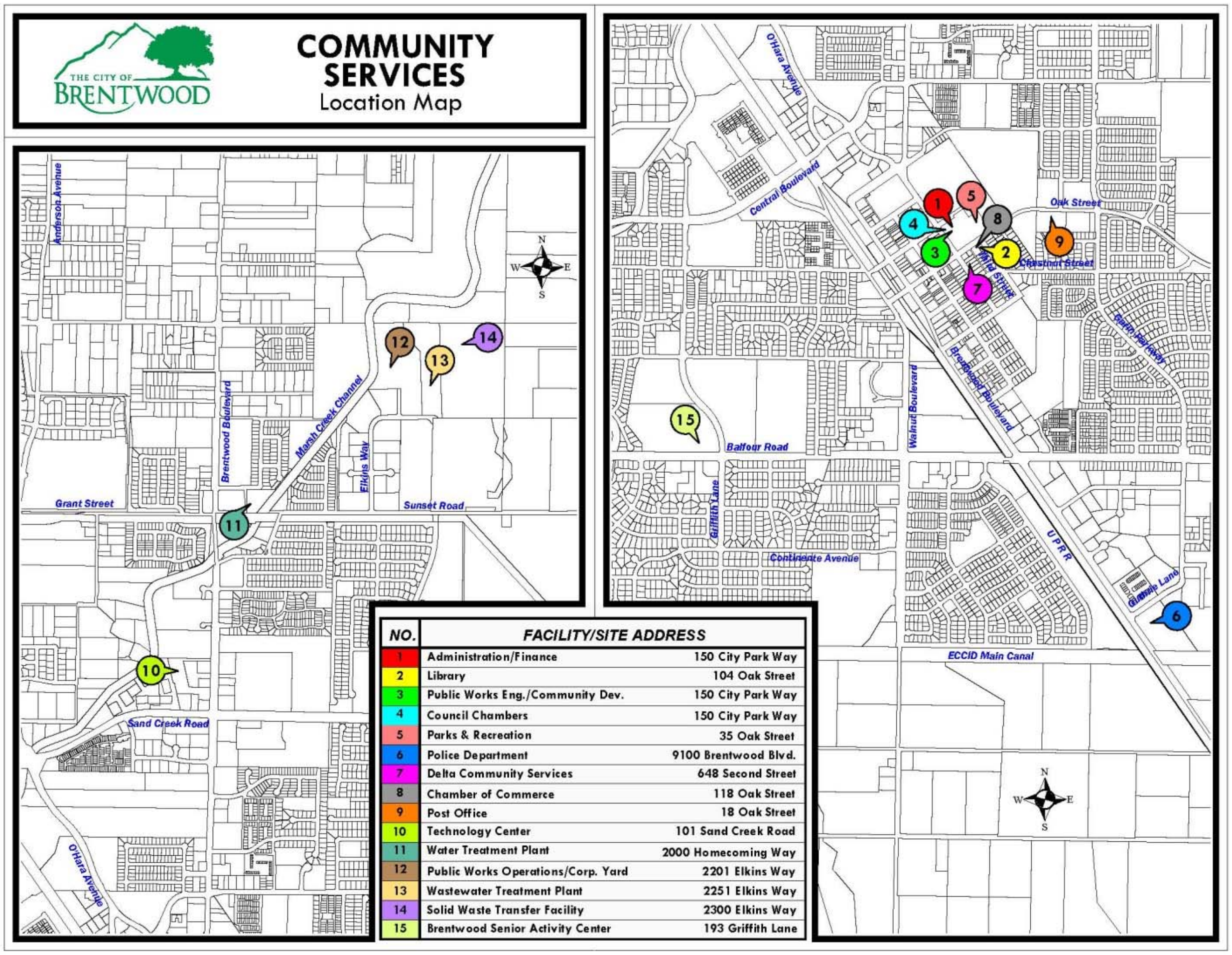
Robert Taylor	Mayor
Joel Bryant	Vice Mayor
Balwinder "Bailey" Grewal	Council Member
Karen Rarey	Council Member
Claudette Staton	Council Member

Executive Team as of June 30, 2018

Gustavo "Gus" Vina	City Manager
Damien Brower	City Attorney
Sukari Beshears	Director of Human Resources/Risk Manager
Kerry Breen	City Treasurer/Director of Finance and Information Systems
Tom Hansen	Chief of Police
Casey McCann	Director of Community Development
Bruce Mulder	Director of Parks and Recreation
Miki Tsubota	Director of Public Works/City Engineer

Organizational Chart





NO.	FACILITY/SITE	ADDRESS
1	Administration/Finance	150 City Park Way
2	Library	104 Oak Street
3	Public Works Eng./Community Dev.	150 City Park Way
4	Council Chambers	150 City Park Way
5	Parks & Recreation	35 Oak Street
6	Police Department	9100 Brentwood Blvd.
7	Delta Community Services	648 Second Street
8	Chamber of Commerce	118 Oak Street
9	Post Office	18 Oak Street
10	Technology Center	101 Sand Creek Road
11	Water Treatment Plant	2000 Homecoming Way
12	Public Works Operations/Corp. Yard	2201 Elkins Way
13	Wastewater Treatment Plant	2251 Elkins Way
14	Solid Waste Transfer Facility	2300 Elkins Way
15	Brentwood Senior Activity Center	193 Griffith Lane

Mission Statement

Bringing Brentwood's Vision to Reality

Vision and Culture

We are an organization of dedicated professionals working together to make Brentwood the very best, preserving its rich heritage and keeping Brentwood in the hearts of the people.

Awards

The City prides itself on providing quality services to the community. Following is a list of awards acknowledging these achievements in quality.

The City was named a ***"Playful City USA"*** community for 2017 by KaBOOM! a national non-profit dedicated to bringing play back into children's lives.

The City was recognized by the Arbor Day Foundation as a ***"Tree City USA Community"*** for 2017.

The City maintained designation of a ***Healthy Eating Active Living ("HEAL")*** City.

The City met guidelines to be designated in 2017 as a ***"Bay-Friendly Landscape"*** city.

The City received ***"Platinum International Aquatic Safety"*** awards for 2016/17 and 2017/18 from Jeff Ellis & Associates.

The City received the following GFOA awards:

- ***"Certificate of Achievement for Excellence in Financial Reporting Fiscal Year 2016/17"***
- ***"Distinguished Budget Presentation Award"*** for the two-year Operating Budget beginning July 1, 2016

The City received the CSMFO Award for the following:

- ***"Excellence in Operating Budgeting Award Fiscal Year 2016/17"***
- ***"Honorable Recognition for Innovation in Budgeting Fiscal Year 2016/17"***
- ***"Capital Budget Excellence Award Fiscal Year 2017/18"***

MAZE & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Brentwood, California

Report on the Financial Statements

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 Brentwood, California (City), as of and for the year ended June 30, 2018, 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 the 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 City'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 City'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.

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 as of June 30, 2018, 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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Emphasis of a Matter

Redevelopment Agency Dissolution

As discussed in Note 12, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Brentwood Redevelopment Agency was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Brentwood Redevelopment Agency prior to the date of dissolution are subject to review by the State as discussed in Note 12.

AB1484 requires the Successor Agency to complete two Due Diligence Reviews (DDR) to determine the amount of the remaining assets that should be transferred by the City to the Successor Agency or by the Successor Agency to the County for distribution to the affected taxing entities. In May 2013, the DOF completed its review of the DDR of all other funds of the former Redevelopment Agency. The DDR indicated there were no assets available for allocation to the affected taxing entities, but that amount was adjusted by the DOF to $14,955,931. On December 9, 2015, the City entered into a ten-year interest free payment plan with the DOF to pay the DDR demand of $14,955,931.

In addition, Health and Safety Code Sections 34167.5 and 34178.8 direct the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State conducted its review and in its July 2015 report indicated that the former Redevelopment Agency had made unallowable transfers of cash and land to the City totaling $16,319,919.

As discussed above, the City entered into a repayment plan with the DOF in the amount of $14,955,931. Following the initial communication in July 2015, the State Controller's Office has made no further demands for the return of assets to the Successor Agency. However, the City complied with the remaining provisions of the demand in fiscal year 2018 by transferring land with a carrying value of $1,327,129 to the Successor Agency.

The emphasis of these matters does not constitute a modification to our opinions.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which became effective during the year ended June 30, 2018 and required the restatement of net position as discussed in Notes 11 and 14 to the financial statements.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents 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 as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 November 21, 2018, 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.

Maze & Associates

Pleasant Hill, California
November 21, 2018

This discussion and analysis of the City of Brentwood's ("the City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $819.6 million. Of this amount, $63.3 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $8.4 million, with a decrease of $1.7 million attributable to governmental activities and an increase of $10.1 attributable to business-type activities. These figures include the impacts of one-time adjustments resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits* (see Note #11). Excluding these one-time adjustments of $13.0 million in governmental activities and $4.9 million in business-type activities, the City's net position increased by $26.2 million ($11.2 million governmental; $15.0 million business-type). The increase in net position from governmental-type activities is due to the continued strong economic environment along with development-related growth. The increase in business-type activities was due an increase operational income from rate increases and the end of drought-related mandatory water conservation, along with continued growth in development.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $125.9 million, a decrease of $0.3 million in comparison to the prior year. The decrease was due to an increase capital expenditures in the current year of ($10.8) for a new public library and municipal service center. Revenue from growth and development and transfers in from other funds offset the effects of capital expenditure increases.
- Enterprise Funds reported a net position of $273.6 million, an increase of $10.1 million from the prior fiscal year ending balance. The increases were attributable to the Water Fund ($7.9 million) and Wastewater Fund ($3.2 million). These increases were mainly due to annual rate increases along with a rise in water consumption, as drought-related State mandated water conservation is no longer in effect.
- The City's total long-term obligations decreased by $3.5 million as an increase in the Net Pension Liability of $9.2 million was largely offset by a decrease in Net OPEB Liability of $1.6 million along with annual debt service payments on outstanding long-term debt obligations. No new debt was issued during the fiscal year.
- Internal Service Funds have a net position of $55.2 million at year-end, which is a decrease of $3.2 million from the prior year. The reduction is due mainly to the implementation of one-time adjustments relating to GASB Statement No. 75, as discussed above, along with a decrease in the Pension/OPEB Obligation internal service fund net position of $3.7 million as a result of transfers to the General Fund. The amounts transferred were subsequently committed in the General Fund balance for future General Fund obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units using the blended approach as prescribed by government accounting standards. The City's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

The **Government-Wide Financial Statements** present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

Governmental Activities – Most of the City's basic services are reported in this category including the General Government, Public Safety, Community Development, Engineering, Public Works, Community Services and Parks and Recreation. Property and sales taxes, user fees, interest income, franchise fees and state and federal grants finance these activities.

Business-Type Activities – The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Wastewater, Solid Waste, Water, City Rentals and Housing activities are reported in this category.

The **Statement of Net Position** and the **Statement of Activities and Changes in Net Position** report information about the City as a whole. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the City's net position and changes in them. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads. The Government-Wide Financial Statements can be found on pages 17 – 18 of this report.

The **Fund Financial Statements** provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The City's Fund Financial Statements are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Proprietary Fund financials are prepared using the economic resources measurement focus and the accrual basis of accounting. The City's Fiduciary Funds include Agency Funds, which are purely custodial in nature and do not involve a measurement of operational results, and Private-Purpose Trust Funds which, in addition to being custodial in nature, also include operational activities under which the principal and income benefit several specific local taxing entities. While both Agency and Private-Purpose Trust Funds include a Statement of Net Position, only the latter is required to include a Statement of Changes in Net Position. The Fund Financial Statements can be found on pages 19 – 27 of this report.

Governmental Funds – Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources, which can be spent in the near future, to finance the City's programs. The differences of results in the Governmental Fund Financial Statements, to those in the Government-Wide Financial Statements, are explained in a reconciliation following each Governmental Fund Financial Statement. The Governmental Fund Financial Statements can be found on pages 19 – 22 of this report.

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in Proprietary Funds. The City maintains two different types of Proprietary Funds – Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. Examples of Enterprise Funds include Water and Solid Waste. Internal Service Funds are used to report activities, which provide supplies and services for the City's other programs, and activities. Two examples are the Information Systems Replacement Fund and the Fleet Maintenance Services Fund. Internal Service Funds are reported with governmental activities in the Government-Wide Financial Statements, found on pages 17 – 18 of this report.

Proprietary Fund Financial Statements provide a more detailed version of the information provided in the Government-Wide Financial Statements. Cash flows for the Enterprise Funds and the Internal Service Funds are provided, as well as combining statements for the individual Internal Service Funds. The Proprietary Fund Financial Statements can be found on pages 23 – 25 of this report.

Fiduciary Funds – The City is the trustee, or fiduciary, amounts held on behalf of developers, property owners, governmental agencies and others. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Fund Financial Statements can be found on pages 26 – 27 of this report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements 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 Basic Financial Statements can be found on pages 29 – 95 of this report.

Required Supplementary Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain Required Supplementary Information concerning budgetary comparison schedules for the General Fund and other Major Funds and schedules related to the City's net pension liability, net OPEB liability and contributions. Required Supplementary Information can be found on pages 97 – 104 of this report.

Combining and Individual Fund Statements and Schedules

Combining and individual fund statements and schedules for the following can be found on pages 105 – 134 of this report including: Non-Major Governmental Funds, Internal Service Funds and Fiduciary Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position for the City as a whole increased by $8.4 million or 1.0%, from $811.3 million at June 30, 2017 to $819.7 million at June 30, 2018. The increase is summarized by the change in net position as recorded in the Statement of Activities, which flows through the Statement of Net Position. Net investment in capital assets and capacity rights increased $17.5 million and has a balance of $635.5 million as of June 30, 2018. Although the City's investment in capital assets and capacity rights is reported net of related debt, the resources needed to repay this debt must be provided form other sources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position decreased by $0.3 million, mainly from decreases in amounts driven by development activity offset by increases in amounts restricted for capital projects. These resources are subject to external restrictions on how they may be used. The restricted net position amount is $120.8 million as of June 30, 2018. The unrestricted net position balance of $63.3 million may be used to meet the City's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017 (1)	2018	2017 (1)	2018	2017 (1)
Current Assets	$ 168,768,909	$ 165,685,406	$ 87,652,208	$ 81,443,475	$ 256,421,117	$ 247,128,881
Capital Assets	508,098,942	499,335,922	257,948,040	253,600,405	766,046,982	752,936,327
Other Non-Current Assets	24,893,421	25,844,474	673,319	752,170	25,566,740	26,596,644
Total Assets	701,761,272	690,865,802	346,273,567	335,796,050	1,048,034,839	1,026,661,852
Deferred Outflows of Resources	18,580,646	11,565,672	12,074,795	10,417,953	30,655,441	21,983,625
Total Deferred Outflows of Resources	18,580,646	11,565,672	12,074,795	10,417,953	30,655,441	21,983,625
Current Liabilities	17,878,699	14,067,416	8,650,417	8,733,708	26,529,116	22,801,124
Long-Term Liabilities Outstanding	155,531,789	138,298,209	75,778,692	73,506,049	231,310,481	211,804,258
Total Liabilities	173,410,488	152,365,625	84,429,109	82,239,757	257,839,597	234,605,382
Deferred Inflows of Resources	931,194	2,301,641	271,991	452,814	1,203,185	2,754,455
Total Deferred Inflows of Resources	931,194	2,301,641	271,991	452,814	1,203,185	2,754,455
Net Position:						
Net Investment in Capital Assets and Capacity Rights	429,289,132	422,791,124	206,237,571	195,261,914	635,526,703	618,053,038
Restricted	95,686,834	95,801,016	25,157,771	25,362,943	120,844,605	121,163,959
Unrestricted	21,024,270	29,172,068	42,251,920	42,896,575	63,276,190	72,068,643
Total Net Position	$ 546,000,236	$ 547,764,208	$ 273,647,262	$ 263,521,432	$ 819,647,498	$ 811,285,640

(1) Not restated for the effects of GASB Statement No. 75 as discussed in Note #11.

Governmental Activities

The City's net position from governmental activities decreased $1.8 million or 0.3%, from $547.8 million to $546.0 million. The net decrease was from a combination of the impact of the one-time adjustment of $13.0 million resulting from the implementation of GASB Statement No. 75 as discussed above, along with the transfer of non-depreciable assets to the Successor Agency of $1.3 million and a transfer of $2.6 million of depreciable assets to the Proprietary Funds. Offsetting these decreases are increases resulting from strong development activity, with the City issuing 411 single-family building permits during the fiscal year. In comparing results to the prior year, the City received $1.6 million more in property taxes and sales taxes, reflective of a solid housing market and economy. Expenditures increased 3.5% from the prior year from the impacts of an increase in staffing and service levels in addition to inflationary increases in costs.

Business-Type Activities

The City's net position from Business-Type activities increased $10.1 million. This includes the impact of one-time adjustments resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits* (see Note #11). Excluding these one-time adjustments of $4.9 million, the City's net position from Business-Type activities increased by $15.0 million or 5.8%, to $273.6 million. Net investment in capital assets increased $11.0 million as capital assets were acquired and long-term debt continued to be repaid. Revenue from charges for services increased by 13.7% over the prior year, mainly due to annual rate increases along with a rise in water consumption, as drought-related State mandated water conservation was no longer in effect. Overall revenue increases are due to the increase in charges for services offset by lower capital grants and contributions from development. Compared to the prior year, expenses increased 3.2% due primarily to increases in personnel services. Overall, the unrestricted net position was $42.3 million at the fiscal year end.

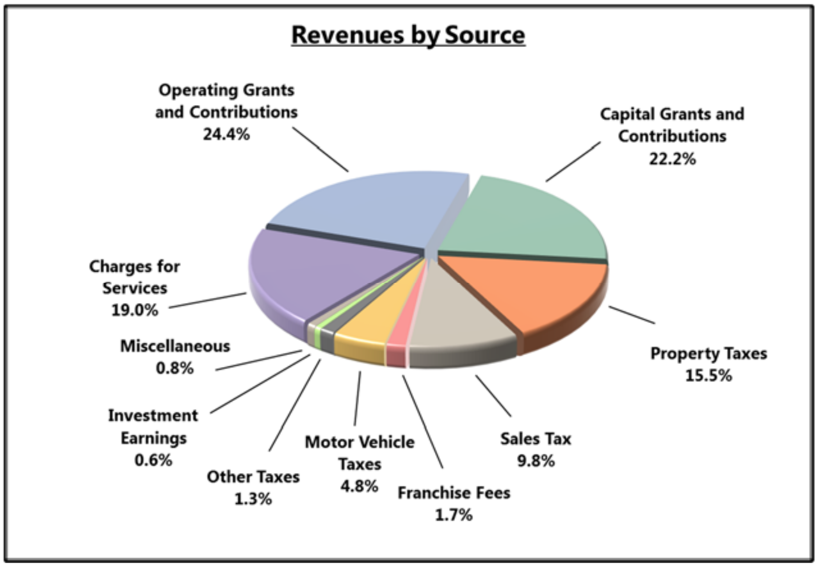
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (1)	2018	2017 (1)	2018	2017 (1)
Revenues:						
Program Revenues:						
Charges for Services	$ 16,934,432	$ 17,414,518	$ 47,060,562	$ 41,397,807	$ 63,994,994	$ 58,812,325
Operating Grants and Contributions	21,768,980	17,787,223	740,936	1,024,113	22,509,916	18,811,336
Capital Grants and Contributions	19,882,418	19,008,097	9,812,301	11,863,994	29,694,719	30,872,091
General Revenues:						
Taxes:						
Property Taxes	13,819,751	12,922,787	-	-	13,819,751	12,922,787
Sales Tax	8,785,927	8,188,046	-	-	8,785,927	8,188,046
Franchise Fees	1,499,715	1,487,179	-	-	1,499,715	1,487,179
Real Property Transfer Tax	641,279	547,975	-	-	641,279	547,975
Transient Occupancy Tax	555,535	396,763	-	-	555,535	396,763
Motor Vehicle Taxes	4,291,791	3,952,928	-	-	4,291,791	3,952,928
Investment Earnings	502,436	373,212	200,691	233,539	703,127	606,751
Miscellaneous	692,654	352,324	-	-	692,654	352,324
Total Revenues	89,374,918	82,431,052	57,814,490	54,519,453	147,189,408	136,950,505
Expenses:						
General Government	13,388,117	13,709,033	-	-	13,388,117	13,709,033
Public Safety	19,955,450	18,718,910	-	-	19,955,450	18,718,910
Community Development	4,790,307	4,386,875	-	-	4,790,307	4,386,875
Engineering	3,174,218	2,982,747	-	-	3,174,218	2,982,747
Public Works	7,606,439	7,266,573	-	-	7,606,439	7,266,573
Parks and Recreation	12,937,460	12,645,111	-	-	12,937,460	12,645,111
Community Services	7,802,659	7,300,460	-	-	7,802,659	7,300,460
Interest on Long-Term Debt	4,780,172	4,896,060	-	-	4,780,172	4,896,060
Wastewater	-	-	10,744,008	10,328,357	10,744,008	10,328,357
Solid Waste	-	-	12,281,266	11,493,599	12,281,266	11,493,599
Water	-	-	21,090,099	20,972,101	21,090,099	20,972,101
City Rentals	-	-	194,306	196,829	194,306	196,829
Housing	-	-	879,920	797,400	879,920	797,400
Total Expenses	74,434,822	71,905,769	45,189,599	43,788,286	119,624,421	115,694,055
Change in Net Position Before Transfers and Special Items	14,940,096	10,525,283	12,624,891	10,731,167	27,564,987	21,256,450
Transfers	(2,399,950)	(270,142)	2,399,950	270,142	-	-
Special Items	(1,327,129)	-	-	-	(1,327,129)	-
Increase in Net Position	11,213,017	10,255,141	15,024,841	11,001,309	26,237,858	21,256,450
Net Position 7/1, Restated	534,787,219	537,509,067	258,622,421	252,520,123	793,409,640	790,029,190
Net Position 6/30	$ 546,000,236	$ 547,764,208	$ 273,647,262	$ 263,521,432	$ 819,647,498	$ 811,285,640

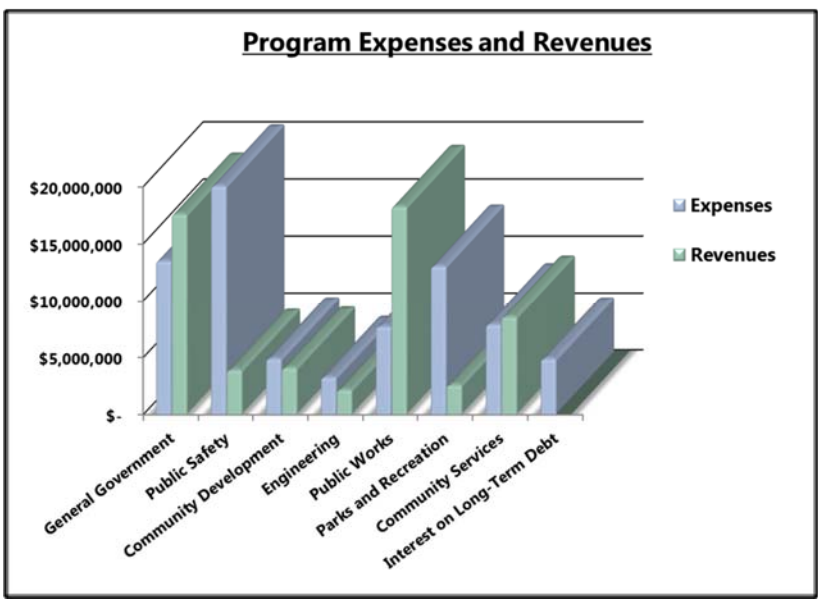
(1) Not restated for the effects of GASB Statement No. 75 as discussed in Note #11.

Governmental Activities

The cost of all Governmental activities this year was $74.4 million. Net expenses, as shown in the Statement of Activities and Changes in Net Position found on page 18, were $15.8 million. A portion of the cost for these activities was paid either by those who directly benefited from the programs ($16.9 million), by other governments and organizations that subsidized certain programs with operating grants and contributions ($21.8 million), or capital grants and contributions ($19.9 million). Overall, the City's governmental program revenues were $58.6 million.

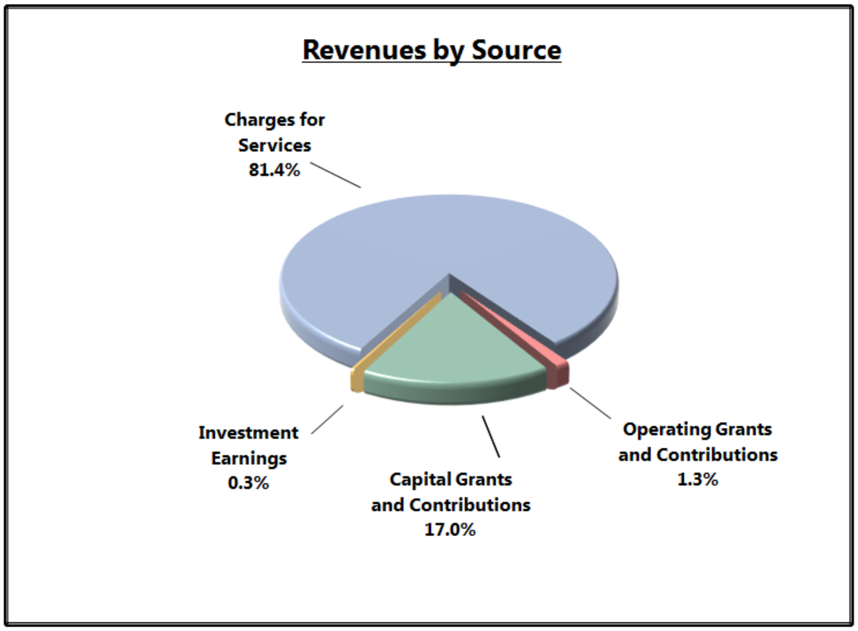
Total resources available during the year to finance governmental operations were $621.8 million consisting of restated net position at July 1, 2017 of $534.8 million, program revenues of $58.6 million and general revenues and transfers of $28.4 million. Total governmental activities expenses and special items during the year were $75.8 million, thus net position increased by $11.2 million to $546.0 million.

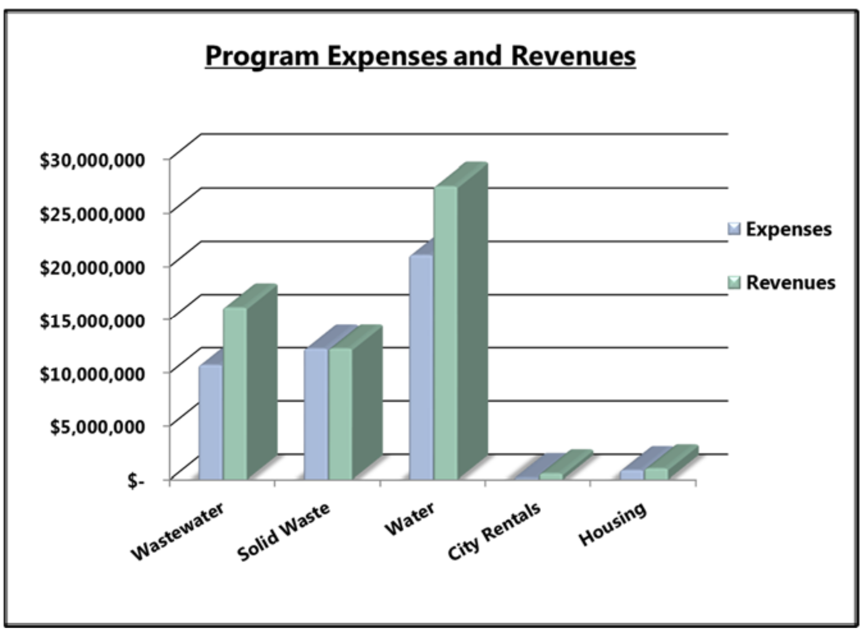




Business-Type Activities
The cost of all Business-Type activities this year was $45.2 million. As shown in the Statement of Activities and Changes in Net Position, found on page 18, the amounts paid by users of the services were $47.1 million. Capital grants and contributions totaled $9.8 million, operating grants and contributions were $0.7 million and investment earnings were $0.2 million.

Total resources available during the year to finance Business-Type activities were $318.8 million, consisting of restated net position at July 1, 2017 of $258.6 million, charges for services of $47.1 million, contributions of $10.5 million and general revenues and net transfers of $2.6 million. Total Business-Type activities during the year were $45.2 million, thus net position increased by $15.0 million to $273.6 million.





FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's General Fund had a fund balance of $28.6 million, an increase of $5.2 million compared to the prior year. The increase in fund balance is after the effect of net transfers from the Pension/OPEB Obligation fund of $3.7 million. As of June 30, 2018, the General Fund maintained an unassigned fund balance of 30% of annual operating appropriations and transfers out. The increase in fund balance is a result of amounts transferred from the Pension/OPEB Obligation Fund to increase the committed fund balance in the General Fund for future obligations combined with increases due to development-related revenue.

The Roadway Development Impact Fee Fund, which is reported as a Special Revenue Fund, had an increase in fund balance of $3.1 million. This increase was due to impact fees generated by increased development activity that will be used to fund future capital projects.

The Community Facilities Development Impact Fee Fund, which is reported as a Special Revenue Fund, had a decrease in fund balance of $2.0 million. This decrease was due to the funding of capital projects required as a result of development included in the Development Fee Program.

The Landscape and Lighting Assessment Districts Fund, which is reported as a Special Revenue Fund, had an increase in fund balance of $1.3 million. This increase was due to assessments revenue exceeding expenditures to increase reserve balances in the Districts.

The Roadway Improvements Fund, which is reported as a Capital Projects Fund, had an increase in fund balance of $2.4 million. This increase was due to impact fees generated by increased development activity that will be used to fund future capital projects.

The Community Facilities Improvements Fund, which is reported as a Capital Projects Fund, had a decrease in fund balance of $2.8 million. This decrease was primarily due to expenditures related to the Library – New Construction and Municipal Service Center projects, partially offset by project funding transfers.

The 2015 Lease Financing Acquisition Fund, which is reported as a Capital Projects Fund had a decrease of $4.9 million. This decrease was primarily to fund the Library – New Construction project.

The Capital Infrastructure Fund, which is reported as a Capital Projects Fund, had a decrease in fund balance of $3.2 million. This decrease was due to the funding of capital projects for economic development-related infrastructure projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2017/18 original budget (adopted June 2016) General Fund expenditures and transfers out in the amount of $54,037,517, to the final budget amount of $57,196,950, there was an increase in budgeted expenditures and transfers out of $3,159,433. The causes for these increases are summarized below.

During the fiscal year, the total revenues and transfers in for the General Fund were $56,890,458. This was $1,615,451 less than budgeted. The total expenditures and transfers out for the General Fund were $51,726,903. This was $5,470,047 less than budgeted.

Revenues were under budget due primarily due to a transfer from the Pension/OPEB Obligation Fund of $4.2 million that was not required. This transfer was budgeted to balance budgeted General Fund revenues with expenditures. Development-related revenue was greater than expected in the fiscal year and 411 single-family residential building permits were issued while only 275 had been budgeted, resulting in a $1.3 million surplus in permit revenue during the year. In addition, receipts of property tax and sales tax were $1.2 million over the final budget.

On the expenditure side, the City continued to operate efficiently, reducing costs wherever possible. This resulted in savings across most departments as supplies and services costs remained low and personnel vacancies took longer than anticipated to be filled.

Supplemental changes to the 2017/18 fiscal year General Fund budget were:

- Net increase of $1,326,833 in personnel costs due to negotiated labor cost increases, authorization of additional staff, which is partially offset by a decrease in workers' compensation costs
- Increase of $830,471 for a transfer to the Pension/OPEB Obligation Fund offset entirely by a decrease in department expenditure budgets
- Increase of $391,912 in transfers for capital outlay
- Increase of $342,320 in Community Development for contractual services and other costs
- Net increase of $242,647 in Strategic Initiative budgets which were transferred from FY 2016/17 for the continuation of the 2016/17 – 2017/18 Strategic Plan
- Increase of $225,000 for Successor Agency and Legal contractual services
- Increase of $150,000 in Landscape Operations for trail pavement management and other costs
- Increase of $124,958 in the Community Center and Aquatic Center for increased facility and utility costs
- Increase of $105,934 in Parks and Recreation costs due to increased program participation
- Increase of $120,006 in Engineering and Public Works for contractual services
- Increase of $71,402 for Police vehicle repair costs and contractual services
- Increase of $58,421 in Community Services contributions

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The capital assets of the City are used in the performance of the City's functions. At June 30, 2018, capital assets, net of accumulated amortization and depreciation, of the Governmental activities totaled $508.1 million. Capital assets, net of accumulated amortization and depreciation, of the Business-Type activities totaled $257.9 million. Depreciation and amortization on capital assets is recognized in the Government-Wide financial statements. Refer to Note #5 of this report, for detailed information regarding capital assets. The City has elected to use the depreciation and amortization method for infrastructure reporting.

	Original Cost	Accumulated Depreciation and Amortization	Book Value
Capital Assets – Governmental:			
Intangible Assets	$ 6,258,156	$ 1,266,367	$ 4,991,789
Land	34,838,978	-	34,838,978
Buildings	56,777,475	9,354,076	47,423,399
Infrastructure	474,457,811	107,003,794	367,454,017
Machinery and Equipment	9,363,039	4,882,895	4,480,144
Vehicles	12,524,916	7,173,437	5,351,479
Land Improvements	30,558,217	6,029,798	24,528,419
Work in Progress – CIP and Infrastructure	19,030,717	-	19,030,717
Total Capital Assets – Governmental	$ 643,809,309	$ 135,710,367	$ 508,098,942
Capital Assets – Business-Type:			
Intangible Assets	$ 18,950,632	$ 3,923,252	$ 15,027,380
Land	2,661,597	-	2,661,597
Buildings	25,606,035	7,243,089	18,362,946
Infrastructure	254,363,287	51,044,513	203,318,774
Machinery and Equipment	3,745,906	1,481,284	2,264,622
Land Improvements	10,925,186	2,959,186	7,966,000
Work in Progress – CIP and Infrastructure	8,346,721	-	8,346,721
Total Capital Assets – Business-Type	$ 324,599,364	$ 66,651,324	$ 257,948,040

Long-Term Obligations

Debt, considered a liability of Governmental Activities, increased during the fiscal year by $1.5 million. This increase was primarily a result of the increases in net pension liability, which was largely offset by annual debt service payments on outstanding notes and bonds payable. Per capita debt outstanding increased marginally from $2,637 to $2,713 compared to the prior fiscal year. Debt, considered a liability of Business-Type Activities, decreased by $5.0 million during the fiscal year as debt service payments exceeded the increases in net pension liability and net OPEB liability.

Detailed information regarding long-term obligation activity can be found in Note #6 in this report.

	Balance June 30, 2017	Incurred or Issued	Satisfied or Matured	Balance June 30, 2018
Governmental Activities:				
Bonds Payable	$ 81,967,723	$ 351,899 [1]	$ 3,082,625	$ 79,236,997
Notes Payable	13,382,317	-	1,294,412	12,087,905
Net OPEB Liability	29,777,006 [2]	-	2,072,852	27,704,154
Net Pension Liability	32,777,998	7,643,944	-	40,421,942
Accumulated Compensated Absences	1,554,879	1,799,617	1,823,770	1,530,726
Total Governmental Activities	$ 159,459,923	$ 9,795,460	$ 8,273,659	$ 160,981,724
Business-Type Activities:				
Bonds Payable	$ 49,563,942	$ -	$ 3,262,093	$ 46,301,849
Notes Payable and Other	16,204,231	-	3,719,725	12,484,506
Net OPEB Liability	10,105,994 [2]	414,852	-	10,520,846
Net Pension Liability	10,076,633	1,575,723	-	11,652,356
Accumulated Compensated Absences	456,499	660,127	652,005	464,621
Total Business-Type Activities	$ 86,407,299	$ 2,650,702	$ 7,633,823	$ 81,424,178

[1] *Accreted Interest of $351,899*

[2] *Beginning balance has been restated in accordance with the implementation of GASB 75*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The key assumptions in the General Fund revenue forecast for fiscal year 2018/19 are:

- Development activity will slow from its current pace, with approximately 250 new residential building permits being issued. This is a reduction from the 411 permits issued in fiscal year 2017/18.
- Assessed valuations in the City will show a significant increase as the City has been informed by the Contra Costa County Assessor that a 7.36% increase in assessed valuation is to be expected in fiscal year 2018/19.
- Modest increases in interest rates from historically low levels will result in continued low levels of investment income.

The City has experienced increasing revenues as development activity has exceeded expectations over the past several years. Additionally, rising property values have resulted in increased property tax revenues. Due to the increase in development, the City's population is estimated to increase a little over 2% in 2018. However, population increases are expected to be less than 2% per year over the next several years as development returns to a more moderate pace. The following key budgetary expenditure impacts were addressed in the General Fund fiscal year 2018/19 budget:

- The operational costs for the new public library in the Civic Center area, which opened in the first quarter of the 2018/19 fiscal year.
- The costs associated with the three-year labor contracts with each of the City's bargaining groups, which became effective July 2017 combined with an increase of five General Fund positions approved in fiscal year 2016/17.
- Continuation of the City's pre-funding strategy for OPEB, in which the City is funding 85% of the actuarial determined contribution (ADC) annually.
- Expenditures budgeted to achieve the objectives of the City's 2018/19 – FY2019/20 Strategic Plan, funding various initiatives aligned with the General Plan focus areas.
- Funding for a pension pay down plan of a one-time payment of $8.3 million to CalPERS to be applied toward the City's unfunded pension liability. This amount will substantially reduce future year's required unfunded pension liability payments.

Long-term expenditures will continue to be significantly impacted by personnel-related cost increases. The City's Ten-Year General Fund Fiscal Model shows continued escalation in pension and retiree medical costs. With the population growth in recent years in the City, there will be increasing pressure on demands for service. The City has taken several measures to help mitigate future cost increases, including multiple tier levels for pension and retiree medical benefits, the pension pay down plan and policy to fund 85% of the ADC for OPEB. Strong fiscal policy and leadership by the City Council has put the City in a strong position to meet future cost challenges. Other future cost increases included in the City's long-term forecasts include increased replacement needs as the City's facilities and infrastructure age and increased operational costs as the City adds new amenities.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it manages. If you have questions about this report, or need any additional financial information, contact the Finance and Information Systems Department, located at 150 City Park Way, Brentwood, California 94513, either by phone, (925) 516-5460, or e-mail finance@brentwoodca.gov.

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Statement of Net Position

June 30, 2018

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 154,094,805	$ 81,130,906	$ 235,225,711
Restricted Cash and Investments	11,825,532	52,880	11,878,412
Receivables, Net of Allowance for Doubtful Accounts	1,228,541	6,372,314	7,600,855
Inventories	93,468	-	93,468
Prepaids	486,204	96,108	582,312
Land Held for Resale	1,040,359	-	1,040,359
Total Current Assets	168,768,909	87,652,208	256,421,117
Non-Current Assets:			
Long-Term Notes and Loans Receivable	24,893,421	673,319	25,566,740
Capital Assets			
Land and Work In Progress	53,869,695	11,008,318	64,878,013
Depreciable, Net of Accumulated Depreciation and Amortization	454,229,247	246,939,722	701,168,969
Total Non-Current Assets	532,992,363	258,621,359	791,613,722
Total Assets	701,761,272	346,273,567	1,048,034,839
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	-	7,075,887	7,075,887
Related to OPEB	3,433,702	1,077,169	4,510,871
Related to Pensions	15,146,944	3,921,739	19,068,683
Total Deferred Outflows of Resources	18,580,646	12,074,795	30,655,441
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	8,304,429	2,891,538	11,195,967
Unearned Revenue	294,978	-	294,978
Deposits Held	3,829,357	113,393	3,942,750
Long-Term Liabilities Due Within One Year	5,449,935	5,645,486	11,095,421
Total Current Liabilities	17,878,699	8,650,417	26,529,116
Non-Current Liabilities Due in More Than One Year:			
Bonds Payable	76,081,997	44,691,849	120,773,846
Notes Payable and Other	10,711,406	8,727,792	19,439,198
Net OPEB Liability	27,704,154	10,520,846	38,225,000
Net Pension Liability	40,421,942	11,652,356	52,074,298
Compensated Absences Payable	612,290	185,849	798,139
Total Non-Current Liabilities	155,531,789	75,778,692	231,310,481
Total Liabilities	173,410,488	84,429,109	257,839,597
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	115,122	38,877	153,999
Related to Pensions	816,072	233,114	1,049,186
Total Deferred Inflows of Resources	931,194	271,991	1,203,185
NET POSITION			
Net Investment in Capital Assets and Capacity Rights	429,289,132	206,237,571	635,526,703
Restricted for:			
Capital Projects	34,828,571	6,181,825	41,010,396
Debt Service	29,812,265	52,880	29,865,145
Housing	1,054,874	6,429,725	7,484,599
Streets and Roadways	10,971,517	-	10,971,517
Landscape and Lighting Assessment Districts	5,597,537	-	5,597,537
Agricultural/Farmland Mitigation	2,160,390	-	2,160,390
Public Art	2,370,414	-	2,370,414
Development Impact Fee Program	7,070,692	12,475,752	19,546,444
Other Restricted Purposes	1,820,574	17,589	1,838,163
Unrestricted	21,024,270	42,251,920	63,276,190
Total Net Position	$ 546,000,236	$ 273,647,262	$ 819,647,498

See Accompanying Notes to the Basic Financial Statements

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2018

		Program Revenues				Net Revenues (Expenses) and Changes in Net Position — Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Total**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:								
Governmental Activities								
General Government	$ 13,388,117	$ 9,204,518	$ 2,796,936	$ 5,483,752	$ 17,485,206	$ 4,097,089	$ -	$ 4,097,089
Public Safety	19,955,450	418,188	3,100,624	278,452	3,797,264	(16,158,186)	-	(16,158,186)
Community Development	4,790,307	3,745,019	-	253,080	3,998,099	(792,208)	-	(792,208)
Engineering	3,174,218	2,077,627	-	-	2,077,627	(1,096,591)	-	(1,096,591)
Public Works	7,606,439	-	5,297,516	12,859,608	18,157,124	10,550,685	-	10,550,685
Parks and Recreation	12,937,460	1,489,080	2,109,929	1,007,526	4,606,535	(8,330,925)	-	(8,330,925)
Community Services	7,802,659	-	8,463,975	-	8,463,975	661,316	-	661,316
Interest on Long-Term Debt	4,780,172	-	-	-	-	(4,780,172)	-	(4,780,172)
Total Governmental Activities	74,434,822	16,934,432	21,768,980	19,882,418	58,585,830	(15,848,992)	-	(15,848,992)
Business-Type Activities								
Wastewater	10,744,008	12,096,684	-	4,072,811	16,169,495	-	5,425,487	5,425,487
Solid Waste	12,281,266	12,293,622	-	-	12,293,622	-	12,356	12,356
Water	21,090,099	21,784,977	-	5,739,490	27,524,467	-	6,434,368	6,434,368
City Rentals	194,306	579,656	-	-	579,656	-	385,350	385,350
Housing	879,920	305,623	740,936	-	1,046,559	-	166,639	166,639
Total Business-Type Activities	45,189,599	47,060,562	740,936	9,812,301	57,613,799	-	12,424,200	12,424,200
Total Primary Government	$ 119,624,421	$ 63,994,994	$ 22,509,916	$ 29,694,719	$ 116,199,629	$ (15,848,992)	$ 12,424,200	$ (3,424,792)

	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes	$ 13,819,751	$ -	$ 13,819,751
Sales Tax	8,785,927	-	8,785,927
Franchise Fees	1,499,715	-	1,499,715
Real Property Transfer Tax	641,279	-	641,279
Transient Occupancy Tax	555,535	-	555,535
Motor Vehicle Taxes, In-Lieu, Unrestricted	4,291,791	-	4,291,791
Investment Earnings	502,436	200,691	703,127
Miscellaneous	692,654	-	692,654
Transfers	(2,399,950)	2,399,950	-
Special Items:			
Transfer of Land to the Successor Agency	(1,327,129)	-	(1,327,129)
Total General Revenues, Transfers and Special Items	27,062,009	2,600,641	29,662,650
Change in Net Position	11,213,017	15,024,841	26,237,858
Net Position - Beginning of Year, Restated	534,787,219	258,622,421	793,409,640
Net Position - End of Year	$ 546,000,236	$ 273,647,262	$ 819,647,498

City of Brentwood

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	Special Revenue Fund: Landscape and Lighting Assessment Districts	Capital Project Fund: Community Facilities Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current Assets:					
Cash and Investments	$ 33,632,681	$ 6,257,378	$ 14,477,027	$ 45,308,114	$ 99,675,200
Restricted Cash and Investments	-	-	174,204	11,651,328	11,825,532
Receivables	1,370,414	4,071	10,486	25,556,462	26,941,433
Prepaids	87,527	-	-	1,092	88,619
Due from Other Funds	-	-	1,279,912	-	1,279,912
Land Held for Resale	-	-	-	1,040,359	1,040,359
Total Assets	$ 35,090,622	$ 6,261,449	$ 15,941,629	$ 83,557,355	$ 140,851,055
LIABILITIES					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 2,081,632	$ 663,912	$ 3,055,769	$ 2,075,349	$ 7,876,662
Due to Other Funds	-	-	-	2,064,737	2,064,737
Unearned Revenue	294,978	-	-	-	294,978
Deposits Held	3,829,357	-	-	-	3,829,357
Total Liabilities	6,205,967	663,912	3,055,769	4,140,086	14,065,734
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Accounts Receivable	315,197	-	-	553,706	868,903
Total Deferred Inflows of Resources	315,197	-	-	553,706	868,903
FUND BALANCES					
Nonspendable	87,527	-	-	81,092	168,619
Restricted	95,620	5,597,537	12,885,860	77,366,385	95,945,402
Committed	11,986,875	-	-	2,696,413	14,683,288
Unassigned	16,399,436	-	-	(1,280,327)	15,119,109
Total Fund Balances	28,569,458	5,597,537	12,885,860	78,863,563	125,916,418
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 35,090,622	$ 6,261,449	$ 15,941,629	$ 83,557,355	$ 140,851,055

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2018

Total Fund Balances - Total Governmental Funds	$ 125,916,418
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not current financial resources; therefore, they are not reported in the Governmental Funds Balance Sheet.	502,203,090
Internal Service Funds are used by management to charge costs of certain activities, such as data processing and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Government-Wide Statement of Net Position.	55,198,609
Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and Changes in Net Position.	(952,309)
Long-term liabilities and deferred outflows/inflows of resources are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet.	
Bonds	(78,284,688)
Notes Payable	(12,087,905)
Net OPEB Liabilities	(24,385,278)
Deferred Outflows of Resources Related to OPEB	3,064,431
Deferred Inflows of Resources Related to OPEB	(101,795)
Net Pension Liabilities	(36,204,041)
Deferred Outflows of Resources Related to Pensions	13,732,353
Deferred Inflows of Resources Related to Pensions	(731,691)
Compensated Absences	(1,322,963)
Accrued Liabilities	(43,995)
Total Net Position of Governmental Activities	$ 546,000,236

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2018

	General Fund	Special Revenue Fund: Landscape and Lighting Assessment Districts	Capital Project Fund: Community Facilities Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 23,443,182	$ -	$ -	$ 5,963,767	$ 29,406,949
Licenses	710,091	-	-	177,523	887,614
Permits and Fines	6,062,836	-	-	-	6,062,836
Uses of Money and Property	350,909	8,596	45,049	284,217	688,771
Intergovernmental	4,419,653	-	-	5,575,968	9,995,621
Franchises	1,499,715	-	-	-	1,499,715
Charges for Other Services	573,488	-	-	-	573,488
Charges to Other Funds	7,333,321	-	-	-	7,333,321
Fees and Other Revenues	2,157,493	8,463,975	503,523	13,710,324	24,835,315
Total Revenues	46,550,688	8,472,571	548,572	25,711,799	81,283,630
EXPENDITURES					
Current:					
General Government	6,416,507	-	410,132	3,914,103	10,740,742
Public Safety	22,120,911	-	-	186,408	22,307,319
Community Development	4,700,806	-	-	294,970	4,995,776
Engineering	3,315,619	-	-	-	3,315,619
Public Works	3,548,386	-	-	-	3,548,386
Parks and Recreation	6,260,262	-	-	4,565,808	10,826,070
Community Services	634,038	7,198,793	-	37,804	7,870,635
Capital Outlay	-	-	13,110,840	1,074,632	14,185,472
Debt Service:					
Principal	1,294,412	-	-	3,015,000	4,309,412
Interest and Fiscal Charges	-	-	-	4,495,898	4,495,898
Total Expenditures	48,290,941	7,198,793	13,520,972	17,584,623	86,595,329
REVENUES OVER (UNDER) EXPENDITURES	(1,740,253)	1,273,778	(12,972,400)	8,127,176	(5,311,699)
OTHER FINANCING SOURCES (USES)					
Transfers In	10,339,770	-	10,277,151	13,093,687	33,710,608
Transfers Out	(3,435,962)	-	(68,453)	(25,208,010)	(28,712,425)
Total Other Financing Sources (Uses)	6,903,808	-	10,208,698	(12,114,323)	4,998,183
NET CHANGE IN FUND BALANCES	5,163,555	1,273,778	(2,763,702)	(3,987,147)	(313,516)
Fund Balance, Beginning of Year	23,405,903	4,323,759	15,649,562	82,850,710	126,229,934
Fund Balance, End of Year	$ 28,569,458	$ 5,597,537	$ 12,885,860	$ 78,863,563	$ 125,916,418

See Accompanying Notes to the Basic Financial Statements

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities Changes in Net Position

For Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	$	(313,516)
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount shown represents the capital assets recorded in the current period.		14,185,473
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(9,383,550)
The net effect of various miscellaneous transactions involving Capital Assets (e.g. sales, trade-ins and contributions) is to increase net position.		5,214,820
The effect of Land Transferred to Successor Agency.		(1,327,129)
To record the net change in compensated absences in the Statement of Activities and Changes in Net Position.		35,024
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal and other long-term liabilities is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		
This amount represents long-term debt repayments		4,309,412
This amount represents the decrease in accrued liabilities		43,226
This amount represents the decrease in Net OPEB Liability		2,246,629
This amount represents the increase in Deferred Outflows related to OPEB		432,825
This amount represents the increase in Deferred Inflows related to OPEB		(101,795)
This amount represents the increase in Net Pension Liability		(6,732,055)
This amount represents the increase in Deferred Outflows related to Pensions		3,133,392
This amount represents the decrease in Deferred Inflows related to Pensions		1,413,648
This amount represents accreted interest		(351,899)
This amount represents amortized bond premiums		67,625
Internal Service Funds are used by management to charge the costs of certain activities, such as data processing and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities.		(1,659,113)
Change in Net Position of Governmental Activities	$	11,213,017

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	
ASSETS							
Current Assets:							
Cash and Investments	$ 42,602,139	$ 6,021,661	$ 25,679,021	$ 123,181	$ 6,704,904	$ 81,130,906	$ 54,419,605
Restricted Cash and Investments	-	-	52,880	-	-	52,880	-
Receivables	1,749,150	1,773,705	2,687,090	122,500	39,869	6,372,314	49,432
Inventories	-	-	-	-	-	-	93,468
Prepaids	21,961	21,714	29,455	22,309	669	96,108	397,585
Due from Other Funds	-	-	-	-	-	-	784,825
Total Current Assets	44,373,250	7,817,080	28,448,446	267,990	6,745,442	87,652,208	55,744,915
Non-Current Assets:							
Long-Term Notes Receivable	-	-	-	-	673,319	673,319	-
Capital Assets							
Land and Work In Progress	5,560,938	853,849	2,724,535	-	1,868,996	11,008,318	-
Depreciable	102,612,568	13,251,321	195,375,486	-	2,351,671	313,591,046	15,707,426
Less: Accumulated Depreciation and Amortization	(23,834,823)	(1,773,014)	(40,629,187)	-	(414,300)	(66,651,324)	(9,811,574)
Total Capital Assets, Net of Accumulated Depreciation and Amortization	84,338,683	12,332,156	157,470,834	-	3,806,367	257,948,040	5,895,852
Total Non-Current Assets	84,338,683	12,332,156	157,470,834	-	4,479,686	258,621,359	5,895,852
Total Assets	128,711,933	20,149,236	185,919,280	267,990	11,225,128	346,273,567	61,640,767
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refunding	-	-	7,075,887	-	-	7,075,887	-
Related to OPEB	280,210	383,159	386,452	-	27,348	1,077,169	369,271
Related to Pensions	1,111,997	1,294,100	1,378,404	-	137,238	3,921,739	1,414,591
Total Deferred Outflows of Resources	1,392,207	1,677,259	8,840,743	-	164,586	12,074,795	1,783,862
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	1,317,156	405,048	1,159,232	8,513	1,589	2,891,538	383,772
Deposits Held	-	17,589	60,000	-	35,804	113,393	-
Long-Term Debt Due Within One Year	2,086,094	-	3,280,620	-	-	5,366,714	-
Compensated Absences Payable	71,083	98,716	99,731	-	9,242	278,772	124,658
Total Current Liabilities	3,474,333	521,353	4,599,583	8,513	46,635	8,650,417	508,430
Non-Current Liabilities Due in More Than One Year:							
Bonds Payable	-	-	44,691,849	-	-	44,691,849	-
Notes Payable and Other	8,727,792	-	-	-	-	8,727,792	-
Net OPEB Liability	2,739,368	3,706,471	3,801,580	-	273,427	10,520,846	3,318,876
Net Pension Liability	3,317,410	3,854,102	4,073,822	-	407,022	11,652,356	4,217,901
Compensated Absences Payable	47,390	65,811	66,487	-	6,161	185,849	83,105
Total Non-Current Liabilities	14,831,960	7,626,384	52,633,738	-	686,610	75,778,692	7,619,882
Total Liabilities	18,306,293	8,147,737	57,233,321	8,513	733,245	84,429,109	8,128,312
DEFERRED INFLOWS OF RESOURCES							
Related to OPEB	10,113	13,829	13,948	-	987	38,877	13,327
Related to Pensions	66,367	77,104	81,500	-	8,143	233,114	84,381
Total Deferred Inflows of Resources	76,480	90,933	95,448	-	9,130	271,991	97,708
NET POSITION							
Net Investment in Capital Assets and Capacity Rights	73,524,796	12,332,156	116,574,252	-	3,806,367	206,237,571	5,895,852
Restricted for:							
Capital Projects	2,348,793	-	3,833,032	-	-	6,181,825	-
Special Projects and Programs	12,475,752	17,589	52,880	-	6,429,725	18,975,946	-
Unrestricted	23,372,026	1,238,080	16,971,090	259,477	411,247	42,251,920	49,302,757
Total Net Position	$ 111,721,367	$ 13,587,825	$ 137,431,254	$ 259,477	$ 10,647,339	$ 273,647,262	$ 55,198,609

See Accompanying Notes to the Basic Financial Statements

City of Brentwood

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	
Operating Revenues:							
Charges for Services	$ 11,963,924	$ 12,288,493	$ 21,664,248	$ 579,656	$ 305,623	$ 46,801,944	$ 17,315,475
Other Income	132,760	5,129	120,729	-	-	258,618	191,852
Total Operating Revenues	12,096,684	12,293,622	21,784,977	579,656	305,623	47,060,562	17,507,327
Operating Expenses:							
Personnel Services	3,214,552	3,805,412	3,831,701	-	451,792	11,303,457	4,181,329
Repairs and Maintenance	342,525	1,623,972	596,401	58,976	65,017	2,686,891	688,612
Materials, Supplies and Services	5,361,830	6,664,958	11,309,091	135,330	316,078	23,787,287	8,449,515
Depreciation and Amortization	1,610,481	186,924	3,292,953	-	47,033	5,137,391	1,246,334
Total Operating Expenses	10,529,388	12,281,266	19,030,146	194,306	879,920	42,915,026	14,565,790
Operating Income (Loss)	1,567,296	12,356	2,754,831	385,350	(574,297)	4,145,536	2,941,537
Non-Operating Revenues (Expenses):							
Interest Income	82,233	11,155	65,200	142	41,961	200,691	115,699
Developer Fees and Credits	-	-	-	-	740,936	740,936	-
Interest Expense	(214,051)	-	(2,050,050)	-	-	(2,264,101)	-
Gain or (Loss) on Disposal of Capital Assets	(569)	-	(9,903)	-	-	(10,472)	112,868
Total Non-Operating Revenues (Expenses)	(132,387)	11,155	(1,994,753)	142	782,897	(1,332,946)	228,567
Income (Loss) Before Contributions and Transfers	1,434,909	23,511	760,078	385,492	208,600	2,812,590	3,170,104
Contributions - Impact Fees and Credits	2,437,811	-	3,456,617	-	-	5,894,428	-
Capital Asset Contributions	1,635,000	-	2,282,873	-	-	3,917,873	-
Capital Assets Contributed to/from Governmental Activities	354,162	616,277	1,598,477	-	-	2,568,916	-
Transfers In	548,678	171,678	1,863,133	-	-	2,583,489	1,598,189
Transfers Out	(1,915,426)	(289,683)	(243,248)	(304,098)	-	(2,752,455)	(6,427,406)
Change in Net Position	4,495,134	521,783	9,717,930	81,394	208,600	15,024,841	(1,659,113)
Net Position, Beginning of Year, Restated	107,226,233	13,066,042	127,713,324	178,083	10,438,739	258,622,421	56,857,722
Net Position, End of Year	$ 111,721,367	$ 13,587,825	$ 137,431,254	$ 259,477	$ 10,647,339	$ 273,647,262	$ 55,198,609

See Accompanying Notes to the Basic Financial Statements

Statement of Cash Flows

Proprietary Funds

For Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	
Cash Flows from Operating Activities							
Cash Received from Customers/Other Funds	$ 11,871,772	$ 12,201,041	$ 21,228,403	$ 525,406	$ 384,474	$ 46,211,096	$ 17,173,863
Cash Payments to Suppliers of Goods and Services	(4,249,084)	(5,673,037)	(9,553,792)	(183,944)	(290,731)	(19,950,588)	(8,228,728)
Cash Payments to Employees for Services	(2,924,210)	(3,604,015)	(3,636,694)	-	(336,201)	(10,501,120)	(3,656,433)
Cash Payments for Interfund Services	(1,041,126)	(2,580,320)	(1,235,011)	(11,267)	(90,057)	(4,957,781)	(797,325)
Other Receipts	132,760	5,129	120,729	-	-	258,618	191,852
Net Cash Provided By (Used for) Operating Activities	3,790,112	348,798	6,923,635	330,195	(332,515)	11,060,225	4,683,229
Cash Flows from Non-Capital Financing Activities							
Transfers Received	548,678	171,678	1,286,480	-	-	2,006,836	1,598,189
Transfers Paid	(1,338,773)	(289,683)	(243,248)	(304,098)	-	(2,175,802)	(6,427,406)
Developer Fees and Credits	-	-	-	-	740,936	740,936	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	(790,095)	(118,005)	1,043,232	(304,098)	740,936	571,970	(4,829,217)
Cash Flows from Capital and Related Financing Activities							
Contributions - Impact Fees and Credits	2,437,812	-	3,456,618	-	-	5,894,430	-
Interest Paid on Debt	(214,051)	-	(2,050,050)	-	-	(2,264,101)	-
Principal Paid on Debt	(2,049,105)	-	(4,680,620)	-	-	(6,729,725)	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	121,436
Acquisition and Construction of Capital Assets	(1,896,729)	-	(999,808)	-	-	(2,896,537)	(1,307,646)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(1,722,073)	-	(4,273,860)	-	-	(5,995,933)	(1,186,210)
Cash Flows from Investing Activities							
Interest on Investments	66,153	8,842	54,215	104	39,318	168,632	94,282
Net Cash Provided By Investing Activities	66,153	8,842	54,215	104	39,318	168,632	94,282
Net Increase (Decrease) in Cash and Cash Equivalents	1,344,097	239,635	3,747,222	26,201	447,739	5,804,894	(1,237,916)
Cash and Cash Equivalents - Beginning of Year	41,258,042	5,782,026	21,984,679	96,980	6,257,165	75,378,892	55,657,521
Cash and Cash Equivalents - End of Year	$ 42,602,139	$ 6,021,661	$ 25,731,901	$ 123,181	$ 6,704,904	$ 81,183,786	$ 54,419,605
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Operating Income (Loss)	$ 1,567,296	$ 12,356	$ 2,754,831	$ 385,350	$ (574,297)	$ 4,145,536	$ 2,941,537
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Depreciation and Amortization	1,610,481	186,924	3,292,953	-	47,033	5,137,391	1,246,334
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:							
Receivables	(100,733)	(100,118)	(455,747)	(38,020)	78,851	(615,767)	(16,302)
Prepaid Items	6,832	11,757	8,758	(16,230)	(181)	10,936	99,770
Accounts Payable and Other Payables	414,714	31,724	1,141,592	(905)	307	1,587,432	-
Net OPEB Liability and Deferred Outflows/Inflows of Resources related to OPEB	97,596	133,453	134,599	-	9,525	375,173	-
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	201,169	69,715	49,357	-	102,312	422,553	392,089
Compensated Absences Payable	(7,243)	(863)	12,292	-	3,935	8,121	10,870
Deposits	-	3,850	(15,000)	-	-	(11,150)	-
Net Cash Provided By (Used for) Operating Activities	$ 3,790,112	$ 348,798	$ 6,923,635	$ 330,195	$ (332,515)	$ 11,060,225	$ 4,683,229
Noncash Capital Activities:							
Capital Asset Contributions	$ 1,635,000	$ -	$ 2,282,872	$ -	$ -	$ 3,917,872	$ -
Contributions from Governmental Activities	354,162	616,277	1,598,477	-	-	2,568,916	-
Assets Contributed to Other Funds	(576,653)	-	576,653	-	-	-	-

See Accompanying Notes to the Basic Financial Statements

Statement of Fiduciary Net Position

Agency Funds and Private Purpose Trust Fund

June 30, 2018

	Agency Funds	Private-Purpose Trust Fund - Successor Agency
ASSETS		
Current Assets:		
Cash and Investments	$ 11,738,190	$ 2,174,537
Restricted Cash and Investments	3,155,282	-
Interest Receivable	7,151	561
Total Current Assets	14,900,623	2,175,098
Non-Current Assets:		
Nondepreciable Capital Assets	-	1,327,129
Total Non-Current Assets	-	1,327,129
Total Assets	14,900,623	3,502,227
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	1,932,156	-
Due to City of Brentwood	37,282	-
Long-Term Liabilities Due Within One Year	-	997,895
Total Current Liabilities	1,969,438	997,895
Non-Current Liabilities Due in More Than One Year:		
Due to Bondholders	12,931,185	-
Long-Term Liabilities	-	23,895,526
Total Non-Current Liabilities	12,931,185	23,895,526
Total Liabilities	14,900,623	24,893,421
NET POSITION (DEFICIT)		
Held in Trust for Other Governments	-	(21,391,194)
Total Net Position (Deficit)	$ -	$ (21,391,194)

Statement of Changes in Fiduciary Net Position

Private-Purpose Trust Fund

For Year Ended June 30, 2018

		Private-Purpose Trust Fund - Successor Agency
ADDITIONS		
Property Taxes	$	2,894,422
Investment Earnings		1,389
Other		100,860
Total Additions		2,996,671
DEDUCTIONS		
Administrative Expenses		250,000
Interest and Fiscal Agent Expenses		1,546,769
Total Deductions		1,796,769
Change in Net Position before Special Items		1,199,902
SPECIAL ITEMS		
Assets transferred to Successor Agency		1,327,129
Change in Net Position		2,527,031
NET POSITION HELD IN TRUST		
Net Position - Beginning of Year		(23,918,225)
Net Position - End of Year	$	(21,391,194)

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INDEX OF NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE REPORTING ENTITY

The City of Brentwood is governed by a five member City Council, under the Council-Manager form of government. The accompanying financial statements present the City of Brentwood, the primary government, and its component units, entities for which the primary government is considered financially accountable. The City is considered to be financially accountable for an organization if: 1) the City appoints a voting majority of said organization or 2) there is a potential for the organization to either provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if the organization is fiscally dependent (i.e. unable to adopt a budget, levy taxes, set rates or charges or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

In addition to reporting directly for the City's operations, the Brentwood Infrastructure Financing Authority, a component unit, has been included in the primary reporting entity and is treated as a blended component unit.

Brentwood Infrastructure Financing Authority

The Brentwood Infrastructure Financing Authority (the "Authority"), formed on March 14, 1995, is a joint powers authority organized under Section 6500 *et seq*. of the California Government Code between the City and the Authority for the purpose of acting as a vehicle for various financing activities of the City and the Authority. The Board of Directors is the Brentwood City Council. The primary purpose of the Authority is to render financial assistance to the City and the Authority by issuing debt and financing the construction of public facilities. Separate financial statements are not required for the Authority and therefore, are not issued.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. The Statement of Activities and Changes in Net Position demonstrates the degree to which direct and indirect expenses, for a given function or segment, are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Indirect expenses are expenses which are allocated based on the City's annual Cost Allocation Plan and Schedule of City Fees. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) operating grants and contributions, including special assessments and 3) capital grants and contributions. Taxes and other items not included among program revenue are reported as general revenues.

Summaries of governmental activities, which are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges. Fiduciary activities of the City are not included in these statements.

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the Fund Financial Statements section.

Certain eliminations have been made related to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. These are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, Internal Service Fund transactions have been eliminated, except for interfund services provided and used. However, the transactions between governmental and business-type activities, which are presented as transfers, have not been eliminated from the Statement of Activities.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The Government-Wide Financial Statements, Proprietary Fund Financial Statements and Fiduciary Fund Financial Statements are reported using an economic resources focus and the accrual basis of accounting. 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, regardless of the timing of the related cash flows.

The Governmental Fund Financial Statements are reported using a current financial resources measurement focus called the modified accrual basis of accounting. Accordingly, only current assets, current liabilities and current deferred inflows/outflows are included on the Balance Sheets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end) which are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due. Taxes, including property and sales taxes, special assessments and inter-governmental revenue associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

For Proprietary Funds, all assets, liabilities and deferred inflows/outflows, whether current or non-current, are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total 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. Operating revenues in the Proprietary Funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses which are essential to the primary operations of the fund. All other expenses are reported

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

as non-operating expenses. Proprietary Fund types include Enterprise Funds and Internal Service Funds.

The City's Fiduciary Funds include Agency Funds, which are purely custodial in nature and do not involve a measurement of operational results, and Private-Purpose Trust Funds which, in addition to being custodial in nature, also include operational activities under which the principal and income benefit several specific local taxing entities. While both Agency and Private-Purpose Trust Funds include a Statement of Net Position, only the latter is required to include a Statement of Changes in Net Position.

Fund Types

A *Major Fund* is a fund whose revenues; expenditures/expenses; assets; combined with deferred outflows of resources, or liabilities, combined with deferred inflows of resources (excluding extraordinary items), are at least 10% of corresponding totals for all Governmental or Enterprise funds and at least 5% of the aggregate amount for all Governmental and Enterprise funds for the same item. The General Fund is always considered a major fund. Any other Governmental or Enterprise fund may be reported as a major fund if the government's officials believe the fund is particularly important to financial statement users.

In FY 2017/18, the General Fund, Landscape and Lighting Assessment Districts, a special revenue fund, and Community Facilities Improvements, a capital projects fund, are major governmental funds. Specific descriptions of the City's funds are as follows:

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

Special Revenue Funds account for specific revenues legally restricted to expenditures for particular purposes. Specific descriptions of the Special Revenue Funds are as follows:

- *Gas Tax* – These funds account for monies received from the State of California under Street and Highways Code Sections 2103, 2105, 2106, 2107, 2107.5 and 2032. The allocations must be spent for street maintenance, construction and a limited amount for engineering.
- *Disability Access and Education* – This fund accounts for the monies received due to Senate Bill 1186 (SB1186), which requires cities to collect a $4 fee for new and renewed business licenses for purposes of increasing compliance with state disability laws.
- *Police Grants* – This fund accounts for all Police, Federal, State and County grants requiring segregated fund accounting.
- *Other Grants* – This fund accounts for miscellaneous Federal, State and County grants requiring segregated fund accounting.
- *Economic Development Grant* – This fund accounts for the set aside of 20% of business license tax collected. The monies are used to award grants to promote economic activity.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- *Infrastructure Improvements* – This fund accounts for economic development infrastructure projects and any related costs.
- *Citywide Park Assessment District* – This fund accounts for special benefit assessments levied on property owners for citywide park maintenance.
- *Community Facilities Districts* – These funds account for special taxes levied for a variety of allowable uses, including but not limited to public safety services, joint use school facilities and library facilities. The allowable uses of the funds are governed by the formation documents of each individual District.
- *Roadway Development Impact Fee* – This fund accounts for development fees collected for the design and construction of roadways within the City.
- *Parks and Trails Development Impact Fee* – This fund accounts for development fees collected for the design and construction of parks within the City.
- *Community Facilities Development Impact Fee* – This fund accounts for development fees collected for the design and construction of public facilities within the City.
- *Fire Development Impact Fee* – This fund accounts for development fees collected for the design and construction of fire facilities required to serve new development in the City.
- *Development Impact Fee Administration* – This fund accounts for development fees collected for the administration of the Development Impact Fee Program.
- *Agriculture Land Administration* – This fund accounts for 20% of the Agriculture Preservation fees collected from development. Monies are to be used for administrative purposes associated with establishing, monitoring and managing farmland conservation easements.
- *Agriculture Land Acquisition* – This fund accounts for 80% of the Agriculture Preservation fees collected from development. The monies are used for farmland mitigation purposes.
- *Public Art Administration* – This fund accounts for 20% of the Public Art fees collected from development for the administration of the Public Art Program.
- *Public Art Acquisition* – This fund accounts for 80% of the Public Art fees collected from development for the acquisition and construction of Public Art.
- *Parking In-Lieu* – This fund accounts for development fees collected for off-street parking facilities located within the Downtown area.
- *Asset Forfeiture* – This fund accounts for property or funds seized by the Police Department. After a case has been tried, and a guilty verdict is returned, the funds are considered forfeited. Federal funds must be used for narcotic enforcement and crime suppression. State funds must be used for areas related to drug prevention.
- *Abandoned Vehicle Abatement* – This fund accounts for monies which can only be used for the abatement, removal and disposal, as public nuisances, of any abandoned, wrecked, dismantled or inoperative vehicles, or parts thereof, from private or public property.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- *PEG Media* – This fund accounts for public, educational and governmental access fees collected from cable operators established per the Municipal Code and franchise agreements.
- *Parks Advertising* – This fund accounts for Parks and Recreation advertising fees collected to publish and distribute the Parks and Recreation Activities guide, as well as, enhance the amenities at the Sunset Athletic Complex, the Brentwood Family Aquatic Complex and the Brentwood Skate Park.
- *Measure J* – This fund accounts for the local jurisdiction portions of the Local Street Maintenance and Improvements Fund allocation. The monies can only be spent on local streets and roads, transit operations, growth management planning and compliance, bicycle and pedestrian trails and parking facilities.
- *City Low Income Housing* – This fund accounts for the activities related to the assets assumed by the City of Brentwood as Housing Successor for the housing activities of the former Brentwood Redevelopment Agency.
- *Landscape and Lighting Assessment Districts* – These funds account for special benefit assessments levied on property owners for landscape and street lighting maintenance.

Permanent Funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs for the benefit of the City and its citizens. The City has one permanent fund as follows:

- *Riparian Mitigation Site Maintenance Fund* – This fund accounts for a stewardship endowment for maintenance of a riparian mitigation site.

Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. Specific descriptions of the Debt Service Funds are as follows:

- *Capital Improvement Revenue Refunding Bonds Series 2012* – This fund accounts for debt service transactions related to the refinance of the 2001 Capital Improvement Program (CIP) Bond. The 2001 CIP Bond, which had initially refinanced the Roadway Bonds and a Tax Allocation Bond, and also financed the Brentwood Technology Center.
- *General Obligation Bonds Series 2002* – This fund accounts for tax levies from which general obligation debt service transactions are made on the General Obligation Bonds Series 2002. This bond was used to finance the Police Station.
- *2009 Civic Center Project Lease Revenue Bonds* – This fund accounts for debt service transactions relating to the 2009 Civic Center Project Lease Revenue Bonds.
- *2015 Lease Financing* – This fund accounts for debt service transactions relating to the 2015 Lease Financing. The bond proceeds will be used mainly to finance construction of the new Library and Municipal Service Center.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Capital Project Funds account for the acquisition and construction of major capital facilities and infrastructure not financed by Proprietary Funds. Specific descriptions of the Capital Project Funds are as follows:

- *Roadway Improvements* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain roadway improvements.
- *Community Facilities Improvements* – This fund accounts for various community facilities improvement projects associated with either the construction or improvement of the City's community facilities.
- *Parks and Trails Improvements* – This fund accounts for various park and trail improvement projects associated with either the construction or improvement of the City's parks.
- *Civic Center Project Lease Revenue Bond Acquisition* – This fund accounts for transactions related to proceeds from the 2009 Civic Center Bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure. This fund was closed in FY 2017/18.
- *Capital Improvement Financing Program 2006-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Capital Improvement Financing Program 2005-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *2015 Lease Financing Acquisition* – This fund accounts for transactions related to proceeds from the 2015 Lease Financing and their use to acquire and construct certain capital facilities and infrastructure.
- *Civic Center Capital Improvement Financing Program* – This fund accounts for savings from refinanced City Capital Improvement Financing Program (CIFP) bonds and their use to finance a portion of the Civic Center project.
- *City Capital Improvement Financing Program* – This fund accounts for savings from refinanced City CIFP bonds and their use to acquire and construct certain capital facilities and infrastructure.
- *Capital Infrastructure* – Under the oversight of the CIP Executive Committee, this fund accounts for funds to be used for non-residential development related infrastructure projects and are not to be used for ongoing operating expenses.
- *Vineyards Projects* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to finance infrastructure improvements within the Vineyards development area.

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

- *Vineyards Event Center Projects* – This fund accounts for development fees collected for the design and construction of a Vineyards Event Center.

Proprietary Funds account for operations financed and operated in a manner similar to private business enterprises. The intent of the City Council is for the costs of providing certain goods or services to the general public be financed or recovered primarily through user charges. The government reports the following Enterprise Funds, all of which are reported as major funds:

- *Wastewater Enterprise* – This accounts for the operation, maintenance and capital improvement projects of the wastewater system. These activities are funded by user charges and impact fees.
- *Solid Waste Enterprise* – This accounts for the operation, maintenance and capital improvement projects of the solid waste system. These activities are funded by user charges.
- *Water Enterprise* – This accounts for the operation, maintenance and capital improvement projects of the water system. These activities are funded by user charges and impact fees.
- *City Rentals Enterprise* – This accounts for all the City facilities rented and maintained through this fund.
- *Housing Enterprise* – This accounts for the administrative and operational expenses for the Housing programs which include the Housing rental units and the Affordable Housing and First-Time Homebuyer programs.

Additionally, the government reports for the following fund types:

Internal Service Funds account for the financing of either goods or services provided by one department to other departments of the City on a cost reimbursement basis. Specific descriptions of these funds are as follows:

- *Information Services* – To provide a source of funding for the development and coordination of the City's information systems' needs.
- *Equipment Replacement* – To provide a source of funding for vehicle and equipment replacement.
- *Information Systems Replacement* – To provide a source of funding for the replacement of information systems such as computers and the phone system.
- *Facilities Replacement* – To provide a source of funding for repairs or the replacement of City facilities.
- *Tuition* – To provide a source of funding for expenditures related to continuing education.
- *Fleet Maintenance Services* – To provide a source of funding for the maintenance of all City vehicles, except for Police Department vehicles.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- *Facilities Maintenance Services* – To provide a source of funding for maintenance and repairs of City facilities.
- *Parks and LLAD Replacement* – To provide a source of funding for the replacement of landscaping, equipment and facilities in the citywide parks and Landscape and Lighting Assessment Districts (LLAD).
- *Insurance* – To provide a source of funding for future insurance costs and unforeseen expenses due to legal matters or lawsuits.
- *Pension/Other Post-Employment Benefits (OPEB) Obligation* – To provide an intermediate-term funding source for OPEB and pension expenses.

Fiduciary Funds account for Trust and Agency Funds. The financial activities of these funds are excluded from the Government-Wide Financial Statements, but are presented in separate Fiduciary Fund Financial Statements. The Trust and Agency Funds consist of:

- *Assessments* – Special obligations payable from, and secured by, specific revenue sources.
- *Pass-Through Funds* – Special funds used for the collection and distribution of development fees collected on behalf of other agencies.
- *Asset Seizure* – Special funds to be used exclusively to support law enforcement and prosecutorial efforts.
- *Private-Purpose Trust Fund – Successor Agency* – Special funds used to report the activities and financial position of the Successor Agency to the Brentwood Redevelopment Agency. These funds are held in a trust arrangement for the benefit of local taxing entities, including the City of Brentwood.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS AND NET POSITION OR EQUITY

i. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

ii. Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities and the City's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For additional information, refer to Note #1D xv. The City generally holds all investments until either maturity or market values equal or exceed cost. Therefore, the reported value of securities in the investment pool does not reflect unrealized gains or losses but rather the fair value of those investments as of June 30, 2018.

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

iii. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. All cash and investments of the Proprietary Fund types are pooled with the City's pooled cash and investments.

iv. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions which affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

v. Prepaid Items and Land Held for Resale

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In governmental funds, prepaid items are accounted for using the consumption method. A portion of fund balance equal to the prepaid items is reported as nonspendable to indicate that the funds are not available for appropriation. Land held for resale is valued at the lower of cost or estimated net realizable value.

vi. Capital Assets

The City's assets are capitalized at either historical cost or estimated historical cost. City policy has set the capitalization threshold for capital assets at $10,000 or more. Gifts or contributions of capital assets are valued at their estimated acquisition value on the date contributed. Depreciation is recorded on a straight-line basis over the useful lives of the assets, as follows:

Land Improvements	20 - 65 years
Buildings and Structures	50 years
Machinery and Equipment	3 - 20 years
Vehicles	4 - 12 years
Infrastructure	65 years
Intangible Assets	40 - 65 years

The City defines infrastructure as long lived capital assets which are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation lands and improvement system, storm water conveyance system and buildings, combined with the site amenities such as parking and landscaped areas, which are used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems are not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

vii. Compensated Absences Payable

The following totals may be accumulated by employees each year:

- A total of 11 to 31 vacation days
- Up to 100 hours of compensatory time off, depending on employee's classification
- 12 days of sick leave

Sick leave is not paid at termination, but can be used for additional service credits towards retirement. Half of an employee's accrued sick leave, up to $8,000, may be cashed in when the employee retires from the City of Brentwood. Under certain restrictive circumstances, limited amounts of sick leave can be converted to vacation time. Vacation time is only allowed to accumulate up to one and one-half years' worth of vacation earnings.

All employees may elect to receive a lump sum payment of up to 40 hours of accumulated vacation each March. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours. Additionally, each October employees with three years of service may elect to receive a lump sum payment of up to 40 hours of accumulated vacation time. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours. Liabilities for compensated absences are included as a liability in the Government-Wide Financial Statements and are paid by the fund which has recorded the liability. The long-term portion of compensated absences in Governmental-Type activities is typically liquidated by the General Fund, Citywide Park Assessment District Fund, Fleet Maintenance Fund, Facilities Maintenance Fund and Information Services Fund.

viii. Property Tax

Property tax valuations, liens and levies for secured and unsecured property are valued on March 1st of each year. 50% of secured taxes are due on November 1 and February 1 of each fiscal year (FY) and are delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and delinquent on August 31. Contra Costa County bills and collects the City's property taxes and remits them to the City. The City accounts for the remittance in the General Fund. City property tax revenues are recognized when levied, to the extent that they result in current receivables. The City receives its full assessment of property tax and the County retains all delinquent charges.

ix. Motor Vehicle Taxes

Motor vehicle taxes are collected by the State and remitted to the City. They are not restricted.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

x. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the deferred compensation plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them. Distribution may be made only at termination of employment, retirement, death or in an emergency as defined by the deferred compensation plan. In accordance with the Governmental Accounting Standards Board (GASB) Pronouncement 32, the City revised the plan to no longer make the funds available to the City's general creditors and accordingly the City does not report any assets or liabilities associated with this plan in the accompanying financial statements.

xi. New Governmental Accounting Standards Board Pronouncements

In June 2015, GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. The City implemented GASB Statement No. 75 for the presentation of the FY 2017/18 financial statements.

In January 2017, GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of the statement are effective for reporting periods beginning after December 15, 2018. The City is in the process of determining the impact GASB Statement No. 84 will have on its financial statements.

In March 2017, GASB issued GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City implemented GASB Statement No. 85 for the presentation of the FY 2017/18 financial statements.

In June 2017, GASB issued GASB Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of the statement are effective for reporting periods beginning after December 15, 2019. The City is in the process of determining the impact GASB Statement No. 87 will have on its financial statements.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In March 2018, GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of the statement are effective for reporting periods beginning after June 15, 2018. The City is in the process of determining the impact GASB Statement No. 88 will have on its financial statements.

In June 2018, GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify the accounting for interest cost incurred before the end of a construction period. The requirements of the statement are effective for reporting periods beginning after December 15, 2019. The City is in the process of determining the impact GASB Statement No. 89 will have on its financial statements.

In August 2018, GASB issued GASB Statement No. 90, *Majority Equity Interests*. The objectives of this Statement are to improve the consistency of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of the statement are effective for reporting periods beginning after December 15, 2018. The City is in the process of determining the impact GASB Statement No. 90 will have on its financial statements.

xii. New Funds, Closed Funds and Renamed Funds

In FY 2017/18, the Civic Center Project Lease Revenue Bond Acquisition Capital Project Fund was closed.

For internal consistency, minor changes have been made to the names of certain funds; however, the purpose of these funds remains unchanged.

xiii. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items which qualify for reporting in this category, Deferred Outflows of Resources Related to OPEB, Deferred Outflows of Resources Related to Pensions and Deferred Amount on Refunding. The elements of Deferred Outflows of Resources Related to OPEB are deferred and amortized and will be recognized as a component of OPEB expense in subsequent fiscal years. The elements of Deferred Outflows of Resources Related to Pensions are deferred and amortized and will be recognized as a component of pension expense in subsequent fiscal years. The deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES _(Continued)_

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position which applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items reported on the Government-Wide Statement of Net Position, which qualify for reporting in this category, Deferred Inflows of Resources Related to OPEB and Deferred Inflows of Resources Related to Pensions. The elements of Deferred Inflows of Resources Related to OPEB are deferred and amortized and will be recognized as a component of OPEB expense in subsequent fiscal years. The elements of Deferred Inflows of Resources Related to Pensions are deferred and amortized and will be recognized as a component of pension expense in subsequent fiscal years.

The City has one type of item, Unavailable Revenue - Accounts Receivable, that is reported only in the Governmental Funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

xiv. OPEB and Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by California Employers' Benefit Trust (CERBT) Fund. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 of Brentwood's CalPERS plans (Pension Plans) and additions to/deductions from the Pension Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. 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. The Net Pension Liability and related costs are allocated to each fund based on the proportionate share of the fund's total current year pension contributions.

xv. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

General Budget Policies

The City operates on a two-year budget cycle. Budgets are legally enacted through passage of a resolution prior to July 1. The City Council periodically reviews the budgets and adopts supplemental appropriations (amendments) at the fund level when required. The level of budgetary control is established at the fund level and expenditures may not exceed budgeted appropriations at the fund level without City Council approval. In the financial statements, the final budget amounts include amendments to the original budget. Individual amendments were not material in relation to original appropriations.

Budget Basis of Accounting

Budgetary comparisons are presented for the General, Special Revenue and certain Capital Project funds. The following funds are not legally required to adopt budgets as their appropriations are either established by: 1) the related bond documentation, 2) other legal agreements or 3) are multi-year projects whose budget cycle exceeds one fiscal year.

Capital Project Funds

Roadway Improvements
Community Facilities Improvements
Parks and Trails Improvements
Capital Improvement Financing Program 2006-1
Capital Improvement Financing Program 2005-1

Debt Service Funds

Capital Improvement Revenue Refunding Bonds Series 2012
General Obligation Bonds Series 2002
2009 Civic Center Project Lease Revenue Bonds
2015 Lease Financing

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY *(Continued)*

B. DEFICIT FUND EQUITY

Following is a list of funds which have either a deficit fund or net position balance as of June 30, 2018.

Special Revenue Funds:		
Community Facilities Development Impact Fee	$	1,279,912
Internal Service Funds:		
Information Services	$	1,653,636
Fleet Maintenance Services		934,371
Facilities Maintenance Services		789,268

The deficit in the Community Facilities Development Impact Fee Fund is due to pre-funding of capital projects in advance of receiving funding from development. Future impact fees will be deposited into this fund.

The deficits in the Internal Service Funds are related to OPEB and Pension liability accruals. In response to increasing Net OPEB Liabilities, the City has adopted a long-term OPEB pre-funding strategy which ultimately calls for 85% of the Actuarial Determined Contribution (ADC) to be funded annually. In FY 2017/18, the implementation of GASB 75 required proprietary funds to record their portion of the Net OPEB Liability and Deferred Outflows/Inflows of Resources, resulting in the restatement of their June 30, 2017 net position and an increase in deficit fund equity. The Internal Service Funds will continue to maintain a positive cash balance.

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the "Due To/From Other Funds" balance on the Governmental Funds Balance Sheet, as of June 30, 2018, is shown below. The Parks and Trails Improvements amount is due to timing issues relating to the construction of projects in advance of funding for which the Successor Agency had committed to reimburse the City in the future. The City and Successor Agency are currently seeking potential State reimbursement of this amount. The Community Facilities Development Impact Fee amount is due to pre-funding of capital projects in advance of receiving funding from development. Future impact fees will be deposited into this fund.

Receivable Fund	Payable Fund	Amount
Pension/OPEB Obligation Internal Service Fund	Parks and Trails Improvements Capital Project Fund	$ 784,825
Community Facilities Improvements Capital Project Fund	Community Facilities Development Impact Fee Special Revenue Fund	1,279,912
	Total	$ 2,064,737

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY *(Continued)*

Interfund Transfers

Fund Description	General Fund	Community Facilities Improvements	Non-Major Governmental Funds	Internal Service Funds	Wastewater Enterprise	Solid Waste Enterprise	Water Enterprise	City Rentals Enterprise	Total Transfers In
General Fund	$ -	$ 21,725	$ 5,477,699	$ 4,840,346	$ -	$ -	$ -	$ -	$ 10,339,770
Community Facilities Improvements	890,000	-	9,025,151	362,000	-	-	-	-	10,277,151
Non-Major Governmental Funds	1,113,573	32,573	10,302,359	922,563	89,683	89,683	239,155	304,098	13,093,687
Internal Service Funds	1,432,389	5,412	101,466	46,246	11,088	-	1,588	-	1,598,189
Wastewater Enterprise	-	1,899	299,710	44,564	-	200,000	2,505	-	548,678
Solid Waste Enterprise	-	1,885	1,278	168,111	404	-	-	-	171,678
Water Enterprise	-	4,959	347	43,576	1,814,251	-	-	-	1,863,133
Total Transfers Out	$ 3,435,962	$ 68,453	$ 25,208,010	$ 6,427,406	$ 1,915,426	$ 289,683	$ 243,248	$ 304,098	$ 37,892,286

Transfers are indicative of funding for: 1) capital projects or debt service, 2) subsidies of various City operations or 3) reallocations of special revenues. The following schedule briefly summarizes the City's significant, unusual or inconsistent fund type transfer activity:

Transfer To	Amount	Purpose
General Fund	$ 3,774,505	Provide a subsidy to cover a portion of the costs for Public Safety Services
General Fund	$ 1,319,142	Gas Tax revenue to subsidize the Street Maintenance Division
Internal Service	$ 830,471	Transfer of unassigned General Fund balance in excess of reserve requirement
Capital Projects	$ 3,755,115	Provide funding to cover a portion of the costs for the Library - New Construction project
Capital Projects	$ 2,994,000	Provide funding to cover a portion of the costs for the Priority Area 1 Infrastructure Improvements project
Capital Projects	$ 2,673,391	Provide funding to cover a portion of the costs for the Municipal Service Center project
Capital Projects	$ 1,900,262	Provide funding to cover a portion of the costs for the Vineyards at Marsh Creek - Event Center/Amphitheater project
Enterprises	$ 700,000	Provide funding to cover a portion of the costs for the Downtown Alley Rehabilitation project
Enterprises	$ 537,500	Provide funding to cover a portion of the costs for the Water and Wastewater SCADA System Upgrade project
Capital Projects	$ 496,383	Provide funding to cover a portion of the costs for the Citywide Gateway Monuments "4 Corners" project
Capital Projects	$ 362,000	Provide funding to cover a portion of the costs for the Civic Center HVAC Cooling System Conversion project
Capital Projects	$ 311,514	Provide funding to cover a portion of the costs for the LED Street Light Conversion - Phase II project
Capital Projects	$ 300,000	Provide funding to cover a portion of the costs for the Garin Park Playground Replacement project
Capital Projects	$ 300,000	Provide funding to cover a portion of the costs for the Sunset Field Natural Turf Improvement project

In addition, governmental activities transferred completed capital projects of $354,162, $616,277 and $1,598,477 to the Wastewater, Solid Waste and Water Enterprise Funds, respectively.

D. MINIMUM FUND BALANCE POLICIES

Staff presents a General Fund budget for City Council consideration that maintains an unassigned fund balance of 30% of the annual operating appropriations and operating transfers. The City will strive to maintain cash reserves in the Enterprise Funds of 30% of annual operating appropriations and operating transfers. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for contingencies for unseen operating or capital needs or cash flow requirements.

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY *(Continued)*

E. FUND BALANCES

The City's fund balances are classified based on spending constraints imposed on the use of resources. Nonspendable fund balances are not expected to be converted to cash and are comprised of prepaid items. Restricted fund balances have external restrictions imposed by either creditors, grantors, contributors, laws, regulations or enabling legislation which requires these resources be used only for a specific purpose. Committed fund balances have constraints imposed by a City Council resolution which may be modified or rescinded only through a subsequent City Council resolution. Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City and may be changed at the discretion of the City Council. Unassigned fund balance represents amounts which have not been restricted, committed or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City considers restricted amounts to have been spent, prior to unrestricted amounts, when expenditure is incurred for purposes for which both are available. Committed, assigned and unassigned amounts, in this order, are considered to be spent when expenditure is incurred for purposes for which either is available. Detailed classifications of the City's Governmental Fund Balances, as of June 30, 2018, are shown on the following page:

NOTE #2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

		Special Revenue Fund	Capital Project Fund		
	General Fund	Landscape and Lighting Assesment Districts	Community Facilities Improvements	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid Expenses	$ 87,527	$ -	$ -	$ 1,092	$ 88,619
Riparian Site Mitigation Endowment	-	-	-	80,000	80,000
Total Nonspendable Fund Balances	87,527	-	-	81,092	168,619
Restricted for:					
Debt Service	-	-	-	29,812,265	29,812,265
Community Facilities Projects	-	-	12,885,860	427,363	13,313,223
Parks and Trails Projects	-	-	-	162,738	162,738
Low Income Housing	-	-	-	1,054,874	1,054,874
Vineyards Development Projects	-	-	-	3,489,775	3,489,775
Infrastructure Projects	-	-	-	795,640	795,640
Streets and Roadways	-	-	-	9,044,121	9,044,121
CIFP Projects	-	-	-	8,906,542	8,906,542
Landscape and Lighting Assessment Districts	-	5,597,537	-	-	5,597,537
Off Street Parking Facilities in Downtown	-	-	-	398	398
Agricultural/Farmland Mitigation	-	-	-	2,160,390	2,160,390
Brentwood Redevelopment Escrow	95,620	-	-	-	95,620
Fire Facilities	-	-	-	5,569,319	5,569,319
Public Art	-	-	-	2,370,414	2,370,414
Development Impact Fee Program	-	-	-	12,016,609	12,016,609
Drug Prevention Programs	-	-	-	195,595	195,595
Public Safety	-	-	-	209,902	209,902
Disability Access and Education	-	-	-	27,941	27,941
Abandoned Vehicle Abatement	-	-	-	13,991	13,991
Grants	-	-	-	263,634	263,634
PEG Media	-	-	-	844,874	844,874
Total Restricted Fund Balances	95,620	5,597,537	12,885,860	77,366,385	95,945,402
Committed to:					
Infrastructure Projects	-	-	-	6,255	6,255
Public Safety	-	-	-	2,272,711	2,272,711
Successor Agency Payment Plan	10,078,572	-	-	-	10,078,572
Future Strategic Initiatives	930,303	-	-	-	930,303
General Plan Update	300,000	-	-	-	300,000
Parks Maintenance	-	-	-	417,447	417,447
Streets and Roadways	678,000	-	-	-	678,000
Total Committed Fund Balances	11,986,875	-	-	2,696,413	14,683,288
Unassigned:					
General Fund	16,399,436	-	-	-	16,399,436
Other Fund Deficit	-	-	-	(1,280,327)	(1,280,327)
Total Nonspendable Fund Balances	16,399,436	-	-	(1,280,327)	15,119,109
Total Fund Balances	$ 28,569,458	$ 5,597,537	$ 12,885,860	$ 78,863,563	$ 125,916,418

NOTE #3 – CASH AND INVESTMENTS

A. CASH AND DEPOSITS

The City of Brentwood maintains a cash investment pool that is available for all funds. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund type balance in the pool is reflected on the combined balance sheet as Cash and Investments.

The carrying amounts of the City's cash deposits were $15,409,583 at June 30, 2018. The bank balance, before reconciling items, was $17,317,262. The bank balance is insured for up to $250,000 and the remaining balance is collateralized for up to 110%, with the collateral being held by a pledging financial institution in the City's name. The market value of the pledged securities must equal from 105% to 110% as stated by California Government Code Section 53651, but the City may waive collateral requirements for cash deposits which are insured by the Federal Deposit Insurance Corporation. The City's cash and investment balances are as follows:

Pooled Deposits:		
Demand Deposits	$	15,409,583
Petty Cash		12,000
Investments		248,750,549
Total Cash and Investments	$	264,172,132

Cash and investments appear on the financial statements as follows:

Cash and Investments:		
Governmental Activities	$	154,094,805
Business-Type Activities		81,130,906
Fiduciary Funds		13,912,727
		249,138,438
Restricted Cash and Investments:		
Governmental Activities		11,825,532
Business-Type Activities		52,880
Fiduciary Funds		3,155,282
		15,033,694
Total Cash and Investments	$	264,172,132

B. INVESTMENTS

The City apportions interest earnings to all funds based on their monthly cash balance. The table on the following page identifies the investment types authorized for the City by the City's investment policy, which is more restrictive than California Government Code 53601. The table also identifies certain provisions of the City's investment policy which address interest rate risk, credit risk and concentration of risk.

***NOTE #3 – CASH AND INVESTMENTS** (Continued)*

This table includes permitted investments for the management of the City's cash. In addition, these guidelines are used for the investments of debt proceeds held by bond trustees, which are governed by the provision of the City's debt agreements.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio (1)	Maximum Investment in One Issuer
Asset-Backed Securities	5 years	20%	None
Banker's Acceptances	180 days	40%	30%
California Asset Management Program	N/A	N/A	N/A
California State, Local Agency and Other State Obligations	5 years	30%	None
Commercial Paper	270 days	25%	10%
Insured Savings Account	N/A	N/A	N/A
Local Agency Investment Fund	N/A	$65M/Account	$65M/Account
Medium-Term Notes	5 years	30%	None
Money Market Funds	N/A	15%	None
Mortgage Pass-Through Securities	5 years	20%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20%	None
Supranationals	5 years	30%	None
Time Deposits	5 years	25%	None
U.S. Agency Obligations	5 years	None	None
U.S. Treasury Obligations	5 years	None	None

(1) Excluding amounts held by bond trustee not subject to California Government code restrictions.

Credit Risk

The City's portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, almost 55% of the rated portfolio consists of investments with Standard and Poor's two highest ratings. This percentage does not include U.S. Treasury Bonds/Notes, Local Agency Investment Fund (LAIF), Asset Backed Securities, or Money Market Funds, which are all exempt or unrated. Investments at June 30, 2018, held on behalf of the City, are presented on the following page and categorized separately to give an indication of the level of risk associated with each investment. Investments are reported at fair value.

NOTE #3 – CASH AND INVESTMENTS *(Continued)*

	Fair Value	Credit Rating	% of Rated Portfolio
Medium Term Corporate Notes	$ 9,528,616	A	6.29%
Medium Term Corporate Notes	7,405,876	A-	4.89%
Medium Term Corporate Notes	4,187,206	A+	2.76%
Medium Term Corporate Notes	3,331,591	AA-	2.20%
Medium Term Corporate Notes	3,726,020	AA	2.46%
Medium Term Corporate Notes	4,424,597	AA+	2.92%
Medium Term Corporate Notes	1,909,670	AAA	1.26%
Medium Term Corporate Notes	3,705,275	BBB+	2.45%
Commercial Paper	16,955,225	A-1	11.19%
U.S. Agency Notes	16,899,828	AA+	11.14%
Certificates of Deposit - Negotiable	10,030,914	AA-	6.62%
Certificates of Deposit - Negotiable	11,776,147	A+	7.77%
Certificates of Deposit - Negotiable	3,858,682	A	2.55%
Certificates of Deposit - Negotiable	7,907,832	A-1	5.22%
Certificates of Deposit - Negotiable	4,023,289	A-1+	2.66%
Federal Agency Collateralized Mortgage Obligations	3,736,655	AA+	2.47%
Asset-Backed Securities	10,258,640	AAA	6.77%
Supra-National Agency Bond	17,715,946	AAA	11.69%
California Asset Management Program	31,641	AAAm	0.02%
Money Market Mutual Funds	10,099,169	AAAm	6.67%
Total Rated Investments	151,512,819		100.00%
U.S. Treasury Notes	66,188,792	Exempt	
Local Agency Investment Fund	25,378,054	Not Rated	
Money Market Mutual Funds	20,083	Not Rated	
Asset-Backed Securities	5,650,801	Not Rated	
Total Unrated Investments	97,237,730		
Total Investments	$ 248,750,549		

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount the City may invest in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds or external investment pools, which represent 5% or more of the City's total investments, are shown below:

Issuers(1)	Fair Value	% of Portfolio
Federal National Mortgage Association	$ 18,863,917	7.59%

(1) Excludes U. S. Treasury Securities, LAIF and Money Market Mutual Funds.

NOTE #3 – CASH AND INVESTMENTS *(Continued)*

Interest Rate Risk

The City's investment policy limits the investment portfolio to maturities of less than five years as a means of limiting exposure to fair value losses arising from interest rates. Currently, 44.28% of the investment portfolio is concentrated in the zero to two year maturity range.

Investment Maturities

	Fair Value (1)	0-6 months	6-12 months	1-2 years	2-3 years	3-5 years	% of Portfolio
U.S. Treasury Notes	$ 66,188,792	$ 1,398,551	$ 3,327,191	$ 4,800,651	7,649,894	$ 49,012,505	26.05
Commercial Paper	16,955,225	16,955,225	-	-	-	-	6.82
Medium-Term Corporate Notes	38,218,851	-	-	13,805,843	14,549,753	9,863,255	15.37
U.S. Agency Notes (2)	16,899,828	-	-	-	7,478,127	9,421,701	7.34
Supra-National Agency Bond	17,715,946	-	-	1,892,140	12,983,449	2,840,357	7.12
Certificates of Deposit - Negotiable	37,596,864	-	11,931,121	18,543,951	7,121,792	-	15.12
Local Agency Investment Fund	25,378,054	25,378,054	-	-	-	-	10.20
Asset-Backed Securities	15,909,441	-	-	531,538	3,227,674	12,150,229	6.39
Federal Agency Collateralized	3,736,655	-	151,353	1,285,740	-	2,299,562	1.50
California Asset Management Program	31,641	31,641	-	-	-	-	0.01
Money Market Funds	10,119,252	10,119,252	-	-	-	-	4.08
Totals	$ 248,750,549	$ 53,882,723	$ 15,409,665	$ 40,859,863	$ 53,010,689	$ 85,587,609	
% of Portfolio		21.66	6.19	16.43	21.31	34.41	100.00

(1) Fair Value includes accrued interest.

(2) Any callable securities are reported at either 0-6 months or the earliest call date.

Custodial Credit Risk for Investments

The 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 which are in possession of another party. The California Government Code does not contain legal or policy requirements limiting the exposure to custodial credit risk. The City's investment policy requires the assets of the City be secured through the third party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

Fair Value Hierarchy

The City categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

***NOTE #3 – CASH AND INVESTMENTS** (Continued)*

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018:

	Level 1	Level 2	Total
Investments Measured by Fair Value Level:			
U.S. Treasury Notes	$ 66,188,792	$ -	$ 66,188,792
Commercial Paper	-	16,955,225	16,955,225
Medium-Term Corporate Notes	-	38,218,851	38,218,851
U.S. Agency Notes	-	16,899,828	16,899,828
Supra-National Agency Bond	-	17,715,946	17,715,946
Certificates of Deposit - Negotiable	-	37,596,864	37,596,864
Asset-Backed Securities	-	15,909,441	15,909,441
Federal Agency Collateralized	-	3,736,655	3,736,655
Subtotal	$ 66,188,792	$ 147,032,810	213,221,602
Investments Measured at Net Asset Value per Share:			
Held by Trustee:			
California Asset Management Program			31,641
Investments Measured at Amortized Cost:			
Held by Trustee:			
Money Market Funds			10,119,252
Investments Not Subject to Fair Value Hierarchy			
Local Agency Investment Fund			25,378,054
Total Investments			$ 248,750,549

Investments classified in Level 1 of the fair value hierarchy of $66,188,792 are valued using unadjusted quoted prices in an active market for identical assets at the measurement date. Level 2 investments totaling $147,032,810 are valued using inputs other than quoted prices that are observable for the asset either directly or indirectly on the measurement date. Examples of Level 2 inputs include matrix pricing, market corroborated pricing and inputs such as yield curves and indices. These prices are obtained from various pricing sources by our custodian bank. There are no securities classified in Level 3. Fair value is defined as the quoted market value on the last trading day of the period.

C. INVESTMENT IN STATE TREASURER'S POOL

LAIF is an external investment program sponsored by the State of California and authorized under Sections 16429.1, 2 and 3 of the California Government code. It is part of the State's Pooled Money Investment Account (PMIA) managed by the Investment Division of the State Treasurer's Office. LAIF is a voluntary program, created by statute, as an investment alternative for California local governments and special districts. The City is a voluntary participant in this investment pool. The management of PMIA has indicated to the City that, as of June 30, 2018, the amortized cost of the pool was $88,964,875,827 and the fair value was $88,798,232,977. The City deposits excess cash in LAIF, which is not required to be categorized. The fair value for these deposits was provided by the pool sponsor. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of $5,000, a maximum transaction amount of $65 million and at least 24

NOTE #3 – CASH AND INVESTMENTS *(Continued)*

hours advance notice for withdrawals of $10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule.

D. CALIFORNIA ASSET MANAGEMENT PROGRAM

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the "Trust"). The Trust is a joint powers authority, and public agency, created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share, in accordance with GASB 79 requirements. At June 30, 2018, the fair value was approximate to the City's cost. The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares.

The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

E. CASH AND INVESTMENTS WITH FISCAL AGENT

The City has monies held by trustees, or fiscal agents, pledged to the payment or security of certain bonds and lease obligations, plus monies held by a third-party administrator of the City's Housing Rental Program. The City has also set up escrow bank accounts to hold retention payments due to certain contractors. These monies appear on the financial statements as Restricted Cash and Investments. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested by trustees or fiscal agents in accordance with the ordinances, resolutions or indentures specifying the types of investments allowed.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE

Receivables at June 30, 2018 were comprised of the following:

	Taxes	Accounts	Inter-Governmental	Interest	Utilities	Notes and Loans	Total Receivables
Governmental Activities:							
General Fund	$ 546,651	$ 781,584	$ 21,748	$ 20,431	$ -	$ -	$ 1,370,414
Internal Service	-	16,303	-	33,129	-	-	49,432
Special Revenue	-	-	75,003	20,239	-	-	95,242
Debt Service	-	-	-	266	-	24,893,421 (1)	24,893,687
Capital Projects	-	7,016	553,706	21,368	-	-	582,090
Subtotal Governmental Activities	546,651	804,903	650,457	95,433	-	24,893,421	26,990,865
Less: Allowance	-	(315,197) (2)	(553,706) (3)	-	-	-	(868,903)
Total Governmental Activities	$ 546,651	$ 489,706	$ 96,751	$ 95,433	$ -	$ 24,893,421	$ 26,121,962
Business-Type Activities:							
Wastewater	$ -	$ -	$ -	$ 25,534	$ 1,723,616	$ -	$ 1,749,150
Solid Waste	-	16,920	-	3,724	1,753,061	-	1,773,705
Water	-	54,192	-	15,905	2,616,993	-	2,687,090
City Rentals	-	122,420	-	80	-	-	122,500
Housing	-	36,484	-	3,385	-	673,319 (4)	713,188
Total Business-Type Activities	$ -	$ 230,016	$ -	$ 48,628	$ 6,093,670	$ 673,319	$ 7,045,633

(1) The City has recorded receivables for the Successor Agency's portion of long-term debt. Note #12 discusses the dissolution of the Redevelopment Agency and the Successor Agency activities.

(2) Accounts receivables from ECCRFFA are unavailable and the revenue is not recognized until received.

(3) Accounts receivable for citation revenues are unavailable and the revenue is not recognized until received.

(4) Net of reservation for loans expected to be forgiven. These loans are discussed on the following pages.

Notes and Loans Receivable at June 30, 2018 were comprised of the following:

Governmental Activities:	
Amounts Due from Successor Agency	$ 24,893,421
Loans under City Low Income Housing (including interest)	4,922,258
Subtotal Governmental Funds	29,815,679
Less: Reservation for Loans Expected to be Forgiven	(4,922,258)
Net Notes and Loans Receivable	$ 24,893,421
Business-Type Activities:	
Down Payment Assistance and Gap Assistance Program Loans	$ 673,319
Loans under Affordable Housing (including interest)	6,718,870
Subtotal Business-Type Activities	7,392,189
Less: Reservation for Loans Expected to be Forgiven	(6,718,870)
Net Notes and Loans Receivable	$ 673,319

***NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE** (Continued)*

Down Payment Assistance and Gap Assistance Program Loans

In FY 2005/06 the City established a first-time homebuyers Down Payment Assistance Program (DAP) for the benefit of first-time homebuyers in the City of Brentwood who earn up to 120% of the area median income. The loans are either due in 30 years or upon a change in ownership of the property. The loans may be prepaid at any time without penalty. The interest rate is dependent upon the length of time the loan exists. Loans held less than three years accrue interest at 7%, loans held between three and ten years accrue interest at 5% and loans held longer than 10 years accrue interest at 3%.

The City also established a first-time homebuyers Gap Assistance Program (GAP) to facilitate the purchase of below market rate units from the City's Affordable Housing Program for first-time homebuyers. The maximum GAP loan amount is $35,000. The GAP loans are either due in 30 years or upon a change in ownership of the property. The interest rate is set at 3%, simple interest. As of June 30, 2018 the City is owed $673,319, including interest, under the DAP and GAP loan programs.

Amounts Due from Successor Agency

The Successor Agency to the former Brentwood Redevelopment Agency (see discussion of the Brentwood Redevelopment Agency Dissolution in Note #12) has long-term obligations for the funding of its portion of the CIP 2012 Revenue Refunding Bonds and the Civic Center Project Lease Revenue Bonds. The Successor Agency has pledged future tax revenues for the repayment of its portion of the bonds and the California State Department of Finance ("DOF") has deemed the pledge an enforceable obligation of the Successor Agency. The City has recorded a receivable for the debt obligations due from the Successor Agency. The balance of the receivables at June 30, 2018 was $24,893,421. The long-term debt obligations are discussed in further detail in both Note #6 and Note #12.

Loans Under the Former Brentwood Redevelopment Agency and the City's Affordable Housing Programs

The City and the former Brentwood Redevelopment Agency entered into loan programs to improve the quality and availability of affordable housing. Loans under the programs provide for the eventual forgiveness of the loan balances if the borrower complies with all the terms of the loan over its full term. The loans are accounted for as conditional grants in the Government-Wide financial statements and include a reserve for their eventual forgiveness. However, with the dissolution of the Brentwood Redevelopment Agency, the City agreed to become the successor to the Brentwood Redevelopment Agency's housing activities. Therefore, as of February 1, 2012, the City Low Income Housing Fund assumed the loans receivable of the former Brentwood Redevelopment Agency's Low and Moderate Income Housing Fund as discussed in Note #12. At June 30, 2018, the City's Low Income Housing and Affordable Housing loans were comprised of the amounts on the following page:

***NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE** (Continued)*

Governmental Activities:		
Brentwood/202 Senior Housing	$	314,550
Christian Church Homes/Sycamore II		1,089,047
Eden Housing		139,125
Mercy Housing		1,883,000
Brentwood Senior Commons		400,000
Brentwood Green Valley		1,096,536
Subtotal Loans under City Low Income Housing		4,922,258
Less: Reservation for Loans Expected to be Forgiven		(4,922,258)
Net Notes and Loans Receivable	$	-
Business-Type Activities:		
Eden Housing	$	1,246,000
Mercy Housing		807,000
Meta Housing		4,665,870
Subtotal Loans under Affordable Housing		6,718,870
Less: Reservation for Loans Expected to be Forgiven		(6,718,870)
Net Notes and Loans Receivable	$	-

Brentwood/202 Senior Housing

In April 1996, the Brentwood Redevelopment Agency loaned Brentwood/202 Senior Housing, Inc., a California non-profit public benefit corporation, $314,550 to assist in the financing of the construction of a 40-unit senior housing project. The principal sum of the note does not bear interest. The outstanding principal due under this note is due and payable in full, either forty years from the date of recording the Deed of Trust or upon an event of default. In the event there has been no event of default that has not been cured, the Housing Successor shall forgive the outstanding principal balance due on the maturity date. The balance at June 30, 2018 was $314,550.

Christian Church Homes/Sycamore II

In June 2003, the Brentwood Redevelopment Agency entered into a note with Christian Church Homes of Northern California, in the amount of $530,722, to construct 40 units of very low-income senior rental housing. The note is a 3% per annum simple interest, 55-year loan. In July 2004, a new note was executed with Sycamore Place II Senior Housing Corporation which amended, superseded and replaced in its entirety the original note of $530,722. This new note, in the amount of $755,722, is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing. The principal sum of this note bears 3% per annum, simple interest. All principal, and all accrued and unpaid interest, shall be due and payable in full either no later than June 27, 2058 or upon default. As of June 30, 2018, principal and accrued interest total $1,089,047. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE *(Continued)*

Eden Housing

In January 2005, the City and the Brentwood Redevelopment Agency entered into two notes with Eden Housing, Inc., in the amounts of $900,000 and $100,000 for the development of Brentwood City Commons, an 80-unit very-low and extremely-low income senior apartment project. The notes are secured by Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing. The notes are 3% simple interest per annum, 55-year loans unless event of default occurs. As of June 30, 2018, principal and accrued interest for both notes total $1,385,125. There is a reasonable expectation these notes will be forgiven upon successful completion of the terms and conditions of the notes and, as such, a reservation for forgiveness of the notes has been included in these financial statements.

Mercy Housing

In May 2006, the City and the Brentwood Redevelopment Agency entered into two notes with Mercy Housing, Inc., in the amounts of $600,000 and $1,400,000, in order to develop 94 affordable apartments for extremely low or very low-income households at an affordable rent as set forth in the Affordable Housing Covenant. So long as Mercy Housing, Inc. owns and operates the project in compliance with the Affordable Housing Covenant, and the agreement is not in default under these notes, no payments shall be due. The entire outstanding unpaid principal and interest of the notes shall be due and payable in full upon either the earlier of the 55-years after the closing of the notes or December 31, 2063. The notes bear interest at 3% per annum from the date of disbursement. As of June 30, 2018, the principal and accrued interest due for both notes total $2,690,000. There is a reasonable expectation these notes will be forgiven upon successful completion of the terms and conditions of the notes and, as such, a reservation for forgiveness of the notes has been included in these financial statements.

Brentwood Senior Commons

In November 2010, the Brentwood Redevelopment Agency entered into a Loan Agreement with Brentwood Senior Commons, L.P., in the amount of $400,000, to provide funding for a portion of elevator improvements within the Brentwood Senior Commons project.

This note shall bear 0% interest unless there is a default in the conditions of the note. So long as Brentwood Senior Commons owns and operates the project in compliance with the Affordable Housing Covenant, no payments shall be due and the entire outstanding principal and interest, if any due to default, shall be due and payable in full on January 25, 2060. On the maturity date, the City as Housing Successor may, in its sole discretion, forgive the repayment of all or part of the Loan. As of June 30, 2018, the principal due totaled $400,000. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

***NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE** (Continued)*

Brentwood Green Valley

In January 2011, the Brentwood Redevelopment Agency entered into a Loan Agreement with Brentwood Green Valley Associates, in the amount of $1,258,886, to provide funds to repair and rehabilitate Green Valley Apartments, a 28-unit, extremely-low and very-low income, multi-family project. The loan was disbursed in two payments in accordance with the loan agreement. This note bears simple interest at a rate of 3% per annum from the date of disbursement. So long as Brentwood Green Valley owns and operates the project in compliance with the Affordable Housing Covenant, and the agreement is not in default under the note, the City as Housing Successor shall forgive the annual interest and the outstanding principal balance of this note on a per annum basis, prorated for partial years, in an amount equal to 1.82% of the original principal amount of this note over a 55-year period.

In addition, all accrued but unpaid interest is forgiven so long as the note is not in default. As of June 30, 2018, the principal due for the note, before the forgiveness, totaled $1,119,448. Per the terms of the note, $22,912 of the principal and $33,583 of the interest were forgiven at June 30, 2018. The remaining balance at June 30, 2018 totaled $1,096,536. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

Meta Housing

In January 2012, the Brentwood Redevelopment Agency entered into a Loan Agreement with Meta Housing Corporation, in the amount of $3,950,000, to provide funding for the development of The Grove at Sunset Court, a 54-unit family apartment project. Due to State legislation, redevelopment agencies dissolved as of February 1, 2012. At that time, cities were given the option of becoming a successor agency and the City of Brentwood adopted a resolution to serve as the Successor Agency to the Brentwood Redevelopment Agency. The loan agreement with Meta Housing provided it would be automatically assigned to the Successor Agency upon the dissolution date.

In June 2012, the promissory note between the City of Brentwood and Meta Housing Corporation was signed and the loan was funded. As the loan had not been funded at the time of the redevelopment dissolution, and subsequently not approved as an enforceable obligation by the DOF, the City assumed the rights and obligations under the loan agreement and funded the loan from the Affordable Housing component of the Housing Enterprise Fund. The note is a 3% per annum simple interest, 55-year loan. So long as Meta Housing owns and operates the project in compliance with the Affordable Housing Covenant, no payments shall be due and the entire outstanding unpaid principal and interest shall be due and payable on June 20, 2067. As of June 30, 2018, principal and accrued interest total $4,665,870. There is a reasonable expectation this note will be forgiven upon successful completion of the terms and conditions of the note and, as such, a reservation for forgiveness of the note has been included in these financial statements.

NOTE #4 – ACCOUNTS, NOTES AND LOANS RECEIVABLE *(Continued)*

Amounts Due from East Contra Costa Regional Fee and Financing Authority

In July 2008, the City of Brentwood entered into a contribution agreement with the East Contra Costa Regional Fee and Financing Authority (ECCRFFA). As a requirement of the agreement, ECCRFFA will fund the construction of a portion of John Muir Parkway between Foothill Drive and Briones Valley Road located within the City of Brentwood. Since the City desired to construct this project in conjunction with an adjacent project for cost savings, ECCRFFA agreed to reimburse the City for actual costs incurred by the City up to a total cost of $3,535,301 plus accrued interest. ECCRFFA will use Regional Transportation Development Impact Mitigation fees to reimburse the City for project costs as those fees are received and become available. As of June 30, 2018 the City has incurred $533,109 of project costs and $20,597 of accrued interest which has been recorded as accounts receivable, offset with unavailable revenue.

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NOTE #5 – CAPITAL ASSETS

The City reports all capital assets, including infrastructure, in the Government-Wide Statement of Net Position. Capital assets of the primary government, as of June 30, 2018, are as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers	Transfers to Successor Agency (1)	Balance June 30, 2018
Governmental Activities:						
Capital Assets, Not Being Depreciated or Amortized:						
Land	$ 36,166,107	$ -	$ -	$ -	$ (1,327,129)	$ 34,838,978
Work in Progress - CIP	10,067,221	14,185,473	-	(5,221,977)	-	19,030,717
Total Capital Assets, Not Being Depreciated or Amortized	46,233,328	14,185,473	-	(5,221,977)	(1,327,129)	53,869,695
Capital Assets, Being Depreciated and Amortized:						
Intangible Assets	6,258,156	-	-	-	-	6,258,156
Buildings	56,777,475	-	-	-	-	56,777,475
Infrastructure	466,411,959	7,783,737	-	262,115	-	474,457,811
Machinery and Equipment	7,423,306	9,453	(326)	1,930,606	-	9,363,039
Vehicles	11,747,236	1,318,854	(541,174)	-	-	12,524,916
Land Improvements	30,097,877	-	-	460,340	-	30,558,217
Total Capital Assets Being Depreciated and Amortized	578,716,009	9,112,044	(541,500)	2,653,061	-	589,939,614
Less Accumulated Depreciation and Amortization for:						
Intangible Assets	1,170,088	96,279	-	-	-	1,266,367
Buildings	8,220,685	1,133,391	-	-	-	9,354,076
Infrastructure	99,826,038	7,177,756	-	-	-	107,003,794
Machinery and Equipment	4,363,552	519,670	(327)	-	-	4,882,895
Vehicles	6,652,423	1,053,619	(532,605)	-	-	7,173,437
Land Improvements	5,380,629	649,169	-	-	-	6,029,798
Total Accumulated Depreciation and Amortization	125,613,415	10,629,884	(532,932)	-	-	135,710,367
Total Capital Assets, Being Depreciated and Amortized, Net	453,102,594	(1,517,840)	(8,568)	2,653,061	-	454,229,247
Governmental Activities Capital Assets, Net	$ 499,335,922	$ 12,667,633	$ (8,568)	$ (2,568,916)	$ (1,327,129)	$ 508,098,942

(1) As discussed in Note #12, pursuant to requirements of the State Controller's Office, the City transferred land parcels with a book value of $1,327,129 to the Successor Agency during fiscal year 2018.

	Balance July 1, 2017	Increases	Decreases	Transfers	Transfers to Successor Agency (1)	Balance June 30, 2018
Business-Type Activities:						
Capital Assets, Not Being Depreciated or Amortized:						
Land	$ 2,661,597	$ -	$ -	$ -	$ -	$ 2,661,597
Work in Progress - CIP	4,795,460	2,682,937	(10,472)	878,796	-	8,346,721
Total Capital Assets, Not Being Depreciated or Amortized	7,457,057	2,682,937	(10,472)	878,796	-	11,008,318
Capital Assets, Being Depreciated and Amortized:						
Intangible Assets	18,950,632	-	-	-	-	18,950,632
Buildings	25,606,035	-	-	-	-	25,606,035
Infrastructure	248,960,096	3,917,872	-	1,485,319	-	254,363,287
Machinery and Equipment	3,317,033	224,072	-	204,801	-	3,745,906
Land Improvements	10,925,186	-	-	-	-	10,925,186
Total Capital Assets Being Depreciated and Amortized	307,758,982	4,141,944	-	1,690,120	-	313,591,046
Less: Accumulated Depreciation and Amortization for:						
Intangible Assets	3,535,550	387,702	-	-	-	3,923,252
Buildings	6,729,874	513,215	-	-	-	7,243,089
Infrastructure	47,221,659	3,822,854	-	-	-	51,044,513
Machinery and Equipment	1,362,229	119,055	-	-	-	1,481,284
Land Improvements	2,766,322	192,864	-	-	-	2,959,186
Total Accumulated Depreciation and Amortization	61,615,634	5,035,690	-	-	-	66,651,324
Total Capital Assets, Being Depreciated and Amortized, Net	246,143,348	(893,746)	-	1,690,120	-	246,939,722
Business-Type Activities Capital Assets, Net	$ 253,600,405	$ 1,789,191	$ (10,472)	$ 2,568,916	$ -	$ 257,948,040

***NOTE #5 – CAPITAL ASSETS** (Continued)*

For the year ended June 30, 2018, depreciation and amortization expense on capital assets was charged as follows:

Governmental Activities:		
General Government	$	3,139,856
Public Safety		352,029
Community Development		1,937
Public Works		4,476,783
Parks and Recreation		1,412,945
Internal Service		1,246,334
Total Depreciation and Amortization Expense - Governmental Activities	$	10,629,884
Business-Type Activities:		
Wastewater	$	1,610,481
Solid Waste		186,924
Water		3,191,252
Housing		47,033
Total Depreciation and Amortization Expense - Business-Type Activities	$	5,035,690

A. INTANGIBLE ASSETS

i. Water Rights

In an agreement between the City of Brentwood and the Contra Costa Water District (CCWD), dated February 29, 2000, the City is obligated to reimburse CCWD $597,532 as a buy-down cost per acre foot of water. The City capitalized this expense as of June 30, 2001 and is amortizing the expense over 65 years.

In an amendatory agreement between Brentwood and CCWD, dated September 24, 2003, the City purchased the treatment capacity right of up to 3,200 acre feet of water per year, from the Randall-Bold Water Treatment Plant, for $10,000,000. The City capitalized this expense as of June 30, 2004 and is amortizing the expense over 40 years. The capacity right does not confer title or ownership of the facility, but merely reserves capacity in the facility.

The City entered into a Third Amendatory Agreement with CCWD, dated February 4, 2015, to purchase capacity rights in the Rock Slough conveyance facilities. The buy-in amount totals $8,353,100 to be paid in five equal, interest-free annual payments. The City capitalized the total buy-in amount as of June 30, 2016 and is amortizing the expense over 65 years. See additional discussion in Note #6B ii.

ii. Joint Use Facilities

The governing bodies of the City, Liberty Union High School District (LUHSD) and Brentwood Union School District (BUSD) have recognized the public need for additional facilities. As a result

***NOTE #5 – CAPITAL ASSETS** (Continued)*

of these cooperative efforts, the City has made contributions to these school districts relating to the joint use of these facilities. The City has capitalized these expenditures and is amortizing the expense over 65 years.

- As of June 30, 1993, $513,156 for the BUSD Gym located at Bristow Middle School
- As of June 30, 2002, $1,000,000 for the BUSD Gym located at Edna Hill Middle School
- As of June 30, 2003, $650,000 for the LUHSD Gym located at Liberty High School
- As of June 30, 2005, $95,000 for the LUHSD Ball Fields located at Liberty High School
- As of June 30, 2005, $2,500,000 for the LUHSD Community Pool and Gym located at Heritage High School
- As of June 30, 2009, $1,500,000 for the BUSD Gym located at Adams Middle School

NOTE #6 – LONG-TERM OBLIGATIONS

The following summarizes changes in long-term obligations during the year:

A. GOVERNMENTAL ACTIVITIES

	Balance June 30, 2017	Additions	Payments/ Adjustments	Balance June 30, 2018	Amounts Due Within One Year
Bonds					
Capital Improvement Revenue Refunding Bonds Series 2012	$ 19,610,000	$ -	$ (965,000)	$ 18,645,000	$ 1,020,000
General Obligation Bonds Series 2002	6,212,789	351,899 (1)	(490,000)	6,074,688	515,000
2009 Civic Center Project Lease Revenue Bonds	43,945,000	-	(1,125,000)	42,820,000	1,170,000
2015 Lease Financing	11,180,000	-	(435,000)	10,745,000	450,000
Bond Premium	1,019,934	-	(67,625)	952,309	-
Total Bonds	81,967,723	351,899	(3,082,625)	79,236,997	3,155,000
Notes Payable					
Successor Agency Payment Plan	13,382,317	-	(1,294,412)	12,087,905	1,376,499
Total Notes Payable	13,382,317	-	(1,294,412)	12,087,905	1,376,499
Other					
Net OPEB Liability	29,777,006 (2)	-	(2,072,852) (3)	27,704,154	-
Net Pension Liability	32,777,998	7,643,944	- (3)	40,421,942	-
Accumulated Compensated Absences	1,554,879	1,799,617	(1,823,770)	1,530,726	918,436
Total Other	64,109,883	9,443,561	(3,896,622)	69,656,822	918,436
Total Governmental Activities Long-Term Obligations	$ 159,459,923	$ 9,795,460	$ (8,273,659)	$ 160,981,724	$ 5,449,935

(1) Accreted Interest
(2) Beginning balance has been restated in accordance with the implementation of GASB 75.
(3) OPEB Liability and Pension Liability are typically liquidated by the General Fund, Citywide Park Assessment District Fund, Fleet Maintenance Fund, Facilities Maintenance Fund and Information Services Fund.

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

i. Bonds

Capital Improvement Revenue Refunding Bonds Series 2012

On January 11, 2012, the Authority issued $24,060,000 in Brentwood Capital Improvement Revenue Refunding Bonds Series 2012 to: 1) finance the refunding of the 2001 CIP Bonds under a facilities lease and 2) refund a series of tax allocation bonds issued by the Brentwood Redevelopment Agency. Total annual debt service payments, including interest at 2.00% to 5.25%, range from $1,643,119 to $1,939,388.

The Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency's Recognized Obligation Payment Schedule (ROPS) and approved by the DOF. As of June 30, 2018, the Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2019. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4, and the Successor Agency has recorded a liability for these obligations, as discussed in Note #12.

The pledge of future Successor Agency tax revenues ends upon repayment of the Successor Agency's $18,946,669 remaining share of debt service on the bonds, which is scheduled to occur in 2032. For FY 2017/18, gross tax revenue available to be distributed to the Successor Agency totaled $8,207,807, which represented coverage of 6.03 times $1,360,800 of the Successor Agency's debt service. The remaining portion of the bonds is repayable from any source of the City's available funds.

Year Ending June 30	Principal	Interest	Total
2019	$ 1,020,000	$ 898,163	$ 1,918,163
2020	1,070,000	843,300	1,913,300
2021	1,130,000	785,550	1,915,550
2022	1,185,000	724,781	1,909,781
2023	1,250,000	662,425	1,912,425
2024-2028	6,990,000	2,292,788	9,282,788
2029-2032	6,000,000	586,388	6,586,388
Total	$ 18,645,000	$ 6,793,395	$ 25,438,395

General Obligation Bonds Series 2002

On February 28, 2002, the City issued $5,999,976 in General Obligation Bonds Series 2002 to finance the construction, acquisition and improvement of a new police station. Total annual debt service payments, including interest at 3.625% to 5.68%, range from $208,666 to $925,000. The General Obligation Bonds Series 2002 shall accrete in value by the accumulation of earned interest from its initial denominational (principal) amount with such interest compounded semiannually on January 1 and July 1.

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

Year Ending June 30	Principal	Total
2019	$ 515,000	$ 515,000
2020	540,000	540,000
2021	570,000	570,000
2022	595,000	595,000
2023	625,000	625,000
2024-2028	3,630,000	3,630,000
2029-2031	2,645,000	2,645,000
Subtotal	9,120,000	$ 9,120,000
Future Accretion	(3,045,312)	
Total	$ 6,074,688	

2009 Civic Center Project Lease Revenue Bonds

On October 16, 2009, the Authority issued $48,000,000 in Civic Center Project Lease Revenue Bonds, Series 2009A, $4,055,000, and Taxable Series 2009B, $43,945,000, to finance the construction of a new City Hall, new Community Center and new Senior Center, plus library improvements and other public capital improvements. Total annual debt service payments, including interest at 3.00% to 7.647% (prior to Federal interest rebates relating to the 2009B portion of the bonds as described below), range from $3,130,976 to $4,350,204.

The Civic Center Project Lease Revenue Bonds, Series 2009 A&B, are secured by a lien on, and pledge of, revenues under a Trust Agreement. "Revenues" means all amounts received by the Trustee, U.S. Bank, as payment on principal and interest. The City's revenue sources, as described in the Official Statement, are pledged payments from the Brentwood Redevelopment Agency (now Successor Agency) pursuant to the reimbursement agreement, pledged payments from the Community Facilities Districts (CFD) local obligations and pledged payments from the CIFP revenues.

As mentioned previously, the Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency's ROPS and approved by the DOF. As of June 30, 2018, the Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2019.

The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4, and the Successor Agency has recorded a liability for these obligations, as discussed in Note #12. However, should these revenue sources not be sufficient to cover the principal and interest payments due in any year, the City is obligated, under the facilities lease, to pay such shortfall from the General Fund.

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

The taxable portion of the 2009B bonds was sold as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt; therefore, the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury to the Authority, or its designee, equal to 35% of the interest payable on the bonds, although this amount is subject to reduction due to the Federal budget sequestration. Such subsidy will be payable on or about the date the City makes its debt service payments and the total subsidy received in FY 2017/18 was $1,041,299.

Year Ending June 30	Principal	Interest	Total
2019	$ 1,170,000	$ 3,119,868	$ 4,289,868
2020	1,215,000	3,046,410	4,261,410
2021	1,265,000	2,969,078	4,234,078
2022	1,320,000	2,886,861	4,206,861
2023	1,375,000	2,797,392	4,172,392
2024-2028	7,860,000	12,405,794	20,265,794
2029-2033	9,950,000	9,097,957	19,047,957
2034-2038	12,670,000	4,808,051	17,478,051
2039-2040	5,995,000	463,980	6,458,980
Total	$ 42,820,000	$ 41,595,391	$ 84,415,391

<u>2015 Lease Financing</u>

On December 17, 2015, the Authority issued $11,515,000 in a private placement to Capital One Public Funding, LLC. to finance the acquisition and construction of a new Library and a Municipal Service Center, along with other public capital improvements. Total annual debt service payments, including interest at 3.25%, range from $108,113 to $792,031.

Year Ending June 30	Principal	Interest	Total
2019	$ 450,000	$ 341,900	$ 791,900
2020	465,000	327,031	792,031
2021	480,000	311,675	791,675
2022	495,000	295,831	790,831
2023	510,000	279,500	789,500
2024-2028	2,810,000	1,133,763	3,943,763
2029-2033	3,290,000	639,113	3,929,113
2034-2036	2,245,000	110,906	2,355,906
Total	$ 10,745,000	$ 3,439,719	$ 14,184,719

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

ii. Notes Payable

Successor Agency Payment Plan

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by Assembly Bill 1484 (AB 1484) on June 27, 2012. This legislation suspended all new redevelopment activities and dissolved redevelopment agencies as of February 1, 2012. The City of Brentwood elected to become the Successor Agency to the former Brentwood Redevelopment Agency on January 10, 2012.

Section 34179.5 of AB 1484 required all successor agencies to hire a licensed accountant, approved by the County Auditor-Controller, to conduct two Due Diligence Reviews (DDRs) to determine the balances available to be redistributed to other taxing entities. The two DDRs were focused on 1) the Low and Moderate Income Housing Fund, and 2) Other Funds and Accounts.

The Low and Moderate Income Housing Fund DDR determined that an unobligated balance of $4,072,553 was available for redistribution and the Successor Agency remitted this amount to the Contra Costa County Auditor Controller in February 2013. The Other Funds and Accounts DDR determined that the unobligated balance was $0, and the Successor Agency filed the DDR report with the DOF. The DOF, during their review of the DDR, determined that transfers made pursuant to pre-existing contracts and construction commitments were invalid and adjusted the DDR accordingly, issuing a DDR demand of $14,955,931.

In response to the $14,955,931 DDR demand, the City and Successor Agency filed suit against the DOF claiming, among other things, that 1) the DOF's DDR determination violated Proposition 22, which added Article XIII, Sections 24(b) and 25(a)(7) to the California Constitution and prohibits the Legislature from reallocating tax increment; 2) at the time the transfers were made by the former Redevelopment Agency the transfers were legally valid and made pursuant to enforceable obligations and third party contracts; 3) the transfers were for the payment of goods and services which were broadly exempted from reversal as defined in California Health and Safety Code Section 34179.5(b)(3); and 4) the DOF's enforcement of its final determination was unconstitutional. The City and Successor Agency's legal challenge was ultimately unsuccessful and legal remedies were exhausted when the California Supreme Court declined to hear the case on September 16, 2015.

On December 9, 2015 the City, as Successor Agency, entered into a ten-year interest free payment plan with the DOF to pay the DDR demand of $14,955,931. The total annual payments range from $357,796 to $1,826,938.

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

Year Ending June 30	Principal	Interest	Total
2019	$ 1,376,499	$ -	$ 1,376,499
2020	1,460,783	-	1,460,783
2021	1,548,919	-	1,548,919
2022	1,638,690	-	1,638,690
2023	1,731,800	-	1,731,800
2024-2026	4,331,214	-	4,331,214
Total	$ 12,087,905	$ -	$ 12,087,905

iii. Net OPEB Liability and Net Pension Liability

Individual governmental funds which provide for employee personnel costs, primarily the General Fund, will be responsible for liquidating their respective shares of the Net OPEB Liability and Net Pension Liability. Details regarding the City's Net Pension Liability and Net OPEB Liability can be found in Note #9 and Note #11, respectively.

iv. Accumulated Compensated Absences

The long-term compensated absences balances as of June 30, 2018 were:

Governmental	$ 612,290
Business-Type	$ 185,849

B. BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2017	Additions	Payments Adjustments	Balance June 30, 2018	Amounts Due Within One Year
Bonds					
Water Revenue Bonds Series 2008	$ 1,460,000	$ -	$ (1,460,000)	$ -	$ -
Water Revenue Refunding Bonds Series 2014	42,810,000	-	(1,550,000)	41,260,000	1,610,000
Net Bond Premium	5,293,942	-	(252,093)	5,041,849	-
Total Bonds	49,563,942	-	(3,262,093)	46,301,849	1,610,000
Notes Payable					
State Water Resources Loan (Wastewater)	12,862,991	-	(2,049,105)	10,813,886	2,086,094
Total Notes Payable	12,862,991	-	(2,049,105)	10,813,886	2,086,094
Other					
Purchase of Capacity Rights	3,341,240	-	(1,670,620)	1,670,620	1,670,620
Net OPEB Liability	10,105,994 (1)	414,852	-	10,520,846	-
Net Pension Liability	10,076,633	1,575,723	-	11,652,356	-
Accumulated Compensated Absences	456,499	660,127	(652,005)	464,621	278,772
Total Other	23,980,366	2,650,702	(2,322,625)	24,308,443	1,949,392
Total Business-Type Activities Long-Term Obligations	$ 86,407,299	$ 2,650,702	$ (7,633,823)	$ 81,424,178	$ 5,645,486

(1) Beginning balance has been restated in accordance with the implementation of GASB 75.

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

i. <u>Bonds</u>

<u>Water Revenue Bonds Series 2008</u>

On November 13, 2008, the Authority issued $53,200,000 in Water Revenue Bonds Series 2008 ("2008 Water Bonds"), with interest rates ranging from 4.5% to 5.75%, due July 1, 2038. On December 4, 2014, the Authority issued Water Revenue Refunding Bonds Series 2014 (see below) which refunded and defeased the outstanding 2008 Water Bonds maturing after July 1, 2018 in the aggregate principal amount of $43,335,000. During the year ended June 30, 2018 the City made the final payment on the unrefunded portion of the 2008 Water Bonds.

<u>Water Revenue Refunding Bonds Series 2014</u>

On December 4, 2014, the Authority issued $42,810,000 in Water Revenue Refunding Bonds Series 2014 ("2014 Water Bonds") to 1) refund a portion of the Authority's Water Revenue Bonds Series 2008 and 2) pay costs of issuance incurred in connection with the issuance, sale and delivery of the 2014 Water Bonds. The refunding reduced the total debt service payments over 24 years by $9,249,078 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $7,404,766. The outstanding balance of the defeased 2008 Water Bonds was $43,335,000 as of June 30, 2018. Total annual debt service payments, including interest at rates from 3.0 to 5.0%, range from $1,966,100 to $3,517,350. Future payments for these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 1,610,000	$ 1,904,100	$ 3,514,100
2020	1,690,000	1,823,600	3,513,600
2021	1,775,000	1,739,100	3,514,100
2022	1,860,000	1,650,350	3,510,350
2023	1,950,000	1,557,350	3,507,350
2024-2028	9,985,000	6,253,500	16,238,500
2029-2033	10,040,000	4,210,800	14,250,800
2034-2038	12,350,000	1,888,000	14,238,000
Total	$ 41,260,000	$ 21,026,800	$ 62,286,800

The Authority has pledged future Net Water Revenues through 2038 to repay the 2008 Water Revenue Bonds and 2014 Water Revenue Refunding Bonds. The bond coverage requirement is that 1) the Adjusted Annual Net Water Revenues equal at least 125% of the annual principal and interest payments on the bonds or 2) the Net Operating Revenues equal at least 100% of the annual principal and interest payments on the bonds, whichever is higher. Adjusted Annual Net Water Revenues is defined as Water income and revenue less maintenance and operation costs adjusted by any transfers to or from the Rate Stabilization Fund. Net Operating Revenues is defined as the Adjusted Annual Net Water Revenues less net impact fees and credits received. In FY 2017/18, the Water Fund's principal and interest paid was

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

$5,060,050, Net Operating Revenues were $5,060,178 and Adjusted Annual Net Water Revenues were $8,516,795, meeting bond covenant debt coverage requirements.

ii. Notes Payable and Other

State Water Resources Loan (Wastewater)

In December 2000, the City entered into a loan contract with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater Treatment Plant 5 Million Gallons per Day (MGD) Expansion project. Under the terms of the contract, the City has agreed to repay the State $45,580,886 in exchange for receiving $37,983,920 in proceeds used to fund the project. The difference between the repayment obligation and proceeds amounted to $7,596,966 upon issue and represents in-substance interest on the outstanding balance. This in-substance interest amount has been recorded as a discount on debt at an imputed yield of 1.81% per year and is being amortized over the remaining life of the contract. As of June 30, 2018, the City's gross repayment obligation totaled $11,406,475 and is being reported in the accompanying financial statement net of the unamortized discount of $592,589. During FY 2017/18, the City repaid $2,049,105 on the obligation and amortized $232,190 of the discount which was reported as interest expense.

Year Ending June 30	Principal	Interest	Total
2019	$ 2,086,093	$ 195,202	$ 2,281,295
2020	2,123,749	157,546	2,281,295
2021	2,162,085	119,210	2,281,295
2022	2,201,113	80,182	2,281,295
2023	2,240,846	40,449	2,281,295
Total	$ 10,813,886	$ 592,589	$ 11,406,475

Purchase of Capacity Rights

In February 2015, the City entered into a third amendatory agreement with CCWD to purchase capacity rights in the Rock Slough conveyance facilities for diversion and delivery of the City's water supply. The capacity buy-in amount of $8,353,100 is to be paid to CCWD in five equal, interest-free annual payments. As of June 30, 2018, four installment payments have been made with one payment of $1,670,620 remaining to be paid in FY 2018/19.

State Revolving Fund Loan

The City entered into a loan and grant agreement with the California State Water Resources Control Board for Clean Water State Revolving Fund project financing.

The agreement was executed in July, 2017 in the amount of $20,802,000 to fund the City's Water Recycling Projects, which consists of three City projects, the Non-Potable Storage Facility, Citywide Non-Potable Water Distribution System, and Secondary Non-Potable Water

***NOTE #6 – LONG-TERM OBLIGATIONS** (Continued)*

Storage Facility. Project financing will consist of a State Revolving Fund loan and grant funding in estimated amounts of $14,596,500 and $6,205,500, respectively. Certain terms of the loan were amended in September, 2018, under which the City was to start construction no later than June 25, 2018 with construction expected to be completed by June 30, 2021. The loan bears annual interest of 1.0% which begins accruing with each financing disbursement. Beginning one year after completion of construction, repayment of the loan principal plus interest will be made annually according to the final payment schedule provided by the State. As of June 30, 2018, the City has incurred $455,000 of eligible project costs, however, a financing disbursement request was not submitted to the State by that date, therefore, the City has not drawn down any loan proceeds.

NOTE #7 – SPECIAL ASSESSMENT DISTRICTS (No City Liability)

The following issues of Special Assessment District Bonds, issued pursuant to the Municipal Improvement Act of 1915, are not reported in long-term debt. These are special obligations payable from, and secured by, specific revenue sources described in the bond resolutions and official statements of the respective issues. The City is the collecting and paying agent for the debt issued by these districts, but neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for the payment of these bonds. Debt service for the special assessment district bonds is reported in the Agency funds of the Fiduciary funds section.

Special Assessment District Bonds	Assessment District Debt
City of Brentwood - Limited Obligation Improvement Bonds, Randy Way Sewer Line • Dated August 7, 2007 • Annual debt service payments, including interest at 3.95 % to 5.20 %, range from $53,123 to $58,060 • Final payment due September 2037	$680,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2012 A (Refinancing of CIFP's 96-1, 98-1 and 99-1) • Dated June 7, 2012 • Annual debt service payments, including interest at 2.00 % to 4.23 %, range from $572,000 to $2,530,569. • Final payment due September 2029	$11,290,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2014 A&B (Refinancing of CIFP's 94-1, 2000-1, 2005-1 and 2006-1) • Dated September 24, 2014 • Annual debt service payments, including interest at 2.00 % to 5.00 %, range from $1,081,500 to $6,417,040 • Final payment due September 2036	$64,380,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2018A (Refinancing of CIFP's 2002-1, 2003-1 and 2004-1) • Dated February 6, 2018 • Annual debt service payments, including interest at 2.19 % to 4.15 %, range from $1,228,923 to $3,271,266 • Final payment due September 2034	$38,120,000
Total Assessment District Debt	**$ 114,470,000**

NOTE #8 – CLASSIFICATION OF NET POSITION

In the Government-Wide Financial Statements, net position is classified in the following categories:

- Net Investment In Capital Assets and Capacity Rights – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation, and the outstanding balances of debt which are attributable to the acquisition, construction or improvement of these assets, reduce this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted Net Position – This category represents the net position of the City, which is not restricted for any project or other purpose.

NOTE #9 – DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTIONS

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost-Sharing Employer Plan. All qualified permanent and probationary employees are eligible to participate in either the City's Safety (Sworn) or Miscellaneous (Non-sworn) Plans, administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. MISCELLANEOUS PLAN

i. General Information About the Miscellaneous Plan

a. Benefits Provided

CalPERS provides service retirement and disability benefits, annual Cost of Living Adjustments (COLA) and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits.

All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLA for each plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2018 are summarized on the following page:

NOTE #9 – DEFINED BENEFIT PENSION PLANS *(Continued)*

	Miscellaneous Plan		
	Tier 1	**Tier 2**	**Tier 3**
Hire Date	Prior to October 1, 2010	After September 30, 2010	After December 31, 2012
Benefit Formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 - 55	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.000-2.700%	1.092-2.418%	1.000-2.500%
Required Employee Contribution Rates	8%	7%	6.25%
Required Employer Contribution Rates (Normal Cost)	11.483%	11.483%	11.483%
Maximum COLA	5.00%	2.00%	2.00%
Final Average Compensation Period	One Year	Three Years	Three Years
Unfunded Accrued Liability Annual Payment	$ 1,439,541	$ 1,722	$ 2,067

b. Employees Covered

At the June 30, 2017 measurement date, the most recent valuation available, the following plan participants were covered by the benefit terms:

	Miscellaneous Plan			
	Tier 1	**Tier 2**	**Tier 3**	**Total**
Inactive Employees or Beneficiaries Currently Receiving Benefits	146	-	-	146
Inactive Employees Entitled to but not yet Receiving Benefits	135	-	-	135
Active Employees	136	44	38	218
Total	417	44	38	499

c. Contributions

Section 20814(c) of California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions to the Miscellaneous Plan were $3,754,868 for the employer paid contributions.

NOTE #9 – DEFINED BENEFIT PENSION PLANS *(Continued)*

ii. Net Pension Liability

The City's Net Pension Liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The Net Pension Liability of the Miscellaneous Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the Net Pension Liability is shown in Note #9D.

iii. Changes in Net Pension Liability

The table below shows the changes in Net Pension Liability recognized over the measurement period.

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	$ 112,379,297	$ 83,231,411	$ 29,147,886
Changes recognized for the measurement period			
Service Cost	$ 3,661,191	$ -	$ 3,661,191
Interest on the Total Pension Liability	8,667,128	-	8,667,128
Differences Between Actual and Expected Experience	450,022	-	450,022
Changes in Assumptions	8,261,128	-	8,261,128
Contribution - Employer	-	3,478,686	(3,478,686)
Contribution - Employee	-	1,462,634	(1,462,634)
Net Investment Income	-	9,349,273	(9,349,273)
Benefit Payments, Including Refunds of Employee Contributions	(3,404,988)	(3,404,988)	-
Administrative Expense	-	(122,886)	122,886
Net Changes	17,634,481	10,762,719	6,871,762
Balance at June 30, 2017	$ 130,013,778	$ 93,994,130	$ 36,019,648

a. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table on the following page presents the Net Pension Liability, calculated using the discount rate of 7.15%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate.

***NOTE #9 – DEFINED BENEFIT PENSION PLANS** (Continued)*

		Miscellaneous Plan
1% Decrease		6.15%
Net Pension Liability	$	56,757,826
Current Discount Rate		7.15%
Net Pension Liability	$	36,019,648
1% Increase		8.15%
Net Pension Liability	$	19,126,809

b. Pension Plan Fiduciary Net Position

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

iv. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense for the Miscellaneous Plan of $3,922,584. At June 30, 2018 the Miscellaneous Plan has Deferred Outflows and Deferred Inflows of Resources related to the pension plan as follows:

	Miscellaneous Plan			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
Pension Contributions Subsequent to Measurement Date	$	3,754,868	$	-
Differences Between Actual and Expected Experience		867,619		(92,018)
Changes in Assumptions		6,294,193		(628,581)
Net Differences Between Projected and Actual Earnings on Plan Investments		1,218,094		-
Total	$	12,134,774	$	(720,599)

Deferred Outflows of Resources related to contributions subsequent to the measurement date in the amount of $3,754,868 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized as pension expense on the following page:

***NOTE #9 – DEFINED BENEFIT PENSION PLANS** (Continued)*

Miscellaneous Plan	
Fiscal Year Ended June 30	**Annual Amortization**
2019	$ 1,802,715
2020	3,494,996
2021	2,616,940
2022	(255,344)

v. Payable to the Miscellaneous Plan

At June 30, 2018, the City reported a payable of $332,826 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

C. SAFETY PLAN

i. General Information About the Safety Plan

The City's Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three rate plans within the safety risk pool.

a. Benefits Provided

CalPERS provides service retirement and disability benefits, annual COLA and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits.

All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLA for each plan are applied as specified by the California PERL.

The Safety Plan's provisions and benefits in effect at June 30, 2018, are summarized on the following page:

***NOTE #9 – DEFINED BENEFIT PENSION PLANS** (Continued)*

	Safety Plan		
	Tier 1	Tier 2	Tier 3
Hire Date	Prior to September 1, 2012	After August 31, 2012	After December 31, 2012
Benefit Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50	50 - 55	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3%	2.4-3.0%	2.0-2.7%
Required Employee Contribution Rates	9%	9%	11.5%
Required Employer Contribution Rates	21.815%	16.842%	11.990%
COLA	5.00%	2.00%	2.00%
Final Average Compensation Period	One Year	Three Years	Three Years
Unfunded Accrued Liability Annual Payment	$ 638,939	$ 579	$ 990

Beginning in FY 2015/16, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. In-lieu of making monthly payments, an annual lump-sum prepayment option is also available. The City's required lump-sum contribution for the unfunded liability and side fund was $150,751 in FY 2017/18.

b. Contributions

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Safety Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions to the Safety Plan were $2,126,779 for the employer paid contributions.

ii. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported Net Pension Liabilities for its proportionate share of the Net Pension Liability of the Safety Plan of $16,054,650.

NOTE #9 – DEFINED BENEFIT PENSION PLANS *(Continued)*

The City's Net Pension Liability for the Safety Plan is measured as the proportionate share of the Net Pension liability. The Net Pension Liability of the Safety Plan is measured as of June 30, 2017, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the Net Pension Liability for the Safety Plan as of June 30, 2016 and 2017 was as follows:

Proportionate Share of Net Pension Liability	Safety Plan
Proportion - June 30, 2016	0.26465%
Proportion - June 30, 2017	0.26869%
Change - Increase (Decrease)	0.00404%

For the year ended June 30, 2018, the City recognized pension expense of $1,002,024 for the Safety Plan. At June 30, 2018 the Safety Plan reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 2,126,779	$ -
Differences Between Actual and Expected Experience	193,714	(50,506)
Changes in Assumptions	2,809,333	(215,540)
Change in the Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	1,191,538	(62,541)
Net Differences Between Projected and Actual Earnings on Plan Investments	612,545	-
Total	$ 6,933,909	$ (328,587)

Deferred Outflows of Resources related to contributions subsequent to the measurement date in the amount of $2,126,779 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized as pension expense, as summarized on the following page.

***NOTE #9 – DEFINED BENEFIT PENSION PLANS** (Continued)*

Safety Plan	
Fiscal Year Ended June 30	**Annual Amortization**
2019	1,351,548
2020	2,228,745
2021	1,256,670
2022	(358,420)

a. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the Net Pension Liability for the Safety Plan, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate.

		Safety Plan
1% Decrease		6.15%
Net Pension Liability	$	25,335,522
Current Discount Rate		7.15%
Net Pension Liability	$	16,054,650
1% Increase		8.15%
Net Pension Liability	$	8,467,999

b. Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report (CAFR) closing and final reconciled reserves.

iii. Payable to the Safety Plan

At June 30, 2018, the City reported a payable of $178,268 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

NOTE #9 – DEFINED BENEFIT PENSION PLANS *(Continued)*

D. INFORMATION COMMON TO BOTH THE MISCELLANEOUS AND SAFETY PLANS

The following information applies to both the Miscellaneous and Safety Plans:

i. Actuarial Assumptions

The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	Safety and Miscellaneous Plans
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.9%
Investment Rate of Return (1)	7.15%
Mortality Rate Table (2)	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment expense, including inflation.

(2) The mortality rate table used was developed based on CalPER's specific data. The table include 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 CalPERS actuarial experience study. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

ii. Safety and Miscellaneous Plans Changes of Assumptions

In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

iii. Safety and Miscellaneous Plans Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate.

NOTE #9 – DEFINED BENEFIT PENSION PLANS *(Continued)*

Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 following table reflects long-term expected real rate of return by asset class for both the Miscellaneous and Safety Plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of pension plan investment expense and inflation.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

NOTE #9 – DEFINED BENEFIT PENSION PLANS *(Continued)*

iv. Subsequent Events

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in FY 2017/18. The change in the discount rate will affect the contribution rates for employers beginning in FY 2018/19, and result in increases to employers' normal costs and unfunded actuarial liabilities.

NOTE #10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disaster; errors and omissions; injuries to employees and unemployment claims. The City, along with other Contra Costa County cities, belongs to the Municipal Pooling Authority of Northern California (MPA). MPA is a public entity risk pool currently operating as a common risk management and insurance program for the members. The City pays an annual premium to MPA for the following: Liability ($29 million coverage, $10,000 deductible); Employer's Resource Management Association (ERMA) ($2 million coverage, $50,000 deductible on employment claims); Fire and Property ($1 billion coverage, $25,000 deductible for all-risk and copper claims, $150,000 deductible for water claims); Flood ($25 million coverage, $100,000 to $250,000 minimum deductible per occurrence); Auto ($250,000 coverage, Police $3,000 deductible, all others $2,000); Cyber ($2 million coverage, $50,000 deductible); Government Crime ($1 million coverage, $2,500 deductible); Public Entity Pollution ($1 million coverage, $100,000 deductible); Boiler and Machinery ($100 million coverage, $5,000 deductible) and Workers Compensation (coverage in excess of the statutory limit, $0 deductible). The agreement provides that MPA will be self-sustaining through member premiums and assessments. MPA purchases commercial insurance in excess of those amounts covered by its self-insurance pool. MPA was formed in June of 1977, under a "joint exercise of power agreement", to provide general liability, workers' compensation, property and employee benefits insurance coverage. It is governed by a Board of Directors composed of one appointed official from each City. Members as of June 30, 2018 were the cities of Antioch; Brentwood; Clayton; El Cerrito; Gilroy; Hercules; Lafayette; Manteca; Martinez; Oakley; Orinda; Pacifica; Pinole; Pittsburg; Pleasant Hill; San Pablo; San Ramon and Walnut Creek and the towns of Danville and Moraga. Audited financial information can be obtained from MPA located at 1911 San Miguel Drive, Walnut Creek, CA 94596.

There have been no significant reductions in any of the City's areas of insurance. Settled claims have not exceeded coverage for these risks in any of the last three fiscal years. Outstanding claims payable at year-end and the Incurred But Not Reported (IBNR) amount was calculated to be immaterial for presentation purposes.

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS

A. <u>GENERAL INFORMATION ABOUT THE CITY'S RETIREE HEALTHCARE PLAN</u>

Plan Benefits and Benefits Provided

In addition to the pension benefits described in Note #9, the City provides certain post-retirement health care benefits. The City's Retiree Healthcare Plan ("Plan") is a single-employer defined benefit healthcare plan administered by the City. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City and its employees. The City provides retiree medical benefits through the CalPERS healthcare program, Public Employees' Medical and Hospital Care Act (PEMHCA). The City covers premiums, subject to caps dependent on hire date for eligible retirees, with service or disability retirement directly from the City under CalPERS. Coverage extends to dependents and surviving spouses. No dental, vision or life insurance benefits are provided. The City has three benefit tier levels as follows:

<table>
<tr><td>Eligibility</td><td colspan="7">Retire directly from the City under CalPERS
(Age 50[1] with 5 years CalPERS service, or disability)</td></tr>
<tr><td rowspan="7">Medical</td><td colspan="7">City paid premium, subject to caps:</td></tr>
<tr><td rowspan="3"></td><td colspan="4">Hired < 7/1/12</td><td colspan="2" rowspan="2">Hired ≥ 7/1/12</td></tr>
<tr><td colspan="2">Retire < 7/1/12</td><td colspan="2">Retire ≥ 7/1/12</td></tr>
<tr><td>Misc</td><td>Safety</td><td>Misc</td><td>Safety[2]</td><td>Misc</td><td>Safety</td></tr>
<tr><td>2017</td><td colspan="2">$1,466.78</td><td>$1,326.63</td><td>$1,500.00</td><td colspan="2">$128.00</td></tr>
<tr><td>2018</td><td colspan="2">1,559.72</td><td>1,326.63</td><td>1,500.00</td><td colspan="2">133.00</td></tr>
<tr><td>2019[3]+</td><td colspan="2">Kaiser Dual</td><td>1,326.63[4]</td><td>1,500.00[4]</td><td colspan="2">PEMHCA Minimum</td></tr>
<tr><td>Surviving Spouse</td><td colspan="7">100% of retiree benefit continues to surviving spouse if retiree elects CalPERS survivor annuity</td></tr>
<tr><td>Other</td><td colspan="7">No dental, vision, life, or Medicare Part B reimbursement</td></tr>
</table>

(1) Age 52 for Miscellaneous PEPRA employees.
(2) Council members retired after 7/1/12 and hired before 7/1/12 get the same benefit as safety group.
(3) Based on Basic (non-Medicare) premiums.
(4) Not less than Kaiser single premium.

***NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS** (Continued)*

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at the measurement date of June 30, 2017:

	Number of Covered Participants
Active employees	281
Inactive employees or beneficiaries currently receiving benefits	119
Inactive participants entitled to benefit payments	-
Total	400

B. NET OPEB LIABILITY

Actuarial Methods and Assumptions

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 to determine the total OPEB liability as of June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Assumption	June 30, 2017 Measurement Date
Actuarial Valuation Date	June 30,2017
Contribution Policy	City contributes 85% of ADC
Discount Rate	6.75% at June 30, 2017 6.75% at June 30, 2016
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Projected fully generational with Scale MP-2017
Salary Increases	Aggregate - 3% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA minimum increases	4.25% annually
Healthcare participation	Hired < 7/1/12: 100% Hired > 7/1/12: 60%

***NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS** (Continued)*

The underlying mortality assumptions were based on the Scale MP-2014 and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a June 30, 2017 actuarial experience study for the period July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation[1]	Expected Real Rate of Return
Asset Class Component		
Public Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Investment Expenses		n/a
Expected Long-Term Net Rate of Return, Rounded		6.75%
Discount Rate[2]		6.75%

(1) Provided by CalPERS' Strategic Asset Allocation Analysis Overview in August 2014 - Strategy 1.
(2) The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

***NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS** (Continued)*

C. CHANGES IN NET OPEB LIABILITY

The following summarizes the changes in the net OPEB liability:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/17 (Measurement date 6/30/16)	$ 44,378,000	$ 4,495,000	$ 39,883,000
Changes for the year			
Service Cost	1,629,000	-	1,629,000
Interest	3,050,000	-	3,050,000
Difference between actual and expected experience	-	-	-
Assumption changes	-	-	-
Contributions - employer[(1)]	-	5,708,000	(5,708,000)
Contributions - employee	-	-	-
Net investment income		632,000	(632,000)
Benefit payments and refunds[(1)]	(1,653,000)	(1,653,000)	-
Administrative expenses	-	(3,000)	3,000
Net Changes	3,026,000	4,684,000	(1,658,000)
Balance at 6/30/18 (Measurement date 6/30/17)	$ 47,404,000	$ 9,179,000	$ 38,225,000

(1) Includes $4,055,000 City contribution to trust, $1,453,000 cash benefit payments and $200,000 Implied Subsidy benefit payments (both paid outside of trust).

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employers' Retiree Benefit Trust, at P.O. Box 942703, Sacramento, CA 94229-2703. The benefit payments and refunds include implied subsidy benefit payments in the amount of $200,000.

***NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS** (Continued)*

D. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTHCARE COST TREND RATES

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	Discount Rate		
	5.75% (1% Decrease)	6.75% (Current Rate)	7.75% (1% Increase)
Net OPEB Liability	$ 45,603,000	$ 38,225,000	$ 32,276,000

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 31,551,000	$ 38,225,000	$ 46,609,000

E. OPEB EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of $4,204,000. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on plan investments	-	(153,999)
Employer contributions made subsequent to the measurement date[1]	4,510,871	-
Total	$ 4,510,871	$ (153,999)

(1) Actual employer contributions paid to the trust plus actual benefit payments paid from employer resources outside of trust between the measurement date and fiscal year end.

NOTE #11 – POST-RETIREMENT HEALTH CARE BENEFITS *(Continued)*

$4,510,871 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year ended June 30	Deferred Outflows/(Inflows) of Resources
2019	$ (38,000)
2020	(38,000)
2021	(38,000)
2022	(39,999)

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT AGENCY DISSOLUTION

Effective February 1, 2012, the Brentwood Redevelopment Agency was dissolved and certain assets of the Brentwood Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor, and all remaining Brentwood Redevelopment Agency assets and liabilities were distributed to a Successor Agency. Under the provisions of AB 1484, the City elected to become the Housing Successor and retain the housing assets. The City also elected to become the Successor Agency to the Brentwood Redevelopment Agency and on February 1, 2012 the Brentwood Redevelopment Agency's remaining assets were distributed to, and liabilities were assumed by, the Successor Agency. ABX1 26 required the establishment of an Oversight Board to oversee the activities of the Successor Agency. The Brentwood Oversight Board served in this capacity from April 11, 2012 until June 30, 2018. Effective July 1, 2018, a new Countywide Oversight Board was established pursuant to the dissolution law. The activities of the Successor Agency are subject to review and approval of the Oversight Board.

The activities of the Housing Successor are reported in the City Low Income Housing Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law. The activities of the Successor Agency are reported in the Successor Agency to the Brentwood Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City is providing administrative services to the Successor Agency to wind down the affairs of the former Brentwood Redevelopment Agency.

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES *(Continued)*

Section 34179.5 of AB 1484 required all successor agencies to hire a licensed accountant, approved by the County Auditor-Controller, to conduct two Due Diligence Reviews (DDRs) to determine the balances available to be redistributed to other taxing entities. The two DDRs were focused on 1) the Low and Moderate Income Housing Fund, and 2) Other Funds and Accounts. The Low and Moderate Income Housing Fund DDR determined that an unobligated balance of $4,072,553 was available for redistribution, and the Successor Agency remitted this amount to the Contra Costa County Auditor Controller in February 2013. The Other Funds and Accounts DDR determined that the unobligated balance was $0, and the Successor Agency filed the DDR report with the DOF. The DOF, during their review of the DDR, determined that transfers made pursuant to pre-existing contracts and construction commitments were invalid and adjusted the DDR accordingly, issuing a DDR demand of $14,955,931.

On December 9, 2015, the City, as Successor Agency, entered into a ten-year interest free payment plan with the DOF to pay the DDR demand of $14,955,931, as discussed in Note #6, Long-Term Obligations. By entering into the Payment Plan with the DOF the Successor Agency has completed its statutory requirements of the DDR process and the DOF has provided the Successor Agency a Finding of Completion.

As of June 30, 2018, cash and investments of the Successor Agency were pooled with the City's cash and investments. Details of the nature of the Successor Agency's cash and investments are presented in Note #3. Information presented in the following sections of Note #12 represents other assets and liabilities of the Successor Agency as of June 30, 2018.

B. CAPITAL ASSETS

Capital assets of the Successor Agency, as of June 30, 2018, are as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers from City (1)	Balance June 30, 2018
Successor Agency Activities:					
Capital Assets, Not Being Depreciated or Amortized:					
Land	$ -	$ -	$ -	$ 1,327,129	$ 1,327,129
Total Capital Assets, Not Being Depreciated or Amortized	-	-	-	1,327,129	1,327,129
Capital Assets, Net	$ -	$ -	$ -	$ 1,327,129	$ 1,327,129

(1) Pursuant to requirements of the State Controller's Office, the City transferred land parcels with a book value of $1,327,129 to the Successor Agency during fiscal year 2018.

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES *(Continued)*

C. LONG-TERM OBLIGATIONS

The Successor Agency assumed the long-term obligations of the former Brentwood Redevelopment Agency as of February 1, 2012. The following summarizes the long-term obligations of the Successor Agency as of June 30, 2018.

	Balance June 30, 2017	Payments Adjustments	Balance June 30, 2018	Amounts Due Within One Year
CIP 2012 Revenue Refunding Bonds	$ 14,280,000	$ (655,000)	$ 13,625,000	$ 690,000
2009 Civic Center Project Lease Revenue Bonds	11,564,474	(296,053)	11,268,421	307,895
Total	$ 25,844,474	$ (951,053)	$ 24,893,421	$ 997,895

i. Bonds

Capital Improvement Revenue Refunding Bonds Series 2012

The Brentwood Redevelopment Agency issued 2001 CIP Tax Allocation Bonds, dated October 1, 2001, to finance certain Redevelopment projects. The Brentwood Redevelopment Agency pledged future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund, for the repayment of the Tax Allocation Bonds. On January 11, 2012, the Authority issued $24,060,000 in Brentwood Capital Improvement Revenue Refunding Bonds, Series 2012 to: 1) finance the refunding of the 2001 CIP Bonds under a facilities lease and 2) refund a series of tax allocation bonds issued by the Brentwood Redevelopment Agency. Total annual debt service payments, including interest at 4.25% to 5.375%, range from $1,342,750 to $1,368,688.

The Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency's ROPS and approved by the DOF. The Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2018. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4. The pledge of future Successor Agency tax revenues ends upon repayment of the Successor Agency's $18,946,669 remaining share of debt service on the bonds, which is scheduled to occur in 2032.

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES *(Continued)*

2009 Civic Center Project Lease Revenue Bonds

On October 16, 2009, the Authority issued $48,000,000 in Civic Center Project Lease Revenue Bonds, Series 2009A, $4,055,000, and Taxable Series 2009B, $43,945,000, to finance the construction of a new City Hall, a new Community Center, a new Senior Center, plus library improvements and other public capital improvements. The Brentwood Redevelopment Agency entered into a reimbursement agreement with the Authority which indicates the Brentwood Redevelopment Agency will pay a proportionate amount of the City's base rental payments for specific and allowable projects the Brentwood Redevelopment Agency has agreed to fund. The Civic Center Project Lease Revenue Bonds generated $12,631,578 for allowable Brentwood Redevelopment Agency projects.

The Successor Agency to the Brentwood Redevelopment Agency has pledged future tax revenues for the repayment of a portion of the bonds. Following the dissolution of the Brentwood Redevelopment Agency, the Successor Agency is allocated funds for payment of obligations listed on the Successor Agency's ROPS and approved by the DOF. The Successor Agency listed this debt obligation on its ROPS and the DOF has approved its inclusion for each applicable ROPS period through June 30, 2019. The City has recorded a receivable for the debt obligations of the Successor Agency, as detailed in Note #4. The pledge of future tax revenues end upon repayment of the Successor Agency's $22,214,577 remaining share of debt service on the bonds. The repayment of the debt service is scheduled to occur in 2040.

Total debt service requirements for the Successor Agency's two bond payment obligations are summarized as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 997,895	$ 1,491,899	$ 2,489,794
2020	1,044,737	1,434,540	2,479,277
2021	1,097,895	1,374,145	2,472,040
2022	1,152,368	1,311,825	2,464,193
2023	1,206,842	1,247,031	2,453,873
2024-2028	6,978,421	5,123,683	12,102,104
2029-2033	7,503,421	2,897,325	10,400,746
2034-2038	3,334,211	1,265,277	4,599,488
2039-2040	1,577,631	122,100	1,699,731
Total Payments Due	$ 24,893,421	$ 16,267,825	$ 41,161,246

NOTE #12 – BRENTWOOD REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES *(Continued)*

D. PLEDGED REVENUES

As discussed above, the Successor Agency has pledged all future tax increment revenues for the repayment of its share of the Capital Improvement Revenue Refunding Bonds Series 2012 and the 2009 Civic Center Project Lease Revenue Bonds. The pledge of all future tax increment revenues ends upon repayment of $41,161,246 remaining debt service on the bonds, which is scheduled to occur in 2040. With the dissolution of the Brentwood Redevelopment Agency discussed above, tax increment is no longer distributed. Instead, the Successor Agency receives payments from Contra Costa County's Redevelopment Property Tax Trust Fund which are to be used to fund debt service on the bonds, with no distinction between housing and non-housing revenues. For FY 2017/18, gross tax increment available to be distributed to the Successor Agency was $8,207,807, which represents coverage of 329% of the FY 2017/18 debt service requirements.

E. COMMITMENTS AND CONTINGENCIES

i. State Approval of Enforceable Obligations

The Successor Agency prepares a ROPS annually which contains all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the DOF. Although the DOF may elect not to question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the DOF cannot be determined at this time.

ii. State Asset Transfer Review

In addition to the DDR process discussed in Note #12A, ABx1 26 and AB 1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. On July 10, 2015 the State Controller's Office determined that $14,992,790 of cash and revenue and $1,327,129 of land/building assets, transferred between January 1, 2011 and January 31, 2012, were unallowable and ordered these assets to be returned to the Successor Agency. As discussed in Note #12A and Note #6, the City entered into a repayment plan in the amount of $14,955,931. In addition, the City complied with the State Controller's order to return the land/building assets to the Successor Agency. These transfers were conveyed to the Successor Agency by grant deeds recorded in the Official Records of Contra Costa County on March 21, 2018. Following the initial communication in July 2015, the State Controller's Office has made no further demands for the return of assets to the Successor Agency.

NOTE #13 – CONTINGENT LIABILITIES

A. LITIGATION

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no filed litigation, as of June 30, 2018 which is likely to have a material adverse effect on the financial position of the City.

B. STATE AND FEDERAL GRANTS

The City has received State and Federal funds for specific purposes which are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed any required reimbursements will not be material.

C. DEVELOPER IMPACT FEE CREDITS

The City entered into several agreements with various developers and merchant builders who are developing residential and commercial projects throughout the City. The City agreed to grant these developers impact fee credits since they will construct certain improvements beyond what was needed to serve their specific projects. The value of these credits does not increase for inflation, nor do they accrue interest.

Any unused credits may be used by the developers on other projects located elsewhere in the City. The value of the credits, as of June 30, 2018, was $2,543,512, after a total of $2,101,579 was used as credits and an additional $663,754 was added by agreements during FY 2017/18. The accounting for the amounts due are not recorded as indebtedness since the payments (use of the credits) are contingent upon the collection of development fees from building growth which has not yet occurred.

D. CONSTRUCTION COMMITMENTS

As of June 30, 2018, the City had several commitments with respect to unfinished capital projects. Outstanding commitments with respect to unfinished major capital projects as follows:

Project Name	Outstanding Commitments
Citywide Non-Potable Water Distribution System	$ 404,519
Garin Park Playground Replacement	229,004
John Muir Parkway Extension - Phase II	179,823
Library - New Construction	3,053,795
McClarren Park Improvements - Phase II	286,667
Municipal Service Center	3,003,740
Non-Potable Storage Facility	11,762,713
Pavement Management Program - 2018	298,331
Wastewater Treatment Plant - Phase II Expansion	1,239,789
Total	$ 20,458,381

NOTE #13 – CONTINGENT LIABILITIES *(Continued)*

E. SOLAR POWER PURCHASE AGREEMENTS

On December 9, 2014, the City executed three Solar Power Purchase agreements with SolarCity Corporation. The terms of the agreements required SolarCity to construct solar power systems, to be owned and maintained by SolarCity, at three City sites, the Police Department, Wastewater Treatment Plant and Brentwood Family Aquatic Complex. These systems are expected to generate approximately 2.14 million kilowatt hours (kWh) of power per year. Once the systems are operational, the terms of the agreements require the City to purchase all of the electric power generated by the system for a term of 20 years, and up to two additional optional terms of five years each, at a contract price of $0.0100 to $0.2718 per kWh, depending on the site. The systems at the Police Department site, Wastewater Treatment Plant site and Brentwood Family Aquatic Complex became operational July 2015, September 2016 and November 2016 respectively. The agreements include options for the City to purchase the systems at the end of the 6th, 10th and 20th year, as well as at the end of the additional optional five year terms at a price equal to the fair market value of the systems. Early termination of any of the contracts by the City would result in termination payments ranging from $6.4 million in year one to $0.3 million in the twentieth year of the contracts. Early termination by SolarCity would result in payments to the City for the net present value of the excess energy costs that would be incurred over the remaining contract term.

F. PENSION LIABILITY PAY DOWN

On July 2, 2018, the City made a voluntary payment to CalPERS to be applied to the unfunded accrued liability for the Miscellaneous Pension Plan in the amount of $9,511,348 and to the unfunded accrued liability for Safety Pension Plan in the amount of $3,098,238. These voluntary payments will reduce anticipated future increases in pension contribution rates and required annual payments toward the unfunded accrued liability.

NOTE #14 – NET POSITION RESTATEMENTS

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires the restatement of the financial statements for the effect of recording the City's Net OPEB Liability and Deferred Outflows/Inflows of Resources Related to OPEB. The effects of the restatement on the beginning balance decreased Governmental Activities, which includes the Internal Service Funds, net position by $12,976,989 and decreased Business-Type Activities net position by $4,899,011 as follows:

Fund	Restatement
Housing Enterprise	$ 127,777
Solid Waste Enterprise	1,723,317
Water Enterprise	1,772,154
Wastewater Enterprise	1,275,763
Total	$ 4,899,011

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Budgetary Comparison Schedule, General Fund

For Year Ended June 30, 2018

	Budget Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes	$ 20,916,657	$ 22,176,657	$ 23,443,182	$ 1,266,525
Licenses	678,183	678,183	710,091	31,908
Permits and Fines	5,095,458	4,869,683	6,062,836	1,193,153
Uses of Money and Property	463,740	473,190	350,909	(122,281)
Intergovernmental	4,000,996	4,290,996	4,419,653	128,657
Franchises	1,590,349	1,590,349	1,499,715	(90,634)
Charges for Other Services	480,296	480,296	573,488	93,192
Charges to Other Funds	7,264,170	7,284,170	7,333,321	49,151
Fees and Other Revenues	1,974,610	2,103,860	2,157,493	53,633
Total Revenues	42,464,459	43,947,384	46,550,688	2,603,304
EXPENDITURES				
Current:				
General Government	7,308,602	7,552,041	6,416,507	1,135,534
Public Safety	24,035,153	24,241,156	22,120,911	2,120,245
Community Development	5,284,804	6,089,408	4,700,806	1,388,602
Engineering	3,628,957	3,666,753	3,315,619	351,134
Public Works	3,455,419	3,623,991	3,548,386	75,605
Parks and Recreation	5,961,537	6,393,680	6,260,262	133,418
Community Services	855,053	899,546	634,038	265,508
Debt Service:				
Principal	1,294,413	1,294,413	1,294,412	1
Total Expenditures	51,823,938	53,760,988	48,290,941	5,470,047
REVENUES OVER (UNDER) EXPENDITURES	(9,359,479)	(9,813,604)	(1,740,253)	8,073,351
OTHER FINANCING SOURCES (USES)				
Transfers In	9,903,410	14,558,525	10,339,770	(4,218,755)
Transfers Out	(2,213,579)	(3,435,962)	(3,435,962)	-
Total Other Financing Sources (Uses)	7,689,831	11,122,563	6,903,808	(4,218,755)
Net Change in Fund Balances	$ (1,669,648)	$ 1,308,959	5,163,555	$ 3,854,596
Fund Balance, Beginning of Year			23,405,903	
Fund Balance, End of Year			$ 28,569,458	

See Accompanying Note to the Required Supplementary Information

Budgetary Comparison Schedule, Landscape and Lighting Assessment Districts

For Year Ended June 30, 2018

	Budget Amounts			
	Original	Final	Actual	Variance
REVENUES				
Uses of Money and Property	$ 48,171	$ 48,171	$ 8,596	$ (39,575)
Fees and Other Revenues	6,171,993	8,441,680	8,463,975	22,295
Total Revenues	6,220,164	8,489,851	8,472,571	(17,280)
EXPENDITURES				
Current:				
Community Services	7,882,554	8,309,907	7,198,793	1,111,114
Total Expenditures	7,882,554	8,309,907	7,198,793	1,111,114
REVENUES OVER (UNDER) EXPENDITURES	(1,662,390)	179,944	1,273,778	1,093,834
Net Change in Fund Balances	$ (1,662,390)	$ 179,944	1,273,778	$ 1,093,834
Fund Balance, Beginning of Year			4,323,759	
Fund Balance, End of Year			$ 5,597,537	

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets for governmental funds are prepared in accordance with Generally Accepted Accounting Principles for the United States of America. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget, which covers the period from July 1 to June 30, establishes the foundation for effective financial planning by providing resource planning, performance measures and controls which permit the evaluation and adjustment of the City's performance.

The City's budget is prepared and based on four expenditure categories: personnel services, supplies and services, internal service and capital outlay. These are considered operational in nature and reflect recurring costs. Capital improvement projects include asset acquisitions, facilities, systems and infrastructure improvements typically over $10,000 and/or those items "outside" of the normal operational budget. These reflect one-time costs.

The City collects and records revenue and expenditures for Governmental Funds and Proprietary Funds. The City's budget reflects an organization that is committed to delivering excellent public services that meet the needs of the community by continually striving to meet the following goals:

- *Deliver Excellent Public Services*
- *Enhance Community and Neighborhood Improvement*
- *Ensure Long-term Financial Stability and Sustainability*
- *Promote Economic and Community Development*
- *Provide for Effective Transportation and Infrastructure*
- *Provide for the Public's Safety*

Miscellaneous Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
During the Measurement Period
Last 10 Years [(1)]

Measurement Period	2013/14	2014/15	2015/16	2016/17
Total Pension Liability				
Service Cost	$ 3,353,880	$ 3,211,232	$ 3,290,164	$ 3,661,191
Interest on Total Pension Liability	6,770,097	7,308,678	7,977,448	8,667,128
Differences Between Expected and Actual Experience	-	(304,364)	1,001,785	450,022
Changes in Assumptions	-	(2,079,150)	-	8,261,128
Changes in Benefits	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,206,639)	(2,590,999)	(3,047,166)	(3,404,988)
Net Change in Total Pension Liability	7,917,338	5,545,397	9,222,231	17,634,481
Total Pension Liability - Beginning	89,694,331	97,611,669	103,157,066	112,379,297
Total Pension Liability - Ending (a)	$ 97,611,669	$ 103,157,066	$ 112,379,297	$ 130,013,778
Plan Fiduciary Net Position				
Contributions - Employer [(2)]	$ 3,057,063	$ 2,781,741	$ 3,437,164	$ 3,478,686
Contributions - Employee	1,024,271	1,314,854	1,370,153	1,462,634
Net Investment Income [(3)]	11,435,505	1,744,327	437,912	9,349,273
Benefit Payments	(2,206,639)	(2,590,999)	(3,047,166)	(3,404,988)
Plan to Plan Resource Movement	-	(32,597)	-	-
Administrative Expense	-	(91,288)	(49,416)	(122,886)
Net Change in Plan Fiduciary Net Position	13,310,200	3,126,038	2,148,647	10,762,719
Plan Fiduciary Net Position - Beginning	64,646,526	77,956,726	81,082,764	83,231,411
Plan Fiduciary Net Position - Ending (b)	$ 77,956,726	$ 81,082,764	$ 83,231,411	$ 93,994,130
Net Pension Liability - Ending (a)-(b)	$ 19,654,943	$ 22,074,302	$ 29,147,886	$ 36,019,648
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.86%	78.60%	74.06%	72.30%
Covered Payroll	$ 16,622,216	$ 16,773,838	$ 17,716,086	$ 19,133,306
Net Pension Liability as Percentage of Covered Payroll	118.25%	131.60%	164.53%	188.26%

(1) Fiscal Year 2014/15 was the first year of implementation, which had a measurement period of 2013/14.
(2) Includes $288,013 and $5,063 of employee contributions paid by the employer for FY 2013/14 and FY 2014/15, respectively.
(3) Net of administrative expenses for FY 2013/14.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes in Assumptions:

FY 2014/15: GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

FY 2015/16: None

FY 2016/17: In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

Miscellaneous Plan
Schedule of Contributions
Last 10 Years (1)

	2014/15	2015/16	2016/17	2017/18
Actuarially Determined Contribution (ADC)	$ 2,786,805	$ 3,061,100	$ 3,480,381	$ 3,478,686
Contributions in Relation to the Actuarially Determined Contributions	(2,786,805)	(3,061,100)	(3,480,381)	(3,478,686)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 16,773,838	$ 17,716,086	$ 19,133,306	$ 20,640,271
Contributions as a Percentage of Covered Payroll	16.61%	17.28%	18.19%	16.85%

(1) Fiscal Year 2014/15 was the first year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	**6/30/2012**	**6/30/2013**	**6/30/2014**	**6/30/2015**
ADC for Fiscal Year	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Average Remaining Period	26 years as of the valuation date	N/A	N/A	N/A
Asset Valuation Method	15-Year Smoothed Market	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Investment Rate of Return	7.50%, net of investment and administrative expenses, including inflation	7.50%, net of investment and administrative expenses, including inflation	7.50%, net of investment and administrative expenses, including inflation	7.50%, net of investment and administrative expenses, including inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Source	Actuarial Valuation as of June 30, 2012	Actuarial Valuation as of June 30, 2013	Actuarial Valuation as of June 30, 2014	Actuarial Valuation as of June 30, 2015

Safety Plan
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Years (1)

Measurement Period	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Safety Plan				
Proportion of the Net Pension Liability	0.2421%	0.2513%	0.2646%	0.2687%
Proportionate Share of the Net Pension Liability	$ 9,080,048	$ 10,355,885	$ 13,706,745	$ 16,054,650
Covered Payroll	$ 12,883,348	$ 5,577,559	$ 7,438,782	$ 7,585,314
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	70.48%	185.67%	184.26%	211.65%
Plan's Fiduciary Net Position	$ 39,786,396	$ 44,008,978	$ 45,031,490	$ 46,175,307
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.42%	80.95%	76.66%	74.72%

(1) Fiscal Year 2014/15 was the first year of implementation, which had a measurement period of 2013/14.

Safety Plan
Schedule of Contributions
Last 10 Years (1)

	2014/15	**2015/16**	**2016/17**	**2017/18**
Actuarially Determined Contribution (ADC)	$ 1,801,047	$ 1,777,004	$ 1,915,780	$ 2,126,779
Contributions in Relation to the Actuarially Determined Contributions	(1,801,047)	(1,777,004)	(1,915,780)	(2,126,779)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 5,577,559	$ 7,438,782	$ 7,585,314	$ 8,033,945
Contributions as a Percentage of Covered Payroll	32.29%	23.89%	25.26%	26.47%

(1) Fiscal Year 2014/15 was the first year of implementation.

Schedule of Changes in
Net OPEB Liability/(Assets) and Related Ratios
Last 10 Years [1]

Fiscal Year		**2017/18**
Changes in Total OPEB Liability		
Service Cost	$	1,629,000
Contributions - employee		-
Interest		3,050,000
Difference between actual and expected experience		-
Assumption changes		-
Other changes		-
Benefit payments including refunds		(1,653,000)
Changes of benefit terms		-
Net Changes		3,026,000
Total OPEB Liability (beginning of year)		44,378,000
Total OPEB Liability (end of year)	$	47,404,000
Measurement Date		**6/30/2017**
Changes in Plan Fiduciary Net Position		
Contributions - employer	$	5,708,000
Net investment income		632,000
Benefit payments and refunds		(1,653,000)
Administrative expenses		(3,000)
Net Changes		4,684,000
Plan Fiduciary Net Position (beginning of year)		4,495,000
Plan Fiduciary Net Position (end of year)	$	9,179,000
Net OPEB Liability/(Asset)	$	38,225,000
Fiduciary Net Position as a percentage of the Total OPEB Liability		19.4%
Covered employee payroll [2]	$	29,051,000
Net OPEB Liability as a percentage of covered employee payroll		132%

[1] *FY 2017/18 was the first year of implementation.*
[2] *Determined for the 12 month period ending on June 30, 2017 [measurement date]*

Schedule of Employer OPEB Contributions
Last 10 Years [1]

	2017/18
Actuarially Determined Contribution (ADC)	$ 5,306,000
Contributions in relation to the actuarially determined contribution	4,510,000
Contribution deficiency/(excess)	$ 796,000
Covered employee payroll	$ 31,002,000
Contributions as a percentage of covered employee payroll	15%

[1] *FY 2017/18 was the first year of implementation.*

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	**6/30/2015**
ADC for Fiscal Year	**2017/18**
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percentage of payroll
Remaining Amortization Period	18 years remaining as of June 30, 2017
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	7.25%
General Inflation	3.00%
Medical Trend	Non-Medicare – 7% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years Medicare – 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
Mortality Improvement	Mortality projected fully generational with Scale MP-2014 modified to converge to ultimate rates in 2022
Source	Actuarial Valuation as of June 30, 2015

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue Funds								
	Gas Tax	Disability Access and Education	Police Grants	Other Grants	Economic Development Grant	Infrastructure Improvements	Citywide Park Assessment District	Community Facilities Districts	Roadway Development Impact Fee
ASSETS									
Current Assets:									
Cash and Investments	$ 349,695	$ 28,503	$ 235,528	$ 8,453	$ 298,662	$ 6,251	$ 649,129	$ 2,277,552	$ 10,509,379
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables	53,328	16	15,192	5	186	4	567	1,364	5,859
Prepaids	-	-	-	-	-	-	1,092	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	$ 403,023	$ 28,519	$ 250,720	$ 8,458	$ 298,848	$ 6,255	$ 650,788	$ 2,278,916	$ 10,515,238
LIABILITIES									
Liabilities:									
Accounts Payable and Accrued Liabilities	$ -	$ 578	$ 40,818	$ -	$ 43,672	$ -	$ 281,635	$ 6,205	$ 2
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	578	40,818	-	43,672	-	281,635	6,205	2
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue:									
Accounts Receivable	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	1,092	-	-
Restricted	403,023	27,941	209,902	8,458	255,176	-	-	-	10,515,236
Committed	-	-	-	-	-	6,255	368,061	2,272,711	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	403,023	27,941	209,902	8,458	255,176	6,255	369,153	2,272,711	10,515,236
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 403,023	$ 28,519	$ 250,720	$ 8,458	$ 298,848	$ 6,255	$ 650,788	$ 2,278,916	$ 10,515,238

Continued

City of Brentwood

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2018

Special Revenue Funds *(Continued)*

	Parks and Trails Development Impact Fee	Community Facilities Development Impact Fee	Fire Development Impact Fee	Development Impact Fee Administration	Agriculture Land Administration	Agriculture Land Acquisition	Public Art Administration	Public Art Acquisition	Parking In-Lieu
ASSETS									
Current Assets:									
Cash and Investments	$ 929,242	$ -	$ 5,565,943	$ 571,226	$ 581,968	$ 1,577,145	$ 562,418	$ 1,806,565	$ 2,753
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables	562	-	3,376	343	348	929	338	1,093	5
Prepaids	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	$ 929,804	$ -	$ 5,569,319	$ 571,569	$ 582,316	$ 1,578,074	$ 562,756	$ 1,807,658	$ 2,758
LIABILITIES									
Liabilities:									
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,360
Due to Other Funds	-	1,279,912	-	-	-	-	-	-	-
Total Liabilities	-	1,279,912	-	-	-	-	-	-	2,360
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue:									
Accounts Receivable	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	929,804	-	5,569,319	571,569	582,316	1,578,074	562,756	1,807,658	398
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	(1,279,912)	-	-	-	-	-	-	-
Total Fund Balances	929,804	(1,279,912)	5,569,319	571,569	582,316	1,578,074	562,756	1,807,658	398
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 929,804	$ -	$ 5,569,319	$ 571,569	$ 582,316	$ 1,578,074	$ 562,756	$ 1,807,658	$ 2,758

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2018

	Special Revenue Funds (Continued)						Permanent Fund
	Asset Forfeiture	Abandoned Vehicle Abatement	PEG Media	Parks Advertising	Measure J	City Low Income Housing	Riparian Mitigation Site Maintenance
ASSETS							
Current Assets:							
Cash and Investments	$ 195,477	$ 7,097	$ 844,358	$ 53,180	$ 53,221	$ 14,506	$ 79,536
Restricted Cash and Investments	-	-	-	-	-	-	-
Receivables	118	6,894	516	33	37	9	49
Prepaids	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	1,040,359	-
Total Assets	$ 195,595	$ 13,991	$ 844,874	$ 53,213	$ 53,258	$ 1,054,874	$ 79,585
LIABILITIES							
Liabilities:							
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -	$ 3,827	$ -	$ -	$ -
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	-	-	-	3,827	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Accounts Receivable	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	80,000
Restricted	195,595	13,991	844,874	-	53,258	1,054,874	-
Committed	-	-	-	49,386	-	-	-
Unassigned	-	-	-	-	-	-	(415)
Total Fund Balances	195,595	13,991	844,874	49,386	53,258	1,054,874	79,585
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 195,595	$ 13,991	$ 844,874	$ 53,213	$ 53,258	$ 1,054,874	$ 79,585

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2018

	Debt Service Funds				Capital Project Funds			
	Capital Improvement Revenue Refunding Bonds Series 2012	General Obligation Bonds Series 2002	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Roadway Improvements	Parks and Trails Improvements	Civic Center Project Lease Revenue Bond Acquisition	Capital Improvement Financing Program 2006-1
ASSETS								
Current Assets:								
Cash and Investments	$ 52,705	$ 79,535	$ 1	$ -	$ 10,257,121	$ 960,839	$ -	$ -
Restricted Cash and Investments	1,418,776	-	3,367,561	-	-	-	-	2,173,601
Receivables	13,625,032	233	11,268,422	-	566,796	605	-	-
Prepaids	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	$ 15,096,513	$ 79,768	$ 14,635,984	$ -	$ 10,823,917	$ 961,444	$ -	$ 2,173,601
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -	$ -	$ 1,682,371	$ 13,881	$ -	$ -
Due to Other Funds	-	-	-	-	-	784,825	-	-
Total Liabilities	-	-	-	-	1,682,371	798,706	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue:								
Accounts Receivable	-	-	-	-	553,706	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	553,706	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	15,096,513	79,768	14,635,984	-	8,587,840	162,738	-	2,173,601
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	15,096,513	79,768	14,635,984	-	8,587,840	162,738	-	2,173,601
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,096,513	$ 79,768	$ 14,635,984	$ -	$ 10,823,917	$ 961,444	$ -	$ 2,173,601

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2018

	Capital Project Funds (Continued)							
	Capital Improvement Financing Program 2005-1	2015 Lease Financing Acquisition	Civic Center Capital Improvement Financing Program	City Capital Improvement Financing Program	Capital Infrastructure	Vineyards Projects	Vineyards Event Center Projects	Total Non-Major Governmental Funds
ASSETS								
Current Assets:								
Cash and Investments	$ -	$ -	$ 2,352,256	$ 115,081	$ 795,127	$ 3,487,662	$ -	$ 45,308,114
Restricted Cash and Investments	4,264,204	427,186	-	-	-	-	-	11,651,328
Receivables	-	177	1,288	112	513	2,099	14	25,556,462
Prepaids	-	-	-	-	-	-	-	1,092
Land Held for Resale	-	-	-	-	-	-	-	1,040,359
Total Assets	$ 4,264,204	$ 427,363	$ 2,353,544	$ 115,193	$ 795,640	$ 3,489,761	$ 14	$ 83,557,355
LIABILITIES								
Liabilities:								
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,075,349
Due to Other Funds	-	-	-	-	-	-	-	2,064,737
Total Liabilities	-	-	-	-	-	-	-	4,140,086
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue:								
Accounts Receivable	-	-	-	-	-	-	-	553,706
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	553,706
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	81,092
Restricted	4,264,204	427,363	2,353,544	115,193	795,640	3,489,761	14	77,366,385
Committed	-	-	-	-	-	-	-	2,696,413
Unassigned	-	-	-	-	-	-	-	(1,280,327)
Total Fund Balances	4,264,204	427,363	2,353,544	115,193	795,640	3,489,761	14	78,863,563
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,264,204	$ 427,363	$ 2,353,544	$ 115,193	$ 795,640	$ 3,489,761	$ 14	$ 83,557,355

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For Year Ended June 30, 2018

	Special Revenue Funds								
	Gas Tax	Disability Access and Education	Police Grants	Other Grants	Economic Development Grant	Infrastructure Improvements	Citywide Park Assessment District	Community Facilities Districts	Roadway Development Impact Fee
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,473,199	$ -
Licenses	-	-	-	-	177,523	-	-	-	-
Uses of Money and Property	687	42	476	51	607	12	570	2,840	16,714
Intergovernmental	1,580,071	-	213,683	64,769	-	-	-	-	-
Fees and Other Revenues	-	12,856	-	-	-	-	2,181,616	-	4,481,246
Total Revenues	1,580,758	12,898	214,159	64,820	178,130	12	2,182,186	5,476,039	4,497,960
EXPENDITURES									
Current:									
General Government	-	-	-	48,400	-	-	-	-	1,160,573
Public Safety	-	-	186,397	-	-	-	-	-	-
Community Development	-	2,470	-	-	182,794	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	2,993,778	-	-
Community Services	-	-	-	-	-	-	-	37,804	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	2,470	186,397	48,400	182,794	-	2,993,778	37,804	1,160,573
REVENUES OVER (UNDER) EXPENDITURES	1,580,758	10,428	27,762	16,420	(4,664)	12	(811,592)	5,438,235	3,337,387
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	854,622	1,041,299	272,160
Transfers Out	(1,319,142)	-	-	(299,431)	-	-	-	(5,596,155)	(492,844)
Total Other Financing Sources (Uses)	(1,319,142)	-	-	(299,431)	-	-	854,622	(4,554,856)	(220,684)
Net Change in Fund Balances	261,616	10,428	27,762	(283,011)	(4,664)	12	43,030	883,379	3,116,703
Fund Balance, Beginning of Year	141,407	17,513	182,140	291,469	259,840	6,243	326,123	1,389,332	7,398,533
Fund Balance, End of Year	$ 403,023	$ 27,941	$ 209,902	$ 8,458	$ 255,176	$ 6,255	$ 369,153	$ 2,272,711	$ 10,515,236

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2018

	Special Revenue Funds (Continued)								
	Parks and Trails Development Impact Fee	Community Facilities Development Impact Fee	Fire Development Impact Fee	Development Impact Fee Administration	Agriculture Land Administration	Agriculture Land Acquisition	Public Art Administration	Public Art Acquisition	Parking In-Lieu
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	1,819	-	10,919	1,191	1,164	3,019	1,052	3,443	54
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	1,890,544	653,792	348,905	444,449	50,616	202,464	84,255	237,133	-
Total Revenues	1,892,363	653,792	359,824	445,640	51,780	205,483	85,307	240,576	54
EXPENDITURES									
Current:									
General Government	-	101,383	5,033	501,483	36,063	28,706	585	16,751	28,017
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	1,562,464	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	1,562,464	101,383	5,033	501,483	36,063	28,706	585	16,751	28,017
REVENUES OVER (UNDER) EXPENDITURES	329,899	552,409	354,791	(55,843)	15,717	176,777	84,722	223,825	(27,963)
OTHER FINANCING SOURCES (USES)									
Transfers In	95	6,110	-	-	-	184,706	238	946	-
Transfers Out	-	(2,554,367)	-	-	-	-	(50,000)	(200,545)	-
Total Other Financing Sources (Uses)	95	(2,548,257)	-	-	-	184,706	(49,762)	(199,599)	-
Net Change in Fund Balances	329,994	(1,995,848)	354,791	(55,843)	15,717	361,483	34,960	24,226	(27,963)
Fund Balance, Beginning of Year	599,810	715,936	5,214,528	627,412	566,599	1,216,591	527,796	1,783,432	28,361
Fund Balance, End of Year	$ 929,804	$ (1,279,912)	$ 5,569,319	$ 571,569	$ 582,316	$ 1,578,074	$ 562,756	$ 1,807,658	$ 398

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2018

	Special Revenue Funds *(Continued)*						Permanent Fund
	Asset Forfeiture	Abandoned Vehicle Abatement	PEG Media	Parks Advertising	Measure J	City Low Income Housing	Riparian Mitigation Site Maintenance
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-
Uses of Money and Property	244	30	1,711	112	453	29	161
Intergovernmental	-	-	-	-	914,353	-	-
Fees and Other Revenues	166,827	33,902	-	550	-	-	-
Total Revenues	167,071	33,932	1,711	662	914,806	29	161
EXPENDITURES							
Current:							
General Government	4,711	-	791	-	5,979	21	-
Public Safety	-	11	-	-	-	-	-
Community Development	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	9,500	-	-	66
Community Services	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	4,711	11	791	9,500	5,979	21	66
REVENUES OVER (UNDER) EXPENDITURES	162,360	33,921	920	(8,838)	908,827	8	95
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	631	-	-
Transfers Out	-	(20,180)	-	-	(980,000)	-	-
Total Other Financing Sources (Uses)	-	(20,180)	-	-	(979,369)	-	-
Net Change in Fund Balances	162,360	13,741	920	(8,838)	(70,542)	8	95
Fund Balance, Beginning of Year	33,235	250	843,954	58,224	123,800	1,054,866	79,490
Fund Balance, End of Year	$ 195,595	$ 13,991	$ 844,874	$ 49,386	$ 53,258	$ 1,054,874	$ 79,585

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2018

	Debt Service Funds				Capital Project Funds			
	Capital Improvement Revenue Refunding Bonds Series 2012	General Obligation Bonds Series 2002	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Roadway Improvements	Parks and Trails Improvements	Civic Center Project Lease Revenue Bond Acquisition	Capital Improvement Financing Program 2006-1
REVENUES								
Taxes	$ -	$ 490,568	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-
Uses of Money and Property	67,603	497	37,179	-	16,410	2,423	863	19,812
Intergovernmental	705,800	-	1,880,919	-	-	216,373	-	-
Fees and Other Revenues	-	-	-	-	421,177	350,000	-	-
Total Revenues	773,403	491,065	1,918,098	-	437,587	568,796	863	19,812
EXPENDITURES								
Current:								
General Government	-	-	-	-	1,774,334	154,518	16	-
Public Safety	-	-	-	-	-	-	-	-
Community Development	91,564	7,276	10,866	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	541,398	533,234	-	-
Debt Service:								
Principal	965,000	490,000	1,125,000	435,000	-	-	-	-
Interest and Fiscal Charges	949,063	-	3,190,554	356,281	-	-	-	-
Total Expenditures	2,005,627	497,276	4,326,420	791,281	2,315,732	687,752	16	-
REVENUES OVER (UNDER) EXPENDITURES	(1,232,224)	(6,211)	(2,408,322)	(791,281)	(1,878,145)	(118,956)	847	19,812
OTHER FINANCING SOURCES (USES)								
Transfers In	711,942	-	3,181,131	791,281	4,640,514	600,000	-	-
Transfers Out	(158,456)	-	(1,041,299)	-	(399,663)	(373,903)	(60,098)	-
Total Other Financing Sources (Uses)	553,486	-	2,139,832	791,281	4,240,851	226,097	(60,098)	-
Net Change in Fund Balances	(678,738)	(6,211)	(268,490)	-	2,362,706	107,141	(59,251)	19,812
Fund Balance, Beginning of Year	15,775,251	85,979	14,904,474	-	6,225,134	55,597	59,251	2,153,789
Fund Balance, End of Year	$ 15,096,513	$ 79,768	$ 14,635,984	$ -	$ 8,587,840	$ 162,738	$ -	$ 2,173,601

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2018

	Capital Project Funds *(Continued)*							
	Capital Improvement Financing Program 2005-1	**2015 Lease Financing Acquisition**	**Civic Center Capital Improvement Financing Program**	**City Capital Improvement Financing Program**	**Capital Infrastructure**	**Vineyards Projects**	**Vineyards Event Center Projects**	**Total Non-Major Governmental Funds**
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,963,767
Licenses	-	-	-	-	-	-	-	177,523
Uses of Money and Property	38,869	36,170	3,822	426	6,041	6,653	49	284,217
Intergovernmental	-	-	-	-	-	-	-	5,575,968
Fees and Other Revenues	-	-	1,494,328	271,703	-	383,961	-	13,710,324
Total Revenues	38,869	36,170	1,498,150	272,129	6,041	390,614	49	25,711,799
EXPENDITURES								
Current:								
General Government	-	4,104	1,717	7,312	6,629	23,063	3,914	3,914,103
Public Safety	-	-	-	-	-	-	-	186,408
Community Development	-	-	-	-	-	-	-	294,970
Parks and Recreation	-	-	-	-	-	-	-	4,565,808
Community Services	-	-	-	-	-	-	-	37,804
Capital Outlay	-	-	-	-	-	-	-	1,074,632
Debt Service:								
Principal	-	-	-	-	-	-	-	3,015,000
Interest and Fiscal Charges	-	-	-	-	-	-	-	4,495,898
Total Expenditures	-	4,104	1,717	7,312	6,629	23,063	3,914	17,584,623
REVENUES OVER (UNDER) EXPENDITURES	38,869	32,066	1,496,433	264,817	(588)	367,551	(3,865)	8,127,176
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	775,000	15,546	8,460	-	9,006	13,093,687
Transfers Out	-	(4,968,408)	(1,359,481)	(193,393)	(3,240,383)	-	(1,900,262)	(25,208,010)
Total Other Financing Sources (Uses)	-	(4,968,408)	(584,481)	(177,847)	(3,231,923)	-	(1,891,256)	(12,114,323)
Net Change in Fund Balances	38,869	(4,936,342)	911,952	86,970	(3,232,511)	367,551	(1,895,121)	(3,987,147)
Fund Balance, Beginning of Year	4,225,335	5,363,705	1,441,592	28,223	4,028,151	3,122,210	1,895,135	82,850,710
Fund Balance, End of Year	$ 4,264,204	$ 427,363	$ 2,353,544	$ 115,193	$ 795,640	$ 3,489,761	$ 14	$ 78,863,563

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds
For Year Ended June 30, 2018

	Special Revenue Funds								
	Gas Tax			Disability Access and Education			Police Grants		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	2,274	687	(1,587)	106	42	(64)	1,813	476	(1,337)
Intergovernmental	1,576,058	1,580,071	4,013	-	-	-	236,237	213,683	(22,554)
Fees and Other Revenues	-	-		4,682	12,856	8,174	-	-	-
Total Revenues	1,578,332	1,580,758	2,426	4,788	12,898	8,110	238,050	214,159	(23,891)
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	261,549	186,397	75,152
Community Development	-	-	-	5,150	2,470	2,680	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	5,150	2,470	2,680	261,549	186,397	75,152
REVENUES OVER (UNDER) EXPENDITURES	1,578,332	1,580,758	2,426	(362)	10,428	10,790	(23,499)	27,762	51,261
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(1,331,805)	(1,319,142)	12,663	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,331,805)	(1,319,142)	12,663	-	-	-	-	-	-
Net Change in Fund Balances	$ 246,527	261,616	$ 15,089	$ (362)	10,428	$ 10,790	$ (23,499)	27,762	$ 51,261
Fund Balance, Beginning of Year		141,407			17,513			182,140	
Fund Balance, End of Year		$ 403,023			$ 27,941			$ 209,902	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Special Revenue Funds (Continued)								
	Other Grants			Economic Development Grant			Infrastructure Improvements		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	196,658	177,523	(19,135)	-	-	-
Uses of Money and Property	80	51	(29)	2,932	607	(2,325)	69	12	(57)
Intergovernmental	-	64,769	64,769	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	80	64,820	64,740	199,590	178,130	(21,460)	69	12	(57)
EXPENDITURES									
Current:									
General Government	48,400	48,400	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	200,300	182,794	17,506	50	-	50
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	48,400	48,400	-	200,300	182,794	17,506	50	-	50
REVENUES OVER (UNDER) EXPENDITURES	(48,320)	16,420	64,740	(710)	(4,664)	(3,954)	19	12	(7)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(1,790,901)	(299,431)	1,491,470	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,790,901)	(299,431)	1,491,470	-	-	-	-	-	-
Net Change in Fund Balances	$ (1,839,221)	(283,011)	$ 1,556,210	$ (710)	(4,664)	$ (3,954)	$ 19	12	$ (7)
Fund Balance, Beginning of Year		291,469			259,840			6,243	
Fund Balance, End of Year		$ 8,458			$ 255,176			$ 6,255	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Special Revenue Funds *(Continued)*								
	Citywide Park Assessment District			Community Facilities Districts			Roadway Development Impact Fee		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ 5,269,316	$ 5,473,199	$ 203,883	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	4,184	570	(3,614)	25,337	2,840	(22,497)	34,532	16,714	(17,818)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	2,120,366	2,181,616	61,250	-	-		2,773,637	4,481,246	1,707,609
Total Revenues	2,124,550	2,182,186	57,636	5,294,653	5,476,039	181,386	2,808,169	4,497,960	1,689,791
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	1,461,432	1,160,573	300,859
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	3,060,355	2,993,778	66,577	-	-	-	-	-	-
Community Services	-	-	-	59,200	37,804	21,396	-	-	-
Total Expenditures	3,060,355	2,993,778	66,577	59,200	37,804	21,396	1,461,432	1,160,573	300,859
REVENUES OVER (UNDER) EXPENDITURES	(935,805)	(811,592)	124,213	5,235,453	5,438,235	202,782	1,346,737	3,337,387	1,990,650
OTHER FINANCING SOURCES (USES)									
Transfers In	856,855	854,622	(2,233)	1,040,760	1,041,299	539	30,355	272,160	241,805
Transfers Out	-	-	-	(5,596,637)	(5,596,155)	482	(541,650)	(492,844)	48,806
Total Other Financing Sources (Uses)	856,855	854,622	(2,233)	(4,555,877)	(4,554,856)	1,021	(511,295)	(220,684)	290,611
Net Change in Fund Balances	$ (78,950)	43,030	$ 121,980	$ 679,576	883,379	$ 203,803	$ 835,442	3,116,703	$ 2,281,261
Fund Balance, Beginning of Year		326,123			1,389,332			7,398,533	
Fund Balance, End of Year		$ 369,153			$ 2,272,711			$ 10,515,236	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Special Revenue Funds (Continued)								
	Parks and Trails Development Impact Fee			Community Facilities Development Impact Fee			Fire Development Impact Fee		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	-	1,819	1,819	18,016	-	(18,016)	47,822	10,919	(36,903)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	1,671,044	1,890,544	219,500	758,780	653,792	(104,988)	275,886	348,905	73,019
Total Revenues	1,671,044	1,892,363	221,319	776,796	653,792	(123,004)	323,708	359,824	36,116
EXPENDITURES									
Current:									
General Government	-	-	-	131,273	101,383	29,890	12,376	5,033	7,343
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	1,612,305	1,562,464	49,841	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	1,612,305	1,562,464	49,841	131,273	101,383	29,890	12,376	5,033	7,343
REVENUES OVER (UNDER) EXPENDITURES	58,739	329,899	271,160	645,523	552,409	(93,114)	311,332	354,791	43,459
OTHER FINANCING SOURCES (USES)									
Transfers In	1,240	95	(1,145)	-	6,110	6,110	-	-	-
Transfers Out	-	-	-	(2,554,989)	(2,554,367)	622	-	-	-
Total Other Financing Sources (Uses)	1,240	95	(1,145)	(2,554,989)	(2,548,257)	6,732	-	-	-
Net Change in Fund Balances	$ 59,979	329,994	$ 270,015	$ (1,909,466)	(1,995,848)	$ (86,382)	$ 311,332	354,791	$ 43,459
Fund Balance, Beginning of Year		599,810			715,936			5,214,528	
Fund Balance, End of Year		$ 929,804			$ (1,279,912)			$ 5,569,319	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

Special Revenue Funds *(Continued)*

	Development Impact Fee Administration			Agriculture Land Administration			Agriculture Land Acquisition		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	612	1,191	579	5,603	1,164	(4,439)	6,982	3,019	(3,963)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	297,694	444,449	146,755	-	50,616	50,616	-	202,464	202,464
Total Revenues	298,306	445,640	147,334	5,603	51,780	46,177	6,982	205,483	198,501
EXPENDITURES									
Current:									
General Government	501,600	501,483	117	48,496	36,063	12,433	49,700	28,706	20,994
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	501,600	501,483	117	48,496	36,063	12,433	49,700	28,706	20,994
REVENUES OVER (UNDER) EXPENDITURES	(203,294)	(55,843)	147,451	(42,893)	15,717	58,610	(42,718)	176,777	219,495
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	184,706	184,706
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	184,706	184,706
Net Change in Fund Balances	$ (203,294)	(55,843)	$ 147,451	$ (42,893)	15,717	$ 58,610	$ (42,718)	361,483	$ 404,201
Fund Balance, Beginning of Year		627,412			566,599			1,216,591	
Fund Balance, End of Year		$ 571,569			$ 582,316			$ 1,578,074	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

Special Revenue Funds *(Continued)*

	Public Art Administration			Public Art Acquisition			Parking In-Lieu		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	2,771	1,052	(1,719)	11,862	3,443	(8,419)	313	54	(259)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	43,615	84,255	40,640	174,460	237,133	62,673	-	-	-
Total Revenues	46,386	85,307	38,921	186,322	240,576	54,254	313	54	(259)
EXPENDITURES									
Current:									
General Government	2,500	585	1,915	30,196	16,751	13,445	28,050	28,017	33
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	2,500	585	1,915	30,196	16,751	13,445	28,050	28,017	33
REVENUES OVER (UNDER) EXPENDITURES	43,886	84,722	40,836	156,126	223,825	67,699	(27,737)	(27,963)	(226)
OTHER FINANCING SOURCES (USES)									
Transfers In	535	238	(297)	2,219	946	(1,273)	-	-	-
Transfers Out	(50,000)	(50,000)	-	(200,600)	(200,545)	55	-	-	-
Total Other Financing Sources (Uses)	(49,465)	(49,762)	(297)	(198,381)	(199,599)	(1,218)	-	-	-
Net Change in Fund Balances	$ (5,579)	34,960	$ 40,539	$ (42,255)	24,226	$ 66,481	$ (27,737)	(27,963)	$ (226)
Fund Balance, Beginning of Year		527,796			1,783,432			28,361	
Fund Balance, End of Year		$ 562,756			$ 1,807,658			$ 398	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Special Revenue Funds (Continued)					
	Asset Forfeiture			Abandoned Vehicle Abatement		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-
Uses of Money and Property	363	244	(119)	1,207	30	(1,177)
Intergovernmental	-	-	-	-	-	-
Fees and Other Revenues	27,492	166,827	139,335	120,000	33,902	(86,098)
Total Revenues	27,855	167,071	139,216	121,207	33,932	(87,275)
EXPENDITURES						
Current:						
General Government	30,119	4,711	25,408	-	-	-
Public Safety	-	-	-	200	11	189
Community Development	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Total Expenditures	30,119	4,711	25,408	200	11	189
REVENUES OVER (UNDER) EXPENDITURES	(2,264)	162,360	164,624	121,007	33,921	(87,086)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	(120,000)	(20,180)	99,820
Total Other Financing Sources (Uses)	-	-	-	(120,000)	(20,180)	99,820
Net Change in Fund Balances	$ (2,264)	162,360	$ 164,624	$ 1,007	13,741	$ 12,734
Fund Balance, Beginning of Year		33,235			250	
Fund Balance, End of Year		$ 195,595			$ 13,991	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

Special Revenue Funds *(Continued)*

	PEG Media			Parks Advertising			Measure J		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	9,287	1,711	(7,576)	593	112	(481)	540	453	(87)
Intergovernmental	-	-	-	-	-	-	890,849	914,353	23,504
Fees and Other Revenues	-	-	-	19,000	550	(18,450)	-	-	-
Total Revenues	9,287	1,711	(7,576)	19,593	662	(18,931)	891,389	914,806	23,417
EXPENDITURES									
Current:									
General Government	26,000	791	25,209	-	-	-	9,100	5,979	3,121
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	19,200	9,500	9,700	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	26,000	791	25,209	19,200	9,500	9,700	9,100	5,979	3,121
REVENUES OVER (UNDER) EXPENDITURES	(16,713)	920	17,633	393	(8,838)	(9,231)	882,289	908,827	26,538
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	631	631
Transfers Out	-	-	-	-	-	-	(980,000)	(980,000)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(980,000)	(979,369)	631
Net Change in Fund Balances	$ (16,713)	920	$ 17,633	$ 393	(8,838)	$ (9,231)	$ (97,711)	(70,542)	$ 27,169
Fund Balance, Beginning of Year		843,954			58,224			123,800	
Fund Balance, End of Year		$ 844,874			$ 49,386			$ 53,258	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Special Revenue Funds *(Continued)*			**Permanent Fund**		
	City Low Income Housing			**Riparian Mitigation Site Maintenance**		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-
Uses of Money and Property	12,278	29	(12,249)	-	161	161
Intergovernmental	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-
Total Revenues	12,278	29	(12,249)	-	161	161
EXPENDITURES						
Current:						
General Government	8,300	21	8,279	-	-	-
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Parks and Recreation	-	-	-	67	66	1
Community Services	-	-	-	-	-	-
Total Expenditures	8,300	21	8,279	67	66	1
REVENUES OVER (UNDER) EXPENDITURES	3,978	8	(3,970)	(67)	95	162
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	$ 3,978	8	$ (3,970)	$ (67)	95	$ 162
Fund Balance, Beginning of Year		1,054,866			79,490	
Fund Balance, End of Year		$ 1,054,874			$ 79,585	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Capital Project Funds								
	Civic Center Project Lease Revenue Bond Acquisition			2015 Lease Financing Acquisition			Civic Center Capital Improvement Financing Program		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	-	863	863	114	36,170	36,056	15,542	3,822	(11,720)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	1,372,814	1,494,328	121,514
Total Revenues	-	863	863	114	36,170	36,056	1,388,356	1,498,150	109,794
EXPENDITURES									
Current:									
General Government	50	16	34	4,179	4,104	75	1,717	1,717	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	50	16	34	4,179	4,104	75	1,717	1,717	-
REVENUES OVER (UNDER) EXPENDITURES	(50)	847	897	(4,065)	32,066	36,131	1,386,639	1,496,433	109,794
OTHER FINANCING SOURCES (USES)									
Transfers In	31,083	-	(31,083)	9,003	-	(9,003)	775,000	775,000	-
Transfers Out	(60,099)	(60,098)	1	(4,968,438)	(4,968,408)	30	(1,369,389)	(1,359,481)	9,908
Total Other Financing Sources (Uses)	(29,016)	(60,098)	(31,082)	(4,959,435)	(4,968,408)	(8,973)	(594,389)	(584,481)	9,908
Net Change in Fund Balances	$ (29,066)	(59,251)	$ (30,185)	$ (4,963,500)	(4,936,342)	$ 27,158	$ 792,250	911,952	$ 119,702
Fund Balance, Beginning of Year		59,251			5,363,705			1,441,592	
Fund Balance, End of Year		$ -			$ 427,363			$ 2,353,544	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Budgeted Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2018

	Capital Project Funds (Continued)								
	City Capital Improvement Financing Program			Capital Infrastructure			Vineyards Projects		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses	-	-	-	-	-	-	-	-	-
Uses of Money and Property	1,102	426	(676)	14,200	6,041	(8,159)	23,607	6,653	(16,954)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	271,703	271,703	-	-	-	-	96,692	383,961	287,269
Total Revenues	272,805	272,129	(676)	14,200	6,041	(8,159)	120,299	390,614	270,315
EXPENDITURES									
Current:									
General Government	7,312	7,312	-	7,400	6,629	771	105,580	23,063	82,517
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Total Expenditures	7,312	7,312	-	7,400	6,629	771	105,580	23,063	82,517
REVENUES OVER (UNDER) EXPENDITURES	265,493	264,817	(676)	6,800	(588)	(7,388)	14,719	367,551	352,832
OTHER FINANCING SOURCES (USES)									
Transfers In	-	15,546	15,546	3,579	8,460	4,881	-	-	-
Transfers Out	(291,362)	(193,393)	97,969	(3,240,383)	(3,240,383)	-	-	-	-
Total Other Financing Sources (Uses)	(291,362)	(177,847)	113,515	(3,236,804)	(3,231,923)	4,881	-	-	-
Net Change in Fund Balances	$ (25,869)	86,970	$ 112,839	$ (3,230,004)	(3,232,511)	$ (2,507)	$ 14,719	367,551	$ 352,832
Fund Balance, Beginning of Year		28,223			4,028,151			3,122,210	
Fund Balance, End of Year		$ 115,193			$ 795,640			$ 3,489,761	

Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

Budgeted Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2018

	Capital Project Funds *(Continued)*		
	Vineyards Event Center Projects		
	Budget	**Actual**	**Variance**
REVENUES			
Taxes	$ -	$ -	$ -
Licenses	-	-	-
Uses of Money and Property	570	49	(521)
Intergovernmental	-	-	-
Fees and Other Revenues	-	-	-
Total Revenues	570	49	(521)
EXPENDITURES			
Current:			
General Government	3,914	3,914	-
Public Safety	-	-	-
Community Development	-	-	-
Parks and Recreation	-	-	-
Community Services	-	-	-
Total Expenditures	3,914	3,914	-
REVENUES OVER (UNDER) EXPENDITURES	(3,344)	(3,865)	(521)
OTHER FINANCING SOURCES (USES)			
Transfers In	9,988	9,006	(982)
Transfers Out	(1,907,956)	(1,900,262)	7,694
Total Other Financing Sources (Uses)	(1,897,968)	(1,891,256)	6,712
Net Change in Fund Balances	$ (1,901,312)	(1,895,121)	$ 6,191
Fund Balance, Beginning of Year		1,895,135	
Fund Balance, End of Year		$ 14	

Combining Statement of Net Position
All Internal Service Funds
June 30, 2018

	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
ASSETS					
Current Assets:					
Cash and Investments	$ 1,386,709	$ 7,886,172	$ 1,519,185	$ 5,214,533	$ 64,707
Receivables	17,119	4,783	906	3,126	39
Inventories	-	-	-	-	-
Prepaids	3,896	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Current Assets	1,407,724	7,890,955	1,520,091	5,217,659	64,746
Non-Current Assets:					
Capital Assets					
Depreciable	-	15,707,426	-	-	-
Less: Accumulated Depreciation and Amortization	-	(9,811,574)	-	-	-
Total Capital Assets, Net of Accumulated Depreciation and Amortization	-	5,895,852	-	-	-
Total Non-Current Assets	-	5,895,852	-	-	-
Total Assets	1,407,724	13,786,807	1,520,091	5,217,659	64,746
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB	166,809	-	-	-	-
Related to Pensions	754,843	-	-	-	-
Total Deferred Outflows of Resources	921,652	-	-	-	-
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	12,219	23,205	63,507	14,674	11,460
Compensated Absences Payable	75,069	-	-	-	-
Total Current Liabilities	87,288	23,205	63,507	14,674	11,460
Non-Current Liabilities Due in More Than One Year:					
Net OPEB Liability	1,543,393	-	-	-	-
Net Pension Liability	2,251,228	-	-	-	-
Compensated Absences Payable	50,046	-	-	-	-
Total Non-Current Liabilities	3,844,667	-	-	-	-
Total Liabilities	3,931,955	23,205	63,507	14,674	11,460
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	6,020	-	-	-	-
Related to Pensions	45,037	-	-	-	-
Total Deferred Inflows of Resources	51,057	-	-	-	-
NET POSITION					
Net Investment in Capital Assets and Capacity Rights	-	5,895,852	-	-	-
Unrestricted	(1,653,636)	7,867,750	1,456,584	5,202,985	53,286
Total Net Position	$ (1,653,636)	$ 13,763,602	$ 1,456,584	$ 5,202,985	$ 53,286

Continued

Combining Statement of Net Position

All Internal Service Funds (Continued)

June 30, 2018

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
ASSETS						
Current Assets:						
Cash and Investments	$ 215,832	$ 1,096,667	$ 14,697,698	$ 681,747	$ 21,656,355	$ 54,419,605
Receivables	85	678	8,672	365	13,659	49,432
Inventories	93,468	-	-	-	-	93,468
Prepaids	4,767	2,496	-	-	386,426	397,585
Due from Other Funds	-	-	-	-	784,825	784,825
Total Current Assets	314,152	1,099,841	14,706,370	682,112	22,841,265	55,744,915
Non-Current Assets:						
Capital Assets						
Depreciable	-	-	-	-	-	15,707,426
Less: Accumulated Depreciation and Amortization	-	-	-	-	-	(9,811,574)
Total Capital Assets, Net of Accumulated Depreciation and Amortization	-	-	-	-	-	5,895,852
Total Non-Current Assets	-	-	-	-	-	5,895,852
Total Assets	314,152	1,099,841	14,706,370	682,112	22,841,265	61,640,767
DEFERRED OUTFLOWS OF RESOURCES						
Related to OPEB	81,042	121,420	-	-	-	369,271
Related to Pensions	287,258	372,490	-	-	-	1,414,591
Total Deferred Outflows of Resources	368,300	493,910	-	-	-	1,783,862
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	26,320	102,067	90,498	22,918	16,904	383,772
Compensated Absences Payable	16,361	33,228	-	-	-	124,658
Total Current Liabilities	42,681	135,295	90,498	22,918	16,904	508,430
Non-Current Liabilities Due in More Than One Year:						
Net OPEB Liability	685,892	1,089,591	-	-	-	3,318,876
Net Pension Liability	857,268	1,109,405	-	-	-	4,217,901
Compensated Absences Payable	10,907	22,152	-	-	-	83,105
Total Non-Current Liabilities	1,554,067	2,221,148	-	-	-	7,619,882
Total Liabilities	1,596,748	2,356,443	90,498	22,918	16,904	8,128,312
DEFERRED INFLOWS OF RESOURCES						
Related to OPEB	2,925	4,382	-	-	-	13,327
Related to Pensions	17,150	22,194	-	-	-	84,381
Total Deferred Inflows of Resources	20,075	26,576	-	-	-	97,708
NET POSITION						
Net Investment in Capital Assets and Capacity Rights	-	-	-	-	-	5,895,852
Unrestricted	(934,371)	(789,268)	14,615,872	659,194	22,824,361	49,302,757
Total Net Position	$ (934,371)	$ (789,268)	$ 14,615,872	$ 659,194	$ 22,824,361	$ 55,198,609

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

All Internal Service Funds

For Year Ended June 30, 2018

	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
Operating Revenues:					
Charges for Services	$ 2,538,803	$ 1,701,862	$ 1,230,152	$ 1,078,542	$ -
Other Income	65,901	18,905	-	76,315	-
Total Operating Revenues	2,604,704	1,720,767	1,230,152	1,154,857	-
Operating Expenses:					
Personnel Services	2,213,764	-	-	-	-
Repairs and Maintenance	95,996	3,062	-	147,363	-
Materials, Supplies and Services	463,212	132,449	617,411	49,825	13,979
Depreciation and Amortization	-	1,246,334	-	-	-
Total Operating Expenses	2,772,972	1,381,845	617,411	197,188	13,979
Operating Income (Loss)	(168,268)	338,922	612,741	957,669	(13,979)
Non-Operating Revenues (Expenses):					
Interest Income	2,479	16,423	2,496	10,159	134
Gain or (Loss) on Disposal of Capital Assets	-	112,868	-	-	-
Total Non-Operating Revenues (Expenses)	2,479	129,291	2,496	10,159	134
Income (Loss) Before Contributions and Transfers	(165,789)	468,213	615,237	967,828	(13,845)
Transfers In	1,804	49,569	5,036	9,426	-
Transfers Out	-	(500,000)	-	(362,000)	-
Change in Net Position	(163,985)	17,782	620,273	615,254	(13,845)
Net Position, Beginning of Year, Restated	(1,489,651)	13,745,820	836,311	4,587,731	67,131
Net Position, End of Year	$ (1,653,636)	$ 13,763,602	$ 1,456,584	$ 5,202,985	$ 53,286

Continued

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
All Internal Service Funds (Continued)
For Year Ended June 30, 2018

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
Operating Revenues:						
Charges for Services	$ 1,501,404	$ 1,946,655	$ 1,829,931	$ 1,097,126	$ 4,391,000	$ 17,315,475
Other Income	2,077	3,064	19,362	6,228	-	191,852
Total Operating Revenues	1,503,481	1,949,719	1,849,293	1,103,354	4,391,000	17,507,327
Operating Expenses:						
Personnel Services	881,437	1,086,128	-	-	-	4,181,329
Repairs and Maintenance	26,735	93,984	321,472	-	-	688,612
Materials, Supplies and Services	734,119	823,835	230,091	1,035,720	4,348,874	8,449,515
Depreciation and Amortization	-	-	-	-	-	1,246,334
Total Operating Expenses	1,642,291	2,003,947	551,563	1,035,720	4,348,874	14,565,790
Operating Income (Loss)	(138,810)	(54,228)	1,297,730	67,634	42,126	2,941,537
Non-Operating Revenues (Expenses):						
Interest Income	486	2,149	27,463	737	53,173	115,699
Gain or (Loss) on Disposal of Capital Assets	-	-	-	-	-	112,868
Total Non-Operating Revenues (Expenses)	486	2,149	27,463	737	53,173	228,567
Income (Loss) Before Contributions and Transfers	(138,324)	(52,079)	1,325,193	68,371	95,299	3,170,104
Transfers In	3,428	6,335	692,120	-	830,471	1,598,189
Transfers Out	-	(34,679)	(911,514)	-	(4,619,213)	(6,427,406)
Change in Net Position	(134,896)	(80,423)	1,105,799	68,371	(3,693,443)	(1,659,113)
Net Position, Beginning of Year, Restated	(799,475)	(708,845)	13,510,073	590,823	26,517,804	56,857,722
Net Position, End of Year	$ (934,371)	$ (789,268)	$ 14,615,872	$ 659,194	$ 22,824,361	$ 55,198,609

Combining Statement of Cash Flows

All Internal Service Funds

For Year Ended June 30, 2018

	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition
Cash Flows from Operating Activities					
Cash Received from Customers/Other Funds	$ 2,522,501	$ 1,701,862	$ 1,230,152	$ 1,068,064	$ -
Cash Payments to Suppliers of Goods and Services	(165,288)	(134,421)	(610,838)	(259,462)	(5,430)
Cash Payments to Employees for Services	(1,900,235)	-	-	-	-
Cash Payments for Interfund Services	(385,635)	-	-	-	-
Other Receipts	65,901	18,905	-	76,315	-
Net Cash Provided By (Used for) Operating Activities	137,244	1,586,346	619,314	884,917	(5,430)
Cash Flows from Non-Capital Financing Activities					
Transfers Received	1,804	49,569	5,036	9,426	-
Transfers Paid	-	(500,000)	-	(362,000)	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	1,804	(450,431)	5,036	(352,574)	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale of Capital Assets	-	121,436	-	-	-
Acquisition and Construction of Capital Assets	-	(1,307,646)	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	(1,186,210)	-	-	-
Cash Flows from Investing Activities					
Interest on Investments	1,903	13,397	1,766	8,083	111
Net Cash Provided By Investing Activities	1,903	13,397	1,766	8,083	111
Net Increase (Decrease) in Cash and Cash Equivalents	140,951	(36,898)	626,116	540,426	(5,319)
Cash and Cash Equivalents - Beginning of Year	1,245,758	7,923,070	893,069	4,674,107	70,026
Cash and Cash Equivalents - End of Year	$ 1,386,709	$ 7,886,172	$ 1,519,185	$ 5,214,533	$ 64,707
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:					
Operating Income (Loss)	$ (168,268)	$ 338,922	$ 612,741	$ 957,669	$ (13,979)
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:					
Depreciation and Amortization	-	1,246,334	-	-	-
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:					
Receivables	(16,302)	-	-	-	-
Prepaid Items	(1,097)	-	-	-	-
Accounts Payable and Other Payables	8,285	1,090	6,573	(72,752)	8,549
Net OPEB Liability and Deferred Outflows/Inflows of Resources related to OPEB	58,098	-	-	-	-
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	245,756	-	-	-	-
Compensated Absences Payable	10,772	-	-	-	-
Net Cash Provided By (Used for) Operating Activities	$ 137,244	$ 1,586,346	$ 619,314	$ 884,917	$ (5,430)

Continued

Combining Statement of Cash Flows
All Internal Service Funds (Continued)
For Year Ended June 30, 2018

	Fleet Maintenance Services	Facilities Maintenance Services	Parks and LLAD Replacement	Insurance	Pension/Other Post-Employment Benefits Obligation	Totals
Cash Flows from Operating Activities						
Cash Received from Customers/Other Funds	$ 1,438,819	$ 1,947,240	$ 1,827,520	$ 1,097,126	$ 4,340,579	$ 17,173,863
Cash Payments to Suppliers of Goods and Services	(622,810)	(602,266)	(473,291)	(1,022,952)	(4,331,970)	(8,228,728)
Cash Payments to Employees for Services	(757,896)	(993,938)	-	-	(4,364)	(3,656,433)
Cash Payments for Interfund Services	(155,867)	(255,823)	-	-	-	(797,325)
Other Receipts	2,077	3,064	19,362	6,228	-	191,852
Net Cash Provided By (Used for) Operating Activities	(95,677)	98,277	1,373,591	80,402	4,245	4,683,229
Cash Flows from Non-Capital Financing Activities						
Transfers Received	3,428	6,335	692,120	-	830,471	1,598,189
Transfers Paid	-	(34,679)	(911,514)	-	(4,619,213)	(6,427,406)
Net Cash Provided By (Used for) Non-Capital Financing Activities	3,428	(28,344)	(219,394)	-	(3,788,742)	(4,829,217)
Cash Flows from Capital and Related Financing Activities						
Proceeds from Sale of Capital Assets	-	-	-	-	-	121,436
Acquisition and Construction of Capital Assets	-	-	-	-	-	(1,307,646)
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	-	-	-	(1,186,210)
Cash Flows from Investing Activities						
Interest on Investments	446	1,672	21,775	482	44,647	94,282
Net Cash Provided By Investing Activities	446	1,672	21,775	482	44,647	94,282
Net Increase (Decrease) in Cash and Cash Equivalents	(91,803)	71,605	1,175,972	80,884	(3,739,850)	(1,237,916)
Cash and Cash Equivalents - Beginning of Year	307,635	1,025,062	13,521,726	600,863	25,396,205	55,657,521
Cash and Cash Equivalents - End of Year	$ 215,832	$ 1,096,667	$ 14,697,698	$ 681,747	$ 21,656,355	$ 54,419,605
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Operating Income (Loss)	$ (138,810)	$ (54,228)	$ 1,297,730	$ 67,634	$ 42,126	$ 2,941,537
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:						
Depreciation and Amortization	-	-	-	-	-	1,246,334
Change in Assets, Liabilities and Deferred Outflows/Inflows of Resources:						
Receivables	-	-	-	-	-	(16,302)
Prepaid Items	(63,026)	(774)	-	-	(54,785)	(119,682)
Accounts Payable and Other Payables	(17,823)	60,315	75,861	12,768	16,904	99,770
Net OPEB Liability and Deferred Outflows/Inflows of Resources related to OPEB	28,226	42,289	-	-	-	128,613
Net Pension Liability and Deferred Outflows/Inflows of Resources related to Pensions	95,975	50,358	-	-	-	392,089
Compensated Absences Payable	(219)	317	-	-	-	10,870
Net Cash Provided By (Used for) Operating Activities	$ (95,677)	$ 98,277	$ 1,373,591	$ 80,402	$ 4,245	$ 4,683,229

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	Assessments	Pass-Through Funds	Asset Seizure	Totals
ASSETS				
Current Assets:				
Cash and Investments	$ 9,804,023	$ 1,896,907	$ 37,260	$ 11,738,190
Restricted Cash and Investments	3,155,282	-	-	3,155,282
Interest Receivable	5,707	1,422	22	7,151
Total Current Assets	$ 12,965,012	$ 1,898,329	$ 37,282	$ 14,900,623
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 33,827	$ 1,898,329	$ -	$ 1,932,156
Due to Others	-	-	37,282	37,282
Total Current Liabilities	33,827	1,898,329	37,282	1,969,438
Non-Current Liabilities Due in More Than One Year:				
Due to Bondholders	12,931,185	-	-	12,931,185
Total Non-Current Liabilities	12,931,185	-	-	12,931,185
Total Liabilities	$ 12,965,012	$ 1,898,329	$ 37,282	$ 14,900,623

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assessments				
ASSETS				
Cash and Investments	$ 11,180,050	$ 27,626,866	$ 29,002,893	$ 9,804,023
Restricted Cash and Investments	4,289,484	2,942,948	4,077,150	3,155,282
Interest Receivable	2,708	17,131	14,132	5,707
Total Assets	$ 15,472,242	$ 30,586,945	$ 33,094,175	$ 12,965,012
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 54,887	$ 134,604	$ 155,664	$ 33,827
Due to Bondholders	15,417,355	64,639,443	67,125,613	12,931,185
Total Liabilities	$ 15,472,242	$ 64,774,047	$ 67,281,277	$ 12,965,012
Pass-Through Funds				
ASSETS				
Cash and Investments	$ 2,838,786	$ 6,415,437	$ 7,357,316	$ 1,896,907
Interest Receivable	504	5,829	4,911	1,422
Total Assets	$ 2,839,290	$ 6,421,266	$ 7,362,227	$ 1,898,329
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 2,839,290	$ 6,116,368	$ 7,057,329	$ 1,898,329
Total Liabilities	$ 2,839,290	$ 6,116,368	$ 7,057,329	$ 1,898,329
Asset Seizure				
ASSETS				
Cash and Investments	$ 37,198	$ 439	$ 377	$ 37,260
Interest Receivable	8	127	113	22
Total Assets	$ 37,206	$ 566	$ 490	$ 37,282
LIABILITIES				
Due to Others	$ 37,206	$ 557	$ 481	$ 37,282
Due to Bondholders	-	-	-	-
Total Liabilities	$ 37,206	$ 557	$ 481	$ 37,282
Total - All Agency Funds				
ASSETS				
Cash and Investments	$ 14,056,034	$ 34,042,742	$ 36,360,586	$ 11,738,190
Restricted Cash and Investments	4,289,484	2,942,948	4,077,150	3,155,282
Interest Receivable	3,220	23,087	19,156	7,151
Total Assets	$ 18,348,738	$ 37,008,777	$ 40,456,892	$ 14,900,623
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 2,894,177	$ 6,250,972	$ 7,212,993	$ 1,932,156
Due to Others	37,206	557	481	37,282
Due to Bondholders	15,417,355	64,639,443	67,125,613	12,931,185
Total Liabilities	$ 18,348,738	$ 70,890,972	$ 74,339,087	$ 14,900,623

STATISTICAL SECTION CONTENTS

Sources: Unless otherwise noted, the information in these schedules is derived from the City's relevant Comprehensive Annual Financial Reports.

City of Brentwood

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015[1]	2016	2017[2]	2018
Governmental Activities										
Net Investment in Capital Assets	$ 396,500,516	$ 387,736,385	$ 391,780,662	$ 396,203,826	$ 451,053,113	$ 448,914,876	$ 433,381,298	$ 434,420,162	$ 422,791,124	$ 429,289,132
Restricted	84,103,392	90,938,293	71,281,324	55,501,023	50,993,394	55,657,033	71,876,509	79,824,615	95,801,016	95,686,834
Unrestricted	48,649,648	41,892,809	50,583,234	79,793,101	47,881,478	52,762,415	22,429,161	23,264,290	29,172,068	21,024,270
Total Governmental Activities Net Position	$ 529,253,556	$ 520,567,487	$ 513,645,220	$ 531,497,950	$ 549,927,985	$ 557,334,324	$ 527,686,968	$ 537,509,067	$ 547,764,208	$ 546,000,236
Business-Type Activities										
Net Investment in Capital Assets and Capacity Rights	$ 151,887,435	$ 152,324,676	$ 154,107,936	$ 155,440,943	$ 174,173,837	$ 175,557,744	$ 179,269,329	$ 183,270,963	$ 195,261,914	$ 206,237,571
Restricted	26,202,644	31,503,932	33,796,393	35,030,908	25,789,668	27,579,197	25,172,201	29,240,801	25,362,943	25,157,771
Unrestricted	39,191,354	38,179,045	41,033,910	37,633,231	37,558,177	41,145,016	36,251,098	40,008,359	42,896,575	42,251,920
Total Business-Type Activities Net Position	$ 217,281,433	$ 222,007,653	$ 228,938,239	$ 228,105,082	$ 237,521,682	$ 244,281,957	$ 240,692,628	$ 252,520,123	$ 263,521,432	$ 273,647,262
Primary Government										
Net Investment in Capital Assets and Capacity Rights	$ 548,387,951	$ 540,061,061	$ 545,888,598	$ 551,644,769	$ 625,226,950	$ 624,472,620	$ 612,650,627	$ 616,590,129	$ 618,053,038	$ 635,526,703
Restricted	110,306,036	122,442,225	105,077,717	90,531,931	76,783,062	83,236,230	97,048,710	103,791,758	121,163,959	120,844,605
Unrestricted	87,841,002	80,071,854	91,617,144	117,426,332	85,439,655	93,907,431	58,680,259	69,647,303	72,068,643	63,276,190
Total Primary Government Net Position	$ 746,534,989	$ 742,575,140	$ 742,583,459	$ 759,603,032	$ 787,449,667	$ 801,616,281	$ 768,379,596	$ 790,029,190	$ 811,285,640	$ 819,647,498

(1) The City implemented the provisions of GASB Statement No. 68 for fiscal year ended June 30, 2015. Historical data has not been converted.

(2) The City implemented the provisions of GASB Statement No. 75 for fiscal year ended June 30, 2018. Historical data has not been converted.

City of Brentwood

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017(1)	2018(1)
Expenses										
General Government	$ 14,258,630	$ 16,337,699	$ 21,178,861	$ 14,136,546	$ 14,092,802	$ 12,814,102	$ 13,394,675	$ 13,973,215	$ 13,709,033	$ 13,388,117
Public Safety	15,024,872	18,770,435	16,444,355	17,504,773	16,984,814	16,841,404	18,273,959	19,566,435	18,718,910	19,955,450
Community Development	4,871,191	5,688,738	4,614,882	3,330,613	3,486,844	3,897,722	3,815,207	3,980,128	4,386,875	4,790,307
Engineering	2,500,979	2,195,775	2,287,863	2,426,348	2,425,560	2,536,751	2,664,921	2,617,590	2,982,747	3,174,218
Public Works	6,417,940	6,702,090	7,563,837	7,785,203	7,481,326	6,932,406	6,953,406	6,977,557	7,266,573	7,606,439
Parks and Recreation	8,721,904	9,595,992	9,831,303	9,966,107	11,278,035	11,997,081	11,667,358	11,539,064	12,645,111	12,937,460
Community Services	4,771,816	5,665,988	5,193,300	5,507,421	5,979,870	6,077,404	6,180,114	7,056,264	7,300,460	7,802,659
Interest on Long-Term Debt	1,729,621	3,129,383	5,068,172	5,121,265	4,763,277	4,706,190	4,658,130	4,929,385	4,896,060	4,780,172
Total Expenses	58,296,953	68,086,100	72,182,573	65,778,276	66,492,528	65,803,060	67,607,770	70,639,638	71,905,769	74,434,822
Program Revenues										
Charges for Services:										
General Government	5,374,316	6,137,929	7,180,354	7,579,622	9,248,908	7,838,278	8,365,696	8,570,160	9,134,325	9,204,518
Public Safety	512,853	555,434	498,354	512,727	485,363	511,100	432,433	457,271	418,829	418,188
Community Development	870,595	1,204,973	1,112,381	1,273,788	2,436,201	3,392,009	3,481,731	4,035,603	4,297,207	3,745,019
Engineering	1,549,735	1,760,861	1,191,544	1,457,470	1,780,644	2,298,698	2,226,848	2,281,340	2,100,302	2,077,627
Public Works	84,910	119,960	75,927	39,302	1,250	-	-	-	-	-
Parks and Recreation	936,023	920,233	962,966	1,061,842	1,173,781	1,256,289	1,338,312	1,357,279	1,463,855	1,489,080
Operating Grants and Contributions	9,594,707	10,547,689	12,109,521	11,266,602	15,474,137	13,854,976	16,226,090	15,810,148	17,787,223	21,768,980
Capital Grants and Contributions	21,356,537	7,393,607	13,903,165	6,384,355	21,785,963	19,212,723	15,319,706	18,683,812	19,008,097	19,882,418
Total Program Revenues	40,279,676	28,640,686	37,034,212	29,575,708	52,386,247	48,364,073	47,390,816	51,195,613	54,209,838	58,585,830
Total Governmental Activities Net Expense	(18,017,277)	(39,445,414)	(35,148,361)	(36,202,568)	(14,106,281)	(17,438,987)	(20,216,954)	(19,444,025)	(17,695,931)	(15,848,992)
General Revenues and Other Changes in Net Position										
Taxes:										
Property Taxes	19,580,300	16,247,078	15,684,496	12,682,260	10,090,453	10,540,496	12,454,027	13,602,591	12,922,787	13,819,751
Sales Tax	4,803,716	5,038,880	5,258,382	5,691,384	6,060,363	6,447,687	6,836,918	7,319,216	8,188,046	8,785,927
Franchise Fees	1,057,537	1,168,412	1,183,245	1,216,589	1,254,136	1,321,089	1,400,350	1,473,443	1,487,179	1,499,715
Real Property Transfer Tax	298,911	283,407	251,092	257,426	396,148	389,109	452,426	506,626	547,975	641,279
Measure C/J, Transient Occupancy Tax	674,000	676,635	775,964	885,565	960,804	1,036,221	349,683	377,043	396,763	555,535
Motor Vehicle Taxes In-Lieu, Unrestricted	3,570,432	2,955,583	2,925,219	2,593,907	2,540,474	2,748,701	3,256,924	3,655,028	3,952,928	4,291,791
Investment Earnings	6,821,377	3,456,502	2,256,133	1,626,128	679,229	1,186,001	1,095,957	2,988,030	373,212	502,436
Capital Assets Contributed to/from Other Funds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	906,456	848,732	317,681	1,338,025	1,149,975	1,123,910	871,959	1,156,862	352,324	692,654
Transfers	1,645,610	84,116	(426,118)	99,753	(74,087)	52,112	702,328	762,119	(270,142)	(2,399,950)
Special Items:										
Denial of Transfer of Assets to the City	-	-	-	27,664,261	(3,989,500)	-	(12,381,097)	(2,574,834)	-	(1,327,129)
Total General Revenues and Other Changes in Net Position	39,358,339	30,759,345	28,226,094	54,055,298	19,067,995	24,845,326	15,039,475	29,266,124	27,951,072	27,062,009
Total Governmental Activities Change in Net Position	$ 21,341,062	$ (8,686,069)	$ (6,922,267)	$ 17,852,730	$ 4,961,714	$ 7,406,339	$ (5,177,479)	$ 9,822,099	$ 10,255,141	$ 11,213,017

(1) Revenues were reclassified in FY 2016/17 and FY 2017/18. Prior years have not been revised.

City of Brentwood

CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Wastewater	$ 6,956,281	$ 7,387,756	$ 7,706,249	$ 7,980,916	$ 8,281,521	$ 8,356,508	$ 10,000,905	$ 10,003,159	$ 10,328,357	$ 10,744,008
Solid Waste	6,870,616	7,530,880	7,839,662	8,050,319	8,871,904	9,583,321	10,373,325	10,680,780	11,493,599	12,281,266
Water	15,721,076	18,381,997	17,122,586	18,787,680	18,987,430	19,436,134	19,538,589	22,129,063	20,972,101	21,090,099
City Rentals	248,505	253,241	218,218	182,239	150,179	165,319	174,597	178,558	196,829	194,306
Housing	307,298	419,217	430,024	4,699,623	686,241	831,157	656,778	723,908	797,400	879,920
Total Expenses	30,103,776	33,973,091	33,316,739	39,700,777	36,977,275	38,372,439	40,744,194	43,715,468	43,788,286	45,189,599
Program Revenues										
Charges for Services:										
Wastewater	7,666,143	7,936,737	8,333,225	9,388,285	10,891,301	10,979,074	12,002,184	11,663,637	11,261,121	12,096,684
Solid Waste	9,119,685	8,856,687	9,045,607	9,139,494	9,246,212	9,648,049	10,132,236	10,520,115	11,376,482	12,293,622
Water	16,201,887	15,760,490	16,114,907	17,254,244	18,657,623	19,050,072	17,599,064	16,288,609	17,977,213	21,784,977
City Rentals	421,957	425,832	425,607	435,736	428,869	438,420	476,212	486,477	497,573	579,656
Housing	188,137	175,186	193,610	184,524	196,900	221,519	239,057	265,269	285,418	305,623
Operating Grants and Contributions	-	-	-	-	-	-	-	918,028	1,024,113	740,936
Capital Grants and Contributions	12,590,057	3,996,082	4,635,461	1,629,204	6,679,473	4,082,059	4,382,019	7,414,680	11,863,994	9,812,301
Total Program Revenues	46,187,866	37,151,014	38,748,417	38,031,487	46,100,378	44,419,193	44,830,772	46,638,787	54,285,914	57,613,799
Total Business-Type Activities Net Expense	16,084,090	3,177,923	5,431,678	(1,669,290)	9,123,103	6,046,754	4,086,578	2,923,319	10,497,628	12,424,200
General Revenues and Other Changes in Net Position										
Investment Earnings	3,246,917	1,632,413	1,072,790	935,886	417,783	765,633	719,108	1,759,735	233,539	200,691
Transfers	(1,645,610)	(84,116)	426,118	(99,753)	74,087	(52,112)	(702,328)	(762,119)	270,142	2,399,950
Total General Revenues and Other Changes in Net Position	1,601,307	1,548,297	1,498,908	836,133	491,870	713,521	16,780	997,616	503,681	2,600,641
Total Business-Type Activities Change in Net Position	17,685,397	4,726,220	6,930,586	(833,157)	9,614,973	6,760,275	4,103,358	3,920,935	11,001,309	15,024,841
Total Primary Government Change in Net Position	$ 39,026,459	$ (3,959,849)	$ 8,319	$ 17,019,573	$ 14,576,687	$ 14,166,614	$ (1,074,121)	$ 13,743,034	$ 21,256,450	$ 26,237,858

City of Brentwood

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2009	2010 (1)	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	$ 115,603	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	15,469,215	-	-	-	-	-	-	-	-	-
Nonspendable (1)	-	69,383	168,127	75,163	302,936	63,693	108,998	68,054	83,944	87,527
Restricted (1)	-	-	-	27,500	74,426	92,426	92,426	92,426	94,464	95,620
Committed (1)	-	600,000	600,000	-	-	-	1,250,000	9,266,345	7,553,950	11,986,875
Assigned (1)	-	2,200,000	7,667,955	7,676,327	6,522,500	5,083,574	5,137,130	-	-	-
Unassigned (1)	-	12,464,539	9,835,437	10,760,980	11,134,823	11,899,800	12,318,912	13,120,085	15,673,545	16,399,436
Total General Fund	$ 15,584,818	$ 15,333,922	$ 18,271,519	$ 18,539,970	$ 18,034,685	$ 17,139,493	$ 18,907,466	$ 22,546,910	$ 23,405,903	$ 28,569,458
Other Governmental Funds										
Reserved	$ 86,822,877	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, Reported In:										
Special Revenue Funds	8,180,937	-	-	-	-	-	-	-	-	-
Capital Project Funds	(3,705,510)	-	-	-	-	-	-	-	-	-
Nonspendable (1)	-	2,371,064	2,237	1,324	1,310	845	576	889	80,914	81,092
Restricted (1)	-	119,080,851	78,571,539	56,313,736	47,984,618	48,760,112	79,481,499	93,642,510	100,964,619	95,849,782
Committed (1)	-	4,477,489	3,027,135	4,210,317	5,342,739	6,501,740	7,047,085	6,963,196	1,779,008	2,696,413
Unassigned (1)	-	(2,586,983)	(2,550,292)	248,829	(2,839,605)	(2,792,828)	(2,421,683)	(561,034)	(510)	(1,280,327)
Total Other Governmental Funds	$ 91,298,304	$ 123,342,421	$ 79,050,619	$ 60,774,206	$ 50,489,062	$ 52,469,869	$ 84,107,477	$ 100,045,561	$ 102,824,031	$ 97,346,960
Total Governmental Funds	$ 106,883,122	$ 138,676,343	$ 97,322,138	$ 79,314,176	$ 68,523,747	$ 69,609,362	$ 103,014,943	$ 122,592,471	$ 126,229,934	$ 125,916,418

(1) The City of Brentwood implemented GASB 54 for the fiscal year ended June 30, 2010. Historical data has not been converted.

City of Brentwood

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017[1]	2018[1]
REVENUES										
Taxes	$ 24,965,670	$ 21,892,844	$ 21,496,574	$ 18,966,729	$ 16,925,209	$ 17,777,969	$ 20,213,939	$ 21,926,396	$ 26,878,073	$ 29,406,949
Licenses	530,025	494,958	486,963	519,368	550,111	618,161	633,722	826,330	878,054	887,614
Permits and Fines	1,699,070	2,419,184	2,695,972	2,866,498	4,460,526	5,920,923	6,264,281	6,806,441	6,686,821	6,062,836
Uses of Money and Property	5,714,526	2,939,018	1,990,331	1,477,010	1,403,814	1,022,233	912,078	1,967,917	469,616	688,771
Intergovernmental	6,559,025	6,491,361	7,696,877	6,626,172	11,827,629	8,793,246	8,940,071	8,981,674	9,903,403	9,995,621
Franchises	1,057,537	1,168,412	1,183,245	1,216,589	1,254,136	1,321,089	1,400,350	1,473,443	1,487,179	1,499,715
Charges for Other Services	407,429	437,338	522,681	409,699	291,411	381,111	306,603	287,150	561,815	573,488
Charges to Other Funds	5,507,561	6,101,449	5,887,152	6,362,471	8,063,466	6,577,548	6,705,041	6,811,651	7,538,724	7,333,321
Fees and Other Revenues	12,630,551	12,772,501	13,219,741	15,976,157	18,972,072	22,705,683	25,565,932	27,238,276	22,995,874	24,835,315
Total Revenues	59,071,394	54,717,065	55,179,536	54,420,693	63,748,374	65,117,963	70,942,017	76,319,278	77,399,559	81,283,630
EXPENDITURES										
Current:										
General Government	13,876,807	13,903,858	18,213,011	12,289,354	12,098,061	10,264,133	10,746,924	11,421,015	11,067,613	10,740,742
Public Safety	14,277,133	15,029,062	15,806,664	16,627,126	16,474,881	16,940,288	18,226,275	19,353,959	21,544,435	22,307,319
Community Development	4,803,810	6,530,394	4,658,637	3,218,317	3,545,087	4,075,316	4,083,722	4,323,936	4,644,493	4,995,776
Engineering	2,523,897	2,124,818	2,241,604	2,383,174	2,438,310	2,620,029	2,741,148	2,865,976	3,227,631	3,315,619
Public Works	2,385,896	2,342,121	2,687,175	2,723,127	2,601,282	2,687,875	2,814,945	2,999,793	3,213,775	3,548,386
Parks and Recreation	7,039,392	7,387,946	7,782,777	7,673,881	9,161,386	10,194,471	9,858,227	9,550,815	10,613,064	10,826,070
Community Services	4,777,007	5,668,438	5,199,083	5,510,055	5,987,718	6,088,686	6,192,471	7,073,130	7,314,162	7,870,635
Capital Outlay	11,417,725	9,534,182	28,347,984	18,649,014	5,791,055	1,487,631	2,353,631	3,834,624	3,388,096	14,185,472
Debt Service:										
Principal	1,003,379	2,412,705	1,085,407	1,075,000	1,770,000	1,835,000	1,910,000	2,717,796	4,000,818	4,309,412
Interest and Fiscal Charges	1,515,337	2,902,943	4,795,892	4,849,723	4,541,152	4,490,392	4,428,429	4,681,817	4,630,649	4,495,898
Total Expenditures	63,620,383	67,836,467	90,818,234	74,998,771	64,408,932	60,683,821	63,355,772	68,822,861	73,644,736	86,595,329
REVENUES OVER (UNDER) EXPENDITURES	(4,548,989)	(13,119,402)	(35,638,698)	(20,578,078)	(660,558)	4,434,142	7,586,245	7,496,417	3,754,823	(5,311,699)
OTHER FINANCING SOURCES (USES)										
Bond Issuance	-	48,000,000	-	-	-	-	-	11,515,000	-	-
Premium on Bonds Issued	-	129,172	-	1,266,396	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	24,060,000	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	(26,049,390)	-	-	-	-	-	-
Transfer of Land Held to Governmental Activities	-	-	(1,327,029)	-	-	-	-	-	-	-
Transfers In	19,833,305	89,614,732	71,012,558	18,534,332	18,611,255	18,163,542	17,062,601	32,528,893	40,527,627	33,710,608
Transfers Out	(19,965,513)	(92,831,281)	(75,401,036)	(16,777,751)	(21,084,678)	(21,512,069)	(19,620,633)	(31,962,782)	(40,644,987)	(28,712,425)
Total Other Financing Sources (Uses)	(132,208)	44,912,623	(5,715,507)	1,033,587	(2,473,423)	(3,348,527)	(2,558,032)	12,081,111	(117,360)	4,998,183
Net Change in Fund Balances before Extraordinary Items	$ (4,681,197)	$ 31,793,221	$ (41,354,205)	$ (19,544,491)	$ (3,133,981)	$ 1,085,615	$ 5,028,213	$ 19,577,528	$ 3,637,463	$ (313,516)
EXTRAORDINARY ITEMS										
Assets Transferred to Successor Agency	-	-	-	(7,438,601)	(3,989,500)	-	-	-	-	-
Assets Transferred from Successor Agency	-	-	-	5,308,182	-	-	-	-	-	-
Total Extraordinary Items	-	-	-	(2,130,419)	(3,989,500)	-	-	-	-	-
Net Change in Fund Balances	$ (4,681,197)	$ 31,793,221	$ (41,354,205)	$ (21,674,910)	$ (7,123,481)	$ 1,085,615	$ 5,028,213	$ 19,577,528	$ 3,637,463	$ (313,516)
Debt Service as a Percentage of Noncapital Expenditures	4.82%	9.12%	9.41%	10.51%	10.77%	10.69%	10.39%	11.39%	12.29%	12.16%

(1) Revenues were reclassified in FY 2016/17 and FY 2017/18. Prior years have not been revised.

City of Brentwood

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN TAX YEARS

(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	$ 6,028,251,325	$ 653,859,546	$ 117,670,976	$ 718,293,799	$ 112,118,379	$ 7,405,957,267	1.0039%
2010	4,785,876,213	786,006,109	85,597,901	571,134,468	118,631,364	6,109,983,327	1.0054%
2011	4,660,132,845	723,838,787	50,993,755	547,683,892	122,763,045	5,859,886,234	1.0060%
2012	4,496,112,577	674,651,088	46,231,581	521,832,257	140,434,070	5,598,393,433	1.0068%
2013	4,370,940,651	657,806,317	43,444,913	556,183,456	149,219,848	5,479,155,489	1.0072%
2014	4,873,504,577	571,689,994	41,318,437	635,726,379	179,541,808	5,942,697,579	1.0068%
2015	5,959,195,178	663,104,071	41,218,443	574,904,931	187,411,369	7,051,011,254	1.0059%
2016	6,752,719,003	681,242,924	44,844,527	630,262,779	191,001,081	7,918,068,152	1.0055%
2017	7,325,221,995	732,682,891	49,905,838	651,999,580	199,761,692	8,560,048,612	1.0054%
2018	8,035,473,592	774,705,747	53,146,631	619,828,756	197,364,463	9,285,790,263	1.0051%

Source: Contra Costa County Assessor

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

City of Brentwood

DIRECT AND OVERLAPPING PROPERTY TAXES

LAST TEN TAX YEARS

(Unaudited)

	City Direct Rates			Overlapping Rates [1]		
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Tax Rate	Liberty Union High School District	Brentwood Union School District	Other Districts
2009	1.00%	0.0039%	1.0039%	0.0289%	0.0587%	0.0757%
2010	1.00%	0.0054%	1.0054%	0.0376%	0.0682%	0.0998%
2011	1.00%	0.0060%	1.0060%	0.0390%	0.0715%	0.1022%
2012	1.00%	0.0068%	1.0068%	0.0386%	0.0688%	0.1074%
2013	1.00%	0.0072%	1.0072%	0.0364%	0.0685%	0.1049%
2014	1.00%	0.0068%	1.0068%	0.0328%	0.0639%	0.1085%
2015	1.00%	0.0059%	1.0059%	0.0273%	0.0522%	0.1033%
2016	1.00%	0.0055%	1.0055%	0.0237%	0.0447%	0.0931%
2017	1.00%	0.0054%	1.0054%	0.0217%	0.0698%	0.0697%
2018	1.00%	0.0051%	1.0051%	0.0450%	0.0635%	0.0942%

Source: HdL Coren & Cone, Contra Costa County Auditor/Controller

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Brentwood. Not all overlapping rates apply to all Brentwood property owners.

City of Brentwood

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

	Fiscal Year 2018			Fiscal Year 2009		
Taxpayer	Taxable Assessed Value	Rank	Percent of City's Total Taxable Value	Taxable Assessed Value	Rank	Percent of City's Total Taxable Value
G and I VII Brentwood LP	$ 86,263,039	1	0.94%	$ -		-
Sand Creek Crossing LLC	55,292,000	2	0.60%	58,998,593	2	0.81%
DS Lone Tree Plaza LLC	46,005,629	3	0.50%	45,195,918	3	0.62%
John Muir Mt Diablo Health	39,918,909	4	0.43%	-		-
Trilogy Vineyards LLC	27,591,754	5	0.30%	71,244,421	1	0.98%
Shea Homes LP	27,215,707	6	0.30%	-		-
CA Towncentre Owner LLC	26,939,676	7	0.29%	-		-
Pulte Home Company	24,471,360	8	0.27%	26,604,870	9	0.36%
AFE Brentwood Park LLC	24,125,055	9	0.26%	-		-
Brentwood Arbor Ridge LP	23,600,052	10	0.26%	-		-
New Urban Comm Sciortino LLC	-		-	32,000,000	4	0.44%
Discovery Builders Inc	-		-	29,909,687	5	0.41%
Prestige Homes LP	-		-	27,802,200	6	0.38%
Richmond American Home of CA	-		-	27,588,646	7	0.38%
Brentwood Specialty Center LLC	-		-	27,735,600	8	0.38%
WK LLC	-		-	26,070,748	10	0.36%
Total	$ 381,423,181		4.15%	$ 373,150,683		5.12%

Source: HdL Coren & Cone, Contra Costa County Assessor

City of Brentwood

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN TAX YEARS

(Unaudited)

Fiscal Year Ended June 30	Taxes Levied For The Fiscal Year (1)	Collected Within the Fiscal Year of the Levy (2)	
		Amount	Percentage of Levy
2009	$ 19,580,300	$ 19,580,300	100.00%
2010	16,247,076	16,247,076	100.00%
2011	15,684,496	15,684,496	100.00%
2012	12,682,260	12,682,260	100.00%
2013	10,090,453	10,090,453	100.00%
2014	10,540,496	10,540,496	100.00%
2015	12,454,027	12,454,027	100.00%
2016	13,602,591	13,602,591	100.00%
2017	14,968,042	14,968,042	100.00%
2018	15,929,680	15,929,680	100.00%

Source: Contra Costa County Auditor/Controller

(1) General property taxes are calculated at 1% of total assessed value less local exemptions. The City's portion is determined by the individual tax rate areas in the City.

(2) Tax assessments collected are the same as the amount levied, because Contra Costa County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to agencies regardless of whether they are collected in the current year or not. A tax loss reserve fund insures losses resulting when a property is sold for taxes and the proceeds are insufficient to pay the outstanding amounts due.

City of Brentwood

TAXABLE SALES BY CATEGORY

LAST TEN CALENDAR YEARS

(In Thousands of Dollars)

(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel Stores	$ 24,627	$ 38,865	$ 41,433	$ 43,872	$ 47,782	$ 51,009	$ 49,524	$ 53,502	$ 57,143	$ 57,848
Food Stores	41,689	44,121	42,134	42,881	44,710	46,829	47,983	50,251	50,026	51,721
Eating and Drinking Establishments	50,980	58,853	64,109	70,917	80,693	84,531	100,497	112,715	120,253	131,119
Building Materials	53,169	47,048	51,067	55,213	57,644	64,725	63,693	72,414	80,502	95,994
Auto Dealers and Supplies	33,284	39,949	43,762	41,466	39,996	43,202	54,180	68,267	76,852	86,794
Service Stations	103,954	77,494	86,144	100,906	105,065	104,865	106,658	94,021	90,449	105,328
Other Retail Stores	103,163	111,769	115,702	120,480	126,723	134,417	131,494	143,394	152,268	158,470
All Other Outlets	92,659	88,465	91,820	103,895	111,150	124,413	136,218	159,019	168,056	188,438
Total	$ 503,525	$ 506,564	$ 536,171	$ 579,630	$ 613,763	$ 653,991	$ 690,247	$ 753,583	$ 795,549	$ 875,712
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State of California Board of Equalization and HdL Coren & Cone

Note: 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.

City of Brentwood

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	City Direct Rate	Contra Costa County	State	Total
2009	1.00%	1.00%	7.25% (1)	9.25%
2010	1.00%	1.00%	7.25%	9.25%
2011	1.00%	1.00%	6.25% (1)	8.25%
2012	1.00%	1.00%	6.25%	8.25%
2013	1.00%	1.00%	6.50% (2)	8.50%
2014	1.00%	1.00%	6.50%	8.50%
2015	1.00%	1.00%	6.50%	8.50%
2016	1.00%	1.00%	6.50%	8.50%
2017	1.00%	1.00%	6.25% (2)	8.25%
2018	1.00%	1.00%	6.25%	8.25%

Source: State Board of Equalization

Note: The City's sales tax rate may be changed only with approval of the State Legislature

(1) April 1, 2009 the State increased the State Rate 1%. The 1% increase expired July 1, 2011.

(2) On January 1, 2013 the State rate was increased by .25%. The increase expired January 1,2017.

City of Brentwood

TOP 25 SALES TAX PRODUCERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

2018 Tax Remitter [(1)]	2018 Business Category	2009 Tax Remitter [(1)]	2009 Business Category
Arco AM PM	Service Stations	Ace Hardware	Building Materials
AT&T Mobility	Electronics/Appliance Stores	Arco	Service Stations
Best Buy	Electronics/Appliance Stores	Babies R Us	Specialty Stores
Big B Lumber	Building Materials	Best Buy	Electronics/Appliance Stores
Bill Brandt Ford	New Motor Vehicle Dealers	Big B Lumber	Building Materials
BJs Restaurant & Brewhouse	Casual Dining	Bill Brandt Ford	New Motor Vehicle Dealers
Brentwood Chevron	Service Stations	Brentwood Service Station	Service Stations
Brentwood Ready Mix	Contractors	Chevron	Service Stations
Chevron	Service Stations	Circle K Gas	Service Stations
Circle K Gas	Service Stations	Dallas Shanks Chevron	Service Stations
Colonial Energy	Service Stations	Devi Oil	Service Stations
Dallas Shanks Chevron	Service Stations	Food Maxx	Grocery Stores
Home Depot	Building Materials	Home Depot	Building Materials
Home Goods	Home Furnishings	Home Goods	Home Furnishings
Jeffery Way Shell	Service Stations	Hurtados Auto Sales	Used Automotive Dealers
Kohl's	Department Stores	Kohl's	Department Stores
Oakley Petro	Service Stations	Michael's Arts & Crafts	Art/Gift/Novelty Stores
Quick Stop	Service Stations	Pena Auto Sales	Used Automotive Dealers
Ross	Family Apparel	Raley's	Grocery Stores
Safeway	Grocery Stores	Ross	Family Apparel
TJ Maxx	Family Apparel	Safeway	Grocery Stores
Ulta Beauty	Specialty Stores	TJ Maxx	Family Apparel
Verizon Wireless	Electronics/Appliance Stores	Tower Mart	Service Stations
Walgreens	Drug Stores	Walgreens	Drug Stores
Winco Foods	Grocery Stores	Winco Foods	Grocery Stores
Percent of Fiscal Year Total Paid by Top 25 Accounts = 50.72%		**Percent of Fiscal Year Total Paid by Top 25 Accounts = 54.12%**	

Source: HdL Coren & Cone

(1) Firms listed alphabetically because taxable sales figures for individual businesses are confidential and cannot legally be disclosed.

City of Brentwood

WATER USE REVENUE BY CUSTOMER TYPE (1)

LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Type of Customer										
Residential	$ 7,771,514	$ 7,298,520	$ 7,559,361	$ 8,018,220	$ 9,104,775	$ 9,204,133	$ 8,207,427	$ 5,556,876	$ 7,604,905	$ 10,168,782
Commercial	1,353,079	1,243,055	1,270,571	1,351,106	1,505,393	1,536,426	1,465,084	1,156,292	1,563,242	1,914,185
Industrial	594,218	474,029	502,181	496,542	588,820	544,326	566,740	429,897	467,446	526,072
Government	1,062,688	1,129,991	1,000,586	1,001,728	1,278,646	1,371,209	919,019	726,120	933,648	1,161,546
Total	$ 10,781,499	$ 10,145,595	$ 10,332,699	$ 10,867,596	$ 12,477,634	$ 12,656,094	$ 11,158,270	$ 7,869,185	$ 10,569,241	$ 13,770,585

Source: City of Brentwood Finance and Information Systems Department, Utility Billing

(1) Billing period from July 1 to June 30

City of Brentwood

WATER RATES

LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017 (1)	2018
Monthly Base Rate										
5/8" or 3/4" meter	$ 16.95	$ 17.46	$ 17.99	$ 18.53	$ 19.08	$ 19.65	$ 20.24	$ 20.85	$ 21.61	$ 23.56
l" meter	25.43	26.19	26.98	27.79	28.62	29.48	30.36	31.27	29.83	32.52
1 l/2" meter	50.86	52.39	53.96	55.58	57.24	58.96	60.73	62.55	50.39	54.93
2" meter	84.77	87.31	89.93	92.63	95.40	98.26	101.21	104.25	75.07	81.83
3" meter	152.58	157.16	161.87	166.73	171.73	176.88	182.19	187.65	153.21	167.00
4" meter	220.39	227.00	233.81	240.83	248.05	255.49	263.16	271.05	268.36	292.65
6" meter	457.74	471.47	485.61	500.18	515.19	530.65	546.57	562.96	543.89	592.85
Consumption Charge (per 1,000 gallons = 1 unit)										
Residential Tiers										
Tier 1: Units 1-10	$ 2.65	$ 2.73	$ 2.81	$ 2.90	$ 2.99	$ 3.08	$ 3.17	$ 3.27		
Tier 1: Units 1-5									$ 2.49	$ 2.72
Tier 2: Units 11-20	3.16	3.26	3.35	3.45	3.56	3.67	3.78	3.89		
Tier 2: Units 6-14									4.96	5.41
Tier 3: Units 21-30	3.79	3.90	4.02	4.14	4.26	4.39	4.52	4.66		
Tier 3: Units 15-20									5.93	6.47
Tier 4: Units 31+	4.41	4.55	4.68	4.82	4.97	5.12	5.27	5.43		
Tier 4: Units 21+									6.52	7.11
Non Residential Tiers										
Tier 1: Units 1-10	$ 2.65	$ 2.73	$ 2.81	$ 2.90	$ 2.99	$ 3.08	$ 3.17	$ 3.27		
Tier 1: Units 1-5									$ 2.31	$ 2.52
Tier 2: Units 11+	3.16	3.26	3.35	3.45	3.56	3.67	3.78	3.89		
Tier 2: Units 6+									4.60	5.02
Non Potable										
Tier 1: Units 1+	$ 0.98	$ 1.01	$ 1.04	$ 1.07	$ 1.10	$ 1.13	$ 1.17	$ 1.20	$ 1.31	$ 1.43

(1) On April 12, 2016 City Council adopted Ordinance No. 969 accepting and approving a water rate study and adopting revised monthly user charges for water service which revised the existing tier structure by reducing the number of units of consumption for each tier as well as revising the unit rates. Monthly base rate and consumption charge increases, averaging 9% for each increase, became effective June 1, 2016 and July 1, 2017.

Source: City of Brentwood Finance and Information Systems Department, Utility Billing

City of Brentwood

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited)

	Governmental Activities						
Fiscal Year	2002 General Obligation Bonds	2001 CIP Revenue Bonds	2012 CIP Revenue Refunding Bonds	2009 Civic Center Project Lease Revenue Bonds	2015 Lease Financing	Notes Payable	Capital Leases (Internal Service)
2009	$ 6,513,343	$ 27,645,000	$ -	$ -	$ -	$ 1,528,112	$ -
2010	6,534,783	26,890,000	-	48,266,660	-	75,407	-
2011	6,544,040	26,110,000	-	48,122,355	-	-	-
2012	6,536,845	-	25,300,013	48,118,049	-	-	555,313
2013	6,513,998	-	24,381,693	47,488,554	-	-	277,656
2014	6,471,288	-	23,454,317	46,839,438	-	-	-
2015	6,409,559	-	22,505,053	46,170,132	-	-	-
2016	6,324,752	-	21,521,734	45,125,826	11,515,000	14,598,135	-
2017	6,212,789	-	20,533,414	44,041,520	11,180,000	13,382,317	-
2018	6,074,688	-	19,505,094	42,912,215	10,745,000	12,087,905	-

	Business-Type Activities						
Fiscal Year	2008 Water Revenue Bonds	2014 Water Revenue Bonds	State Water Resources Loan (Wastewater)	Notes Payable (1)	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2009	$ 52,036,844	$ -	$ 28,000,554	$ 7,691,719	$ 123,415,572	6.59%	$ 2,483
2010	51,782,179	-	26,224,698	7,432,445	167,206,172	9.06%	3,279
2011	51,507,514	-	24,416,786	7,432,445	164,133,140	10.58%	3,190
2012	50,432,849	-	22,576,240	7,358,875	160,878,184	10.74%	3,092
2013	49,313,184	-	20,702,469	7,382,250	156,059,804	10.03%	2,925
2014	48,138,519	-	18,794,875	7,062,578	150,761,015	9.05%	2,750
2015	4,165,000	48,608,126	16,852,847	-	144,710,717	8.22%	2,562
2016	2,845,000	48,356,034	14,875,763	-	165,162,244	9.16%	2,894
2017	1,460,000	48,103,942	12,862,991	-	157,776,973	8.23%	2,684
2018	-	46,301,849	10,813,886	-	148,440,637	7.45%	2,431

Note: Details regarding the City's outstanding debt can be found in Note #6.

(1) The City changed its accounting policy related to the payment of future connection fees in the Water Enterprise as the fees are contingent upon future development; therefore the liability has been removed and restated in fiscal year 2014/15.

(2) See Schedule - 19 for personal income and population data.

City of Brentwood

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	2002 General Obligation Bonds	Less: Amounts Restricted in the Debt Service Fund	Net Total Debt	Percentage of Actual Taxable Value of Property	Per Capita
2009	$ 6,513,343	$ 57,438	$ 6,455,905	0.09%	$ 130
2010	6,534,783	43,842	6,490,941	0.11%	127
2011	6,544,040	39,640	6,504,400	0.11%	126
2012	6,536,845	45,730	6,491,115	0.12%	125
2013	6,513,998	49,753	6,464,245	0.12%	121
2014	6,471,288	61,063	6,410,225	0.11%	117
2015	6,409,559	64,751	6,344,808	0.09%	112
2016	6,324,752	78,247	6,246,505	0.08%	109
2017	6,212,789	85,979	6,126,810	0.07%	104
2018	6,074,688	79,768	5,994,920	0.07%	98

Source: City of Brentwood Finance and Information Systems Department

Note: Details regarding the City's outstanding debt can be found in Note #6.

City of Brentwood

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2018

(Unaudited)

2016-17 Assessed Valuation	$	8,560,048,612
Redevelopment Incremental Valuation		795,621,849
Adjusted Assessed Valuation	$	7,764,426,763

		Total Debt 6/30/18		Percentage Applicable [1]		City's Share of Debt 6/30/18
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:						
Bay Area Rapid Transit	$	837,820,000		1.335%	$	11,184,897
Contra Costa Community College District		403,600,000		4.830%		19,493,880
Liberty Union High School District		101,625,000		53.041%		53,902,916
Brentwood Union School District		57,109,704		93.667%		53,492,946
Oakley Union School District		41,310,000		0.002%		826
City of Brentwood		**6,074,688**	(2)	**100.000%**		**6,074,688**
City of Brentwood Community Facilities Districts		**18,029,474**		**100.000%**		**18,029,474**
City of Brentwood 1915 Act Bonds		123,574,238		100.000%		123,574,238
California Statewide Communities Development Authority Assessment Districts		16,625,023		100.000%		16,625,023
East Bay Regional Park District		187,800,000		2.087%		3,919,386
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	$	1,793,568,127			$	306,298,274
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:						
Contra Costa County General Fund Obligations	$	291,777,297		4.813%	$	14,043,241
Contra Costa County Pension Obligations		155,880,000		4.813%		7,502,504
Contra Costa Community College District Certificates of Participation		330,000		4.830%		15,939
Liberty Union High School District Certificates of Participation		754,868		53.041%		400,390
Brentwood Union School District Certificates of Participation		628,580		93.667%		588,772
City of Brentwood General Fund Obligations		**67,220,740**		100.000%		**67,220,740**
GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT	$	516,591,485			$	89,771,586
Less: Contra Costa Obligations Supported From Revenue Funds						5,535,442
NET DIRECT AND OVERLAPPING GENERAL FUND DEBT					$	84,236,144
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)	$	24,893,421		100.000%	$	24,893,421
TOTAL DIRECT DEBT					**$**	**91,324,902**
TOTAL GROSS OVERLAPPING DEBT					$	329,638,379
TOTAL NET OVERLAPPING DEBT					$	324,102,937
GROSS COMBINED TOTAL DEBT					$	420,963,281 (3)
NET COMBINED TOTAL DEBT					$	415,427,839

Ratios to Adjusted Assessed Valuation:

Total Direct Debt ($91,324,902)	**1.18%**
Gross Combined Total Debt	5.42%
Net Combined Total Debt	5.35%

Source: California Municipal Statistics, Inc.

(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.

(2) Includes $3,889,712 accreted value.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds and non-bonded capital lease obligations.

City of Brentwood

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	$ 277,723,398	$ 229,124,375	$ 219,745,734	$ 209,939,754	$ 205,468,331	$ 222,851,159	$ 264,412,922	$ 296,927,556	$ 321,001,823	$ 348,217,135
Total Net Debt Applicable to Limit	6,455,905	6,490,941	6,504,400	6,491,115	6,464,245	6,410,225	6,344,808	6,246,505	6,126,810	5,994,920
Legal Debt Margin	$ 271,267,493	$ 222,633,434	$ 213,241,334	$ 203,448,639	$ 199,004,086	$ 216,440,934	$ 258,068,114	$ 290,681,051	$ 314,875,013	$ 342,222,215
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.32%	2.83%	2.96%	3.09%	3.15%	2.88%	2.40%	2.10%	1.91%	1.72%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value [1]	$ 9,285,790,263
Debt Limit (3.75% of Assessed Value) [2]	348,217,135
Debt Applicable to Limit:	
General Obligation Bonds	5,994,920
Total Net Debt Applicable to Limit	5,994,920
Legal Debt Margin	$ 342,222,215

Source: Contra Costa County Assessor

(1) Contra Costa County Auditor/Controller

(2) State of California Government Code 25 and 43605

City of Brentwood

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Unaudited)

Water Revenue Bonds, Series 2008 and Water Revenue Refunding Bonds, Series 2014

Fiscal Year		Adjusted Annual Water Revenues	Less: Operating Expenses	Adjusted Annual Net Water Revenues	Debt Service Principal	Debt Service Interest	Coverage
2009	(1)	$ 17,620,443	$ (11,356,551)	$ 6,263,892	$ 420,000	$ 1,858,366	2.75
2010		16,596,134	(11,876,489)	4,719,645	280,000	2,915,363	1.48
2011		16,674,462	(11,336,197)	5,338,265	300,000	2,902,763	1.67
2012		18,205,250	(12,910,278)	5,294,972	1,100,000	2,889,263	1.33
2013		19,761,476	(13,153,649)	6,607,827	1,145,000	2,839,763	1.66
2014		20,560,857	(13,538,409)	7,022,448	1,200,000	2,788,237	1.76
2015	(2)	18,963,542	(14,473,726)	4,489,816	1,255,000	1,342,923	1.73
2016	(3)	21,206,265	(13,999,154)	7,207,111	1,320,000	2,192,225	2.05
2017	(3)	20,999,938	(15,531,834)	5,468,104	1,385,000	2,126,225	1.56
2018		25,157,794	(16,640,999)	8,516,795	3,010,000	2,050,050	1.68

Source: City of Brentwood Finance and Information Systems Department

Note: Details regarding the City's outstanding debt can be found in Note #6. Water revenues include operating revenues, interest income and developer impact fees. Operating expenses do not include depreciation or amortization expenses.

(1) The Water Revenue Bonds were issued in October 2008; therefore, FY 2008/09 is the first reportable year. The obligation of the City to make such payments is a special obligation of the City payable solely from Adjusted Annual Net Water Revenues.

(2) The Water Revenue Refunding Bonds were issued in December 2014 to refund a portion of the Water Revenue Bonds, Series 2008; therefore, FY 2014/15 is the first reportable year and both bonds' debt service obligations are included. The obligation of the City to make such payments is a special obligation of the City payable solely from Adjusted Annual Net Water Revenues.

(3) Adjusted Annual Net Water Revenues is defined as Water income and revenue less maintenance and operation costs adjusted by any transfers to or from the Rate Stabilization Fund. In FY 2015/16 and FY 2016/17, $893,839 and $982,000 was transferred, respectively, from the Rate Stabilization Fund to meet the bond covenant debt coverage requirements.

City of Brentwood

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

(Unaudited)

Calendar Year	Population[(1)]	Personal Income (In Thousands)[(2)]	Per Capita Personal Income	Median Age[(3)]	School Enrollment	Unemployment Rate
2008	49,710	$ 1,871,658	$ 37,652	32.8	15,196	5.4%
2009	50,997	1,844,650	36,172	32.0	15,615	9.2%
2010	51,453	1,550,929	30,143	35.1	15,744	10.0%
2011	52,030	1,498,335	28,798	34.8	15,940	9.2%
2012	53,356	1,556,037	29,163	35.1	16,240	6.2%
2013	54,824	1,665,933	30,387	36.3	16,390	5.4%
2014	56,493	1,759,741	31,150	36.0	16,649	5.2%
2015	57,072	1,803,371	31,598	36.9	16,923	4.9%
2016	58,784	1,917,154	32,614	37.7	17,116	3.7%
2017	61,055	1,993,057	32,644	38.3	17,268	3.7%

(1) As of January 1 of each year
(2) Based on last available Census and projected post census trends
(3) Totaled from Census Block Groups that overlap City boundaries

Sources: California Department of Finance
US Census Bureau
Liberty Union High School and Brentwood Union School Districts
CA Employment Development Department

Note: Pre 2010 – Income, Age and Economic Data are based on the last available census. Projections are developed by incorporating all of the prior census data released to date.

2010 - Present – Income, Age and Economic Data is based on the most recent American Community Survey, US Census Bureau.

City of Brentwood

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

	2018			2009		
Employer	**No. Employees**	**Rank**	**Percent of Total City Employment**	**No. Employees**	**Rank**	**Percent of Total City Employment**
Brentwood Union School District	697	1	4.63%	1,066	1	6.68%
City of Brentwood	448	2	2.97%	491	2	3.08%
Liberty Union High School District	431	3	2.86%	352	3	2.21%
Home Depot	150	4	1.00%	100	11	0.63%
Safeway Stores, Inc.	141	5	0.94%	255	4	1.60%
John Muir	132	6	0.88%	77	12	0.48%
Precision Cabinets	130	7	0.86%	250	5	1.57%
Ellison Framing Inc.	125	8	0.83%	240	6	1.50%
Kohl's	123	9	0.82%	150	8	0.94%
Winco Foods, Inc.	102	10	0.68%	160	7	1.00%
Raley's	101	11	0.67%	120	10	0.75%
BJ's Brewhouse	100	12	0.66%	-		0.00%
Walgreen Co.	85	13	0.56%	75	13	0.47%
Town & Country Roofing	75	14	0.50%	70	14	0.44%
Delta Valley Athletic Club	14	15	0.09%	-		0.00%
Best Buy	8	16	0.05%	125	9	0.78%
Total City Employment	**15,068**			**15,962**		

Source: City of Brentwood Economic Development Division and East Bay Economic Development Alliance

City of Brentwood

AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
General Government	39	37	37	38	37	35	34	34	35	35
Public Safety	78	79	79	79	79	83	83	85	95	95
Community Development	27	26	26	24	23	21	20	19	19	22
Engineering	12	12	13	12	13	13	14	14	14	14
Public Works	20	20	23	24	23	24	23	23	23	26
Parks and Recreation	27	27	24	24	24	24	24	25	24	25
Wastewater	17	17	17	17	17	18	18	18	19	20
Solid Waste	23	23	24	24	24	25	26	27	26	27
Water	25	25	25	26	26	26	26	26	26	27
City Rentals	-	-	-	-	-	-	-	-	-	-
Housing	1	1	1	2	1	2	2	2	2	2
Total	269	267	269	270	267	271	270	273	284	293

Source: City of Brentwood Finance and Information Systems Department

City of Brentwood

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
General Government										
Single-Family Dwelling Permits Issued	31	136	109	175	290	500	451	519	541	411
Accounts Payable Invoices Processed	13,695	12,085	10,272	10,885	10,458	10,440	12,023	13,364	13,625	12,463
Purchase Orders Issued	319	238	280	320	355	291	286	269	279	264
Checks Issued	15,043	14,328	14,366	14,047	14,064	13,692	14,299	15,764	15,844	15,133
Public Works										
Debris Collected (tons)	2,047	1,832	2,226	1,995	2,229	2,226	1,890	1,756	1,687	1,568
Streetlights Maintenance Requests	871	760	806	659	680	713	697	410	424	293
Police										
Physical Arrests (est.)	1,603	1,625	1,448	1,745	1,626	1,563	1,679	1,648	1,626	1,629
Calls for Service (est.) (1)	32,608	38,922	35,168	37,124	36,781	36,192	39,934	40,661	44,417	50,300
Case Files Taken (est.)	5,941	6,117	5,450	6,044	5,823	5,821	6,133	5,925	6,335	6,396
Parks and Recreation										
Total Programs Offered (est.)	945	832	986	1,053	997	924	852	852	891	962
Total Participants and Spectators at Events	749,922	642,612	729,046	605,391	762,312	792,656	896,480	902,480	916,239	918,000
Refuse Collection										
Refuse Collected (tons per day)	96	95	90	88	93	95	97	102	110	114
Yard Waste (tons per day)	29	31	32	34	35	35	38	35	38	37
Recyclables Collected (tons per day)	22	22	22	22	22	22	23	25	26	25
Residential Services	15,263	15,469	15,562	15,907	16,337	16,729	17,245	17,802	18,310	18,806
Commercial Services	453	459	468	451	468	465	475	487	499	508
Water										
New Connections	39	113	117	125	197	338	467	475	527	470
Average Daily Production (millions of gallons)	10	10	9	9	11	11	10	7	8	9
Peak Daily Production (millions of gallons)	16	16	16	15	16	17	17	18	16	20
Number of Utility Customers	16,442	16,769	16,827	16,952	17,120	17,505	18,289	18,785	19,385	19,736
Wastewater										
New Connections	39	113	119	125	199	338	467	480	529	471
Average Daily Sewage Treatment (millions of gallons)	4	3	3	3	3	4	4	3	4	4

Source: Various City Departments

(1) Beginning in FY 2009/10, calls for service figures include pedestrian and vehicle stops. There were 11,542 of these stops reported in the 2010 figures.

City of Brentwood

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	50	50	51	51	51	52	52	49	49	49
Parks and Recreation										
Developed Park Acreage (1)	256	256	256	260	221	223	226	231	234	253
Play Areas	43	45	45	46	48	48	51	52	56	61
Multi-Use Trails (miles)	16	16	16	16	16	17	18	18	19	19
Multi-Use Ball and Soccer Fields	23	23	23	23	23	23	23	19	19	20
Picnic Tables	276	276	276	287	290	292	305	311	331	351
Refuse Collection										
Collection Trucks	14	14	14	14	14	14	16	16	17	17
Water										
Water Mains (miles)	173	184	191	219	256	266	284	287	302	324
Fire Hydrants	1,910	1,940	1,945	2,153	2,535	2,588	2,704	2,719	2,841	2,901
Number of Wells	9	9	9	8	7	7	7	7	7	7
Number of Reservoirs	6	6	6	6	6	6	6	6	6	6
Storage Capacity (millions of gallons)	19	19	19	19	19	19	19	19	19	19
Wastewater										
Sanitary Sewers (miles)	150	150	152	179	202	209	225	226	235	237
Lift Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	190	190	190	190	192	192	192	192	192	192
Street Lights	5,836	5,836	5,836	5,889	5,948	5,957	5,957	6,691	6,693	7,403

Source: Various City Departments

(1) Beginning with FY 2012/13, a new map system was implemented with rescaled acreage.

City of Brentwood

General Information

(Unaudited)

Date of Incorporation:	January 19, 1948
Forms of Government:	General Law Council-Manager
Fiscal Year Begins:	July 1
Area of City:	14.83 Sq. Miles
Population as of January 2018:	63,042

Number of Full-time Equivalent Positions	Year End
293	2018
284	2017
273	2016
270	2015
271	2014
267	2013
270	2012
269	2011
267	2010
269	2009

Public Schools	
Elementary	8
Intermediate	3
High School	2
Alternative High Schools	2

Miles of Streets	
Miles of Streets	192
Miles of Sanitary Sewers	237
Miles of Water Mains	324
Number of Street Lights	7,403

Municipal Wastewater System	
Sanitary Lift Stations	2
Number of Connections	19,517
Average Daily Flow	3.60 MGD

Municipal Water System	
Number of Wells	7
Number of Reservoirs	6
Storage Capacity (gallons)	19 MG
Average Daily Production	9 MGD
Peak Daily Production	20 MGD
Number of Connections	19,736

Municipal Solid Waste	
Number of Residential Services	19,195
Number of Commercial Services	515

Parks and Recreation	
Developed Park Acreage	252.67 acres
Aquatic Complex	7.5 acres
Skate Park	.50 acres
Play Areas	61
Sunset Park Athletic Complex	38 acres
Veterans Park	10.5 acres

Parks Facilities	
Multi-Use Trails	19.22 miles
Multi-Use Ball and Soccer Fields	20
Tennis Courts	2
Basketball Courts	14
Bocce Ball Courts	7
Volleyball Courts	3
Horseshoe Courts	2
Gazebos	2
Picnic Tables	351
BBQ Areas	33
Restrooms (Permanent)	9

Police Protection	
Sworn Officers	62
Overstaffing	4
Reserves	0
Vehicles	49
Motorcycles	5

East Contra Costa Fire Protection District	
Stations Located in Brentwood	1
Firefighters in Brentwood	10

Source: Various City Departments

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Members of the City Council
City of Brentwood, California

We have audited, in accordance with the 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, the basic financial statements of the City of Brentwood, California, as of and for the year ended June 30, 2018, and have issued our report thereon dated November 21, 2018. Our report included emphasis of a matter paragraphs disclosing the Redevelopment Agency dissolution and the City's accounting for certain transactions of the former Redevelopment Agency, as well as an emphasis of a matter paragraph disclosing the implementation of a new accounting principle.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 21, 2018 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 21, 2018

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BRENTWOOD

HISTORICAL CITY, COUNTY AND STATE POPULATION DATA

Year	City of Brentwood	Percent Change	Contra Costa County	Percent Change	State of California	Percent Change
2003	33,699	--	984,256	--	35,163,609	--
2004	37,867	12.4%	993,958	1.0%	35,570,847	1.2%
2005	41,343	9.2	1,001,216	0.7	35,869,173	0.8
2006	44,992	8.8	1,007,169	0.6	36,116,202	0.7
2007	47,846	6.3	1,015,672	0.8	36,399,676	0.8
2008	49,710	3.9	1,027,264	1.1	36,704,375	0.8
2009	50,997	2.6	1,038,390	1.1	36,966,713	0.7
2010	51,453	0.9	1,047,948	0.9	37,223,900	0.7
2011	52,192	1.4	1,059,557	1.1	37,529,913	0.8
2012	53,079	1.7	1,070,440	1.0	37,874,977	0.9
2013	54,022	1.8	1,083,937	1.3	38,234,391	0.9
2014	55,614	2.9	1,098,018	1.3	38,568,628	0.9
2015	57,588	3.5	1,112,328	1.3	38,912,464	0.9
2016	59,484	3.3	1,127,279	1.3	39,179,627	0.7
2017	61,383	3.2	1,139,313	1.1	39,500,973	0.8
2018	63,042	2.7	1,149,363	0.9	39,809,693	0.8

Sources: *State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 & 2010 Census Counts, Sacramento, California, November 2012 for years 2003-2010; State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2011-2018, with 2010 Census Benchmark, Sacramento, California, May 2018 for years 2011-2016; and Source for January 1, 2017 – January 1, 2018, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change; Sacramento, California, May 2018.*

Prior to the 1970's, the City's growth lagged behind growth in the County as a whole because development was centered in the western portion of the County. As development activity moved eastward during the 1970's, population in the City began to grow sharply, outpacing growth in the County.

The City experienced a population increase of approximately 52.7% from 2003 to 2010. From 2010 to 2012, the City saw very little residential development activity and property valuations fell substantially from their peak. In 2008 the City issued only 31 new single family building permits, and over the course of five years the City's assessed valuation fell by one third. In 2012, economic conditions began to improve, with development activity and property valuations increasing. Since 2013, assessed valuations have increased in each year, totaling a 69.47% increase from Fiscal Year 2013-14 through Fiscal Year 2018-19. In Fiscal Year 2017-18 the City issued 411 single family building permits and saw an increase of 8.47% in assessed valuation. On June 30, 2018 the City was informed that its Fiscal Year 2018-19 assessed valuation had increased by 7.36%.

Employment

The following table lists some of the major employers in Contra Costa County in alphabetical order:

CONTRA COSTA COUNTY
Major Employers

Employer Name	Location	Industry
Bay Area Rapid Transit	Richmond	Transit Lines
Bay Alarm Radio Monitoring Inc	Walnut Creek	Burglar Alarm Systems (Whls)
Bio-Rad Laboratories Inc	Hercules	Physicians & Surgeons Equip & Supls-Mfrs
Broadspectrum Americas	Richmond	Oil Refiners (Mrfs)
Chevron Corp	San Ramon	Oil Refiners (Mrfs)
Chevron Global Downstream LLC	San Ramon	Petroleum Products (Whls)
Chevron Richmond Refinery	Richmond	Oil Refiners (Mrfs)
Chevron Technology Ventures	San Ramon	Technology Assistance Programs
Contra Costa Regional Med Ctr	Martinez	Hospitals
Job Connections	Danville	Personnel Consultants
John Muir Medical Ctr	Concord	Hospitals
John Muir Medical Ctr	Walnut Creek	Hospitals
John Muir Medical Ctr-Concord	Concord	Medical Centers
Kaiser Permanente Antioch Med	Antioch	Hospitals
Kaiser Permanente Walnut Creek	Walnut Creek	Hospitals
La Raza Market	Richmond	Grocers-Retail
Martinez Medical Offices	Martinez	Clinics
Martinez VA Outpatient Clinic	Martinez	Surgical Centers
Robert Half Intl	San Ramon	Employment Agencies & Opportunities
Santa Fe Pacific Pipe Lines	Richmond	Pipe Line Companies
Shell Oil Products	Martinez	Oil & Gas Producers
St. Mary's College of CA	Moraga	School-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
US Veterans Medical Ctr	Martinez	Outpatient Services
Uss-Posco Industries	Pittsburg	Steel Mills (Mfrs)

Source: California Employment Development Department, extracted from the *America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.*

The County and Alameda County comprise the Oakland-Hayward-Berkeley Metropolitan Division. The civilian labor force, employment and unemployment for the County is outlined in the following table.

OAKLAND-HAYWARD-BERKELEY METROPOLITAN DIVISION
(Alameda and Contra Costa Counties)
Employment and Unemployment of
Industry Employment and Labor Force*

	2013	**2014**	**2015**	**2016**	**2017**
Civilian Labor Force	1,340,800	1,350,300	1,370,500	1,394,400	1,412,300
Employment	1,242,500	1,269,900	1,304,400	1,334,200	1,360,000
Unemployment	98,300	80,400	66,100	60,200	52,300
Civilian Unemployment Rate:					
Oakland-Hayward-Berkeley MD	7.3%	6.0%	4.8%	4.3%	3.7%
State of California	8.9%	7.5%	6.2%	5.4%	4.8%

*Totals may not be precise due to rounding. Annual averages for all categories.
Source: Employment Development Department, State of California Labor Market Information Division.

A breakdown of the labor force by industry in the Oakland-Hayward-Berkeley Metropolitan Division is set forth in the following table.

OAKLAND-HAYWARD-BERKELEY METROPOLITAN DIVISION
(Alameda and Contra Costa Counties)
Industry Employment and Labor Force
Annual Averages*

	2013	**2014**	**2015**	**2016**	**2017**
Total Farm	1,300	1,200	1,300	1,300	1,300
Mining and Logging	400	400	300	400	400
Construction	56,400	58,600	62,800	67,900	71,200
Manufacturing	80,500	83,200	88,000	91,000	95,600
Wholesale Trade	45,200	46,200	47,600	48,700	49,300
Retail Trade	108,300	110,500	113,100	114,800	115,700
Transportation, Warehousing & Utilities	32,900	35,000	37,400	39,100	40,400
Information	22,700	23,000	24,900	26,300	26,500
Finance & Insurance	37,100	37,300	38,800	40,200	40,500
Real Estate & Rental & Leasing	16,200	16,800	16,800	16,900	17,200
Professional & Business Services	172,500	175,100	178,200	182,200	184,900
Educational & Health Services	170,500	173,100	178,600	185,900	192,000
Leisure & Hospitality	97,200	102,100	106,600	111,700	115,000
Other Services	37,000	37,500	38,100	39,100	40,100
Government	163,300	166,500	169,400	173,400	174,600
Total All Industries*	1,041,500	1,066,500	1,101,900	1,138,900	1,164,600

*Totals may not be precise due to independent rounding.
Source: Employment Development Department, State of California Labor Market Information Division, March 2017 Benchmark.

Construction

Between January 2014 and December 2018, the City issued building permits valued at more than $583 million. Of this total, new residential construction accounted for approximately $534 million, and new commercial/industrial projects represented approximately $49 million.

During this five-year period, residential permits in the City included approximately 2,290 new housing units, all of which were single family housing units. Set forth below are building permit valuations for the City during the approximate five-year period from January 2014 through December 2018.

CITY OF BRENTWOOD
Building Permit Valuation
2014 through 2018

	2014	**2015**	**2016**	**2017**	**2018**
Valuation:					
Total Residential	$85,198,289	$124,197,321	$139,707,648	$117,142,087	$67,975,716
Total Non-Residential	6,130,221	11,017,386	11,941,439	10,238,762	9,825,707
Total Value	$91,328,510	$135,214,707	$151,649,087	$127,380,849	$77,801,423
Number of New Housing Units:					
Single	427	472	559	507	326
Multiple	0	0	0	0	0
Total Units	427	472	559	507	326

Source: *Construction Industry Research Board Comparison Reports, City of Brentwood: January 2014 – December 2018.*

The following table shows residential building permit data for the County for approximately the last five years.

COUNTY OF CONTRA COSTA
Building Permit Valuation
2014 through 2018

	2014	**2015**	**2016**	**2017**	**2018**
Valuation:					
Total Residential	$740,735,450	$1,053,948,943	$1,073,170,546	$951,435,904	$1,088,206,278
Total Non-Residential	410,536,879	526,816,466	668,424,546	607,768,979	730,498,281
Total Value	$1,151,272,329	$1,580,765,409	$1,741,595,092	$1,559,204,883	$1,818,704,559
Number of New Housing Units:					
Single	1,439	1,909	1,853	1,732	1,665
Multiple	588	629	1,043	272	1,161
Total Units	2,027	2,538	2,896	2,004	2,826

Source: *Construction Industry Research Board Comparison Report, Contra Costa County: January 2014 – December 2018.*

Utilities

Gas and electric service in the City is provided by Pacific Gas & Electric. Telephone service is provided by Pacific Bell. Water is supplied by City wells and the Contra Costa County Water District through the City water lines and filtration plant. Sewer service is supplied by the City.

Education

The City is part of the Brentwood and Liberty Union School Districts which provide K-12 public education needs. There are four high schools, three middle schools, and eight elementary schools located in the City.

Near the City are four colleges, Los Medanos Community College in Pittsburg, Diablo Valley Community College in Concord, San Joaquin Delta Community College and University of the Pacific in Stockton. Los Medanos Community College also has an extension campus located in the City.

Transportation

The City, located near the Cities of Antioch and Stockton, is in close proximity to a highly developed transportation network. The City's main roads connect directly with State Highway 4 which intersects with Interstate 680 near Martinez and Interstate 80 in Hercules. To the east, Highway 4 leads to Stockton where it intersects with Interstate 5. The highways provide the City with access to major regional workplace and recreation areas. The City is close to both regional and international airports — Concord Airport, Stockton Airport and Oakland International Airport.

Proximity to Major Urban Centers

Proximity	Distance
Antioch to Brentwood	5 miles
Concord to Brentwood	26 miles
Livermore to Brentwood	24 miles
Oakland to Brentwood	46 miles
Stockton to Brentwood	37 miles
San Francisco to Brentwood	54 miles
Sacramento to Brentwood	75 miles

Source: City of Brentwood

The City is also served by bus lines and railroads. Bay Area Rapid Transit ("BART") provides eBART rail service from Antioch connecting to the Pittsburg BART station. Tri Delta Transit Express Route 300 provides limited-stop service between Brentwood and the Antioch eBART station. BART serves cities in San Francisco and the East Bay, including service to and from the San Francisco International Airport. A shuttle bus also provides service between the Oakland Coliseum BART station and the Oakland International Airport.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Brentwood Infrastructure Financing Authority
Brentwood, California

Brentwood Infrastructure Financing Authority
Civic Center Project Lease Revenue Refunding Bonds, Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Brentwood Infrastructure Financing Authority (the "Issuer") in connection with the issuance of $32,210,000 aggregate principal amount of Brentwood Infrastructure Financing Authority Civic Center Project Lease Revenue Refunding Bonds, Series 2019 (the "Bonds"), issued pursuant to an Amended and Restated Trust Agreement, dated as of April 1, 2019 (the "Trust Agreement"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement; the Site Lease, dated as of October 1, 2009 (the "Original Site Lease"), by and between the City of Brentwood (the "City") and the Issuer; the First Amendment to Site Lease, dated as of April 1, 2019 (the "First Amendment to Site Lease" and, together with the Original Site Lease, the "Site Lease"), by and between the City and the Issuer; the Facilities Lease, dated as of October 1, 2009 (the "Original Facilities Lease"), by and between the Issuer and the City; the First Amendment to Facilities Lease, dated as of April 1, 2019 (the "First Amendment to Facilities Lease" and, together with the Original Facilities Lease, the "Facilities Lease"), by and between the Issuer and the City; the Tax Certificate, dated the date hereof (the "Tax Certificate"), executed by the Issuer and the City; opinions of counsel to the Issuer, the City and the Trustee; certificates of the Issuer, the City, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Site Lease, the Facilities Lease and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Site Lease, the Facilities Lease and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint exercise of powers authorities and cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Trust Agreement, the Site Lease or the Facilities Lease or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated March 19, 2019, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

3. The Site Lease and the Facilities Lease have been duly executed and delivered by, and constitute valid and binding obligations of, the Issuer and the City, and the obligation of the City to make the Base Rental Payments (as defined in the Facilities Lease) during the term of the Facilities Lease constitutes a valid and binding obligation of the City, payable from funds of the City lawfully available therefor.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the CITY OF BRENTWOOD, California (the "City") and U.S. BANK NATIONAL ASSOCIATION, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the Brentwood Infrastructure Financing Authority (the "Authority") of $32,210,000 aggregate principal amount of its Civic Center Project Lease Revenue Refunding Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to an Amended and Restated Trust Agreement, dated as of April 1, 2019, between the Authority and U.S. Bank National Association, as trustee (the "Trustee") (the "Trust Agreement"). Pursuant to the Facilities Lease, dated as of October 1, 2009, as amended by the First Amendment to Facilities Lease, dated as of April 1, 2019 (collectively, the "Facilities Lease"), each between the Authority and the City, the City has covenanted to comply with its obligations hereunder and to assume all obligations for Continuing Disclosure with respect to the Bonds. The City and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term 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 City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the City Treasurer/Director of Finance and Information Services or such other officer or employee as the City shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean U.S. Bank National Association, or any successor Dissemination Agent which may be designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section 5(a)(16) of this Disclosure Agreement, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than March 31 of each year, commencing with the report due March 31, 2020, provide to the MSRB through EMMA, in an electronic format and accompanied by such identifying information as is prescribed by 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 cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent; provided, however, that the City may distribute the Annual Report itself after providing written notice to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice in a timely manner with the MSRB through EMMA in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the applicable electronic format for filings through EMMA; and

(ii) to the extent the City has provided the Annual Report to the Dissemination Agent, file a report with the City and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements of the City for the prior

Fiscal Year, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not presented in the audited financial statements, operating and financial data of the City for the most recently completed Fiscal Year, as applicable, of the type contained in the Official Statement relating to the Bonds under the following captions and tables, as the case may be:

(i) Under the caption "CITY OF BRENTWOOD FINANCES – General Fund Financial Summary," the tables entitled "City of Brentwood General Fund Balance Sheet" and "City of Brentwood General Fund Statement of Revenues, Expenditures and Changes in Fund Balances";

(ii) Under the caption "CITY OF BRENTWOOD FINANCES – Tax Receipts," the table entitled "City of Brentwood Tax Revenues By Source";

(iii) Under the caption "CITY OF BRENTWOOD FINANCES – Sales Taxes," the table entitled "City of Brentwood Taxable Sales"; and

(iv) Under the caption "CITY OF BRENTWOOD FINANCES – Property Taxes," the tables entitled "City of Brentwood Assessed Valuation" and "City of Brentwood Property Tax Levies".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public from the MSRB's internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on any applicable debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancement reflecting financial difficulties;

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events adversely affecting the tax status of the Bonds;

6. modifications to rights of bondholders, if material;

7. substitution of credit or liquidity providers, or their failure to perform;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the Authority or the City;

13. the consummation of a merger, consolidation, or acquisition involving the Authority or the City or the sale of all or substantially all of the assets of the Authority or the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional Trustee or the change of name of the Trustee, if material;

15. incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect holders of the Bonds, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For the purpose of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority or the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority or the City, 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 Authority or the City.

The City intends to comply with the Listed Events described in Section 5(a)(15) and Section 5(a)(16), and the definition of "Financial Obligation" in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

(b) The Trustee shall, promptly upon obtaining actual knowledge at its office as specified in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f); provided that, failure by the Trustee to so notify the

Disclosure Representative and make such request shall not relieve the City of its duty to report Listed Events as required by this Section 5.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the City shall as soon as possible determine if such event is required to be reported pursuant to this Section 5.

(d) If the City has determined that knowledge of the occurrence of a Listed Event is required to be reported pursuant to this Section 5, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the City determines that the Listed Event is not required to be reported pursuant to this Section 5, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through EMMA in an electronic format and accompanied by such identifying information as is prescribed by the MSRB.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. Each party's obligations under this Disclosure Agreement shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) if, in the opinion of nationally recognized bond counsel, the City ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be U.S. Bank National Association. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with the schedule of fees agreed upon by the City, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty to enforce compliance by the City under this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement, (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the City provided such amendment does not impose any greater duties, nor risk of liability, on the Dissemination Agent, as the case may be), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, the Trustee or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, the Trustee, and their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the

Trustee's negligence or willful misconduct, respectively. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and the Trustee, respectively, and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:	City of Brentwood 150 City Park Way Brentwood, CA 94513 Attention: City Manager Telephone: (925) 516-5440 Fax: (925) 516-5441
If to the Trustee:	U.S. Bank National Association Attn: Global Corporate Trust One California Street, Suite 1000 San Francisco, CA 94111 Telephone: (415) 677-3599 Fax: (415) 677-3768
To the Dissemination Agent:	U.S. Bank National Association Attn: Global Corporate Trust One California Street, Suite 1000 San Francisco, CA 94111 Telephone: (415) 677-3599 Fax: (415) 677-3768

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: April 2, 2019

CITY OF BRENTWOOD

By ______________________________

City Treasurer/Director of Finance
and Information Services

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By ______________________________

Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person:	City of Brentwood
Name of Issue:	Brentwood Infrastructure Financing Authority Civic Center Project Lease Revenue Refunding Bonds, Series 2019
Date of Issuance:	April 2, 2019

NOTICE IS HEREBY GIVEN that the City of Brentwood has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.12 of the Facilities Lease, dated as of October 1, 2009, as amended, between the Brentwood Infrastructure Financing Authority and the City. [The City anticipates that the Annual Report will be filed by ____________.]

Dated:_____________

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent

By __________________________________

Title ________________________________

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APPENDIX F

THE BOOK-ENTRY SYSTEM

This Appendix describes how ownership of the Bonds is to be transferred and how the principle of, premium, if any, and interest on Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this Appendix concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Issuer believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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 the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer 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.