

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2026

NEW ISSUE—BOOK-ENTRY ONLY

INSURED CERTIFICATES RATING: S&P: "AA"
UNDERLYING/UNINSURED CERTIFICATES RATING: S&P: "A+"
See the caption "RATINGS."

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Special Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) with respect to the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest (and original issue discount) with respect to the Certificates is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences, including with respect to the alternative minimum tax imposed on certain large corporations, concerning the Certificates.



\$11,250,000*
CITY OF BARSTOW
LOCAL MEASURE I TRANSPORTATION SALES TAX REVENUE
CERTIFICATES OF PARTICIPATION, SERIES 2026

Dated: Date of Delivery

Due: June 1, as shown on inside cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE CERTIFICATES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The City of Barstow (the "City") will cause the execution and delivery of its Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026 (the "Certificates"), in the aggregate principal amount of \$11,250,000 * pursuant to the provisions of a Trust Agreement, dated as of May 1, 2026 (the "Trust Agreement"), by and among the City, the Public Property Financing Corporation of California (the "Corporation") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The proceeds from the sale of the Certificates will be used: (i) to finance a portion of the design, acquisition, installation, and construction of certain street rehabilitation projects located in the City (collectively, the "Projects"); (ii) to purchase a municipal bond insurance policy with respect to the Insured Certificates (as defined herein); (iii) to purchase a debt service reserve policy to satisfy the reserve requirement for the Certificates; and (iv) to pay the incidental costs and expenses incurred in connection with the execution and delivery of the Certificates. The Corporation will sell the Projects to the City pursuant to an Installment Sale Agreement, dated as of May 1, 2026 (the "Installment Sale Agreement"), by and between the Corporation and the City.

The City is required under the Installment Sale Agreement to make installment sale payments (the "Installment Sale Payments") to the Corporation, which Installment Sale Payments are payable from a first lien on all Measure I Receipts, which generally consist of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County of San Bernardino, California (the "County"). Installment Sale Payments are payable in an amount that is sufficient to pay, when due, the annual principal and interest on the Certificates. The Measure I Receipts are the only sources of payment of the Installment Sale Payments. Neither the general fund of the City nor any other moneys of the City are pledged to payment of the Installment Sale Payments or the Certificates. The obligation of the City to pay the Installment Sale Payments is not subject to abatement.

The Certificates will be delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates. Individual purchases of Certificates may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Certificates purchased. See the caption "THE CERTIFICATES—Book-Entry Only System."

Payments of principal and interest evidenced and represented by the Certificates will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to Beneficial Owners of the Certificates as described herein. Interest evidenced and represented by the Certificates is payable on each June 1 and December 1, commencing December 1, 2026, until the maturity or the earlier prepayment thereof. Principal evidenced and represented by the Certificates will be paid on each June 1, commencing June 1, 2027, upon surrender of such Certificate at the principal corporate office of the Trustee upon maturity or the earlier prepayment thereof.

The scheduled payment of principal and interest evidenced and represented by the Certificates maturing on June 1 of the years 20__ through 20__, inclusive (collectively, the "Insured Certificates"), when due will be guaranteed under a municipal bond insurance policy to be executed and delivered concurrently with the delivery of the Insured Certificates by ASSURED GUARANTY INC.



The Certificates are subject to optional, mandatory and mandatory sinking fund prepayment prior to their stated principal payment dates as described herein.*

ALL OBLIGATIONS OF THE CORPORATION UNDER THE TRUST AGREEMENT ARE SPECIAL OBLIGATIONS OF THE CORPORATION, PAYABLE SOLELY FROM THE INSTALLMENT SALE PAYMENTS AND THE OTHER ASSETS PLEDGED UNDER THE TRUST AGREEMENT. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT SALE PAYMENTS UNDER THE INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM MEASURE I RECEIPTS, DOES NOT CONSTITUTE A DEBT OF THE CITY, THE CORPORATION, THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE CORPORATION HAS NO TAXING POWER.

MATURITY SCHEDULE – See Inside Front Cover Page

The Certificates are offered when, as and if executed and delivered and accepted by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Special Counsel to the City. Certain legal matters will be passed upon for the Corporation by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, for the City by Colantuono, Highsmith & Whalley, PC, Pasadena, California, its City Attorney, for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter's Counsel, and for the Trustee by its counsel. It is anticipated that the Certificates in book-entry form will be available for delivery through the facilities of DTC, on or about May __, 2026.

STIFEL

Dated: _____, 2026

* Preliminary, subject to change

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

\$11,250,000*
THE CITY OF BARSTOW
LOCAL MEASURE I TRANSPORTATION SALES TAX REVENUE
CERTIFICATES OF PARTICIPATION, SERIES 2026
MATURITY SCHEDULE

(Base CUSIP[†] _____)

<i>Maturity Date (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					

^(l) Insured Certificates.

^c Priced to optional prepayment date of June 1, 2036*, at par.

* Preliminary, subject to change

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Corporation, the City, the Underwriter or their agents or counsel assume any responsibility for the accuracy of such numbers.

CITY OF BARSTOW

CITY COUNCIL

Timothy R. Silva, *Mayor*
James Noble, *Mayor Pro Tem, District 2*
Carmen Hernandez, *Council Member, District 1*
Barbara M. Rose, *Council Member, District 3*
John “Tex” Williams, *Council Member, District 4*

CITY STAFF

Rochelle Clayton, *City Manager*
Michael Lewis, *City Treasurer*
Sydnie Harris, *Finance Director*
Andrea Flores, *City Clerk*

PROFESSIONAL SERVICES

City Attorney
Colantuono, Highsmith & Whatley, PC
Pasadena, California

Special and Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Trustee
U.S. Bank Trust Company, National Association
Los Angeles, California

Municipal Advisor
Urban Futures, Inc.
Walnut Creek, California

No dealer, broker, salesperson, or other person has been authorized by the City, the Corporation, or Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Certificates, nor shall there be any sale of the Certificates, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Certificates. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been obtained from the City, the Corporation, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the City or the Corporation. 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 will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Corporation since the date of this Official Statement. The City maintains an Internet website. However, the information contained on or within such website is not incorporated in this Official Statement by such reference.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Assured Guaranty Inc. (the “**Insurer**” or “**AG**”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading “BOND INSURANCE” and APPENDIX H—“FORM OF MUNICIPAL BOND INSURANCE POLICY

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Authorization	1
Description of the Certificates	1
Use of Bond Proceeds.....	1
Payment of Principal and Interest	2
Prepayment of Certificates.....	2
Security and Sources of Payment for the Certificates.....	2
Bond Insurance	3
Reserve Account	3
Special, Limited Obligation of the Corporation and the City	3
Continuing Disclosure	4
Forward-Looking Statements	4
ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS.....	4
THE CERTIFICATES	5
Authorization and Registration of Certificates	5
Payment of Certificates.....	5
Prepayment of Certificates.....	5
Selection of Certificates.....	6
Purchase in Lieu of Prepayment	6
Notice of Prepayment or Purchase.....	6
Partial Prepayment or Purchase of the Certificates.....	7
Effect of Prepayment	7
Book-Entry Only System.....	8
Debt Service.....	8
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES	9
General.....	9
Installment Sale Payments	9
Measure I Receipts	10
Measure I Receipts Fund	10
Revenue Fund	12
Deposit of Other Available Revenues.....	14
Additional Contracts.....	15
BOND INSURANCE	15
Bond Insurance Policy	15
Assured Guaranty Inc.	15
THE CORPORATION	17
SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY	17
THE CITY, THE COUNTY, AND THE PROJECTS.....	18
The City of Barstow.....	18
The County of San Bernardino	20
The Projects	20
STATE SALES TAX.....	21
MEASURE I REVENUES	21
The Measure I Tax.....	21
Measure I Revenues.....	24

Collection and Allocation of Measure I Revenues	25
SBCTA Obligations; Senior Lien on Measure I Revenues.....	28
Historical Measure I Revenues	30
Estimated Measure I Revenues – Ten Year Delivery Plan and Annual SBCTA Estimates	33
MAXIMUM ANNUAL DEBT SERVICE COVERAGE	34
RISK FACTORS	34
Installment Sale Payments Constitute Limited Obligations	34
Passive Revenue Source	34
Expiration or Extension of Measure I Ordinance	35
Impact of Changes in Population and Tax Revenues on City Share of Measure I Revenues.....	35
Effect of Internet Commerce	36
SBCTA Obligations; Senior Lien on Measure I Revenues.....	36
Eligibility of the Projects	37
Non-Compliance with the Measure I Ordinance	37
Additional Contracts.....	38
Limitations on Remedies; Bankruptcy.....	38
Constitutional Limitations on Appropriations	40
State Legislature or Electorate May Change Items Subject to Measure I Tax	40
Increases in Sales Tax Rate May Cause Declines in Measure I Revenues.....	40
No Liability of Corporation to Owners.....	40
Economic, Political, Social and Environmental Conditions	40
Geologic, Topographic and Climatic Conditions Affecting the City and County	41
Cyber Security	43
No Validation Proceeding Undertaken	44
IRS Audit of Tax-Exempt Bond Issues	44
Loss of Tax Exemption.....	45
Federal Funding Risks	45
Secondary Market.....	45
Bond Insurance	45
CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS	46
Article XIIIB of the California Constitution – Limitations on Appropriations	46
Articles XIIIC and XIID of the California Constitution – The Right to Vote on Taxes	47
Future Initiatives.....	48
TAX MATTERS.....	48
CERTAIN LEGAL MATTERS	50
RATINGS	50
CONTINUING DISCLOSURE.....	51
MUNICIPAL ADVISOR	51
UNDERWRITING	51
NO LITIGATION.....	52
The Corporation.....	52
The City	52
AUDITED FINANCIAL STATEMENTS AND MEASURE I COMPLIANCE AUDIT	53
Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.....	53
Annual Measure I Compliance Audit for Fiscal Year Ended June 30, 2025	53
MISCELLANEOUS	53

APPENDIX A	FORMS OF TRUST AGREEMENT AND INSTALLMENT SALE AGREEMENT
APPENDIX B	THE CITY OF BARSTOW AND THE COUNTY OF SAN BERNARDINO ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION
APPENDIX C	PROPOSED FORM OF SPECIAL COUNSEL OPINION
APPENDIX D	FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E	CITY OF BARSTOW ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025
APPENDIX F	CITY OF BARSTOW MEASURE I COMPLIANCE AUDIT FOR THE YEAR ENDED JUNE 30, 2025
APPENDIX G	BOOK ENTRY PROVISIONS
APPENDIX H	FORM OF MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$11,250,000*

CITY OF BARSTOW

LOCAL MEASURE I TRANSPORTATION SALES TAX REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026

INTRODUCTION

This Official Statement, which includes the front cover page, the inside front cover page, the table of contents and the appendices (the “**Official Statement**”), provides certain information concerning the execution and delivery of the City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026 (the “**Certificates**”), in an aggregate principal amount of \$11,250,000*. Descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all of the terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Certificates to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in Appendix A.

Authorization

The Certificates are being executed and delivered by U.S. Bank Trust Company, National Association (the “**Trustee**”), at the direction of the City of Barstow (the “**City**”) pursuant to: (i) a Trust Agreement, dated as of May 1, 2026 (the “**Trust Agreement**”), by and among the Public Property Financing Corporation of California (the “**Corporation**”), the Trustee, and the City; and (ii) a resolution adopted by the City Council of the City on February 17, 2026 (the “**Resolution**”). See the captions “THE CERTIFICATES—Authorization and Registration of Certificates” and Appendix A.

Description of the Certificates

The Certificates will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Certificates will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will act as securities depository for the Certificates. See the captions “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” and “THE CITY, THE COUNTY, AND THE PROJECTS.”

Use of Bond Proceeds

The proceeds of the Certificates will be used: (i) to finance a portion of the design, acquisition, installation, and construction of certain street rehabilitation projects located in the City (collectively, the “**Projects**”); (ii) to purchase a municipal bond insurance policy with respect to the Insured Certificates (as defined herein); (iii) to purchase a debt service reserve policy to satisfy the reserve requirement for the Certificates; and (iv) to pay the incidental costs and expenses incurred in connection with the execution and delivery of the Certificates. See the captions “ESTIMATED SOURCES AND USES OF CERTIFICATE

* Preliminary, subject to change

PROCEEDS,” “THE CITY, THE COUNTY, AND THE PROJECTS,” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.”

Payment of Principal and Interest

Interest evidenced and represented by the Certificates is payable each June 1 and December 1, commencing December 1, 2026 (each, an “**Interest Payment Date**”), and is payable by check mailed on the date that such interest is due to the Owner at such Owner’s address as it appears on the registration books maintained by the Trustee. Principal evidenced and represented by the Certificates is payable on June 1 of each year, commencing June 1, 2027 (each, a “**Certificate Payment Date**”), through the facilities of DTC upon the maturity or earlier prepayment thereof. See the caption “THE CERTIFICATES.”

Prepayment of Certificates

The Certificates are subject to optional, mandatory and mandatory sinking fund prepayment under certain circumstances. See the caption “THE CERTIFICATES—Prepayment of Certificates.”

Security and Sources of Payment for the Certificates

The Certificates are being executed and delivered under the Trust Agreement and are payable from Revenues pledged thereunder. The Revenues consist primarily of (i) Installment Sale Payments (the “**Installment Sale Payments**”) to be made by the City to the Corporation pursuant to an Installment Sale Agreement, dated as of May 1, 2026 (the “**Installment Sale Agreement**”), by and between the Corporation and the City, and (ii) other payments paid by the City and received by the Corporation pursuant to the Installment Sale Agreement and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to the Trust Agreement (collectively, the “**Revenues**”). The Installment Sale Payments to be made by the City to the Corporation constitute the purchase price for the Projects (defined under the caption “THE CITY, THE COUNTY, AND THE PROJECTS—The Projects”). The Corporation will sell the Projects to the City pursuant to the Installment Sale Agreement. The Corporation will assign to the Trustee, for the benefit of the Owners, all of the Corporation’s right, title and interest in and to the Installment Sale Agreement (excepting its right to indemnification thereunder), including the right to receive Installment Sale Payments from the City.

Under the Installment Sale Agreement, the Installment Sale Payments are payable from and secured by a first lien on all Measure I Receipts (as such term is defined herein), which consist of certain amounts received by the City from a 0.5% retail transactions and use tax (the “**Measure I Tax**”) that is currently collected in the County of San Bernardino (the “**County**”) pursuant to voter approval of Measure I in 2008, through the expiration of the Measure I Tax on March 31, 2040. See the caption “MEASURE I REVENUES.”

The Measure I Receipts will only be available to pay Installment Sale Payments to the extent such Installment Sale Payments are attributable to a Measure I project (“**Measure I Project**”), which are projects to be funded by Measure I pursuant to Ordinance 04-01 adopted by the governing board of the San Bernardino County Transportation Authority (“**SBCTA**”) on June 2, 2004 and approved by more than 2/3 of the votes in the County at an election held on November 2, 2004 (the “**Measure I Ordinance**”), including the Transportation Expenditure Plan attached thereto (the “**Expenditure Plan**”). The Expenditure Plan was originally approved by the voters as part of the Measure I Ordinance and can be amended from time to time by SBCTA. The City believes that the Projects constitute eligible Measure I Projects. Further, SBCTA provided a letter to the City dated April 8, 2026, stating that each of the Projects is eligible for Measure I funding. See the captions “THE CITY, THE COUNTY, AND THE PROJECTS—The Projects.” While the City currently expects to spend proceeds of the Certificates on the Projects, the City could choose to spend proceeds of the Certificates on any eligible Measure I Project.

Only the portion of the Measure I Revenues (defined below) that are allocated by SBCTA to the City (i.e., Measure I Receipts as hereinafter defined) may be applied to pay the Installment Sale Payments. The City's right to receive Measure I Revenues from SBCTA is subordinate to the pledge of and lien on such revenues made by SBCTA to finance regional transportation projects in the County. See the captions "MEASURE I REVENUES—Measure I Revenues," "— Collection and Allocation of Measure I Revenues," "—Measure I Revenues—SBCTA Obligations; Senior Lien on Measure I Revenues," and "RISK FACTORS— SBCTA Obligations; Senior Lien on Measure I Revenues."

Installment Sale Payments are payable by the City to the Trustee, as assignee of the Corporation, in an amount that is sufficient to pay, when due, the annual principal and interest evidenced and represented by the Certificates. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" and "RISK FACTORS." The Measure I Receipts are the only source of payment of the Installment Sale Payments. Neither the general fund of the City nor any other moneys of the City or the Corporation are pledged to payment of the Installment Sale Payments.

Additional Contracts. The City may enter into additional Contracts secured by Measure I Revenues on a parity with the Installment Sale Agreement, subject to certain conditions described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Additional Contracts."

SBCTA Obligations. As permitted by the Measure I Ordinance, SBCTA issued the SBCTA Senior Lien Bonds and the SBCTA TIFIA Bonds and may issue additional SBCTA Obligations, as defined and described under the caption "MEASURE I REVENUES—SBCTA Obligations; Senior Lien on Measure I Revenues." The SBCTA Obligations (and any SBCTA Obligations that may be issued in the future) are secured by a pledge of and lien on Measure I Revenues on a senior basis to the Installment Sale Payments. See the captions "MEASURE I REVENUES—SBCTA Obligations; Senior Lien on Measure I Revenues" and "RISK FACTORS— SBCTA Obligations; Senior Lien on Measure I Revenues."

Bond Insurance

Concurrently with the execution and delivery of the Certificates, Assured Guaranty Inc. (the "**Insurer**" or "**AG**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Certificates maturing on June 1 of the years 20__ through 20__, inclusive (collectively, the "**Insured Certificates**"). The Policy guarantees the scheduled payment of principal and interest evidenced and represented by the Insured Certificates when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement. See "BOND INSURANCE" and APPENDIX H—"FORM OF MUNICIPAL BOND INSURANCE POLICY."

Reserve Account

A Reserve Account for the Certificates is established pursuant to the Trust Agreement in an amount equal to the initial Reserve Account Requirement of \$_____, which will be satisfied by the delivery of the Reserve Policy by the Insurer concurrently with the delivery of the Certificates. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Revenue Fund—*Reserve Account*." The City is not required to fund a reserve in connection with the incurrence of additional Contracts in the future. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Additional Contracts."

Special, Limited Obligation of the Corporation and the City

ALL OBLIGATIONS OF THE CORPORATION UNDER THE TRUST AGREEMENT ARE SPECIAL OBLIGATIONS OF THE CORPORATION, PAYABLE SOLELY FROM INSTALLMENT SALE PAYMENTS AND THE OTHER ASSETS PLEDGED UNDER THE TRUST AGREEMENT.

THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT SALE PAYMENTS UNDER THE INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY

FROM MEASURE I RECEIPTS, DOES NOT CONSTITUTE A DEBT OF THE CITY, THE COUNTY, THE CORPORATION, THE STATE OF CALIFORNIA (THE “**STATE**”) OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE CORPORATION HAS NO TAXING POWER.

Continuing Disclosure

In connection with the execution and delivery of the Certificates, the City will covenant in a continuing disclosure certificate (the “**Continuing Disclosure Certificate**”) executed for the benefit of Owners to provide certain financial information and operating data and notices of certain events. See the caption “CONTINUING DISCLOSURE” and Appendix D.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “propose,” “estimate,” “project,” “budget,” “anticipate” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements that are described in this Official Statement to be materially different from any future results, performance or achievements that are expressed or implied by such forward-looking statements. No updates or revisions to these forward-looking statements will be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS

The following table details the estimated sources and uses of Certificate proceeds.

Estimated Sources⁽¹⁾:

Principal Amount of Certificates	\$
Plus: Net Original Issue Premium	
Less: Underwriter’s Discount	
Total Sources	<u>\$</u>

Estimated Uses⁽¹⁾:

Costs of Issuance ⁽²⁾	\$
Deposit to the Acquisition Fund ⁽³⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Rounded to nearest dollar. Totals may not add due to rounding.

⁽²⁾ Includes fees and expenses of Special Counsel, Disclosure Counsel, the Trustee, the Municipal Advisor, the rating agency, premiums for the Policy and Reserve Policy, costs of printing and other miscellaneous costs.

⁽³⁾ Amounts in the Acquisition Fund are anticipated to be applied to the acquisition and construction of the Projects. See the caption “THE CITY, THE COUNTY, AND THE PROJECTS.”

THE CERTIFICATES

Authorization and Registration of Certificates

The Certificates are being executed and delivered by the Corporation pursuant to the Trust Agreement and the Resolution. The Certificates will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Certificates will be initially registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository for the Certificates. See the captions “THE CERTIFICATES—Book-Entry Only System” and Appendix A.

Payment of Certificates

The Certificates will be executed and delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Certificates. Individual purchases of Certificates may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive Certificates representing their interest in the Certificates purchased. Payments of principal and interest on the Certificates will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to Beneficial Owners of the Certificates as described in this Official Statement. Interest on the Certificates will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Certificate is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Certificate is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (iii) interest on any Certificate is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has previously been paid or duly provided for. Interest will be paid in lawful money of the United States on each Interest Payment Date. Interest will be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Certificates at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Certificate which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Certificate is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which will be given to such Owner not less than ten days prior to such special record date. As used herein, “Record Date” means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a Business Day.

Prepayment of Certificates*

Optional Prepayment.* The Certificates maturing on or after June 1, 2037 will be subject to optional prepayment prior to maturity, at the option of the City, on or after June 1, 2036, in whole or in part (by lot within any maturity), on any date, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. The City will provide notice to the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by, maturities of, and amounts within a maturity of the Installment Sales Payments to be prepaid.

Mandatory Prepayment. The Certificates will be subject to mandatory prepayment prior to maturity, in whole or in part (by lot among Certificates with the same maturity in any manner which the Trustee in its sole discretion will deem appropriate), on any date, from amounts received upon the acceleration of the Installment Sale Payments upon the occurrence of a payment default under any Contract or acceleration of any Additional

* Preliminary, subject to change.

Contract, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment. The Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a Prepayment Price equal to the principal amount of the Certificates to be prepaid, without premium, plus accrued interest thereon to the date of prepayment, in the aggregate respective principal amounts in the respective years as follows:

***Prepayment Date
(June 1)***

Principal Amount

*Maturity

If some but not all of the Certificates maturing on June 1, 20__ are prepaid pursuant to the Trust Agreement upon an optional or mandatory prepayment described under the captions “—Optional Prepayment” and “—Mandatory Prepayment” above, the principal amount of Certificates maturing on June 1, 20__ to be prepaid pursuant to mandatory sinking fund prepayment on any subsequent June 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the City in a Certificate of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions will not exceed the aggregate amount of Certificates maturing on June 1, 20__ prepaid pursuant to optional or mandatory prepayment described under the captions “—Optional Prepayment” and “—Mandatory Prepayment” above under the Trust Agreement.

Selection of Certificates

Whenever provision is made in the Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee will, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates and Certificates within a maturity subject to prepayment or purchase or such given portion thereof equal to a multiple of \$5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any prepayment pursuant to the Trust Agreement or receipt of moneys resulting in a prepayment pursuant to the Trust Agreement, the Trustee will request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Certificates to be prepaid. The Trustee will promptly notify the City in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.

Purchase in Lieu of Prepayment

In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Request of the City, for the purchase of such Certificates 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 Account) as the City may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date.

Notice of Prepayment or Purchase

Notice of prepayment or purchase will be mailed by first-class mail by the Trustee, upon direction of the City, not less than 20 nor more than 60 days prior to the prepayment or purchase date, to (i) the respective

Owners of any Certificates designated for prepayment or purchase at their addresses appearing on the registration books of the Trustee, and (ii) if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (“EMMA”) System. Notice of prepayment or purchase will be given by Electronic Means, certified, registered, or overnight mail to the Securities Depositories and the Municipal Securities Rulemaking Board through its EMMA System. Each notice of prepayment or purchase will state the date of such notice, the date of initial delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Bond Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each maturity date or dates, and, if less than all of the Certificates of any such maturity date, the distinctive certificate numbers of the Certificates with such maturity date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice will also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Certificate Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon will cease to accrue, and will require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice.

If any of the Certificates are prepaid pursuant to an advance refunding, notice of such advance refunding and prepayment shall be given in the same manner as above provided, and also within the same time period with respect to the actual prepayment or purchase date.

Notice of prepayment or purchase of Certificates will be given by the Trustee, upon direction of and at the expense of the City. Conditional notice of optional prepayment may be given at the direction of the City and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee. If at the time of mailing of notice, funds are not then on deposit with the Trustee, such notice will state that it is conditional upon the deposit of the funds not later than the date and time of prepayment or purchase of the Certificates, and such notice will be of no effect unless such moneys are so deposited.

Failure by the Trustee to give notice pursuant to the Trust Agreement to the Municipal Securities Rulemaking Board through its EMMA System or Securities Depositories will not affect the sufficiency of the proceedings for prepayment or purchase. Failure by the Trustee to mail notice of prepayment or purchase pursuant to the Trust Agreement to any one or more of the respective Owners of any Certificates designated for prepayment or purchase will not affect the sufficiency of the proceedings for prepayment or purchase with respect to the Owner or Owners to whom such notice was mailed.

Partial Prepayment or Purchase of the Certificates

Upon surrender of any Certificates to be prepaid or purchased in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of authorized denomination, and having the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid or unpurchased portion of the Certificates surrendered.

Effect of Prepayment

Notice of prepayment having been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date, interest on the Certificates so called for prepayment will cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any

benefit or security under the Trust Agreement, and the Owners of said Certificates will have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of the Trust Agreement will be cancelled upon surrender thereof by the Trustee. All Certificates purchased pursuant to the Trust Agreement will be registered in the name of the City and delivered to, or as directed in writing by, the City.

Book-Entry Only System

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be executed and delivered for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX G—"BOOK ENTRY PROVISIONS."

The Corporation, the City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal or interest evidenced and represented by the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement or the Trust Agreement. The Corporation, the City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

Debt Service

The table below presents the annual debt service with respect to the Certificates, assuming that there are no optional prepayments or mandatory prepayments upon acceleration of the Installment Sale Agreement, for the year ending on June 1 in the years shown below:

Debt Service Schedule

<i>Date (June 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			

Source: Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

General

The Certificates are payable from and secured by a pledge of and lien on the Revenues and a security interest in all right, title and interest of any other amounts held by the Trustee in any fund or account established in the Trust Agreement (other than amounts on deposit in the Acquisition Fund and the Rebate Fund). Revenues, as defined in the Trust Agreement, means all Installment Sale Payments and other payments paid by the City and received by the Corporation pursuant to the Installment Sale Agreement and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to the Trust Agreement. See APPENDIX A—" FORMS OF TRUST AGREEMENT AND INSTALLMENT SALE AGREEMENT" herein. The Corporation will assign to the Trustee, for the benefit of the Owners, all of the Corporation's right, title and interest in and to the Installment Sale Agreement (excepting its right to indemnification thereunder), including the right to receive Installment Sale Payments from the City.

The Certificates are limited obligations of the Corporation payable solely from and secured by a pledge of Revenues and certain funds and accounts held under the Trust Agreement. The Corporation has no taxing power.

Installment Sale Payments

Pursuant to the Installment Sale Agreement, the City is required to pay the Corporation or the Trustee, as appropriate, the Purchase Price (defined in the Installment Sale Agreement) for the Projects, without offset or deduction of any kind, by paying (i) the principal installments of the Installment Sale Payments, which principal installments shall be due annually each on its payment date, (ii) the interest installments of the Installment Sale Payments, which interest installments shall be due semiannually on each Installment Sale Payment Date and (iii) the Administration Fee which shall be due semiannually on each Installment Sale Payment Date. Each Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding June 1 and December 1 of each year, commencing December 1, 2026.

The obligation of the City to pay the Purchase Price by paying the Installment Sale Payments and the Administration Fee is, subject to the Installment Sale Agreement, absolute and unconditional, and until such time as the Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to the Installment Sale Agreement), the City will not discontinue or suspend any Installment Sale Payments or Administration Fee required to be paid by it when due, whether or not the Project or any part thereof is complete, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever. See the captions "—Measure I Receipts" and "—Measure I Receipts Fund." The Trust Agreement provides that the Installment Sale Payments received by the Trustee will be deposited in the Revenue Fund maintained by the Trustee under the Trust Agreement and applied to pay the principal and interest on the Certificates. See "—Revenue Fund" below.

The obligation of the City to make Installment Sale Payments under the Installment Sale Agreement is a special obligation of the City payable solely from Measure I Receipts, does not constitute a debt of the City, the Corporation, the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City, the State or any political subdivision of the State is obligated to levy or pledge any form of taxation or for which the City, the State or any political subdivision of the State has levied or pledged any form of taxation. The Corporation has no taxing power.

The City covenants and agrees in the Installment Sale Agreement to apply Measure I Revenues as received to the payment of Installment Sale Payments prior to any other expenditure of such funds, subject to the release for expenditure as provided in the Installment Sale Agreement and only in an amount not exceeding the Measure I Receipts. See “– Measure I Receipts Fund” below.

Measure I Receipts

The term “**Measure I Ordinance**” is defined in the Installment Sale Agreement to mean Ordinance No. 04-01, “An Ordinance Providing for the Continuation of a One-Half of One Percent Retail Transactions and Use Tax by the San Bernardino County Transportation [sic] Authority For Local Transportation Purposes and the Transportation Expenditure Plan,” approved by SBCTA on June 2, 2004 and approved by at least two-thirds of electors voting on such proposition in the November 2, 2004 election, including any future extensions or increases of the transportation transactions and use tax previously extended by Ordinance 04-01. The Measure I Ordinance includes the Expenditure Plan and establishes an Independent Taxpayer Oversight Committee. The Expenditure Plan describes the allocation of Measure I Revenues among the various “subareas” within the County and within such subareas to regional transportation projects, Local Street Projects, and other eligible uses.

The term “**Measure I Revenues**” is defined in the Installment Sale Agreement to mean revenues of SBCTA pursuant to the Measure I Ordinance derived from a retail transactions and use tax imposed in the County pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code of the State of California and Section 180050, et seq., of the Public Utilities Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented. See the caption “MEASURE I REVENUES” for more information regarding the Measure I Revenues.

The term “**Measure I Receipts**” is defined in the Installment Sale Agreement to mean Measure I Revenues allocated by SBCTA to the City as the City’s share of Local Street Projects funding pursuant to Section 18 of the Measure I Ordinance. Measure I Receipts does not include Measure I Revenues allocated to the City for Major Local Highways projects. See the caption “MEASURE I REVENUES—Collection and Allocation of Measure I Revenues” for a discussion of the process under which Measure I Revenues are distributed by the California Department of Tax and Fee Administration (“CDTFA”) to the SBCTA Measure I Revenue Trustee (defined below), then by the SBCTA Measure I Revenue Trustee to the County Auditor-Controller on behalf of SBCTA, and then by the County Auditor-Controller on behalf of SBCTA to the City and other local jurisdictions.

The Measure I Receipts will only be available to pay Installment Sale Payments to the extent such Installment Sale Payments are attributable to a Measure I Project. The term “**Measure I Project**” is defined in the Installment Sale Agreement as a capital project for which Measure I Receipts may be expended, including the related Administration Fee. The City believes that all of the Projects constitute Measure I Projects. Further, SBCTA provided a letter to the City dated April 8, 2026, stating that each of the Projects is eligible for Measure I funding. See the captions “THE CITY, THE COUNTY, AND THE PROJECTS—The Projects”.

Measure I Receipts Fund

The City has established the Measure I Receipts Fund (the “**Measure I Receipts Fund**”), which fund the City agrees and covenants in the Installment Sale Agreement to maintain in accordance with the Measure I Ordinance and the Installment Sale Agreement so long as any Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided in the Installment Sale Agreement including, without limitation, to pay the purchase price for the Projects by paying the Installment Sale Payments and the Administration Fee. The City agrees and covenants in the Installment Sale Agreement that all Measure I Receipts shall be deposited when and as received in the Measure I Receipts Fund and held therein in trust and applied in accordance with the Installment Sale Agreement for the benefit of the Trustee (as assignee of the

rights of the Corporation under the Installment Sale Agreement), the Insurer, and the Certificate Owners, and for the benefit of the owners of any Contracts.

The City covenants and agrees to apply Measure I Receipts to the payment of Installment Sale Payments prior to any other expenditure of such funds, subject to the release for expenditure as described below.

All of the Measure I Receipts and all money in the Measure I Receipts Fund, and in the funds or accounts so specified and provided for in the Installment Sale Agreement, are irrevocably pledged under the Installment Sale Agreement to the punctual payment of the Installment Sale Payments and the Administration Fee, and the Measure I Receipts shall not be used for any other purpose while any of the Installment Sale Payments remain outstanding; subject to the provisions of the Installment Sale Agreement permitting application thereof as set forth below and for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Measure I Receipts for the payment of the Installment Sale Payments and the Administration Fee in accordance with the terms in the Installment Sale Agreement.

All Measure I Receipts on deposit in the Measure I Receipts Fund will be transferred by the City to the Trustee and otherwise applied at the following times in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes authorized in the Installment Sale Agreement and the Trust Agreement:

(a) Interest and Principal Account Deposits. On or before the 15th day preceding each Interest Payment Date, the City will, from the Measure I Receipts in the Measure I Receipts Fund, transfer to the Trustee for deposit in the Interest Account within the Revenue Fund established under the Trust Agreement, a sum equal to the interest becoming due and payable under the Installment Sale Agreement on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Interest Account equal to the amount of interest becoming due and payable thereunder on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Interest Payment Date, the City will, from the Measure I Receipts in the Measure I Receipts Fund, transfer to the Trustee for deposit in the Principal Account within the Revenue Fund established under the Trust Agreement, a sum equal to the principal becoming due and payable under the Installment Sale Agreement on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Principal Account equal to the amount of Principal becoming due and payable under the Installment Sale Agreement on the next succeeding Interest Payment Date; and all money on deposit in the Interest Account and the Principal Account will be used to make and satisfy the Installment Sale Payments due on each date and such payments will be deposited by the Trustee to the Interest Account or the Principal Account, as the case may be, as defined in, created under and in accordance with the terms of, the Trust Agreement. The City covenants in the Installment Sale Agreement not to request SBCTA to issue obligations on its behalf payable from Measure I Revenues as provided in the Measure I Ordinance. The City additionally covenants in the Installment Sale Agreement not to make a finding that increased Measure I funding is needed to address unmet transit needs of senior and disabled transit services if such finding would have the effect of reducing the amount of Measure I Receipts below the amount needed to meet the debt service coverage test described under the caption “—Additional Contracts.” The City will also, from the moneys in the Measure I Receipts Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, bond, resolution or indenture relating thereto.

(b) Reserve Account Deposit. On or before the 15th day of each month, the City will, from remaining moneys in the Measure I Receipts Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to (a) the Trustee for deposit in the Reserve Account that sum, if any, necessary to restore the Reserve Account to an amount equal to the Reserve Account Requirement, all in accordance with and subject to the terms and conditions of the Trust Agreement, and (b) the applicable trustee for deposit to reserve funds or accounts established in connection with Contracts an amount that is equal to the amount required to be deposited therein.

(c) Administration Account Deposit. On or before the 15th day preceding each Interest Payment Date, the City will, from the remaining Measure I Receipts on deposit in the Measure I Receipts Fund, transfer to the Trustee for deposit in the Administration Account a sum equal to the Administration Fee, as determined in a Request of the City to be provided to the Trustee, becoming due and payable under the Installment Sale Agreement on the next Interest Payment Date, and all money on deposit in the Administration Account will be used to pay the Administration Fee due on such Interest Payment Date, in accordance with the terms of the Trust Agreement.

With respect to each Certificate Year, at any time that Measure I Receipts remain in the Measure I Receipts Fund after providing (or otherwise reserving) for all deposits required for such Certificate Year by subsection (a) (including amounts then owed to the Insurer in connection with any draw on the Reserve Policy), and subsection (b) above, and so long as the City is not in default under the Installment Sale Agreement or under any Contract, then any amount remaining on deposit in the Measure I Receipts Fund shall be released from the pledge and lien under the Installment Sale Agreement and shall be applied by the City in accordance with the Measure I Ordinance.

Revenue Fund

Pledge of Revenues; Assignment to Trustee. Subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Corporation in the Trust Agreement pledges and grants a lien on the Revenues and a security interest in all right, title and interest of any other amounts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Acquisition Fund and the Rebate Fund) whether then or thereafter arising as security for the payment of the principal, interest, and premium, if any, evidenced and represented by the Certificates in accordance with their terms, the provisions of the Trust Agreement and the Act. Such pledge and grant constitutes a first lien on such assets and is valid and binding from the date of the Trust Agreement for the benefit of the Owners of the Certificates and successors thereto. Under the Trust Agreement, the Corporation transfers, conveys and assigns to the Trustee, for the benefit of the Owners, all of the Corporation's right, title and interest in and to the Installment Sale Agreement (excepting its right to indemnification thereunder), including the right to receive Installment Sale Payments from the City. The Trustee is entitled to and will receive all of the Revenues, and any Revenues collected or received by the Corporation will be deemed to be held, and to have been collected or received, by the Corporation as agent of the Trustee and will forthwith be paid by the Corporation to the Trustee.

Revenue Fund. In order to carry out and effectuate the pledge, lien, and security interest described in the Trust Agreement, the Corporation agrees and covenants in the Trust Agreement that all Revenues, when and as received, will be received by the Corporation in trust under the Trust Agreement for the benefit of the Owners and will be deposited when and as received by the Corporation in the "**Revenue Fund**" which fund the Trustee will establish and maintain in trust in the name of the Trustee as a separate fund so long as any Certificates are Outstanding under the Trust Agreement. All Revenues will be held in trust in the Revenue Fund. All Revenues, whether received by the Corporation in trust or deposited with the Trustee as provided in the Trust Agreement, will nevertheless be allocated, applied, and disbursed solely for the purposes and uses set forth in the Trust Agreement, and will be accounted for separately and apart from all other accounts, funds, money or other resources of the Corporation, and the Corporation will have no beneficial right or interest in any of the Revenues except only as provided in the Trust Agreement.

The following funds and accounts will be established within the Revenue Fund: (i) the Interest Account; (ii) the Principal Account; (iii) the Reserve Account; (iv) the Administration Account; and (v) the Surplus Account. All money in each of such funds and accounts will be held in trust by the Trustee and will be applied, used and withdrawn only for the purposes authorized in the Trust Agreement.

Pursuant to the Trust Agreement, all money in the Revenue Fund will be set aside by the Trustee in the following respective special accounts within the Revenue Fund in the following order of priority:

Interest Account. On or before the Business Day immediately preceding each Interest Payment Date, the Trustee will transfer from amounts on deposit in the Revenue Fund to the Interest Account that amount of money which is equal to the amount of interest becoming due and payable as evidenced by the Certificates on the next succeeding Interest Payment Date. No such deposit need be made if the amount contained in the Interest Account is at least equal to the aggregate amount of interest becoming due and payable as evidenced and represented by the Certificates on such Interest Payment Date. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates as it will become due and payable (including accrued interest evidenced and represented by any Certificates purchased or prepaid prior to the payment dates thereof).

Principal Account. On or before the Business Day immediately preceding each June 1 on which principal evidenced and represented by the Certificates is due and payable, the Trustee will transfer from amounts on deposit in the Revenue Fund to the Principal Account an amount of money equal to the amount of principal becoming due and payable as evidenced by the Certificates on the next succeeding principal payment date. No such deposit need be made if the amount contained in the Principal Account is at least equal to the aggregate amount of principal becoming due and payable on the Certificates on such principal payment date. All the money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates as it will become due and payable, whether on their respective principal payment or prepayment dates, except that any money in any sinking fund account will be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Certificates for which such sinking fund account was created.

Reserve Account. The Trustee will transfer from amounts deposited in the Revenue Fund to the Reserve Account that amount of money (or other authorized deposit of security) which will be required to maintain the Reserve Account in the full amount of the Reserve Account Requirement. The Trust Agreement defines “**Reserve Account Requirement**” to mean, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the Certificates; (ii) 125% of the average annual Debt Service (as defined in the Installment Sale Agreement), on the Certificates, or (iii) the Maximum Annual Debt Service (as defined in the Installment Sale Agreement). See Appendix A. No deposit need be made in the Reserve Account so long as there will be on deposit therein a sum equal to the Reserve Account Requirement. All money in the Reserve Account (including all amounts which may be obtained from any insurance policy on deposit in the Reserve Account) will be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal payable in connection with the Installment Sale Agreement, except that any cash amounts in the Reserve Account in excess of the amount required to be on deposit therein will be withdrawn from the Reserve Account on each Interest Payment Date and deposited in the Interest Account.

In lieu of making a Reserve Account Requirement deposit or in replacement of moneys then on deposit in the Reserve Account (which will be transferred by the Trustee to the City upon delivery of an insurance policy satisfying the requirements stated below), the City may also deliver to the Trustee an insurance policy (a “**Qualified Reserve Instrument**”) securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Account, no less than the Reserve Account Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest represented and evidenced by the Certificates and whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated in one of the two highest rating categories (without respect to any modifier) of the Rating Agency. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Account will be applied solely to the payment of debt service due on the Certificates.

If and to the extent that the Reserve Account has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) will be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the

Qualified Reserve Instrument will be made prior to any replenishment of any cash (or Permitted Investments). If the Reserve Account is funded, in whole or in part, with more than one Qualified Reserve Instrument, then any draws made against such Qualified Reserve Instrument will be made pro rata. The prior written consent of the Insurer will be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account, if any. Amounts on deposit in the Reserve Account will be applied solely to the payment of debt service due on the Certificates.

The Reserve Account Requirement for the Certificates will be satisfied by the delivery of the Reserve Policy by the Insurer on the Closing Date with respect to the Certificates with a stated policy amount equal to \$_____, representing the Reserve Account Requirement on such date. Neither the City nor the Corporation will have any obligation to replace the Reserve Policy or other Qualified Reserve Instrument or to fund the Reserve Account with cash if, at any time that the Certificates are Outstanding, any rating assigned to the Insurer is downgraded, suspended or withdrawn or amounts are not available under the Reserve Policy or other Qualified Reserve Instrument, other than in connection with a draw on the Reserve Policy or other Qualified Reserve Instrument. See the caption “BOND INSURANCE.”

Administration Account. On or before the Business Day immediately preceding each June 1 on which principal represented and evidenced by the Certificates is due and payable, the Trustee will transfer from amounts deposited in the Revenue Fund, and deposit into the Administration Account, an amount equal to the Administration Fee. All money in the Administration Account will be used and withdrawn by the Trustee solely for the purpose of paying the fees of the Trustee and, upon the written direction of the City, the fees of the Rebate Analyst and any other similar fee payable in connection with the administration of the Installment Sale Agreement and the Trust Agreement, payable by the City, in accordance with the Installment Sale Agreement. Upon the Request of the City provided to the Trustee on or after any Interest Payment Date, any cash amounts in the Administration Account in excess of the amount required to be on deposit therein will be withdrawn from the Administration Account and deposited in the Interest Account.

The term “**Administration Fee**” is defined in the Trust Agreement to mean an amount equal to the sum of the Trustee’s fees, the Rebate Analyst Fee and any other similar fee payable in connection with the administration of the Installment Sale Agreement and the Trust Agreement, payable by the City, in accordance with the Installment Sale Agreement, on the 15th day of the month preceding each June 1 on which principal evidenced and represented by the Certificates is due and payable.

Surplus Account. On the Business Day immediately following each Interest Payment Date, the Trustee will deposit in the Surplus Account all money remaining in the Revenue Fund after the deposits, required by the Trust Agreement, have been made. On June 30 of each year, beginning on June 30, 2026, the Trustee will disburse the money in the Surplus Account to the City to the extent the deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by the Trust Agreement.

Deposit of Other Available Revenues

The City may satisfy its obligation to deposit Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee or into the Measure I Receipts Fund, and if and when so deposited such Other Available Revenues will be irrevocably pledged to the payment of Installment Sale Payments. Unless and until deposited with the Trustee, such Other Available Revenues are not pledged to the payment of Installment Sale Payments.

The term “**Other Available Revenues**” is defined in the Installment Sale Agreement to mean revenues, other than Measure I Receipts, legally available to the City to make Installment Sale Payments, if any.

Additional Contracts

So long as the City is not in default under the Installment Sale Agreement, the City may at any time execute any Contract or amend any Contract, the installment sale payments under and pursuant to which, as the case may be, are payable from, and secured by a pledge and lien on, the Measure I Receipts on a parity with the payment by the City of the Installment Sale Payments as provided in the Installment Sale Agreement; provided, that the lesser of (i) audited Measure I Receipts for the fiscal year next preceding the date of the adoption by the City Council of the City of the resolution authorizing the execution of such Contract and (ii) SBCTA estimates (if prepared and made available to the City) of the City's share of Measure I Revenues for the current fiscal year, shall have produced a sum equal to at least 150% of the Maximum Annual Debt Service on all Contracts outstanding after the execution of such amendment or Contract as calculated in writing by the City and a third-party financial consultant to the City. Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the City to execute any Contract at any time to refund any outstanding Contract where such refunding results in a reduction in each annual payment on such Contract.

As used herein, "**Contracts**" means the Installment Sale Agreement and all other installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Measure I Receipts on a parity with the payment of the Installment Sale Payments.

The City covenants not to request SBCTA to issue obligations on its behalf payable from Measure I Revenues as provided in the Measure I Ordinance.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("**AG**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("**AGL**" and together with its subsidiaries, "**Assured Guaranty**"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "**AGO**." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("**KBRA**") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("**Moody's**"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal

initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc. On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("**AGM**"), merged with and into AG, with AG as the surviving company (such transaction, the "**Merger**"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings.

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG. At December 31, 2025:

- The policyholders' surplus of AG was approximately \$3,249 million.
- The contingency reserve of AG was approximately \$1,511 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("**AGUK**"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("**AGE**").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference. Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the "**SEC**") on February 27, 2026 that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE—Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “**AG Information**”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

THE CORPORATION

The Public Property Financing Corporation of California is a non-profit public benefit corporation organized and existing under the laws of the State of California. The Corporation specializes in providing tax-exempt financing for public agencies and non-profit institutions. The Corporation has the authority to provide assistance to the City in financing the acquisition, construction and improvement of public infrastructure and facilities for the City. The Corporation’s principal place of business is located at 2829 Townsgate Road, Suite 100, Westlake Village, CA 91361.

SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY

Effective January 1, 2017, Senate Bill 1305 (SB 1305) established SBCTA as the successor entity to the San Bernardino Associated Governments (“**SANBAG**”), in its capacity as the San Bernardino County Transportation Commission, the County of San Bernardino local transportation authority, service authority for freeway emergencies, and local congestion management agency. SANBAG was established as a joint powers authority in 1973 to improve and coordinate certain governmental services on a countywide subregional basis. SANBAG serves as a council of governments for the County and its incorporated cities and towns. Effective May 9, 2024, SANBAG officially became known as San Bernardino Council of Governments (“**SBCOG**”). SBCOG is included as a blended component unit of SBCTA due to the identity of governing bodies of the two agencies and a financial benefit relationship between them. Separate financial statements are not issued for SBCOG. The balances and activities of SBCOG are reported in the nonmajor governmental funds of the SBCTA financial statements. SBCTA acts as the San Bernardino County Transportation Commission (the “**Commission**”), established in 1977 under Division 12 (commencing with Section 130000) of the Public Utilities Code to provide transportation planning and programming at the local level. Funding for the Commission is provided from transportation funds and federal grant programs administered through the California Department of Transportation (“**Caltrans**”). SBCTA also serves as the local transportation authority, established under Division 19 (commencing with Section 18000) of the Public Utilities Code. As the local transportation authority, SBCTA is responsible for carrying out the provisions of the Measure I Ordinance.

SBCTA's Board of Directors is governed by 29 elected officials (the "**SBCTA Board**"). The SBCTA Board is composed of a representative from each of the 24 cities in San Bernardino County and all five members of the San Bernardino County Board of Supervisors.

SBCTA is responsible for carrying out the provisions of the Measure I Ordinance, including contracting with the CDTFA to administer the collection and allocation of the Measure I Revenues. The SBCTA Board exercises and discharges the following powers and responsibilities in implementation of the Measure I Ordinance: (i) prepare and update the Ten Year Delivery Plan every two years to guide the long-term implementation of Measure I Revenues; (ii) ensure compliance with the requirements set forth by the Measure I Ordinance and the Expenditure Plan; and (iii) allocate Measure I Revenues to the County and cities in the County, transit operators, and regional projects according to the Expenditure Plan and the Ten Year Delivery Plan.

SBCTA HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE CITY, THE CORPORATION, THE TRUSTEE OR THE OWNERS OF THE CERTIFICATES TO PROVIDE ANY INFORMATION, INCLUDING INFORMATION REGARDING SBCTA, OR MEASURE I TO THE CITY, THE CORPORATION, THE TRUSTEE OR THE OWNERS OF THE CERTIFICATES. NEITHER SBCTA NOR SBCOG HAS REVIEWED THIS OFFICIAL STATEMENT AND NEITHER SBCTA NOR SBCOG HAS MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO SBTCA, SBCOG, OR MEASURE I. NEITHER SBCTA NOR SBCOG IS CONTRACTUALLY OBLIGATED, AND NEITHER SBCTA NOR SBTCA HAS UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE CITY, THE CORPORATION, OR THE OWNERS OF THE CERTIFICATES UNDER RULE 15c2-12.

THE CITY, THE COUNTY, AND THE PROJECTS

The City of Barstow

General. The City of Barstow (the "**City**") encompasses approximately 40 square miles and is located in the northern part of San Bernardino County (the "**County**"). The City is approximately 135 miles from the Port of Los Angeles and the Port of Long Beach and is approximately 115 miles from downtown Los Angeles. The City is a major transportation hub for the Inland Empire with several major highways, including Interstate 15, Interstate 40, and California State Route 58, converging in the City. As of January 1, 2025, the population of the City is estimated to be approximately 24,811.

The City provides a full range of services, including police and fire protection services, economic development, construction and maintenance of roadways, parks, streets, and other infrastructure, recreational and cultural activities, utility services of sewer and solid waste collection, and general administrative services.

Barstow International Gateway. In recent years, a significant development project has been underway (in the planning and entitlement phases) that will, if it proceeds, cause substantial growth in the City and surrounding areas. The Barstow International Gateway ("**BIG**") project is an effort by BNSF Railway to develop approximately 4,300 acres into a major rail facility that includes 9.0 million square feet of transload warehousing in a closed loop system between the railyard and the warehouses. The goal is to increase the speed and reliability, and lower the cost, of moving containerized goods between the Ports of Los Angeles and Long Beach and their end destinations. Based on the scale of this project, the City estimates potential growth of 6,326 households, 6,608 dwelling units, 18,531 residents, 15,341,198 square feet of non-residential uses, and 10,819 jobs by 2048. Approximately 60% of the BIG project and the related residential and non-residential development would occur in areas currently located in unincorporated San Bernardino County which the City anticipates will eventually be annexed to the City, although the City can provide no assurance as to the timing of such annexation. The remainder of the growth would occur in unincorporated areas of the County in the North Desert Subarea that

would not be annexed to the City. See the caption “RISK FACTORS—Impact of Changes in Population and Tax Revenues on City Share of Measure I Revenues.”

The schedule for the BIG project currently anticipates that the first goods movement would occur by the end of 2027. However, lawsuits have been filed by environmental organizations to challenge the project, which could slow the progress of the project or potentially halt the project altogether.

The BIG project is subject to the normal risks associated with such a development project, and the City can provide no assurance as to whether, or when, the BIG project will be completed, or as to whether, or when, the ancillary development resulting in the growth in residential and non-residential uses described above will occur.

City Government and Administration. The City was incorporated in 1947 as a general law city. The City operates under a council-manager form of government. The City Council consists of five representatives, which includes the Mayor. The council is elected on a non-partisan basis. Council members serve four-year terms and elections are staggered every two years. The Mayor is elected to serve a four-year term. The Mayor is elected at large while the council members are elected by district.

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

<i>Name and Office</i>	<i>District</i>	<i>Term Expires</i>
Timothy R. Silva, <i>Mayor</i>		November, 2028
Carmen Hernandez, <i>Council Member</i>	1	November, 2026
James Noble, <i>Mayor Pro Tem</i>	2	November, 2026
Barbara M. Rose, <i>Council Member</i>	3	November, 2028
John Williams, <i>Council Member</i>	4	November, 2028

The City Council sets policy, enacts legislation, and adopts the budget under which the City operates. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City government, and working with the directors and managers of City departments.

Key Personnel. Brief biographies of the City Manager and Finance Director follow below.

Rochelle Clayton, City Manager. Rochelle Clayton joined the City as City Manager in 2025, with over 10 years experience serving various city management roles. Prior to joining the City, Ms. Clayton served as Interim City Manager for the City of San Bernardino, where she oversaw a \$200 million budget, led homelessness policy negotiations, and implemented citywide operational improvements. Prior to that, as Assistant City Manager in Menifee, she was instrumental in launching the city’s police department, managing critical infrastructure projects, and enhancing municipal service delivery. Ms. Clayton holds memberships with the International City/County Management Association and the California Society of Municipal Finance Officers.

Sydney Harris, Finance Director. Sydney Harris joined the City as Finance Director in November 2023. Prior to joining the City, Ms. Harris served as Director of Finance for the Town of Apple Valley, where she managed an 11-person department overseeing general accounting functions and treasury management services. Previously, as Deputy Director of Finance for the City of San Bernardino, she supervised a staff of eight and assisted with management of the City of San Bernardino’s fiscal recovery following bankruptcy. She also served as Interim Chief for Human Services Auditing for the County of San Bernardino, where she led a department of 51 employees, directed program compliance audits, and oversaw approximately \$580 million in annual program disbursements. Ms. Harris has served as treasurer for the Association of Government Accountants for ten years and for the Inner City Youth Educational Athletic Association for fifteen years. She holds a Bachelor of Science

in Accounting from California State University, Dominguez Hills and a Master of Science in Accounting with a concentration in Finance, earned with honors from American Public University.

Certain economic and demographic information regarding the City is included in Appendix B. See the caption “MEASURE I REVENUES,” for discussions of the portions of Measure I Revenues that have historically been or are projected to be allocated to the City by SBCTA, as administrator of the Measure I Ordinance and the Expenditure Plan.

The County of San Bernardino

The County was established by an act of the State Legislature on April 23, 1853, which formed the County from the eastern part of Los Angeles County. The County includes twenty-four incorporated cities and encompasses an area of over 20,000 square miles making it the largest county in California in terms of geographical area.

The County is a charter county divided into five supervisory districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors (the “**Board of Supervisors**”) who serve staggered four-year terms. The Chairman is elected by and from the members of the Board of Supervisors. Luther Snoke serves as the County’s Chief Executive Officer.

County administration includes a number of appointed officials, including ones appointed by or jointly appointed by a combination of the Board of Supervisors and the County’s Chief Executive Officer. Other officials are appointed by various County administrators, including those appointed by Assistant County Executive Officers and the County’s Chief Financial Officer. There are five officials elected by county-wide vote to four-year terms: the Assessor/Recorder/County Clerk, Auditor-Controller/Treasurer/Tax Collector, District Attorney, Superintendent of Schools, and Sheriff/Coroner/Public Administrator. In addition, many boards, commissions and committees assist the Board of Supervisors and County officials.

The County provides a wide range of services to its residents in the areas of police protection, medical and health care, senior citizen assistance, consumer affairs, public libraries, courts support programs, airports, parks, and public assistance programs. Other services such as fire protection, lighting, road maintenance, and flood control are provided by special districts that are governed by the Board of Supervisors. Some municipal services are provided by the County on a contractual basis to incorporated cities within their boundaries. This allows cities to contract for municipal services without incurring the cost of creating their own city departments and facilities.

The County is bordered on the west by Los Angeles County, on the east by the State of Arizona and the State of Nevada, on the north by Inyo and Kern counties, and on the south by Orange and Riverside counties. Composed essentially of three geographic regions—valley, mountain and desert—elevation in the County ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

For demographic information regarding City and the County, see APPENDIX B—“THE CITY OF BARSTOW AND THE COUNTY OF SAN BERNARDINO ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION.”

The Projects

A portion of the proceeds of the Certificates will be used by the City to pay for a portion of the design, acquisition, installation, and construction of certain street rehabilitation projects located in the City (collectively referred to herein as the “**Projects**”). The Projects have been identified by the City Council as priority health, safety and connectivity projects in the City. The City believes that each of the Projects constitutes a Measure I Project, the costs of which may be paid by Measure I Receipts. Further, SBCTA provided a letter to the City dated April 8, 2026, stating that each of the Projects is eligible for Measure I funding.

Following public advertisement and a public bidding process, on February 3, 2026, the City Council awarded the Projects to Sully Miller Contracting Company, the lowest responsible bidder, for a contract price of \$16,323,787. The City contracted with Merrell Johnson Engineering for Construction Management and Inspection services. In addition to the net proceeds of the Certificates, the City has identified the following sources of funding for the Projects: approximately \$2.18 million in Gas Tax funds, approximately \$1.2 million in SB-1 funds, approximately \$360,000 in development impact fees, and approximately \$1.7 million in Measure I Revenues previously allocated to and received by the City.

STATE SALES TAX

In general, the State sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Because the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State. The State sales and use taxes are referred to collectively herein at times as the “**State Sales Tax**.” As of January 1, 2025, the State Sales Tax rate is 7.25%.

The Measure I Tax is generally imposed upon the same transactions and items that are subject to the State Sales Tax. Many categories of transactions are exempt from the State Sales Tax. The most important of these exemptions are sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines and pipes. In addition, Occasional Sales (“**Occasional Sales**”) (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax; however, the Occasional Sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax.

MEASURE I REVENUES

The Measure I Tax

Pursuant to the Installment Sale Agreement, the City will pledge its Measure I Receipts to the payment of the Installment Sale Payments.

Under the Local Transportation Authority and Improvement Act, SBCTA is authorized to adopt retail transactions and use tax ordinances applicable in the incorporated and unincorporated territory of the County in accordance with the Transactions and Use Tax Law upon authorization by two-thirds of the electors voting on the issue. In accordance with the Local Transportation Authority and Improvement Act, on August 2, 1989, SBCTA adopted Ordinance 89-1 (the “**Original Measure I Ordinance**”), which authorized the Measure I Tax, a retail transactions and use tax for public transit purposes. The Original Measure I Ordinance was submitted to the electors of the County and approved at an election held on November 7, 1989, by more than two-thirds of the voters. The Original Measure I Ordinance imposed the Measure I Tax, which is a tax of one-half of one percent (0.5%) of the gross receipts of retailers from the sale of tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use, or other consumption in the County of such property purchased from any retailer for storage, use, or other consumption in the County, subject to certain limited exceptions. As approved by the voters in 1989, the Measure I Tax was limited to 20 years in duration and terminated on March 31, 2010. On June 2, 2004, the SBCTA adopted the Measure I Ordinance, which extended the imposition of the Measure I Tax for an additional 30 years, commencing on the day after the termination of the Measure I Tax under the Original Measure I Ordinance, to the termination date of March 31, 2040. The Measure I Ordinance was submitted to the electors of the County and approved at an election held on November

2, 2004, by more than two-thirds of the voters. Collection of the Measure I Tax under the additional 30-year period began on April 1, 2010.

The Measure I Tax is in addition to: (i) the State Sales Tax (currently 7.25%), and (ii) additional local sales and use tax rates levied by individual cities in the County, including the City. See the caption “STATE SALES TAX.”

Action by the State Legislature, by propositions placed on the ballot by state or local agencies, or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure I Tax are imposed, adopt additional sales and use tax measures, or repeal or amend existing sales and use tax measures. Such changes or amendments could have either an adverse or beneficial effect on Measure I Revenues. The City is not currently aware of any proposed legislative change that could have a material effect on Measure I Revenues.

Only the Measure I Revenues actually allocated to and received by the City (i.e., Measure I Receipts) are pledged to the payment of the Installment Sale Payments.

Measure I Ordinance. The Measure I Ordinance provides for imposition of and governs the use of the Measure I Tax. The Measure I Ordinance includes the Transportation Expenditure Plan attached to the Measure I Ordinance as Exhibit A (as amended from time to time, the “**Expenditure Plan**”).

Safeguards; Maintenance of Effort and Development Impact Fees. The Measure I Ordinance contains the following taxpayer safeguards: (1) an Independent Taxpayer Oversight Committee is established to provide citizen review and to ensure that all Measure I Revenues are spent in accordance with the Measure I Ordinance and Expenditure Plan, (2) SBCTA administrative costs are limited to one percent of the annual net amount of Measure I Revenues, and (3) the Measure I Revenues are not permitted to replace existing road funding programs (the “**Maintenance of Effort**” requirement describe below) or requirements for new development to provide for the road needs created by such new development. See “—Maintenance of Effort” and “—New Development Impact Fees” below.

The City covenants in the Installment Sale Agreement that it will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure I Revenues, including, but not limited to, the Measure I Ordinance, any applicable congestion management plans relating to the City and the California Environmental Quality Act (CEQA) relating to the Projects, and will take any and all reasonable actions required in order to maintain the City’s ability to receive the Measure I Revenues and apply the same as provided in the Installment Sale Agreement. The City is not required to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure I Revenues to be received by the City in the next fiscal year to be less than 150% of Maximum Annual Debt Service. See Appendix A.

Return to Source; Subareas. The Measure I Ordinance includes a “Return to Source” policy, which provides that, after deduction of required CDTFA fees and administrative costs, Measure I Revenues generated from specified subareas within the County as outlined in the Expenditure Plan will be expended on projects of direct benefit to that subarea. Measure I Revenues are accounted for separately for each subarea and then allocated to specific project categories in each subarea. Other than projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea shall be expended outside of that subarea only upon approval of 2/3 of the jurisdictions in the affected subarea.

The City is in the “North Desert” Subarea of the County and is the only city located in the North Desert Subarea. When SBCTA prepared fiscal year 2025-26 Local Street Project Measure I Revenue estimates, City’s share was approximately 58% of the Measure I Revenues allocated to Local Street Projects in the North Desert Subarea (the remainder is allocated to the County for use in unincorporated areas in the North Desert Subarea).

SBCTA adjusts the allocation of Local Street Projects Measure I Revenues periodically as described under the caption “—Measure I Revenues—*Allocation and Use of Measure I Revenues.*” The other subareas in the County are the Victor Valley, Valley, Mountains, Morongo Basin, and Colorado River subareas. A depiction of the location of each Subarea is set forth below.

SAN BERNARDINO COUNTY SUBAREAS



See “—Collection and Allocation of Measure I Revenues,” below, for more information about the subareas.

SBCTA Obligations. The Measure I Ordinance expressly authorizes SBCTA to issue bonds or other evidence of indebtedness in the aggregate principal amount at any one time outstanding not to exceed the estimated proceeds of the Measure I Revenues, secured solely by Measure I Revenues, to finance capital expenditures in accordance with the Expenditure Plan. See the caption “—SBCTA Obligations; Senior Lien on Measure I Revenues” for information regarding outstanding SBCTA Obligations.

Expenditure Plan. The Expenditure Plan attached to the Measure I Ordinance can be amended from time to time. Beginning in 2015 and every ten years thereafter, the Measure I Ordinance provides for SBCTA to review the Expenditure Plan and consider recommendations from local governments, transportation agencies, and the public, and propose revisions to the Expenditure Plan as needed. Amendments to the Expenditure Plan are proposed by SBCTA, notice is provided to the County and the cities/towns in the County, and the city/town councils and County Board of Supervisors have 60 days to approve or oppose the amendments. Boundaries of the subareas can be amended only by unanimous approval of all jurisdictions in the affected subareas. An amendment to the Expenditure Plan requires approval by the County Board of Supervisors, the SBCTA Board, and a majority of the cities/towns constituting a majority of the incorporated population (and amendments to the Victor Valley Expenditure Plan also requires two-thirds vote of the jurisdictions within the Victor Valley subarea). To date, the Expenditure Plan has not been amended.

The Measure I Strategic Plan. In April 2009, the SBCTA Board approved the Measure I 2010-2040 Strategic Plan, which establishes the policies, procedures, and institutional processes needed to manage the implementation and on-going administration of the Measure I Ordinance and Expenditure Plan. On September 6, 2017, the Board approved the 2017 update to the Strategic Plan. The Strategic Plan is the official

guide and reference for the allocation and administration of the combination of Measure I funds, Federal and State transportation revenues, and private fair-share contributions from new development to regional transportation facilities. The intent of the Strategic Plan is to structure SBCTA's Measure I programs so that they fulfill commitments made to the voters, are financially feasible and scaled to the revenue projected to be available, are implemented with policies and procedures that provide financial accountability, treat each of the SBCTA member jurisdictions equitably, and provide predictable access to Measure I revenues; and can be managed with the resources available to SBCTA.

Ten Year Delivery Plan. One of the key requirements of the Strategic Plan is the preparation of, and regular update to, a Ten Year Delivery Plan. The Ten Year Delivery Plan was first approved by the SBCTA Board in 2012. It is generally updated every two years to provide a transparent list of projects that will be developed during the next 10 years and to define the scope, schedule, and budget for these projects given current information and assumptions. The Ten Year Delivery Plan establishes a common understanding among members of the SBCTA Board, SBCTA staff, member agencies, and citizens of the County, sets a baseline upon which future changes in revenues, costs, scopes, and schedules are measured, enables SBCTA to meet the requirements of bond rating agencies for the future sale of SBCTA Obligations, and serves as SBCTA's commitment to fund specific projects. The 2025 Update to the Ten Year Delivery Plan, along with SBCTA Board-approved actions since approval in February 2025, provide the basis for the preparation of the SBCTA Budget for capital projects and issuance of SBCTA Obligations. See the caption "MEASURE I REVENUES—SBCTA Obligations; Senior Lien on Measure I Revenues."

Local Jurisdiction Five Year Capital Improvement Plan. The Ten Year Delivery Plan does not specify which Local Street Projects will be undertaken by the cities and the County; this discretion is left to the local jurisdiction so long as the projects constitute Measure I Projects. Each local jurisdiction annually prepares and submits to SBCTA a Five Year Capital Improvement Plan listing the Measure I Projects planned for Measure I funding over the next five years.

Measure I Revenues

Allocation and Use of Measure I Revenues. The Expenditure Plan and the Ten Year Delivery Plan provide that Measure I Revenues generated in the North Desert Subarea will be distributed as follows: 68% is apportioned to the City and the County for Local Street Projects within the subarea; 2% is reserved by SBCTA for Project Development and Traffic Management Systems; 25% is retained by SBCTA for Major Local Highway Projects, and 5% is retained by SBCTA for Senior and Disabled Transit Service (subject to increases as provided below).

The Measure I Revenues available for Local Street Projects are generally distributed to the City and County on a monthly basis, and are allocated as follows: 50% is allocated to the City and County based upon population and 50% is allocated to the City and County based on tax generation. In connection with the estimated fiscal year 2025-26 allocation of Measure I Revenues, SBCTA initially determined that 42.83% of the population in the North Desert Subarea was located in the City and 73.31% of the Measure I Revenues generated in the North Desert Subarea were generated in the City, and projected an allocation of approximately 58% of the North Desert Subarea Measure I Revenues for Local Street Projects to the City. SBCTA updates its population estimates annually and updates its tax revenue generation estimates quarterly for purposes of determining the correct distribution of Measure I Revenues among local jurisdictions, and adjusts future allocations to address any over- or under-payments made in prior months.

The 2025 Update to the Ten Year Delivery Plan estimated that \$40 million would be generated in the North Desert Subarea and be available for Local Street Projects over the ten year period from fiscal year 2024-25 through 2033-34; however, it should be noted that the Measure I Revenues estimates for fiscal years 2024-25 and 2025-26 as estimated in the Ten Year Delivery Plan were significantly higher than the actual Measure I Revenues generated in those years. SBCTA also prepares annual estimates of Measure I Revenues and the allocation thereof to local jurisdictions in each Subarea. For fiscal year 2025-26, SBCTA estimated that

approximately \$4.46 million in Measure I revenues would be generated in the North Desert Subarea, of which approximately \$3.04 million would be allocated to Local Street Projects. Of that amount, approximately \$1.76 million was estimated to be available to the City for Local Street Projects. As of April 1, 2026, the City estimates that it has received approximately \$1,078,809 in Measure I Revenues for Local Street Projects from SBCTA for fiscal year 2025-26. The City receives Measure I Revenues on a monthly basis. The amount of the monthly Measure I Revenue distribution to the City varies from month to month. Further, in its books and records, the City accounts for Measure I Revenues received in July and August as having been received in June based on CDTFA's distribution and reconciliation practice as described in the following section. This results in significantly higher revenues in June than in prior months.

See “—Historical Measure I Revenues” and “—Estimated Measure I Revenues – Ten Year Delivery Plan and Annual SBCTA Estimates,” below.

Collection and Allocation of Measure I Revenues

CDTFA Distribution of Measure I Revenues. Collection of the Measure I Tax is administered by the CDTFA. CDTFA distributes Measure I Revenues on a monthly basis*, based on CDTFA's estimate of the Measure I Revenues received two months prior, with a quarterly reconciliation payment (or deduction) made in November, February, May, and August of each year. For example, in September, CDTFA distributes the estimated amount generated in the prior July; in October, CDTFA distributes the estimated amount generated in the prior August, and in November, CDTFA distributes the estimated amount generated in the prior September, adjusted to account for actual prior under- or over-payments for the preceding quarter.

SBCTA and CDTFA have entered into an agreement for CDTFA to administer the collection of the Measure I Revenues and to authorize payment of Measure I Revenues directly to the Measure I Revenues Trustee, as trustee under the Measure I Revenues Indenture under which the SBCTA Senior Lien Bonds were issued. (See the caption “—SBCTA Obligations; Senior Lien on Measure I Revenues,” below.) CDTFA, after deducting amounts payable to itself, is required to remit the balance of amounts received from the Measure I Tax directly to the Measure I Revenues Trustee. As described below under the caption “— SBCTA Obligations; Senior Lien on Measure I Revenues,” the Measure I Revenues Trustee is required to apply the Measure I Revenues to make monthly deposits to the funds and accounts established under the Measure I Revenues Indenture to pay the SBCTA Senior Lien Bonds and any SBCTA Parity Obligations and to transfer the remaining amounts to make payments with respect to any SBCTA Subordinate Obligations and Swap Agreements (all as defined below) incurred by SBCTA and payable from the Measure I Revenues. After payments have been made with respect to the SBCTA Obligations, the remaining Measure I Revenues, if any, are transferred to SBCTA for use for any purpose contemplated by the Measure I Ordinance (including distribution to local jurisdictions, including the City).

Allocation of Measure I Revenues by Subarea. Pursuant to Section VII of the Measure I Ordinance and the Expenditure Plan, SBCTA, after making a deduction for required CDTFA fees and authorized costs (including payments with respect to all SBCTA Obligations), revenues generated from each specified subarea within the County will be expended on projects of direct benefit to that subarea. Revenues will be accounted for separately for each subarea and then allocated to specified project categories. Decisions on how revenues are expended by the SBCTA within the subareas will be made by the SBCTA Board, based upon recommendation of local representatives.

Subarea Identification. The Measure I Ordinance organizes the County into one large urban subarea (San Bernardino Valley) and five Mountain-Desert subareas, each tying tax revenues and projects to distinct geographies. These subareas are the framework for the return-to-source policy and for allocating both Measure I Revenues and related state/federal funds. The San Bernardino Valley Subarea includes the cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga,

* While State law currently requires CDTFA to distribute payments at least twice each quarter, CDTFA's historic and current practice is to transmit payments to local jurisdictions on a monthly basis.

Redlands, Rialto, San Bernardino, Upland and Yucaipa and unincorporated areas in the east and west portions of the San Bernardino valley urbanized area. The Mountain-Desert subareas consist of the following: (1) the North Desert Subarea, which includes the City of Barstow and surrounding unincorporated areas; (2) the Colorado River Subarea, which includes the City of Needles and the surrounding unincorporated areas of the East Desert; (3) the Morongo Basin Subarea, which includes the City of Twentynine Palms, the Town of Yucca Valley, and surrounding unincorporated areas; (4) the Mountain Subarea, which includes the City of Big Bear Lake and surrounding unincorporated areas of the San Bernardino Mountains; and (5) the Victor Valley Subarea, which includes the Cities of Adelanto, Hesperia, and Victorville; the Town of Apple Valley; and surrounding unincorporated areas including Wrightwood.

Allocation of Measure I Revenues within the North Desert Subarea. The City is within the North Desert Subarea of the Mountain-Desert Area. Measure I Revenues collected in the Mountain-Desert Area will be allocated to each of the subareas therein, including the North Desert Subarea, among the following project categories according to the following percentages.

Local Street Projects. 70% of the Measure I Revenues collected within each subarea shall be apportioned for Local Street Projects (as described below) within each subarea. Of that amount, 2% of revenue collected within each subarea shall be reserved by SBCTA in a special account to be expended on Project Development and Traffic Management Systems. Eligible Project Development and Traffic Management Systems projects are defined in the SBCTA Expenditure Plan to include, at the discretion of local subarea representatives, costs associated with corridor studies and project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities.

After reservation of 2% collected in each subarea for Project Development and Traffic Management Systems, the remaining amount of funds in the general Local Street Projects category shall be allocated to local jurisdictions based upon population (50%) and tax generation (50%). Population calculations shall be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within each subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations shall be based upon CDTFA data.

Changes in population in the City and the unincorporated areas within the North Desert Subarea could have a material impact on the allocation of Measure I Revenues to the City. For example, significant decreases in the number of people residing in the City, or significant increases in the population in the unincorporated areas of the North Desert Subarea could cause the City's share of the North Desert Subarea Measure I Revenues to decrease, and such decrease could have a material adverse impact on the City's ability to pay Installment Sale Payments and the Trustee's ability to pay debt service on the Certificates when due. Similarly, significant shifts in the retail sales activity within the City compared with the other areas in the North Desert Subarea would materially impact the amount of Measure I Revenues allocated to the City. See the caption "RISK FACTORS—Impact of Changes in Population and Tax Revenues on City Share of Measure I Revenues." Also see APPENDIX B—"THE CITY OF BARSTOW AND THE COUNTY OF SAN BERNARDINO ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION—Population."

Projects in the general Local Street Projects category are defined in the SBCTA Expenditure Plan as local street and road construction, repair, maintenance, and other eligible local transportation priorities. Local Street Project funds may be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to, fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Street Project Funds shall be based upon the Five Year Capital Improvement Plan adopted annually by resolution of the governing body of each jurisdiction after being made available for public review and comment. Local Street Project funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Capital Improvement Plan. The locally adopted

Five Year Capital Improvement Plans shall be consistent with other local, regional, and state transportation plans. In addition, each jurisdiction must demonstrate its compliance with the required uses of its Measure I Revenues pursuant to an annual audit.

Major Local Highway Projects. 25% of the Measure I Revenues collected within each subarea shall be reserved in a special account maintained by SBCTA to be expended on Major Local Highway Projects of benefit to the subarea. Major Local Highway Projects are defined in the SBCTA Expenditure Plan as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. These moneys can be allocated to local jurisdictions or to SBCTA; for example, the City has received allocations of Major Local Highways Projects for the City's recently-completed the North First Avenue Bridge project (which amounts are not reflected in Table 3). Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports. Expenditure of Major Local Highway Projects funds shall be approved by the SBCTA Board, based upon a recommendation of subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Major Local Highway Projects funds are not required for improvements of benefit to the subarea, then revenue in the Major Local Highway Projects category may be returned to jurisdictions within the subarea. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category. Measure I Receipts does not include Measure I Revenues allocated to the City for Major Local Highways projects.

Senior and Disabled Transit Service. 5% of the Measure I Revenues collected within each subarea shall be reserved in an account for Senior and Disabled Transit Service. Senior and Disabled Transit is defined in the SBCTA Expenditure Plan as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities. In the North Desert Subarea (as well as certain other subareas listed in the SBCTA Expenditure Plan), local representatives may provide additional funding beyond 5% upon a finding that such increase is required to address unmet transit needs of senior and disabled transit services. All increases above the 5% initial revenue collected for Senior and Disabled Transit Service shall come from the general Local Street Projects category of the subarea. Expenditure of Senior and Disabled Transit Service funds shall be approved by the SBCTA Board, based upon recommendation of subarea representatives and the Mountain/Desert Committee. The City covenants in the Installment Sale Agreement not to make a finding that increased Measure I funding is needed to address unmet transit needs of senior and disabled transit services if such finding would have the effect of reducing the amount of Measure I Receipts below the amount needed to meet the debt service coverage test described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Additional Contracts."

Maintenance of Efforts Requirement. The Measure I Ordinance requires local jurisdictions to continue spending local discretionary funds for street and road purposes in amounts not less than the level in fiscal year 2008-09 (i.e., the amount such local agency spent on street and road purposes when Measure I was adopted). This requirement is referred to as "**Maintenance of Effort**" or "**MOE**." General fund expenditures in excess of the Maintenance of Effort base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the Maintenance of Effort requirement in that year. The City's determined Maintenance of Effort base level is \$601,014.

The City annually budgets for pavement maintenance and repair projects in amounts sufficient to satisfy the City's Maintenance of Effort obligations under the Measure I Ordinance. The City has met (and exceeded) the Maintenance of Effort expenditure requirements in every year since enactment of Measure I. See the caption "AUDITED FINANCIAL STATEMENTS AND MEASURE I COMPLIANCE AUDIT." See Appendix F for the most recent Measure I Compliance Audit reflecting the current status of the City's compliance with MOE requirements for the fiscal year ended June 30, 2025.

New Development Impact Fees. The Measure I Ordinance requires that new development be required to "provide for its own road needs." Specifically, the Measure I Ordinance states that no Measure I Revenues

may be used to replace the fair share contributions required from new development. Each local jurisdiction identified in the Development Mitigation Program was required to adopt a development financing mechanism within 24 months of voter approval of Measure I that would: (1) Require all future development to pay its fair share for needed transportation facilities as a result of the development, pursuant to California Government Code Section 66000 *et seq.* and as determined by the Congestion Management Agency, and (2) Comply with the Land Use/Transportation Analysis and Deficiency Plan provisions of the Congestion Management Program pursuant to California Government Code Section 65089. The Measure I Ordinance further provides that the Congestion Management Agency (SBCTA) must require fair share mitigation for regional transportation facilities through a Congestion Management Program update to be approved within 12 months of voter approval of the Measure I Ordinance.

SBCTA Obligations; Senior Lien on Measure I Revenues

The Measure I Ordinance gives SBCTA the power to issue bonds and other obligations (defined below as the “**SBCTA Obligations**”) secured by Measure I Revenues from time to time in an aggregate principal amount at any one time outstanding of not to exceed the estimated proceeds of the Measure I Tax, as determined by the SBCTA Expenditure Plan. SBCTA Obligations are secured by Measure I Revenues generated in the entire County on a basis senior to the City’s pledge of Measure I Receipts to the Installment Sale Payments.

The following SBCTA Obligations secured by a senior pledge of the Measure I Tax are currently outstanding:

SBCTA Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2022 Series A (the “**Series 2022 SBCTA Bonds**”), which refinanced SBCTA Obligations previously issued in 2012 and are currently outstanding in the aggregate principal amount of \$50,320,000.

SBCTA Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2023 Series A (the “**Series 2023 SBCTA Bonds**”), which refinanced SBCTA Obligations previously issued in 2014 and are currently outstanding in the aggregate principal amount of \$79,185,000.

SBCTA Sales Tax Revenue Bonds (Limited Tax Bonds), 2026 Series A (the “**Series 2026 SBCTA Bonds**”; and together with the Series 2023 SBCTA Bonds and the Series 2022 SBCTA Bonds, the “**SBCTA Senior Lien Bonds**”), issued to finance various transportation capital improvements as permitted by the Measure I Ordinance and the Expenditure Plan, which are currently outstanding in the aggregate principal amount of \$127,645,000. The official statement for the Series 2026 SBCTA Bonds states that the Measure I Revenues for fiscal year 2024-25 provided 9.90 times coverage over maximum annual debt service on the SBCTA Senior Lien Bonds.

The SBCTA Senior Lien Bonds were issued pursuant to an Indenture dated as of March 1, 2012 (as supplemented from time to time, the “**Measure I Revenues Indenture**”), by and between the SBCTA and The Bank of New York Mellon Trust Company, as trustee (the “**Measure I Revenues Trustee**”). The SBCTA Senior Lien Bonds mature on March 1, 2040.

SBCTA indicated to the City that it expects to issue additional bonds in the next few years, the proceeds of which are anticipated to be spent in the Valley Subarea for freeway and interchange projects.

Parity and SBCTA Subordinate Obligations issued by SBCTA. Pursuant to the Measure I Revenues Indenture, SBCTA may from time to time issue additional bonds or other obligations on a parity with the Senior Lien Bonds (collectively, “**SBCTA Parity Obligations**”), subject to the condition that recent actual Measure I Revenues provide at least 2.00 times coverage over maximum annual debt service on outstanding Senior Lien Bonds and outstanding and proposed SBCTA Parity Obligations. SBCTA may also issue from time to time obligations payable out of Measure I Revenues on a basis subordinate to the payment of the principal, premium, interest, and reserve fund requirements for the Senior Lien Bonds and all SBCTA Parity Obligations

(collectively, “**SBCTA Subordinate Obligations**,” which include payments under any Swap Agreements, Commercial Paper Notes, and the SBCTA TIFIA Loan Agreement described below), subject to the condition that actual Measure I Revenues collected during any twelve (12) consecutive calendar months specified by the Authority within the most recent eighteen (18) calendar months immediately preceding the date on which such proposed SBCTA Subordinate Obligations are issued provide at least 1.10 times coverage over maximum annual debt service on all SBCTA Obligations (including Senior Lien Bonds, SBCTA Parity Obligations, and SBCTA Subordinate Obligations, including the SBCTA Subordinate Obligations then proposed to be issued); provided that for so long as any Measure I Revenues are required to be contributed by SBCTA pursuant to the SBCTA TIFIA Loan Agreement, such actual Measure I Revenues shall be at least equal to 1.50 times the maximum annual debt service on all SBCTA Obligations, including the SBCTA Subordinate Obligations then proposed to be issued. The SBCTA Parity Obligations and SBCTA Subordinate Obligations issued by SBCTA are payable from Measure I Revenues on a basis senior to the allocation of Measure I Revenues to the City and therefor senior in priority to payment of the Certificates.

SBCTA may also enter into swap agreements with respect to its outstanding bonds (collectively, the “**Swap Agreements**”). As of the date of this Official Statement, no Swap Agreements are currently in effect. SBCTA’s obligation to make early termination payments under the Swap Agreements will be secured by a pledge of the Measure I Revenues that is subordinate to the pledge in favor of the Senior Lien Bonds, any SBCTA Parity Obligations, and any SBCTA Subordinate Obligations, but senior in priority of payment to the Certificates.

SBCTA has established a commercial paper program (the “**Commercial Paper Program**”), pursuant to which SBCTA is authorized to issue up to \$25 million of commercial paper notes (the “**Commercial Paper Notes**”) payable from the Measure I Revenues as SBCTA Measure I SBCTA Subordinate Obligations. Under the Commercial Paper Program documents, SBCTA cannot issue Commercial Paper Notes unless there is a liquidity facility in place supporting the Commercial Paper Program. There is currently no liquidity facility in place and there are currently no Commercial Paper Notes outstanding. Although no Commercial Paper Notes are currently outstanding, the authorization remains in full force and effect and SBCTA may issue Commercial Paper Notes from time to time if a liquidity facility for the Commercial Paper Program is obtained in the future.

In June 2021, SBCTA entered into a loan agreement with the United States Department of Transportation, which was amended in 2025, in connection with the I-10 Corridor Contract 1 Project (as amended, the “**SBCTA TIFIA Loan Agreement**”). In order to secure the amounts due under the TIFIA Loan Agreement, SBCTA issued its Toll Revenue Bonds (I-10 Corridor Contract 1 Project) (the “**SBCTA TIFIA Bonds**”). The SBCTA TIFIA Loan Agreement requires SBCTA to use Measure I Revenues to make an “investment” in the I-10 Corridor Contract 1 Project on a subordinate basis to the SBCTA Senior Lien Bonds, but senior in priority of payment to the Installment Sale Payments. Such investment is made through monthly transfers of Measure I Revenues to the trustee for the SBCTA TIFIA Bonds; the annual amount of such transfers range from \$219,346 to \$4,158,199, beginning with the fiscal year ending June 30, 2027 and ending in the fiscal year ending June 30, 2040. The aggregate amount of such transfers is expected to be approximately \$43,161,117. The cumulative amount of such transfers is currently limited to an aggregate amount of \$93,000,000 during the term of the SBCTA TIFIA Bonds.

All payments with respect to the SBCTA Senior Lien Bonds, the SBCTA Parity Obligations, the SBCTA Subordinate Obligations, the Swap Agreements, the Commercial Paper Notes, and the SBCTA TIFIA Bonds (collectively, the “**SBCTA Obligations**”) will be made from Measure I Revenues before any remaining Measure I Revenues will be released by the Measure I Revenues Trustee and transferred to SBCTA for allocation by SBCTA to the local agencies within the County, including the City. The Measure I Ordinance provides that the aggregate principal amount of Senior Lien Bonds, SBCTA Parity Obligations, and SBCTA Subordinate Obligations at any one time outstanding may not exceed the estimated proceeds of the Measure I Tax, as determined by the SBCTA Expenditure Plan.

Allocation of SBCTA Obligations Debt Service to Subareas. The SBCTA Obligations are secured by and payable from all Measure I Revenues. SBCTA accounts for Measure I Revenues separately for each subarea within the County. Measure I Revenues generated from each specified subarea will be expended on projects of direct benefit to that subarea. Allocation of Measure I Revenues to the local jurisdictions (including the City) in the respective subareas in the County will be subordinate to the payment of the SBCTA Obligations. Pursuant to the Measure I Revenues Indenture, and in conformance with the Measure I Ordinance, SBCTA has covenanted and agreed that it will account for expenditures of the proceeds of the Senior Lien Measure I Obligations by subarea and project category within such subarea. SBCTA has also covenanted and agreed that, when allocating and accounting for Measure I Revenues to be returned to each subarea for each fiscal year as set forth in the Measure I Ordinance and the Expenditure Plan, SBCTA will deduct from the Measure I Revenues received from each applicable subarea an amount bearing the same proportion to annual debt service on the SBCTA Obligations and other priority payments payable from Measure I Revenues as the amount of proceeds expended in such subarea bears to the total proceeds of such obligations expended in all subareas. Where amounts allocable to a subarea are insufficient to cover the portion of such annual debt service and other priority payments attributable to such subarea for such fiscal year, such deficit amount will be carried forward and applied to future revenues allocable to such subarea. According to the 2025 Update to the Ten Year Delivery Plan, none of the proceeds of any obligations refinanced by the Senior Lien Measure I Obligations have been expended to finance projects in the North Desert Subarea, which includes the City. It is possible, however, that proceeds of future SBCTA Obligations may be expended in the North Desert Subarea or that there may be insufficient Measure I Revenues allocable to other subareas to pay annual debt service and other priority payments attributable to such other subareas in a given fiscal year. In such instances, SBCTA may make deductions from the Measure I Revenues otherwise allocable to the City as described herein, which may result in insufficient Measure I Receipts being available to pay the Installment Sale Payments. See “—Collection and Allocation of Measure I Revenues” below and “RISK FACTORS—SBCTA Obligations; Senior Lien on Measure I Revenues.”

The City covenants in the Installment Sale Agreement that it will not request the SBCTA to issue obligations on its behalf payable from Measure I Revenues as provided in the Measure I Ordinance.

Historical Measure I Revenues

Countywide Measure I Revenues increased steadily over the past decade, with significant growth between 2020 and 2022, followed by a decline in 2023 and stabilization in 2024 and 2025. The City’s share of Local Street Projects Measure I Revenues increased to over \$2 million in fiscal years 2021-22 and 2022-23, but thereafter decreased to approximately \$1.7 million in fiscal year 2024-25.

The following table shows historical Measure I Revenues generated in the Countywide, in the North Desert Subarea, the Local Street Projects share of North Desert Subarea Measure I Revenues, and the City’s Measure I Receipts for fiscal years 2016-17 through 2024-25, as reflected in the Annual Comprehensive Financial Reports prepared by SBCTA and the City.

The information provided in the following table was prepared by SBCTA and included in the SBCTA’s Annual Comprehensive Financial Reports for the years shown. This information was not prepared for purposes of disclosure to investors and has been included in this Official Statement without the approval and permission of SBCTA, solely for the convenience of the reader. The City provides no assurance that the information set forth in the following table is accurate. SBCTA maintains a website and periodically provides information regarding actual and estimated Measure I Revenues and allocations of Measure I Revenues to the local jurisdictions, including the City. Such website is not incorporated in this Official Statement.

TABLE 1
HISTORICAL MEASURE I REVENUES AND MEASURE I RECEIPTS
COUNTYWIDE, NORTH DESERT SUBAREA, LOCAL STREETS PROJECTS, AND CITY
MEASURE I RECEIPTS
(Fiscal Years 2016-17 to 2024-25)

<i>Fiscal Year</i>	<i>Countywide Total Measure I Revenues⁽¹⁾</i>	<i>North Desert Subarea Total Measure I Revenues⁽¹⁾</i>	<i>North Desert Subarea (Local Street Projects)⁽¹⁾</i>	<i>Measure I Receipts (City Local Street Projects Share)</i>
2016-17	\$163,814,528	\$4,479,817	\$3,046,276	\$1,747,916
2017-18	162,945,073	4,036,960	2,745,133	1,652,465
2018-19	183,621,992	4,393,245	2,987,407	2,144,080
2019-20	179,016,883	3,038,192	2,065,970	1,410,018
2020-21	222,320,683	4,545,217	3,090,748	1,701,195
2021-22	252,227,712	4,957,252	3,370,931	2,044,965
2022-23	257,469,979	5,118,968	3,480,899	2,049,259
2023-24	251,805,858	5,160,267	3,508,982	1,956,807
2024-25	250,826,957	4,252,572	2,891,749	1,712,469

⁽¹⁾ Excludes 1% administrative charge retained by SBCTA.

Source: Measure I Revenues (Countywide, North Desert Subarea, and North Desert Local Street Projects allocation) from the SBCTA Annual Comprehensive Financial Reports for fiscal years 2015-16 through 2024-25. Measure I Receipts from the City and the City of Barstow Annual Comprehensive Financial Reports for fiscal years 2015-16 through 2024-25.

City of Barstow Measure I Fund Financial Statements. The following tables present the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances relating to the City's Measure I Fund for the past five fiscal years. The Measure I Revenues reflected in the following tables include the City's share of Local Street Projects Measure I Revenues and the Measure I Revenues allocated to the City for the North First Street Bridge project, which was paid from the Major Local Highways allocation of Measure I Revenues. Only Measure I Revenues received by the City for Local Street Projects are pledged to payment of the Installment Sale Payments.

The City anticipates a Measure I Fund balance of approximately \$4.7 million as of June 30, 2026, including approximately \$1.7 million in Measure I Receipts plus approximately \$3 million received from the CPUC in March 2026, as described in the following paragraph. The City may use a portion of the Measure I Fund balance to pay all or a portion of the General Fund Loan described in footnote 2 to Table 2.

The City expended approximately \$1.7 million of Measure I Funds between fiscal years 2015-16 through 2024-25 towards the North First Avenue Bridge Project. Subsequently, it was determined that the City qualified for and was awarded \$5 million from the CPUC Section 190 Grade Separation Program towards the Project. The City received the awarded amount in March 2026, \$3 million of which is allocated to the Measure I Fund, and the remaining \$2 million of which is allocated to other funds. The City is working with its auditor to make the appropriate prior period adjustments, and the addition of \$3 million in fund balance to the Measure I Fund is anticipated to be reflected as of June 30, 2026. The \$3 million reimbursement to the Measure I Fund is not pledged Measure I Receipts but will be Other Available Revenues available to the City for payment of Installment Sale Payments. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Deposit of Other Available Revenues." The City anticipates that it may use a portion of the \$3 million reimbursement to repay the General Fund Loan.

TABLE 2
CITY OF BARSTOW
MEASURE I FUND BALANCE SHEET

	<i>Fiscal Year 2020-21</i>	<i>Fiscal Year 2021-22</i>	<i>Fiscal Year 2022-23</i>	<i>Fiscal Year 2023-24</i>	<i>Fiscal Year 2024-25</i>
Assets					
Cash and Cash Equivalent ⁽¹⁾	\$ 191,363	\$ 711,481	\$ 2,578,107	\$ 2,300,315	\$ 3,369,727
Accounts Receivable	506,917	1,086,213	1,039,099	1,194,411	1,501,984
Accrued Interest	65	653	12,334	22,648	20,541
Total Assets	\$ 698,345	\$ 1,798,347	\$ 3,629,540	\$ 3,517,374	\$ 4,892,252
Liabilities					
Accounts Payable	\$ 54,937	\$ 65,289	\$ 857,438	\$ 454,719	\$ 804,940
Advances from Other Funds ⁽²⁾	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Total Liabilities	\$ 1,754,937	\$ 1,765,289	\$ 2,557,438	\$ 2,154,719	\$ 2,504,940
Deferred Inflows of Resources					
Unavailable Revenues ⁽³⁾	\$ 162,318	\$ 700,725	\$ 718,293	\$ 862,162	\$ 1,201,594
Total Deferred Inflows of Resources	\$ 162,318	\$ 700,725	\$ 718,293	\$ 862,162	\$ 1,201,594
Fund Balances (Deficits)					
Restricted ⁽⁴⁾	\$ --	\$ --	\$ 353,809	\$ 500,493	\$ 1,185,718
Unassigned ⁽⁵⁾	(1,218,910)	(667,667)	--	--	--
Total Fund Balance	\$ (1,218,910)	\$ (667,667)	\$ 353,809	\$ 500,493	\$ 1,185,718
Total Liabilities and Fund Balance	\$ 698,345	\$ 1,798,347	\$ 3,629,540	\$ 3,517,374	\$ 4,892,252

⁽¹⁾ In fiscal years 2021-22 and FY 2022-23, during the Covid-19 pandemic, the City expended Measure I Receipts for salaries and operating costs for streets and landscape maintenance staffing in connection with daily streets maintenance.

⁽²⁾ Advances from Other Funds reflects the outstanding balance of an advance made to the Measure I Fund from the City's General Fund in fiscal year 2015-16 (the "**General Fund Loan**"). The City has no current plan to repay the General Fund Loan, however the City may repay the General Fund Loan in whole or in part from time to time, in particular if and when significant reimbursements to the Measure I Fund are received. The General Fund Loan is payable from Measure I Receipts on a subordinate basis to the Installment Sale Payments.

⁽³⁾ Amounts accrued to the Measure I Fund but not yet received by the City.

⁽⁴⁾ Reflects amounts budgeted for expenditure in the following fiscal year.

⁽⁵⁾ The negative fund balance in fiscal years 2020-21 and 2021-22 reflects the Total Assets netted against Total Liabilities and Deferred Inflow of Resources.

Source: City of Barstow Audited Financial Statements for Fiscal Years 2020-21 through 2024-25.

TABLE 3
CITY OF BARSTOW
MEASURE I FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

	<i>Fiscal Year</i> 2020-21	<i>Fiscal Year</i> 2021-22	<i>Fiscal Year</i> 2022-23	<i>Fiscal Year</i> 2023-24	<i>Fiscal Year</i> 2024-25
Revenues					
Measure I ⁽¹⁾	\$ 1,701,195	\$ 2,044,965	\$ 2,049,259	\$ 1,956,807	\$ 1,712,469
Investment Earnings	229	(2,407)	10,285	101,353	93,650
Total Revenues	\$ 1,701,424	\$ 2,042,558	\$ 2,059,544	\$ 2,058,160	\$ 1,806,119
Expenditures					
Pavement Management	\$ 11,637	\$ 24,911	\$ 9,021	\$ --	\$ 40,298
Total Expenditures	\$ 11,637	\$ 24,911	\$ 9,021	\$ --	\$ 40,298
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,689,787	\$ 2,017,647	\$ 2,050,523	\$ 2,058,160	\$ 1,765,821
Other Financing Sources (Uses)					
Transfers Out ⁽²⁾	(1,290,762)	(1,466,404)	(1,029,047)	\$ (1,911,476)	\$ (1,080,596)
Total Other Financing Sources (Uses)	\$ (1,290,762)	\$ (1,466,404)	\$ (1,029,047)	\$ (1,911,476)	\$ (1,080,596)
Net Changes in Fund Balance	\$ 399,025	\$ 551,243	\$ 1,021,476	\$ 146,684	\$ 685,225
Fund Balance – Beginning of Year	\$ (1,617,935)	\$ (1,218,910)	\$ (667,667)	\$ 353,809	\$ 500,493
Fund Balance – End of Year	\$ (1,218,910)	\$ (667,667)	\$ 353,809	\$ 500,493	\$ 1,185,718

(1) Includes \$57,658.09 in fiscal year 2021-22 and \$312.50 in fiscal year 2022-23 received as reimbursement for North First Avenue Bridge Project expenditures.

(2) Transfers Out includes transfers out for Installment Sale Payments, capital expenditures, and transfers to the General Fund for administrative overhead.

Source: City of Barstow Audited Financial Statements for Fiscal Years 2020-21 through 2024-25.

Estimated Measure I Revenues – Ten Year Delivery Plan and Annual SBCTA Estimates

In 2008, the Measure I Expenditure Plan estimated that Measure I would generate approximately \$95 million (in 2008 dollars) in the North Desert Subarea for transportation needs within the North Desert Subarea, over 30 years from 2010 to 2040. Of this estimated amount, the Expenditure Plan estimated \$66 million (less 2% to be retained by SBCTA for Project Development and Traffic Management Systems) would be allocated to Local Street Projects. This figure was not inflated to account for revenue growth over the 30-year period. The 2025 Update to the Ten Year Delivery Plan estimated that through fiscal year 2023-24, SBCTA had received approximately \$72.2 million in Measure I Revenues from the North Desert Subarea and projected that approximately \$104.3 million of Measure I Revenues will be generated in the North Desert Subarea from fiscal year 2024-25 through fiscal year 2039-40. Of that projected amount, approximately \$70.9 million would be allocated to Local Street Projects in the North Desert Subarea through fiscal year 2039-40, based on the 68% allocation to Local Street Projects provided for in the Expenditure Plan and the Ten Year Delivery Plan. (It should be noted that the Measure I Revenues estimated in the Ten Year Delivery Plan for fiscal years 2024-25 and 2025-26 were significantly higher than the actual Measure I Revenues generated in those years.) For fiscal year 2025-26, SBCTA initially estimated that the City would receive approximately 58% of the Measure I Revenues generated in the North Desert Subarea and allocated to Local Street Projects, based on the relative population of the City and the relative amount of Measure I Revenues generated in the incorporated boundaries of the City, as compared to the unincorporated areas of the North Desert Subarea. SBCTA adjusts the allocation of Local Street Projects Measure I Revenues periodically as described under the caption “—Measure I Revenues—Allocation and Use of Measure I Revenues.”

For fiscal year 2025-26, SBCTA estimated that approximately \$4.46 million in Measure I Revenues would be generated in the North Desert Subarea, of which approximately \$3.04 million would be allocated to Local Street Projects. Of that amount, approximately \$1.76 million was estimated to be available to the City for Local Street Projects. As of April 1, 2026, the City estimates that it has received approximately \$1,078,809 in

Measure I Revenues for Local Street Projects from SBCTA for fiscal year 2025-26. The City receives Measure I Revenues on a monthly basis. The amount of the monthly Measure I Revenue distribution to the City varies from month to month. Further, the City accounts for revenues received in July and August in June, resulting in significantly higher revenues in June than in prior months. See the captions “MEASURE I REVENUES—Collection and Allocation of Measure I Revenues—*CDTFA Distribution of Measure I Revenues*” and “—*SBCTA Obligations; Senior Lien on Measure I Revenues*.”

MAXIMUM ANNUAL DEBT SERVICE COVERAGE

The following table sets forth the maximum annual debt service coverage with respect to the Certificates. The 2026 Certificates are being sized such that the actual fiscal year 2024-25 Measure I Receipts provide no less than 150% coverage of maximum annual debt service. See the caption “MEASURE I REVENUES.”

TABLE 4
CITY OF BARSTOW
MAXIMUM ANNUAL DEBT SERVICE COVERAGE
BASED UPON FISCAL YEAR 2024-25 MEASURE I RECEIPTS
ALLOCATED TO THE CITY OF BARSTOW

<i>Fiscal Year 2024-25 Measure I Receipts</i>	<i>Maximum Annual Installment Sale Payments*</i>	<i>Debt Service Coverage*</i>
\$1,712,469	\$1,141,646*	1.50x*

* Preliminary, subject to change.
Source: Measure I Receipts from City of Barstow Annual Comprehensive Financial Report for Fiscal Year 2024-25; Maximum Annual Installment Sale Payments provided by Underwriter.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Certificates. However, the following does not purport to be an exhaustive listing of risks and other considerations may be relevant to making an investment decisions with respect to the Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Installment Sale Payments Constitute Limited Obligations

The obligation of the City to make Installment Sale Payments under the Installment Sale Agreement is a special obligation of the City, payable solely from the Measure I Receipts, does not constitute a debt of the City, the Corporation, SBCTA, the County, the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the City, the State or any political subdivision of the State is obligated to levy or pledge any form of taxation or for which the City, the State, or any political subdivision of the State has levied or pledged any form of taxation. The Corporation has no taxing power.

Passive Revenue Source

The payment of principal and interest on the Certificates is secured solely by a pledge of Installment Sale Payments, which in turn are secured by a pledge by the City of the Measure I Receipts, and certain funds and accounts held by the Trustee under the Trust Agreement. The City does not have any control over the

* Preliminary, subject to change.

amount of Measure I Receipts to be received by the City because: (i) Measure I Revenues constitute revenues of SBTCA derived from a retail transactions and use tax imposed in the County pursuant to the Measure I Ordinance, the number of transactions and revenues generated under which tax the City has no ability to control; and (ii) the City does not have any control over the collection or distribution procedures related to any State taxes or local retail transactions and use taxes, including the Measure I Tax.

A decrease in Measure I Revenues could materially and adversely affect the amount and/or availability of Measure I Receipts. The amount of Measure I Revenues generated is affected by the population in the County, economic conditions in the County, the State, and the Country, and other factors. The amount of Measure I Revenues allocated to the City is additionally affected by the population of the City and Measure I Revenue generation in the City relative to the unincorporated areas in the North Desert Subarea, and other factors. In addition, the City must continuously meet certain requirements set forth in the Measure I Ordinance and the Expenditure Plan in order to be eligible to receive Measure I Revenues from SBTCA and apply Measure I Receipts to pay the Installment Sale Payments. Such requirements include the City meeting the Maintenance of Effort requirement. See the captions “MEASURE I REVENUES—Measure I Revenues,” and “—Collection and Allocation of Measure I Revenue.” Notwithstanding that the City’s share of the Local Street Projects allocation could vary from year to year, the City believes that the City will continue to receive sufficient Measure I Receipts to pay the Installment Sale Payments when due. See the caption “MAXIMUM ANNUAL DEBT SERVICE COVERAGE.”

Expiration or Extension of Measure I Ordinance

The current Measure I Ordinance provides that the collection of Measure I Revenues will end as of March 31, 2040. The Installment Sale Payments are secured only by Measure I Receipts and, therefore, if the Installment Sale Payments have not been paid in full when the Measure I Ordinance expires on March 31, 2040 and the Measure I Ordinance is not extended, there will be no moneys pledged to payment of any remaining unpaid Installment Sale Payments. The City is aware, however, that SBCTA is considering placing a ballot measure on the November 2026 general statewide election requesting that the voters in the County approve an extension of the Measure I Ordinance for an additional period of time. If the Measure I Ordinance is extended by SBCTA, and such extension is approved by 2/3 of the voters in the County voting on the measure, the Installment Sale Payments to the extent not paid in full on March 31, 2040 will be secured by the additional Measure I Receipts generated from such extension.

Impact of Changes in Population and Tax Revenues on City Share of Measure I Revenues

The percentage of the Local Street Projects allocated to the City is adjusted each year based on the population estimates generated by the California Department of Finance and the relative amount of Measure I Revenues generated in the City compared with the estimated population and Measure I Revenues generated in the unincorporated areas of the North Desert Subarea, respectively. See the caption “MEASURE I REVENUES—Measure I Revenues” and “—Collection and Allocation of Measure I Revenue.” Also see APPENDIX B—“THE CITY OF BARSTOW AND THE COUNTY OF SAN BERNARDINO ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION—Population” and “—Retail Sales.” Significant decreases in the number of people residing in the City relative to the rest of the North Desert Subarea, or significant increases in the number of people residing in other portions of the North Desert Subarea relative to the population of the City could have a material adverse impact on the amount of Measure I Revenues allocated to the City and the Measure I Receipts available to pay Installment Sale Payments, as could significant shifts in the retail sales activity within the City compared with the other areas in the North Desert Subarea.

As described above under the caption “THE CITY, THE COUNTY, AND THE PROJECTS—The City of Barstow—*Barstow International Gateway*,” significant development in and around the City is anticipated in connection with the BIG project planned by BNSF Railway. The City currently estimates that, if the BIG project is completed, ancillary development in and around the City could result in the addition of 18,531 residents and

15,341,198 square feet of non-residential uses in and around the City. Some of this growth would occur in unincorporated areas in the North Desert Subarea.

The City cannot predict whether or when this development will occur and, if such development occurs, the relative increase in the population of the City as compared with the unincorporated areas in the North Desert Subarea, or the Measure I Revenues to be generated from future commercial developments in the City as compared with the unincorporated areas in the North Desert Subarea. Notwithstanding that the City's share of the Local Street Projects allocation will vary from year to year and that the City's share of the Local Street Projects allocation is impacted by the City's relative share of the population and Measure I Revenue generation in the North Desert Subarea, the City believes that the City will continue to receive sufficient Measure I Receipts to pay the Installment Sale Payments when due. See the caption "MAXIMUM ANNUAL DEBT SERVICE COVERAGE."

Effect of Internet Commerce

The use of the internet to conduct electronic commerce may affect the levels of Measure I Revenues. Internet sales of physical products by businesses located in the State, and internet sales of physical products delivered to the State by businesses located outside of the State, are generally subject to the retail transactions and use tax imposed by Measure I. However, some of these transactions may avoid taxation either through error or deliberate nonreporting and this potentially reduces the amount of Measure I Revenues. As internet sales increase, the City could experience a reduction of Measure I Receipts.

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the "**Wayfair Decision**"), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of that state's sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State has issued guidance in response to the Wayfair Decision. Under such guidance, retailers located outside of the State are required to register with the CDTFA, collect the California use tax and any local use tax (such as the Measure I Tax), and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. Retailers subject to these requirements must collect and pay to CDTFA the use tax component of the Measure I Tax with respect to any taxable retail sales to customers located in the County. The collection requirements apply to retailers if during the preceding or current calendar year certain sales thresholds are met. The collection requirements started to apply to taxable sales of tangible personal property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State's passage of Assembly Bill 147, signed by the Governor on April 25, 2019, provides the implementation rules for the Wayfair Decision in California.

SBCTA Obligations; Senior Lien on Measure I Revenues

SBCTA has pledged all Measure I Revenues, net of a CDTFA administrative fee, to payment of the SBCTA Obligations. Under an agreement entered into between CDTFA and SBCTA in connection with the execution and delivery of the SBCTA Senior Lien Bonds, CDTFA has agreed to transfer all Measure I Revenues (excluding the CDTFA administrative fee) to the Measure I Revenues Trustee for deposit in accordance with the Measure I Revenues Indenture. The Measure I Revenues Trustee deposits such Measure I Revenues to accounts maintained under the Measure I Revenues Indenture on a monthly basis, and distributes the remainder to SBCTA each month for eligible expenditures, including allocation to local jurisdictions such as the City. See the caption "MEASURE I REVENUES—Collection and Allocation of Measure I Revenues."

The Measure I Revenues Indenture does not allow for acceleration of the SBCTA Obligations. However, in the event Measure I Revenues are insufficient to make all deposits to the principal, interest, and reserve accounts maintained under the Measure I Revenues Indenture, the Measure I Revenues Trustee will continue to receive and allocate Measure I Revenues to the funds and accounts under the Measure I Revenues Indenture until such funds and accounts have been replenished in accordance with the Measure I Revenues Indenture. No Measure I Revenues will be released to SBCTA or local jurisdictions for disbursement for Major Local Highway Projects or other Measure I Projects, or to local jurisdictions such as the City for Local Street Projects, until such funds and account have been so replenished.

The Measure I Revenues Indenture permits SBCTA to incur additional SBCTA Obligations, subject to compliance with the requirements of the Measure I Revenues Indenture. While the City believes that SBCTA will size any issuance of debt secured by Measure I Revenues to be payable from Measure I Revenues generated in areas other than the North Desert Subarea, it is possible that Measure I Revenues could be insufficient in the future to meet SBCTA's total debt service obligations and the full Local Street Project allocation due to the City. To date, SBCTA has not issued bonds or incurred debt to pay for any projects in the North Desert Subarea. The 2025 Update to the Ten Year Delivery Plan provides that SBCTA is expected to issue approximately \$468 million aggregate principal amount of SBCTA Obligations secured by Measure I Revenues during fiscal years 2025-26 through fiscal year 2030-31, including short-term cash flow borrowing from other Measure I funds. SBCTA issued the Series 2026A Bonds in the aggregate principal amount of \$127 million in January 2026 and SBCTA indicated to the City that it expects to issue additional bonds in the next few years, the proceeds of which are anticipated to be spent in the Valley Subarea for freeway and interchange projects. The Measure I Revenues Indenture requires SBCTA to account for expenditures of the proceeds of the Senior Lien Measure I Obligations by subarea and project category within such subarea. It is possible, however, that proceeds of future SBCTA Obligations may be expended in the North Desert Subarea or that there may be insufficient Measure I Revenues allocable to other subareas to pay annual debt service and other priority payments attributable to such other subareas in a given fiscal year. In such instances, SBCTA may make deductions from the Measure I Revenues otherwise allocable to the City as described herein, thereby resulting in insufficient Measure I Receipts being available to pay the Installment Sale Payments.

The City believes that sufficient Measure I Revenues will be available to pay the SBCTA Obligations without reducing the City's Measure I Receipts below the amount needed to pay Installment Sale Payments. The City covenants in the Installment Sale Agreement that it will not request the SBCTA to issue obligations on its behalf payable from Measure I Revenues as provided in the Measure I Ordinance.

There can be no assurance that changes in the foregoing procedures or other actions undertaken or not undertaken by the CDTF, the Measure I Revenues Trustee, or SBCTA will not adversely affect the City's receipt of the Measure I Revenues.

Eligibility of the Projects

The projects to be constructed by the City must be designated by SBCTA as qualified Measure I Projects under the Measure I Ordinance and the Expenditure Plan. Only such Measure I Projects are eligible to be financed from Measure I Receipts. The City believes that the Projects constitute Measure I Projects. Further, SBCTA provided a letter to the City dated April 8, 2026, stating that each of the Projects is eligible for Measure I funding. See the captions "MEASURE I REVENUES—Collection and Allocation of Measure I Revenues" and "THE CITY, THE COUNTY, AND THE PROJECTS—The Projects."

Non-Compliance with the Measure I Ordinance

SBCTA, as the administrator of the Measure I Ordinance and the Expenditure Plan on behalf of SBCTA, is tasked with enforcing the Measure I Ordinance and the Expenditure Plan. The Measure I Ordinance includes a number of provisions that must be complied with by the City to ensure continued eligibility to receive Measure I Revenues. Failure to follow these provisions could result in the suspension of distributions of

Measure I Revenues or the return of such tax to SBCTA. SBCTA performs annual audits to monitor compliance with the provisions of the Expenditure Plan, such as to verify that MOE requirements are met. See Appendix F for the Measure I Compliance Audit prepared by Crowe LLP for the fiscal year ended June 30, 2025.

Under the Expenditure Plan, the City is required to expend its Local Street Projects allocation of Measure I Receipts only for qualified transportation purposes, including street and road construction, repairs, and maintenance, as determined by the City. If the City is found to have expended funds on a project that is not a Measure I Project, the City will be required to reimburse its Measure I Receipts Fund for the amount of the unapproved expenditures, or SBCTA could suspend or reduce disbursements of Measure I Revenues to the City and/or require the City to return moneys to SBCTA in the amount of the misused funds. A suspension of Measure I Revenues could have a material adverse impact on the City's ability to pay Installment Sale Payments when due and a material adverse impact on the Corporation's ability to pay the principal and interest evidenced and represented by the Certificates on a timely basis. The City covenants in the Installment Sale Agreement to spend the net proceeds of the Certificates only on Measure I Projects.

The Measure I Ordinance also requires local agencies, including the City, to maintain their individual local commitment of funds for transportation projects and services that was expended prior to the receipt of the Measure I Revenues (previously defined as the “**Maintenance of Effort**” or “**MOE**”), as described under the caption “MEASURE I REVENUES—Collection and Allocation of Measure I Revenues—*Maintenance of Efforts Requirement*.” If the local agency fails to maintain the MOE requirement, then such local agency will be required to reimburse its Measure I Receipts Fund with available funds other than Measure I Receipts. See “MEASURE I REVENUES—Collection and Allocation of Measure I Revenues” and Appendix F.

The City covenants in the Installment Sale Agreement to use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure I Revenues, including, but not limited to, the Measure I Ordinance, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure I Revenues and apply the Measure I Revenues as provided in the Installment Sale Agreement; provided, that nothing in the Installment Sale Agreement requires the City to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure I Revenues to be received by the City in the next fiscal year to be less than 150% of the Maximum Annual Debt Service as of the date of calculation. See Appendix A.

Additional Contracts

Subject to certain restrictions, the City is permitted to enter into other Contracts that constitute additional charges against the Measure I Receipts without the consent of Owners of the Certificates. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Additional Contracts.” To the extent that other Contracts are executed by the City, the funds available to pay the Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

Limitations on Remedies; Bankruptcy

The rights of the Owners of the Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Certificates, and enforcement of the City's obligations under the Installment Sale Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or later in effect, equity principles that 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 federal 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 cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City and SBCTA, could subject the owners of the Certificates 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. Should the City or SBCTA file for bankruptcy, there could be adverse effects on the holders of the Certificates.

If the Measure I Revenues are “special revenues” under the Bankruptcy Code, then Measure I Revenues collected after the date of the bankruptcy filing should be subject to the lien granted under the Indenture. “Special revenues” are defined under the Bankruptcy Code to include taxes specifically levied to finance one or more projects or systems, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Measure I Tax was levied to finance the Expenditure Plan, which includes a number of projects (collectively referred to herein as the “**Expenditure Plan Projects**”), and some of these Expenditure Plan Projects are described in broad terms. No assurance can be given that a court would hold that the Measure I Revenues are special revenues. Were the Measure I Revenues determined not to be “special revenues,” then Measure I Revenues collected after the commencement of a bankruptcy case would not be subject to the lien granted under the Indenture. In such a scenario, the Trustee (on behalf of the holders of the Certificates) would likely not be able to assert a claim against any property of the City or SBCTA other than the Measure I Revenues, and if the Measure I Revenues were no longer subject to the lien granted under the Installment Sale Agreement following commencement of a bankruptcy case, then the Trustee (on behalf of the holders of the Certificates) would be treated as general unsecured creditors of the City.

Further, the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions relating to operating expenses in any of the transaction documents. It is not clear as to whether, or to what extent, Measure I Revenues would be considered to be “derived” from the Expenditure Plan Projects. To the extent that Measure I Revenues are determined to be derived from the Expenditure Plan Projects, the City and SBCTA may be able to use Measure I Revenues to pay necessary operating expenses connected with the Expenditure Plan Projects, before the remaining Measure I Revenues are turned over to the Trustee to pay amounts owed to the holders of the Certificates. It is not clear precisely which expenses would constitute necessary operating expenses.

If the City is in bankruptcy, the parties (including the holders of the Certificates) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Certificates from funds in the Trustee’s possession. If SBCTA is in bankruptcy, the procedure pursuant to which Measure I Revenues are paid directly by the CDTFA to the Measure I Revenues Trustee may no longer be enforceable, and SBCTA may be able to require the CDTFA to pay Measure I Revenues directly to the SBCTA.

Further, if the City was a debtor in bankruptcy, it may be able to borrow additional money that is secured by a lien on any of its property (including Measure I Receipts), which lien could have priority over the lien of the Installment Sale Agreement, or to cause some Measure I Receipts to be released to it, free and clear of liens granted under the Installment Sale Agreement, in each case, provided that the bankruptcy court determines that the rights of the Trustee and the holders of the Certificates will be adequately protected. The City may also be able, without the consent and over the objection of the Trustee and the holders of the Certificates, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Installment Sale Agreement and the Certificates, provided that the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Certificates while the court considers any of these issues. In addition, a bankruptcy of the City or SBCTA may have other possible effects that could result in delays or reductions in payments on the Certificates, or could result in losses to the holders of the Certificates. Finally, the filing of a bankruptcy case by the City or SBCTA could alone have an adverse effect on the liquidity and value of the Certificates independent from any specific adverse determinations in such case.

Special Counsel has limited its opinion as to the validity and enforceability of the Installment Sale Agreement and the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion.

Constitutional Limitations on Appropriations

State law imposes various taxing, revenue and appropriations limitations on public agencies such as the City. See the caption "CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS" for a discussion of these limitations.

State Legislature or Electorate May Change Items Subject to Measure I Tax

With limited exceptions, the Measure I Tax will be imposed upon the same transactions and items that are subject to the sales and use tax levied statewide by the State. In the past, the State Legislature and the State electorate have made changes to the transactions and items that are subject to the State's general sales tax and, therefore, to the Measure I Tax. In 1991, the State Legislature enacted legislation that expanded the transactions and items that are subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment and newspapers and magazines. In 1992, the State electorate approved an initiative that eliminated candy, gum, bottled water and confectionery items as items that are subject to the State's general sales tax. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure I Tax are imposed. Any such change or limitation could have an adverse impact on the Measure I Revenues collected and, correspondingly, the Measure I Receipts allocated by SBCTA to the City. For a further description of the Measure I Tax, see the caption "MEASURE I REVENUES."

Increases in Sales Tax Rate May Cause Declines in Measure I Revenues

The 0.5% Measure I Tax imposed in the County for transportation purposes and administered by SBCTA is in addition to the sales or use tax levied statewide by the State. The current statewide tax rate is 7.25%. The current total sales and use tax rate in the City is 8.75%. Future increases, if any, in the State Sales Tax or the additional sales tax levied in the County and/or the City could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Measure I Revenues.

No Liability of Corporation to Owners

Subject to any provisions in the Trust Agreement to the contrary, the Corporation has no obligation or liability to the Owners of the Certificates with respect to the payment when due of the Installment Sale Payments by the City or with respect to the performance by the City of other agreements and covenants required to be performed by the City under the Installment Sale Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any of the Trustee's rights or obligations under the Trust Agreement.

Economic, Political, Social and Environmental Conditions

The collection of Measure I Revenues depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County and the State generally. Prospective investors are encouraged to evaluate current and prospective economic, political, social and

environmental conditions as part of an informed investment decision. Changes in economic, political, social or environmental conditions on a local, State, federal or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters. See the caption “—Geologic, Topographic and Climatic Conditions Affecting the City and County.”

Geologic, Topographic and Climatic Conditions Affecting the City and County

The occurrence of any natural disaster in or near the boundaries of the City or County, including, without limitation, fire, earthquake, landslide, high winds, drought or flood, could have an adverse material impact on the economy within the City or County, as applicable, and the generation of sales and use taxes that constitute Measure I Revenues. Portions of the City and County may be at risk of damage or destruction from floods or wildfires or may be subject to unpredictable seismic activity. Destruction of a significant number of structures in the City by a natural disaster such as earthquake, fire, or flood, could have a material impact on the population of the City. See the captions “MEASURE I REVENUES—Measure I Revenues” and “RISK FACTORS—Impact of Changes in Population on City Share of Measure I Revenues.”

Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements, including public and private improvements in the City and the County. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of public and private improvements within the City and the County, may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition. Significant declines in the value of properties in the County could have an adverse impact on the overall economy in the County, and therefore have a material adverse impact on future Measure I Revenues.

Seismic Risks. Generally, seismic activity occurs on a regular basis in the State. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential damage to property located at or near the center of such seismic activity. There are four major faults in Southern California in relation to the County: the Southern San Andreas, the San Jacinto, the Elsinore, and the Garklock faults. In addition, there are also many smaller faults within the County capable of producing significant earthquakes. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the region’s economy.

The County’s Multi-Jurisdiction Hazard Mitigation Plan analyzed the risk to the County’s residents through the Great Shakeout scenario modeled by the California Integrated Seismic Network (the “CISN”). The 2018 Southern California ShakeOut was based on a potential magnitude 7.8 Earthquake on the southern San Andreas Fault approximately 5,000 times larger than the magnitude 5.4 earthquake that shook southern California on July 29, 2008. Such an earthquake will cause unprecedented damage to Southern California greatly dwarfing the massive damage that occurred in Northridge’s 6.7-magnitude earthquake in 1994. The hazard footprint for this scenario was used to develop exposure results for population, critical facilities, and single family residential parcel values. FEMA Hazus program analyses were used to conduct loss estimation for both

scenarios and include building and content loss estimation results based on peak ground acceleration, peak ground velocity, and peak spectral acceleration modeled for the 7.8 earthquake on the San Andreas Fault.

Under the scenario, such earthquakes modeled posed numerous risk to critical facilities and infrastructure. Seismic risk, or losses, that are likely to result from exposure to seismic hazards include: casualties (fatalities and injuries); utility outages, economic losses to repair and replacement of critical facilities, roads, buildings, etc.; indirect economic losses such as income lost during downtime resulting from damage to private property or public infrastructure. Further, the Great Shakeout simulation found that at the most violent shake zone, approximately \$12 million in improved parcels value would be exposed. Such an earthquake would impact the City's ability to collect Measure I Revenues to pay for the Certificates.

Flood Risks. According to the County's Multi-Jurisdictional Hazard Mitigation Plan, floods are the second most common and widespread of all natural disasters faced by the County. Additionally, flash flooding causes cities and towns within the County to experience street closure for several days due to sediment transport and road damages. If flooding became frequent in the County, it would reduce the ability for the City to collect revenue needed for the Certificates.

Flood zones are identified by FEMA. FEMA designates land located in a low- to moderate-risk flood zone (i.e., not in a floodplain) and has less than a 1% chance of flooding each year as being within a Non-Special Flood Hazard Area (a "NSFHA"). The City contains areas that are in Zone X which means that they are "0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile. They also contain areas in Zone A and Zone AE, which are "Without Base Flood Elevations (BFE)" and "Regulatory Floodway", respectively. Before the revised FIRM panels become effective, there is a 90-day appeal period from September 19 to December 18, 2024, during which time residents or businesses with supporting technical and scientific information can appeal the revised flood risk information on the preliminary maps. The City can make no representation that future maps will not be revised to include the City within an area deemed subject to flooding. The City on occasion experiences rain events that cause localized flooding, fallen trees and damage to City infrastructure.

Drought. The County's Multi-Jurisdictional Hazard Mitigation Plan predicts that there is 10%-90% chance of drought occurring each year with climate change increasing the likelihood of occurrence. Droughts have occurred in the County as recent as 2020-2022 when the County was in a severe drought with water restrictions. The economic losses continue to increase from reduced tourism in the local mountains and fire risk. Additionally, a drought occurred in 2012-2018, which was declared a state of emergency in 2014. To abide by the State Water Resources Control Board's mandatory water reductions, the San Bernardino Municipal Water Department Board of Water Commissioners authorized implementation of Stage IIA of the department's Water Supply Contingency Plan on June 1, 2015.

The impact of drought depends on time and severity of hydrologic deficit. The National Integrated Drought Information System (NIDIS) Act of 2006 (Public Law 109-430) prescribes an interagency approach for drought monitoring, forecasting, and early warning. The USDM provides a summary of drought conditions across the United States and Puerto Rico and is developed and maintained by the National Drought Mitigation Center. USDM includes the U.S. Drought Monitor Map. This map is updated weekly by combining a variety of drought database and indicators, and local expert input into a single composite drought indicator. The map denotes four levels of drought intensity (ranging from D1 - D4) and one level of "abnormal dryness" (D0). As of March 5, 2026 the County is not classified as being in a drought. However, future drought conditions can lead the County to experience more wildfire events and negatively impact retail activity in the City and County, materially adversely impacting the Measure I Revenues available to pay the Certificates .

Wildfire Risks. According to the County's Multi-Jurisdictional Hazard Mitigation Plan, wildfire risk is of greatest concern to populations residing in the moderate, high, and very high wildfire hazard zones. Wildfires present a significant potential for disaster in the County, a region of relatively high temperatures, low humidity, and low precipitation during the summer. This long summer season is followed by a fall season that is famous

for high velocity, very dry winds that come out of the desert. The Santa Ana winds very consistently arrive from the middle of October to the end of November. In and of themselves, these weather patterns would be of little significance without the un-naturally dense forest and the dense undergrowth that has been allowed to grow unabated for the last several decades. Another factor that has a potential for disaster is the number of dead trees in the mountain region. Due to the over densification of the forest combined with drought conditions during the past ten years, trees in the local mountains have become weakened, creating a perfect environment for Bark Beetles to proliferate from 2003 to 2008. Combine these severe burning conditions with people or lightning and the stage is set for the occurrence of large, destructive wildfires. Additionally, there are only five routes in and out for almost 60,000 residents. The San Bernardino County census block data was used to estimate populations within the hazard zones. There are a significant number of people living within the WUI described in the wildfire profiles. More than 34,000 residents in the unincorporated county live within areas considered very high fire hazard and more than 63,000 residents live within a very high hazard. The largest historic wildfire in the County was the Old Fire that occurred in 2003. The Old Fire burned approximately 91,281 acres and 1,003 structures.

The City has not been directly affected by a recent or current California wildfire. The California State Fire Marshal is mandated to classify lands within State Responsibility Areas into Fire Hazard Severity Zones (FHSZ). The City has areas that are designated State Responsibility Areas and areas that are classified as in Moderate FHSZ. Designations are based on the factors that influence fire likelihood and fire behavior. Many factors are considered such as fire history, existing and potential fuel (natural vegetation), predicted flame length, blowing embers, terrain, and typical fire weather for the area. Areas outside of designated State Responsibility Areas (including the area in and around the City) are designated Local Responsibility Areas. Local government (i.e. the City and County) has the responsibility to provide fire protection in this Local Responsibility Area and may provide structural and supplemental wildland fire protection in State Responsibility Areas. There can be no assurances that wildfires will not affect the properties in the City.

Climate Change. The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. The future fiscal impact of climate change on the City, its finances, and the economy in the City and the County is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change and a material adverse effect on the economy in the City and the County by causing more severe and frequent storm events, wildfires, and other natural disasters. Climate change-driven extreme weather events may reduce Measure I revenues by disrupting local businesses, decreasing consumer spending, and weakening overall economic activity within the City and County.

The City recognizes the importance of addressing climate change and its potential impacts on the community. The City has demonstrated this commitment through a variety of projects, plans, policies, and initiatives aimed at reducing greenhouse gas emissions, adapting to climate change, and promoting sustainability. Among key initiatives and policy statements, the City has adopted a Hazard Mitigation Plan that was adopted in 2019. The City plans to continue implementing measures to reduce GHG and energy usage as identified in the City of Barstow Resource Conservation and Open Space Element.

Cyber Security

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Code of Civil Procedure Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Certificates, the Trust Agreement, and the Installment Sale Agreement, Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its Certificates, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”

The City believes that its execution and delivery of the Installment Sale Agreement is legally valid and authorized, and not prohibited by Section 18 of Article XVI of the California Constitution (commonly referred to as the “California constitutional debt limit”), because the proceeds of the Certificates are restricted for use solely on Measure I Projects and the Installment Sale Payments are payable solely from the Measure I Receipts; accordingly the Installment Sale Agreement falls within the judicially-created “special fund” exception to the California constitutional debt limit.

The Corporation and the City have not undertaken or endeavored to undertake any validation proceeding in connection with the execution and delivery of the Certificates or the execution and delivery of the Trust Agreement and the Installment Sale Agreement. The Corporation, the City, and Special Counsel have relied on the provisions of Code of Civil Procedure Section 860, et seq., in particular Sections 860, 863, 864, and 869, which provide that any action challenging the Certificates, the Trust Agreement, the Installment Sale Agreement, or related matters must be brought within 60 days following the adoption by the City of its resolutions authorizing the execution and delivery of the Certificates and the execution and delivery of the Trust Agreement and the Installment Sale Agreement (“Authorizing Resolutions”). The City adopted the Authorizing Resolution on February 17, 2026; accordingly, the challenge period described in Code of Civil Procedure Section 860, et seq., expired with respect to the Certificates, the Trust Agreement, the Installment Sale Agreement, and related matters on April 18, 2026.

Notwithstanding the statute of limitations provided by Code of Civil Procedure Section 860 with respect to the Certificates, the Trust Agreement, the Installment Sale Agreement, and related matters, it is possible that challenges to Measure I, the Measure I Tax, collection procedures, or other matters, or changes to the law, could have a material adverse impact on the collection and allocation to the City of Measure I Revenues. However, any court or legislative action or initiative measure affecting the levy, collection, or allocation of Measure I Revenues to the City for the timely payment of Installment Sale Payments could be subject to legal protections regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The City believes these constitutional provisions could provide some protection against adverse consequences of such actions upon the City and the availability of Measure I Receipts for the payment of the Installment Sale Payments (and accordingly, the Certificates). However, the City provides no assurance that a court or legislative action or initiative measure affecting the levy, collection, or allocation of Measure I Revenues to the City will not result in an outcome that may have a material adverse effect on the City’s ability to timely pay Installment Sale Payments and therefore the payment of debt service on the Certificates.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” certain acts or omissions of the City in violation of its covenants in the Trust Agreement and the Installment Sale Agreement could result in the interest on the Certificates being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment or an increase in interest rates and would remain outstanding.

In addition, subsequent to the execution and delivery of the Certificates there might be federal, state or local statutory changes (or judicial or regulatory changes to or interpretations of federal, state or local law) that affect the federal, state or local tax treatment of the Certificates, including the imposition of additional federal income or state taxes on owners of tax-exempt state or local obligations, such as the Certificates. These changes could adversely affect the market value or liquidity of the Certificates. No assurance can be given that subsequent to the execution and delivery of the Certificates statutory changes will not be introduced or enacted or judicial or regulatory interpretations will not occur having the effects described above. Before purchasing any of the Certificates, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Certificates.

Federal Funding Risks

Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. From time to time, such changes can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in near-term and future federal funding. The City can provide no certain assurances with respect to continued grant funding or other direct payments to the City and County in support of governmental services, whether previously made directly or by pass-through to the State. See the caption “THE CITY, THE COUNTY, AND THE PROJECTS—The Projects.”

Secondary Market

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that the Certificates can be sold for any particular price. Occasionally, because of general market conditions, adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bond Insurance

In the event of default of the payment of the scheduled principal or interest evidenced and represented by the Insured Certificates when all or some becomes due, the Trustee on behalf of any owner of the Insured Certificates shall have a claim under the Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the Insured Certificates and the Insurer’s consent may be required in connection with amendments to any applicable documents relating to the Certificates. See APPENDIX A—“FORMS OF TRUST AGREEMENT AND INSTALLMENT SALE AGREEMENT.”

The Insurer is expected to insure a majority or all of the Certificates and will therefore have the ability to direct the actions of the Trustee give consents and waivers and take other actions without regard to the views of the Owners of the Certificates. As a result, Owners of the Certificates may be limited in the rights and remedies they are able to exercise in the event of a default by the City under the Installment Sale Agreement. The Insurer may have different business and other interests than the Owners of the Certificates.

The long-term ratings on the Insured Certificates are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the Insured Certificates will not be subject to downgrade and such event could adversely affect the market price of the Insured Certificates or the marketability (liquidity) for the Insured Certificates. See the caption "RATINGS" herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the Corporation, the City, or the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to make Installment Sale Payments when due under the Installment Sale Agreement and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII B of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the State Constitution ("**Article XIII B**"). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B limits the annual appropriations of the State and of any city, county, school district, Corporation or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and cost of services rendered by the governmental entity. The "base year" for establishing such appropriation limit is State fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations of an entity of local government that are subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations that are subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from: (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation; (ii) the investment of tax revenues; and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIII B allows voters to approve a temporary waiver of a government's Article XIII B limit. Such a waiver is often referred to as a "Gann limit waiver." The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to a local government or allow a local government to finance additional services.

Installment Sale Payments are subject to the Article XIII B appropriations limitations. The City reports that it has never made appropriations that exceeded the limitation on appropriations under Article XIII B. The impact of the appropriations limit on the financial needs of the City in the future is unknown.

Articles XIII C and XIII D of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the "Right to Vote on Taxes Act" ("**Proposition 218**"). Proposition 218 added Article XIII C ("**Article XIII C**") and Article XIII D ("**Article XIII D**") to the State Constitution, which Articles contain a number of provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund, require a two-thirds vote. Article XIII C further provides that any general purpose tax that is imposed, extended or increased without voter approval after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996. The City reports that it has not imposed, extended or increased any such taxes that are currently in effect without voter approval.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date that such taxes, assessments, fees and charges were imposed. Article XIII C expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIII C to fees imposed after November 6, 1996, and absent other legal Corporation could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives that reduce, repeal or prohibit the future imposition or increase of, local taxes, assessments, fees or charges that currently comprise a substantial part of the City's general fund. The terms "local tax," "assessments," "fees" and "charges" are not defined in Article XIII C, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as for Article XIII D described below. If not, the scope of the initiative power under Article XIII C potentially could include any general fund local tax, assessment, or fee that is not received from or imposed by the federal or State government or derived from investment income. The City does not believe that it currently levies any property related "fees" or "charges" that it considers to be subject to challenge under Article XIII C.

The voter approval requirements of Proposition 218 reduce the flexibility of a local government to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIII D also added several new provisions relating to how local governments may levy and maintain "assessments" for municipal services and programs. These provisions include, among other things: (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that the assessment must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred; and (iii) a majority protest procedure that involves the mailing

of a notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. The term “Assessment” in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, streetlights, and parks.

In addition, Article XIIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIIID to mean “any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that: (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, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. 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.

The City does not believe that the provisions of Article XIIIC or Article XIIID will directly impact the Measure I Receipts available to the City to make its Installment Sale Payments required pursuant to the Installment Sale Agreement.

Future Initiatives

Article XIIIB, Article XIIIC and Article XIIID were each adopted as measures that qualified for the ballot pursuant to the State’s Constitutional initiative process. From time to time other initiative measures could be adopted that affect the ability of the City to increase or apply revenues and to make or increase appropriations or the ability of SBCTA to levy, collect or allocate the Measure I Revenues, all of which could adversely impact the amount of Measure I Revenues received by the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) with respect to the Certificates is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “**Code**”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Certificates might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Special Counsel, interest (and original issue discount) with respect to the Certificates is exempt from State of California personal income tax.

The difference between the issue price of a Certificate (the first price at which a substantial amount of the Certificates of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Certificate (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will

accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Certificate. In the opinion of Certificate Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Certificate is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Special Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Certificates is exempt from State of California personal income tax.

Special Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Certificates is based upon certain representations of fact and certifications made by the City, the Corporation and others and is subject to the condition that the City and the Corporation comply with all requirements of the Code, that must be satisfied subsequent to the delivery of the Certificates to assure that interest (and original issue discount) on the Certificates will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Certificates to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Certificates. The City and the Corporation will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Certificate is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the Beneficial Owner. Purchasers of the Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement, the Lease and the Tax Certificate relating to the Certificates permit certain actions to be taken or to be omitted if a favorable opinion of a Special Counsel is provided with respect thereto. Special Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Certificate if any such action is taken or omitted based upon the advice of counsel other than Special Counsel.

Although Special Counsel will render an opinion that interest (and original issue discount) on the Certificates is excluded from gross income for federal income tax purposes provided that the City and the Corporation continue to comply with certain requirements of the Code, the ownership of the Certificates and the accrual or receipt of interest (and original issue discount) with respect to the Certificates may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Certificates, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Certificates.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the delivery of the Certificates to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Certificates or their market value.

SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE CERTIFICATES INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE CERTIFICATES. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE CERTIFICATES. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE CERTIFICATES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE CERTIFICATES.

The form of Special Counsel's proposed opinion with respect to the Certificates is attached hereto in Appendix C.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, sale, execution and delivery of the Certificates are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Special Counsel. A complete copy of the proposed form of opinion of Special Counsel is contained in Appendix D hereto. Special Counsel has not undertaken any responsibility to the Owners for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Certificates and expresses no opinion relating thereto. Certain legal matters will be passed upon for the City by the City Attorney and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, for the Corporation by its counsel, for the Trustee by its counsel, and for the Underwriter by Anzel Galvan LLP, San Francisco, California. Compensation of Special Counsel is contingent upon the execution and delivery of the Certificates.

Special Counsel represents the City in connection with the execution and delivery of the Certificates. From time-to-time Special Counsel represents the Underwriter in connection with other financings and matters unrelated to the Certificates. Special Counsel does not represent the Underwriter or any other party with respect to the execution and delivery of the Certificates other than the City.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") is expected to assign the rating of "AA" to the Insured Certificates based upon the delivery of the Policy by the Insurer at the time of execution and delivery of the Certificates. See "BOND INSURANCE" herein.

In addition, S&P has assigned the Certificates the rating of "A+," independent of the delivery of the Policy.

There is no assurance that any credit rating given to the Certificates will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates. The ratings reflect only the views of S&P, and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

In providing ratings on the Certificates, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Trust Agreement or the Installment Sale Agreement. Neither the City nor the Corporation makes any representations as to any such calculations, and such calculations should not be construed as a representation by the City or the Corporation as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

CONTINUING DISCLOSURE

The City has covenanted in its continuing disclosure certificate (the “**Continuing Disclosure Certificate**”) for the benefit of the holders and beneficial owners of the Certificates to provide, or cause the Dissemination Agent to provide, to the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System, certain financial information and other operating data on an annual basis no later than March 31 of each year, commencing with the annual report for the fiscal year ended June 30, 2026 due no later than March 31, 2027, and to provide notice of certain enumerated events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the “**Rule**”). This Official Statement constitutes the annual report for the fiscal year ended June 30, 2025. The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption APPENDIX D—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with the Rule.

Although the City has covenanted in the Continuing Disclosure Certificate to provide notice of rating changes with respect to the Certificates, information relating to rating changes may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Owners of the Certificates are directed to the rating agencies and official media outlets for the most current rating information with respect to the Certificates.

The City has not failed to comply in all material respects with its prior continuing disclosure undertakings in the last five years. The City has engaged Urban Futures, Inc., Walnut Creek, California, as dissemination agent (in such capacity, the “**Dissemination Agent**”) to ensure compliance with its continuing disclosure undertakings in the future.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Walnut Creek, California, as municipal advisor (in such capacity, the “**Municipal Advisor**”) in connection with the execution, delivery and sale of the Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities. Compensation for the Municipal Advisor’s services with respect to the Certificates is entirely contingent upon the sale and delivery of the Certificates.

UNDERWRITING

The Certificates will be purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) pursuant to a Bond Purchase Agreement, dated the date of this Official Statement (the “**Purchase Contract**”), by and between, the City and the Underwriter. Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the Certificates for an aggregate purchase price of \$_____ (being the principal amount of the Certificates, less Underwriter’s discount of \$_____, plus a [net] original issue premium of \$_____). The Purchase Contract provides that the Underwriter will purchase all of the

Certificates if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the City and/or the Corporation and to persons and entities with relationships with the City and/or the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City and/or the Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City and/or the Corporation.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City and/or the Corporation.

NO LITIGATION

The Corporation

Concurrently with the delivery of the Certificates, the Corporation will certify that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending of which the Corporation has received service of process or, to the knowledge of the Corporation, threatened against the Corporation seeking to restrain or enjoin the execution, delivery or sale of the Certificates, or in any way contesting or affecting any proceedings of the Corporation taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Certificates, the validity or enforceability of the documents executed by the Corporation in connection with the Certificates, the completeness or accuracy of this Official Statement, or the existence or powers of the Corporation relating to the sale of the Certificates.

The City

Concurrently with the delivery of the Certificates, the City will certify that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending of which the City has received service of process or, to the knowledge of the City, threatened against the City, seeking to restrain or enjoin the execution, delivery, or sale of the Certificates, the execution and delivery of the Trust Agreement or the Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City taken with respect to any of the foregoing or that will materially affect the ability of the City to pay its Installment Sale Payments when due. Various

claims and suits are filed against the City in the normal course of business. Although the outcome of pending matters is not presently determinable in the opinion of legal counsel, the resolutions of these matters will not have a material adverse effect on the financial condition of the City.

AUDITED FINANCIAL STATEMENTS AND MEASURE I COMPLIANCE AUDIT

Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

The City's Annual Comprehensive Financial Report for the fiscal year ending June 30, 2025, is included as Appendix E and contains the audited financial statements of the City, which have been audited by LSL, LLP (the "**Auditor**"), together with the Auditor's report thereon dated January 22, 2026. Such audited financial statements have been included herein in reliance upon the report of the Auditor. The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement. The Auditor has not undertaken to update the audited financial statements of the City or its report, 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 the Auditor with respect to any event subsequent to its report dated January 22, 2026. See APPENDIX E—"CITY OF BARSTOW ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025."

Annual Measure I Compliance Audit for Fiscal Year Ended June 30, 2025

SBCTA engages an auditing firm on an annual basis to conduct certain agreed-upon procedures to confirm the status of compliance by each local jurisdiction (including the City) with the Maintenance of Efforts requirements and other requirements set forth in the Measure I Ordinance (the "**Measure I Compliance Audit**"). For the fiscal year ended June 30, 2025, the agreed-upon procedures were performed by and the Measure I Compliance Audit was prepared and delivered by Crowe LLP, ("**Crowe LLP**"). The Measure I Compliance Audit for the fiscal year ended June 30, 2025 and the letter of Crowe LLP dated December 18, 2025 ("**Agreed-Upon Procedures Letter**") stating the results of the agreed-upon procedures are included as Appendix F.

The Measure I Compliance Audit and the Agreed-Upon Procedures Letter have been included herein in reliance upon the report of Crowe LLP. The Measure I Compliance Audit and the Agreed-Upon Procedures Letter are public documents and are included within this Official Statement without the prior approval of Crowe LLP or SBCTA. Accordingly, Crowe LLP has not performed any review of the City's compliance with the Measure I Ordinance subsequent to the date of the Agreed-Upon Procedures Letter and also has not performed any procedures relating to this Official Statement. Crowe LLP has not undertaken to update the Measure I Compliance Audit or the Agreed-Upon Procedures Letter, and no opinion is expressed by Crowe LLP with respect to any event subsequent to its letter dated December 18, 2025. See APPENDIX F—"CITY OF BARSTOW MEASURE I COMPLIANCE AUDIT FOR THE YEAR ENDED JUNE 30, 2025."

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Certificates. References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Trust Agreement, the Installment Sale Agreement, and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Barstow, 220 East Mountain View, Suite A, Barstow, California 92311.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as

a contract or agreement between the Corporation or the City and the purchasers or Owners of any of the Certificates.

This Official Statement and its distribution have been duly authorized and approved by Corporation and the City.

CITY OF BARSTOW

By: _____
City Manager

APPENDIX A

FORMS OF TRUST AGREEMENT AND INSTALLMENT SALE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

TRUST AGREEMENT

among

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA,

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

and

CITY OF BARSTOW

Dated as of May 1, 2026

**CITY OF BARSTOW
LOCAL MEASURE I TRANSPORTATION SALES TAX REVENUE
CERTIFICATES OF PARTICIPATION, SERIES 2026**

TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into and dated as of May 1, 2026 (the “Trust Agreement”) among the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the “Trustee”), and the CITY OF BARSTOW, a municipal corporation organized and existing under the Constitution of the State of California (the “City”);

W I T N E S S E T H:

WHEREAS, the City has determined as provided in that certain Installment Sale Agreement, dated as of the date hereof (the “Agreement”), by and between the City and the Corporation, that the design, acquisition, installation, and construction of certain public capital improvements located in various sites in the City, including the projects described in Exhibit B attached to the Agreement (collectively, the “Projects”) is necessary and proper for City purposes and uses, and under the terms of applicable law;

WHEREAS, the Corporation has agreed to assist the City to finance the Projects;

WHEREAS, to assist the City with the design, acquisition, installation, and construction of the Projects, the Corporation has determined to acquire and construct the Projects for, and sell the Projects to, the City;

WHEREAS, in order to provide funds to finance the Projects, the City desires to cause the execution and delivery by the Trustee of the City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026 (the “Certificates”);

WHEREAS, the principal and interest represented and evidenced by the Certificates will be payable from and secured by 2026 Installment Sale Payments made by the City to the Corporation pursuant to the Agreement;

WHEREAS, in order to provide for the execution and delivery of the Certificates, to establish and declare the terms and conditions upon which the Certificates are to be secured and paid, the City and the Corporation have authorized the execution and delivery of this Trust Agreement;

WHEREAS, the Corporation and the City have executed a Certificate Purchase Agreement, in connection with the sale to Stifel, Nicolaus & Company, Incorporated (the “Purchaser”) of the Certificates;

WHEREAS, the Trustee has accepted the trust created by this Trust Agreement and in evidence thereof has joined in the execution hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Trust Agreement and the execution and delivery of the Certificates do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

“Acquisition Fund” means the fund by that name established and maintained pursuant to Section 2.11.

“Administration Fee” means an amount equal to the sum of the Trustee’s fees, the Rebate Analyst Fee and any other similar fee payable in connection with the administration of the Agreement and this Trust Agreement, payable by the City, in accordance with the Agreement, on the 15th day of the month preceding each Interest Payment Date.

“Administration Account” means the account by that name established and maintained pursuant to Section 3.03.

“Agreement” means the Installment Sale Agreement, dated as of May 1, 2026, between the Corporation and the City as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

“Authorized City Representative” means the Mayor of the City, the Mayor Pro Tem of the City, the City Manager of the City, the Assistant City Manager of the City, the Finance Director of the City, or the City Clerk, or any other person at the time designated to act on behalf of such City by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such City by an Authorized City Representative.

“Authorized Corporation Representative” means the Chairman, Treasurer and Secretary of the Corporation, or any other person authorized by the Board of Directors of the Corporation pursuant to a resolution adopted thereby.

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Business Day” means any day of the year, other than (i) a Saturday, (ii) a Sunday, (iii) a day on which banks located in the city in which either the designated corporate trust office of the Trustee is located is required or authorized by law to be closed or (iv) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is not operational.

“Cash Flow Consultant” means Stifel, Nicolaus & Company, Incorporated or any successor thereto appointed by the City.

“Cash Flow Report” means a report prepared by the Cash Flow Consultant identifying Certificates to be prepaid as a result of any prepayment pursuant to Section 2.10 hereof. In the case of

any optional prepayment pursuant to section 2.10(a) hereof, such report shall demonstrate that Revenues expected to be received following such prepayment shall be sufficient to pay the regularly scheduled principal of, and interest represented by the Certificates as such amounts become due and payable. In the case of a mandatory prepayment pursuant to section 2.10(b) hereof, such report shall identify maturities of principal evidenced by the Certificates to be prepaid in a manner consistent with Section 7.02 hereof and Section 6.02 of the Agreement relating to the application of Revenues upon acceleration.

“Certificate Payment Date” means a date on which principal evidenced and represented by the Certificates is due and payable, being June 1 of each year commencing June 1, 202_.

“Certificates” means the City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026.

“City” means the City of Barstow, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Closing Date” means May __, 2026.

“Code” means the Internal Revenue Code of 1986, as amended and the regulations issued thereunder.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Closing Date, executed by the City, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Corporation” means the Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, and its successors and assigns as provided in this Trust Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation and related to the authorization, execution and delivery of Certificates, including, but not limited to costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees of rating agencies, fees and charges for preparation, execution and safekeeping of the Certificates and any other costs, charges or fees in connection with the original execution, issuance, delivery, marketing and sale of the Certificates.

“Costs of Issuance Fund” means the fund by that name established and maintained pursuant to Section 2.11.

“Defeasance Obligations” means the following: (1) cash, (2) non callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre refunded municipal obligations rated “AAA” and “Aaa” by S&P

and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, which shall be used to effect defeasance of the Certificates.

"Electronic Means" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the City, and who, or each of whom -

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest represented and evidenced by the Certificates when due.

"Insured Certificates" means the Certificates maturing on June 1 of the years 20__ through 20__, inclusive, the scheduled payment of principal of and interest on the which, when due, will be guaranteed under the Insurance Policy.

"Insurer" means Assured Guaranty Inc., a Maryland insurance company, or any successor thereto or assignee thereof.

"Interest Account" means the account by that name established pursuant to Section 3.03.

"Interest Payment Date" means a date on which interest represented and evidenced by the Certificates is due and payable, being June 1 and December 1 of each year, commencing [December 1, 2026].

["Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3% (with respect to the Insurance Policy) or 5% (with respect to the Reserve Policy), and (ii) the then-applicable highest rate of interest on the Certificates and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the

period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Corporation or the City had specifically designated such extra sums payable from Measure I Receipts as 2026 Installment Sale Payments to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.]

“Measure I Ordinance” means Ordinance No. 04-01, titled “An Ordinance Providing for the Continuation of a One-Half of One Percent Retail Transactions and Use Tax by the San Bernardino County Transportation Authority for Local Transportation Purposes and the Transportation Expenditure Plan” passed on June 2, 2004 including any extensions of the transportation transaction and use tax previously extended by Ordinance No. 04-01.

“Measure I Receipts” means Measure I Revenues allocated by the San Bernardino County Transportation Authority to the City as the City’s share of local program funding pursuant to the Transportation Expenditure Plan attached to the Measure I Ordinance.

“Moody’s” means Moody’s Investor Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation 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 City pursuant to the Agreement.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Corporation and the City by the Trustee in writing, except that with respect to presentation of Certificates for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Corporation and the City by the Trustee in writing.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal obligations, appointed and paid by the City and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

“Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 6.02) all Certificates except

- (1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Certificates paid or deemed to have been paid within the meaning of Section 8.01; and
- (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant hereto.

“Owner” means any person who shall be the registered owner of any Outstanding Certificate.

“Permitted Investments” means any of the following to the extent then permitted by the general laws of the State of California:

(1) (a) Direct obligations (other than an obligation subject to—variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”). These include, but are not necessarily limited to:

- U.S. Treasury obligations
All direct or fully guaranteed obligations
- General Services Administration
Participation certificates
- U.S. Maritime Administration
Guaranteed Title XI financing
- Small Business Administration
Guaranteed participation certificates
Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
GNMA-guaranteed mortgage-backed securities
GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
Local authority bonds
- Washington Metropolitan Area Transit Authority
Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal intermediate Credit Banks and Banks for Cooperatives)
Consolidated systemwide bonds and notes
- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations

- Federal National Mortgage Association (FNMA)
 - Senior debt obligations
 - Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)
 - Debt obligations
- Resolution Funding Corporation (REFCORP)
 - Debt obligations

(4) Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, other deposit products, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by S&P.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "A-1" or better by S&P and "Prime-1" by Moody's.

(7) Money market mutual funds rated in the highest investment category granted thereby from S&P and Moody's, including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, but excluding such funds with a floating net asset value.

(8) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank or any non-bank financial institution or primary dealer as designated by the Federal Reserve the long term debt of which is rated at least "BBB+" by Standard & Poor's or Moody's (including the Trustee or any of its affiliates); or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "BBB+" by Standard & Poor's or Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "BBB+" or better by Standard & Poor's or Moody's, provided that:

(a) The collateral shall be securities described in clause 1(a), (b) or (c) of this subsection, and the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the City to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the City (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase or reverse repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase or reverse repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "BBB" by Standard & Poor's or "Baa2" by Moody's, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the City.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by Standard & Poor's or Moody's, respectively.

(9) State Obligations

(a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A2" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

(10) Local Agency Investment Fund of the State of California.

(11) Investment agreements including guaranteed investment contracts, repurchase agreements and forward delivery agreements, that are obligations of an entity rated, or whose obligations are rated, or guaranteed by an entity which is rated or whose obligations are rated, (at the time the investment is entered into) not lower than "A-" by S&P or Fitch, or "A3" by Moody's.

(12) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of or investment in such Permitted Investments.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Principal Account” means the account by that name established and maintained pursuant to Section 3.03.

“Project” or **“Projects”** has, as the context suggests, the meaning ascribed to such term in the Agreement.

“Project Costs” means all costs of payment of, or reimbursement for, the engineering, design, acquisition, installation, provision and financing of the Projects, including but not limited to, engineering and installation management costs, administrative costs and capital expenditures relating to financing payments, costs of accounting, feasibility, environmental and other reports, interest during the period of acquisition and installation of the Projects, insurance costs, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs, initial fees and charges of the Corporation and the Trustee, escrow fees, financing discounts, legal fees and charges, financial and other professional consultant fees and charges in connection with the foregoing.

“Purchase Agreement” means that certain Certificate Purchase Agreement by and among the Corporation, the City and the Purchaser relating to the 2026 Installment Sale Agreement and the Certificates.

“Purchaser” means Stifel, Nicolaus & Company, Incorporated as initial purchaser of the Certificates.

“Purchase Price” means with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon purchase thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Qualified Reserve Instrument” means an insurance policy meeting the requirements of Section 3.03(3).

“Rating Agency” means S&P, if the Certificates are then rated by S&P, and Moody’s, if the Certificates are then rated by Moody’s.

“Rebate Amount” means, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Certificates.

“Rebate Analyst” means that firm or individual designated by the City to satisfy its obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Certificates.

“Rebate Analyst Fee” means the fee payable to the Rebate Analyst, payable by the City in accordance with the Agreement.

“Rebate Fund” means the fund by that name established and maintained pursuant to Section 4.06.

“Record Date” means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a Business Day.

“Request” or “Statement” means with respect to the City an instrument in writing signed on behalf of the City by an Authorized City Representative, and with respect to the Corporation means an instrument in writing signed on behalf of the Corporation by an Authorized Corporation Representative or other person at the time designated to act on behalf of the City or the Corporation, respectively, by written certificate furnished to the Trustee.

“Reserve Account” means the account by that name established and maintained pursuant to Section 3.03.

“Reserve Account Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the Certificates; (ii) 125% of the average annual Debt Service (as defined in the Agreement) on the Certificates, or (iii) the Maximum Annual Debt Service, as defined in the Agreement.

“Reserve Policy” means the debt service reserve fund insurance policy issued by the Insurer and credited to the Reserve Account. The Reserve Policy is a Qualified Reserve Instrument.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 3.02.

“Revenues” means all 2026 Installment Sale Payments and other payments paid by the City and received by the Corporation pursuant to the Agreement and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to Section 3.04.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation 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 City pursuant to the Agreement.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the City may designate to the Trustee in writing.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the City, the Corporation, and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“Surplus Account” means the account by that name established and maintained pursuant to Section 3.03.

“2026 Installment Sale Payments” means the periodic payments scheduled to be paid by the City under and pursuant to the Agreement.

“Tax Certificate” means the Tax Certificate, dated the Closing Date and executed and delivered by the City.

“Trust Agreement” means this Trust Agreement, dated as of May 1, 2026, by and among the Corporation, the Trustee and the City, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, acting in its capacity as trustee under this Trust Agreement, and its successors and assigns appointed pursuant to this Trust Agreement.

Section 1.02 Equal Security. In consideration of the acceptance of the Certificates by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract among the Trustee, the City, and the Owners to secure the full and final payment of the interest and principal evidenced and represented by of the Certificates, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE CERTIFICATES

Section 2.01 Preparation and Purpose of Certificates. The City has reviewed all proceedings heretofore taken relative to the authorization of the Certificates and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and for the execution and delivery of

the Certificates do exist, have happened and have been performed in due time, form and manner as required by law. Upon the Request of an Authorized City Representative, the Trustee is hereby duly authorized, to cause the Certificates to be executed and delivered in the form and manner provided herein for the purpose of providing funds to pay for and construct the Projects, and that the Certificates shall be entitled to the benefit, protection and security of the provisions hereof. The City hereby authorizes and directs the Trustee to prepare the Certificates in the initial aggregate principal amount of _____ dollars (\$_____), evidencing and representing the aggregate principal components of the 2026 Installment Sale Payments and each evidencing and representing a proportionate, undivided interest in the 2026 Installment Sale Payments. The Certificates do not constitute a debt or liability of the City or of the State and neither the faith and credit of the City nor of the State are pledged to the payment of the Certificates.

Section 2.02 Terms of the Certificates. The Certificates shall be designated “City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026.” The Certificates shall be dated the Closing Date, shall be executed and delivered in the aggregate principal amount of \$_____, only in fully registered form in denominations of \$5,000 or any integral multiple of \$5,000 (not exceeding the principal amount of Certificates payable at any one time), and shall be payable on the Certificate Payment Dates and in the principal amounts and evidence and represent interest at the rates (based on a 360-day year comprised of twelve 30-day months) as set forth in the following schedule:

Certificate Payment Date
(June 1)

Principal Amount

Interest Rate

(c) Interest evidenced by the Certificates shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Certificate is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest evidenced by such Certificate shall be payable from such Interest Payment Date, (ii) a Certificate is authenticated on or before the first Record Date, in which event interest evidenced by such Certificate shall be payable from the Closing Date, or (iii) interest evidenced by any Certificate is in default as of the date of authentication thereof, in which event interest evidenced by such Certificate shall be payable from the date to which interest has previously been paid or duly provided for. Interest evidenced by the Certificates shall be paid in lawful money of the United States on each

Interest Payment Date. Interest evidenced by the Certificates shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Certificates at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest evidenced by any Certificate which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Certificate is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal evidenced and represented by the Certificates shall be payable in lawful money of the United States of America upon presentation and surrender thereof at maturity or on prepayment prior to maturity at the Office of the Trustee.

(e) The Certificates shall be subject to prepayment as provided in Section 2.10 hereof.

(f) The Certificates shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03 Form of Certificates. The Certificates and the assignment to appear thereon shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein with such appropriate additions, modifications and insertions as are permitted or required by this Trust Agreement.

Section 2.04 Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee. Only those Certificates executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such execution by the Trustee shall be conclusive evidence that the Certificates so executed and registered have been duly authorized, executed and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.05 Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Certificates, which shall be open to inspection during regular business hours and upon reasonable written notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Certificates.

Section 2.06 Transfer and Exchange of Certificates.

(a) Any Certificate may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Certificate to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Certificate or Certificates shall be so surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same maturity in a like aggregate principal amount, in any Authorized

Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Certificates may be exchanged at the Office of the Trustee for Certificates representing and evidencing a like aggregate principal amount, of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Certificates pursuant to this Section during the period established by the Trustee for the selection of Certificates for prepayment, or with respect to any Certificates selected for prepayment.

(d) The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.07 Book-Entry System.

(a) The Certificates shall initially be issued as Book-Entry Certificates, and the Certificates for each maturity date shall be in the form of a separate single fully-registered Certificate (which may be typewritten). Upon initial issuance, the ownership of each such Certificate shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Certificate registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Certificates, the City, the Corporation, and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Certificates. Without limiting the immediately preceding sentence, the City, the Corporation, and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Certificates, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Certificates of a maturity to be prepaid in the event such Book-Entry Certificates are prepaid in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Certificates, or (v) any consent given or other action taken by the Depository as Owner.

(c) The City, the Corporation, and the Trustee may treat and consider the Person in whose name each Book-Entry Certificate is registered in the Registration Books as the absolute Owner of such Book-Entry Certificate for the purpose of payment of principal of, and premium, if any, and interest on such Certificate, for the purpose of selecting any Certificates, or portions thereof, to be

prepaid, for the purpose of giving notices of prepayment and other matters with respect to such Book-Entry Certificate, for the purpose of registering transfers with respect to such Book-Entry Certificate, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the City, the Corporation, and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a prepayment of all or a portion of a Book-Entry Certificate, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Certificate, or (ii) if the Depository is the sole Owner of such Book-Entry Certificate, shall make an appropriate notation on the Book-Entry Certificate indicating the date and amounts of the reduction in principal thereof resulting from such prepayment, except in the case of final payment, in which case such Book-Entry Certificate must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Certificates only to or “upon the order of” (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner’s respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Certificates to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Certificate. Upon delivery by the Depository to the Owners, the City and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Trust Agreement shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Certificates for the Depository’s book-entry system, the City shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Certificates other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the City, the City and the Trustee shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository’s book-entry program.

(g) In the event the City determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Certificates and that such Certificates should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Certificates. In such event, the Trustee shall transfer and exchange certificated Certificates as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Certificates, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the City shall discontinue the Book-Entry system with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate, fully-registered Certificate for each maturity date of such Book-Entry Certificates, registered in the name of such successor or substitute qualified securities depository or its nominee. If the City fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Certificates shall no longer be restricted to being registered in the Registration Books in the name of

the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the provisions of Sections 2.06, 2.08 and 2.09 hereof. Whenever the Depository requests the City to do so, the City shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Certificates to any Participant having Book-Entry Certificates credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Certificates.

(h) Notwithstanding any other provision of this Trust Agreement to the contrary, if the Depository is the sole Owner of the Certificates, so long as any Book-Entry Certificate is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Certificate and all notices with respect to such Book-Entry Certificate shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Trust Agreement by the City or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Certificates, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

(j) In connection with any proposed transfer outside the Book-Entry Only system, the City or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.08 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute, and deliver, a new Certificate of the same maturity in a like principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the City. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall execute and deliver, a new Certificate of the same maturity in a like aggregate principal amount in lieu of and in replacement for the Certificate so lost, destroyed or stolen (or if any such Certificate shall have matured or shall have been selected for prepayment, instead of issuing a replacement Certificate, the Trustee may pay the same without surrender thereof). The Trustee may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Certificate issued under this Section and of the expenses which may be incurred by the Trustee. Any Certificate issued under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Trustee whether or not the Certificate so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement.

Section 2.09 Temporary Certificates. The Certificates may be executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. Any temporary

Certificates may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the City, shall be in fully-registered form without coupons and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and in substantially the same manner as the definitive Certificates. If the Trustee executes and delivers temporary Certificates it shall execute and deliver definitive Certificates as promptly thereafter as practicable, and thereupon the temporary Certificates may be surrendered, for cancellation, at the Office of the Trustee, in exchange for such temporary Certificates, definitive Certificates representing and evidencing an equal aggregate principal amount, of such maturities, in Authorized Denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates authenticated and delivered hereunder.

Section 2.10 Prepayment of Certificates.

(a) Optional Prepayment. The Certificates maturing on or after June 1, 20__, shall be subject to optional prepayment prior to maturity, at the option of the City, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. The City shall provide notice to the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by, maturities of, and amounts within a maturity of the 2026 Installment Sales Payments to be prepaid.

(b) Mandatory Prepayment. The Certificates shall be subject to mandatory prepayment prior to maturity, in whole or in part (by lot among Certificates with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate), on any date, from amounts received upon the acceleration of 2026 Installment Sale Payments upon the occurrence of an Event of Default described in clauses (1) or (4) or Section 7.01, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

(c) [Mandatory Sinking Fund Prepayment.] [To come if Term Certificates will be issued]

(d) Selection of Certificates. Whenever provision is made in this Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee shall, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates and Certificates within a maturity subject to prepayment or purchase or such given portion thereof equal to a multiple of \$5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any prepayment pursuant to Section 2.10(a) hereof or receipt of moneys resulting in a prepayment pursuant to Section 2.10(b) hereof, the Trustee shall request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount evidenced by and maturities of the Certificates to be prepaid. The Trustee shall promptly notify the City in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.

(e) Purchase in Lieu of Prepayment. In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Request of the City, for the purchase of such Certificates 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 Account) as the City may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date.

(f) Notice or Prepayment or Purchase. Notice of prepayment or purchase shall be mailed by first-class mail by the Trustee, upon direction of the City, not less than twenty (20) nor more than sixty (60) days prior to the prepayment or purchase date, to (i) the respective Owners of any Certificates designated for prepayment or purchase at their addresses appearing on the registration books of the Trustee, and (ii) if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Notice of prepayment or purchase shall be given by Electronic Means, certified, registered, or overnight mail to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Each notice of prepayment or purchase shall state the date of such notice, the date of initial delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Certificate Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each maturity date or dates, and, if less than all of the Certificates of any such Certificate Payment Date, the distinctive certificate numbers of the Certificates with such maturity date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Certificate Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice.

If any of the Certificates are prepaid pursuant to an advance refunding, notice of such advance refunding and prepayment shall be given in the same manner as above provided, and also within the same time period with respect to the actual prepayment or purchase date.

Notice of prepayment or purchase of Certificates shall be given by the Trustee, upon direction of and at the expense of the City. Conditional notice of optional prepayment may be given at the direction of the City and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee. If at the time of mailing of notice, funds are not then on deposit with the Trustee, such notice shall state that it is conditional upon the deposit of the funds not later than the date and time of prepayment or purchase of the Certificates, and such notice shall be of no effect unless such moneys are so deposited.

Failure by the Trustee to give notice pursuant to this Section 2.10(f) to the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System or Securities Depositories shall not affect the sufficiency of the proceedings for prepayment or purchase and the sole remedy available shall be an action by the Owners of the Certificates in mandamus for specific performance or similar remedy to compel performance. Failure by the Trustee to mail notice of prepayment or purchase pursuant to this Section 2.10(f) to any one or more of the respective Owners of any Certificates designated for prepayment or purchase shall not affect the sufficiency of the proceedings for prepayment or purchase with respect to the Owner or Owners to whom such notice was mailed and the sole remedy available shall be an action by the Owners of the Certificates in mandamus for specific performance or similar remedy to compel performance.

(g) Partial Prepayment or Purchase of Certificates. Upon surrender of any Certificate to be prepaid or purchased in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of authorized denomination, and having the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid or unpurchased portion of the Certificates surrendered.

(h) Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date, interest with respect to the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Trust Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Section shall be cancelled upon surrender thereof by the Trustee. All Certificates purchased pursuant to the provisions of this Section shall be registered in the name of the City and delivered to, or as directed in writing by, the City.

Section 2.11 Establishment of Funds and Accounts; Deposit of Proceeds. At any time after the sale of the Certificates, the Trustee shall execute the Certificates for delivery hereunder, and thereupon the Certificates shall be delivered by the Trustee to the purchaser thereof upon the Request of the City and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Certificates from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) [The Trustee shall credit the Reserve Policy to the Reserve Account within the Revenue Fund established pursuant to Section 3.03 hereof. The initial maximum amount available under the Reserve Policy is equal to the Reserve Account Requirement.]

(b) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Costs of Issuance Fund." The Trustee shall deposit the amount of \$_____, which is equal to the amount set forth in such Request of the City in the Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed, upon the Request of the City, to pay Costs of Issuance. Upon the earlier of payment in full of the Costs of Issuance or the making of adequate provision for the payment thereof, evidenced by a Request of the City to the Trustee, any balance remaining in such Fund shall be transferred to the Acquisition Fund, and pending such transfer and application, the moneys in such Fund may be invested as permitted by Section 3.04 hereof; *provided, however*, that investment income resulting from any such investment shall be retained in the Costs of Issuance Fund. Any residual earnings received after the transfer referenced above shall, as and when convenient, be transferred by the Trustee to the Acquisition Fund.

(c) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Acquisition Fund." The Trustee shall deposit the amount of \$_____, which is equal to the amount set forth in such Request of the City in the Acquisition Fund. Moneys in the Acquisition Fund shall be disbursed to the City pursuant to a Requisition in the form attached hereto

as Exhibit B. Such Requisition shall be in the form of a sequentially numbered requisition and shall set forth the name and address of the person or persons to whom said amounts are to be disbursed and state the amounts to be disbursed are for Project Costs properly chargeable to the Acquisition Fund and have not been the subject of any previous requisition. Upon delivery to the Trustee of a Request of the City, any Certificate proceeds remaining in the Acquisition Fund upon completion of the Projects (which completion shall be evidenced by such Request of the City) shall be applied by the Trustee to offset scheduled 2026 Installment Sale Payments required to be paid by the City under the Agreement or in such other manner as may be directed in such Request of the City. Upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Acquisition Fund shall not be disbursed, but shall instead be applied to the payment of the scheduled principal of and interest represented and evidenced by the Certificates as such amounts become due and payable or the Prepayment Price of the Certificates.

The Trustee shall fully rely on any such Request or Requisition delivered pursuant to this Section and shall not be required to make any investigation in connection therewith. The Trustee shall be under no duty or obligation to analyze or verify any documentation supporting the payments or reimbursements pursuant to this Section, but shall hold and provide to Owners upon request such documentation supporting the payments or reimbursements, solely as a repository for the benefit of Owners.

In order to facilitate the application of proceeds of the Certificates, the Trustee shall have the authority to create a temporary account to facilitate such application of proceeds.

Section 2.12 Validity of Certificates. The validity of the Certificates shall not be dependent on or affected in any way by the proceedings taken by the Corporation, the City or the Trustee for the financing of the Projects or by any contracts made by the City or its agents in connection therewith, and shall not be dependent upon the completion of any of the Projects or upon the performance by any person, firm or corporation of their or its obligation with respect thereto. The recital contained in the Certificates that the same are issued pursuant to this Trust Agreement shall be conclusive evidence of their validity and of the regularity of their execution and delivery, and all Certificates shall be incontestable from and after their execution and delivery. The Certificates shall be deemed to be executed and delivered, within the meaning hereof, whenever the definitive Certificates (or any temporary Certificates exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

ARTICLE III

REVENUES

Section 3.01 Pledge of Revenues; Assignment. Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation hereby pledges and grants a lien on the Revenues and a security interest in all right, title and interest of any other amounts held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Acquisition Fund created pursuant to Section 2.11 and the Rebate Fund created pursuant to Section 4.06) whether now or hereafter arising as security for the payment of the principal, interest, and premium, if any, evidenced and represented by the Certificates in accordance with their terms and the provisions of this Trust Agreement and any Insurer Reimbursement Amounts and Policy Costs. Said pledge and grant shall constitute a first lien on such assets and shall be valid and binding from the date hereof for the benefit of the Owners of the

Certificates, the Insurer, and successors thereto. The Revenues shall not be used for any other purpose while any of the Certificates remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established hereunder (other than amounts on deposit in the Acquisition Fund created pursuant to Section 2.11 and the Rebate Fund created pursuant to Section 4.06) for the payment of the interest and principal evidenced and represented by the Certificates in accordance with the terms hereof and thereof. The Trustee hereby accepts said assignment for the benefit of the Owners, subject to the provisions of this Trust Agreement. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Corporation shall be deemed to be held, and to have been collected or received, by the Corporation as agent of the Trustee and shall forthwith be paid by the Corporation to the Trustee.

Section 3.02 Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, lien, and security interest described herein, the Corporation agrees and covenants that all Revenues when and as received shall be received by the Corporation in trust hereunder for the benefit of the Owners and shall be deposited when and as received by the Corporation in the "Revenue Fund" which fund the Trustee shall establish and maintain in trust in the name of the Trustee as a separate fund so long as any Certificates shall be Outstanding under this Trust Agreement. All Revenues shall be held in trust in the Revenue Fund. All Revenues, whether received by the Corporation in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely for the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Corporation, and the Corporation shall have no beneficial right or interest in any of the Revenues except only as herein provided.

Section 3.03 Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. Subject to Section 4.06, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts within the Revenue Fund, which accounts the Trustee shall establish and maintain hereunder, in the following order of priority:

- (1) Interest Account;
- (2) Principal Account;
- (3) Reserve Account;
- (4) Administration Account; and
- (5) Surplus Account.

All money in each of such funds and accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(1) Interest Account. On or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from amounts on deposit in the Revenue Fund to the Interest Account that amount of money which is equal to the amount of interest becoming due and payable as evidenced by the Certificates on the next succeeding Interest Payment Date. No such deposit need be made if the amount contained in the Interest Account is at least equal to the aggregate amount of

interest becoming due and payable as evidenced and represented by the Certificates on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by any Certificates purchased or prepaid prior to the payment dates thereof).

(2) Principal Account. On or before the Business Day immediately preceding each Certificate Payment Date the Trustee shall transfer from amounts on deposit in the Revenue Fund to the Principal Account an amount of money equal to the amount of principal becoming due and payable as evidenced by the Certificates on the next succeeding Certificate Payment Date. No such deposit need be made if the amount contained in the Principal Account is at least equal to the aggregate amount of principal becoming due and payable on the Certificates on such principal payment date. All the money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates as it shall become due and payable, whether on their respective Certificate Payment Dates or prepayment, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to prepay or to pay Term Certificates for which such sinking fund account was created.

(3) Reserve Account. The Trustee shall transfer from amounts deposited in the Revenue Fund to the Reserve Account that amount of money (or other authorized deposit of security) which shall be required to maintain the Reserve Account in the full amount of the Reserve Account Requirement. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to the Reserve Account Requirement. All money in the Reserve Account (including all amounts which may be obtained from any insurance policy on deposit in the Reserve Account) shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal payable in connection with the Agreement, except that any cash amounts in the Reserve Account in excess of the amount required to be on deposit therein shall be withdrawn from the Reserve Account on each Interest Payment Date and deposited in the Interest Account.

In lieu of making a Reserve Account Requirement deposit or in replacement of moneys then on deposit in the Reserve Account (which shall be transferred by the Trustee to the City upon delivery of an insurance policy satisfying the requirements stated below), the City may also deliver to the Trustee an insurance policy (a "Qualified Reserve Instrument") securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Account, no less than the Reserve Account Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest represented and evidenced by the Certificates and whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated in one of the two highest rating categories (without respect to any modifier) of the Rating Agency. Notwithstanding anything to the contrary set forth in this Trust Agreement, amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Certificates.

If and to the extent that the Reserve Account has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) shall be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the Qualified Reserve Instrument shall be made prior to any replenishment of any cash (or Permitted Investments). If the Reserve Account is funded, in whole or

in part, with more than one Qualified Reserve Instrument, then any draws made against such Qualified Reserve Instrument shall be made *pro rata*. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account, if any. Amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Certificates.

The Reserve Policy has been credited to the Reserve Account, and the Trustee shall make claims under the Reserve Policy in accordance with the terms of the Reserve Policy and Section 3.05 hereof. The Reserve Policy is a Qualified Reserve Instrument.

Neither the City nor the Corporation will have any obligation to replace the Reserve Policy or other Qualified Reserve Instrument or to fund the Reserve Account with cash if, at any time that the Certificates are Outstanding, any rating assigned to the Insurer is downgraded, suspended or withdrawn or amounts are not available under the Reserve Policy or other Qualified Reserve Instrument, other than in connection with a draw on the Reserve Policy or other Qualified Reserve Instrument.

(4) Administration Account. On or before the Business Day immediately preceding each June 1 on which principal represented and evidenced by the Certificates is due and payable, the Trustee shall transfer, from amounts deposited in the Revenue Fund, and deposit into the Administration Account, an amount equal to the Administration Fee as determined in a Request of the City. All money in the Administration Account shall be used and withdrawn by the Trustee solely for the purpose of paying the fees of the Trustee and, upon the written direction of the City, the fees of the Rebate Analyst and any other similar fee payable in connection with the administration of the Agreement and this Trust Agreement, payable by the City, in accordance with the Agreement. Upon the Request of the City provided to the Trustee on or after any Interest Payment Date, any cash amounts in the Administration Account in excess of the amount required to be on deposit therein shall be withdrawn from the Administration Account and deposited in the Interest Account.

(5) Surplus Account. On the Business Day immediately following each Interest Payment Date the Trustee shall deposit in the Surplus Account all money remaining in the Revenue Fund after the deposits required by Section 4.06 and by paragraphs (1), (2), (3) and (4) of this section have been made. On June 30 of each year, beginning on June 30, 2026, the Trustee shall disburse the money in the Surplus Account to the City to the extent the deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by paragraphs (1), (2), (3) and (4) of this section.

Section 3.04 Deposit and Investments of Money in Accounts and Funds. Subject to Section 4.06, all money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested and reinvested in Permitted Investments at the Request of the City received not less than two (2) Business Days prior to the date of making such investment. The Trustee may conclusively rely upon the City's Request as to both suitability and legality of the directed investment and the Trustee shall have no duty or obligation to determine the legality of any investments. The Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent actual receipt of written notice to the contrary. The Trustee shall notify the City no less than two (2) Business Days prior to the date moneys held hereunder will be available for investment, requesting that the City deliver to the Trustee a Request of the City specifying the Permitted Investments to be acquired by the Trustee with such moneys. All money held in the Reserve Account shall be invested and reinvested in Permitted Investments with a term to maturity not exceeding five years or on the final maturity date of the Certificates, whichever date is earlier; *provided, however*, that if an obligation may be prepaid at par on the Business Day prior to

each Interest Payment Date during which such obligation is outstanding, such obligation may have any maturity. If no such Request of the City is received, the Trustee shall hold such moneys uninvested. All such Permitted Investments shall be valued by the Trustee not less frequently than semi-annually on each Interest Payment Date at the lower of the cost or market value thereof as reflected in the Trustee's monthly trust statements provided to the City. Subject to Section 4.06, all interest or profits received prior to the completion of the Projects (as certified in writing by the Authorized City Representative) on any money so invested shall be deposited in the Acquisition Fund, and all interest or profits received subsequent thereto on any money so invested shall be deposited in the Interest Account. The Trustee may act as a principal or agent in making or disposing of any investment, and all investments may be made through the Trustee's investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including maintenance fees. The Trustee or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall sell in a commercially reasonable manner, or present for prepayment, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Trustee shall not be liable for the selection of investments or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the City to provide timely written investment Request. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regarding to ratings subcategories.

Although the City recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the City agrees that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered and that no statement need be rendered for any fund or account if no activity occurred in such fund or account during such month

Section 3.05 Reserve Policy Payment and Reimbursement Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of this Trust Agreement.

(a) The City shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer in accordance with this Section 3.05. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

As to the Reserve Account, amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on Revenues and other collateral pledged as security for the Certificates (subject only to the priority of payment provisions set forth under this Trust Agreement).

All cash and investments in the Reserve Account shall be transferred to the Interest Account and the Principal Account, as applicable, for payment of the debt service on the Certificates before any drawing may be made on the Reserve Policy or any other Qualified Reserve Instrument in lieu of cash.

As to the Reserve Account, payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Qualified Reserve Instruments (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account established for the Certificates. Payment of Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Instruments shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws under the Reserve Policy may only be used to make payments on Certificates.

(c) If the City shall fail to pay Policy Costs in accordance with the requirements of paragraph (a) above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Trust Agreement, and the Agreement other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect owners of the Certificates.

(d) The City covenants and agrees to include all Insurer Reimbursement Amounts (as more fully described herein) and Policy Costs (as more fully described herein) in its calculation of 2026 Installment Sale Payments and shall pay all such payments from Measure I Receipts as 2026 Installment Sale Payments.

(e) This Trust Agreement and the Agreement shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The City’s obligation to pay such amount, if any, shall expressly survive payment in full of the Certificates.

(f) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the Insurer at least three Business Days prior to each date upon which interest or principal is due on the Certificates.]

ARTICLE IV

COVENANTS

Section 4.01 Compliance with Agreement. The Corporation shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Agreement by the City.

Section 4.02 Amendment of Agreement. The City and the Corporation will not amend or permit the amendment of the Agreement without (a)(1) a determination that such amendment does not

materially adversely affect the interest of the Owners or the Insurer or (2) the written consents of the Insurer and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment is authorized and permitted by this Trust Agreement, is enforceable against the Corporation and will not cause interest with respect to the Certificates to be included in gross income for federal income tax purposes; *provided* that no such supplement, amendment, modification or termination shall reduce the amount of 2026 Installment Sale Payments to be made to the Corporation or the Trustee by the City pursuant to the Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Agreement on Revenues (except as expressly provided in the Agreement), in each case without the written consent of all of the Owners of the Certificates then Outstanding.

Section 4.03 Against Encumbrances. The Corporation will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any Certificates, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Certificates. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created hereby, against all claims and demands of all Persons whomsoever.

Section 4.04 Punctual Payment. The Corporation shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Certificates, in strict conformity with the terms of the Certificates and of this Trust Agreement, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Trust Agreement and received by the Corporation or the Trustee.

Section 4.05 Extension of Payment of Certificates. The City and the Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the Certificates or the time of payment of any claims for interest by the purchase of such Certificates or by any other arrangement, and in case the maturity of any of the Certificates or the time of payment of any such claims for interest shall be extended, such Certificates or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal represented and evidenced by all of the Certificates then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the City to direct the Trustee to execute and deliver Certificates for the purpose of refunding any Outstanding Certificates, and such execution and delivery shall not be deemed to constitute an extension of maturity of the Certificates.

Section 4.06 Rebate Fund.

(1) Establishment. The Trustee shall establish a separate fund designated the “Rebate Fund” when required in accordance herewith. Absent an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected, the City shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Certificates shall be governed by this Section and the Tax Certificate for the Certificates, unless and to the extent that the City delivers to the Trustee an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected, if such requirements are not

satisfied. Notwithstanding anything to the contrary herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the City; (ii) shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate; (iii) may rely conclusively on the City's calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the City's calculations or determinations thereunder.

(a) Annual Computation. Within 55 days of the end of each Certificate Year (as such term is defined in the Tax Certificate), the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “**1½% Penalty**”) has been made), for this purpose treating the last day of the applicable Certificate Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(b) Annual Transfer. Within 55 days of the end of each Certificate Year, upon the Request of the City, an amount shall be deposited to the Rebate Fund by the Trustee from any City Revenues legally available for such purpose (as specified by the City in the aforesaid Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Request of the City, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Certificate Payment Fund.

(c) Payment to the Treasury. The Trustee shall pay, as directed by Request of the City, to the United States Treasury, out of amounts in the Rebate Fund:

(1) Not later than 60 days after the end of: (X) the fifth Certificate Year; and (Y) each applicable fifth Certificate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Certificate Year; and

(2) Not later than 60 days after the payment of all of the Certificates, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Certificate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the City), or shall be made in such other manner as provided under the Code.

(2) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after prepayment and payment of the Certificates and the payments described in subsection (a) above being made may be withdrawn by the City and utilized in any manner by the City.

(3) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Certificates.

Section 4.07 Accounting Records and Reports. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of all funds received by the Trustee hereunder. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the City at any reasonable time during regular business hours on reasonable notice (including, without limitation, reasonable prior written notice of inspection).

Section 4.08 Observance of Laws and Regulations. The City will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on it by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its businesses, to the end that such observance or performance is material to the transactions contemplated hereby.

Section 4.09 Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

Section 4.10 Recordation and Filing. The City will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Agreement under and pursuant to this Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the Insurer, and the rights of the Trustee hereunder, and the City will do whatever else may be necessary or be reasonably required in order to perfect and continue the Corporation's right, title and interest in and to, the Agreement (excepting its right to indemnification thereunder), including the right to receive 2026 Installment Sale Payments from the City as provided herein. The City's receipt of 2026 Installment Sale Payments is subordinate to certain obligations of the San Bernardino County Transportation Authority as provided in the Measure I Ordinance.

Section 4.11 Acquisition of the Projects. Subject to and as provided in the Agreement, the Corporation will cause to be acquired and constructed the Projects with all practicable dispatch and such acquisition will be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

ARTICLE V

THE TRUSTEE

Section 5.01 The Trustee. U.S. Bank Trust Company, National Association, shall serve as the Trustee for the Certificates for the purpose of receiving all money which the City and the City are required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates presented for payment in Los Angeles, California, with the rights and obligations provided herein. The City agrees that it will at all times maintain a Trustee having a designated office in San Francisco or Los Angeles, California.

The City may at any time, unless there exists any event of default as defined in Section 7.01, remove the Trustee initially appointed and any successor thereto, upon 30 days written notice, and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall (i) be a bank or trust company doing business and having a principal office in San Francisco or Los Angeles, California, (ii) have (or in the case of a bank or trust company which is part of a bank holding company system, the related bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and (iii) be subject to supervision or examination by federal or state City. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the City and the Insurer and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, at the expense of the City, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Any bank, corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor of Trustee hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Trustee is hereby authorized to prepay the Certificates when duly presented for payment on their respective maturity dates or on prior prepayment. The Trustee shall cancel all Certificates upon payment thereof or upon the surrender thereof by the City and shall destroy such Certificates it has received in accordance with its retention policy then in effect. The Trustee shall keep accurate records of all Certificates paid and discharged and canceled by it.

The City, solely from amounts held in the Costs of Issuance Fund or paid by the City specifically for such purpose, shall from time to time, subject to any agreement between the City and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures including but not limited to advances to and fees and expenses of independent accountants and in-house and other counsel or other experts employed by it and reasonably required in the exercise and performance of its rights and obligations hereunder, and, to the extent permitted by law, indemnify and hold the Trustee and its officers, directors, employees and agents harmless against any claim, loss, liability, damages, expenses (including legal fees and expenses) or advances, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the City, or any holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, or in connection with enforcing the provisions of this Section, except to the extent that such loss, damage, claim, liability or expense is due to its own negligence or willful misconduct. The obligations of the City under this paragraph to compensate, indemnify, reimburse and hold the Trustee harmless shall constitute additional indebtedness hereunder, and such indebtedness shall have priority over the Certificates in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the Owners of particular Certificates, including, without limitation, funds held by the Trustee in trust to prepay all or a portion of Outstanding Certificates prior to their respective maturity dates for which a notice of prepayment has been sent as provided herein.

Section 5.02 Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Certificates shall be taken as recitals of facts, agreements and covenants of the City, and the Trustee assumes no responsibility for the use of any proceeds of the Certificates, the correctness of the same, the collection of the Revenues or makes any representation as to the sufficiency or validity hereof, of the Certificates or any security therefor or any offering material distributed in connection with the Certificates and shall not incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Certificates or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence, willful misconduct or breach of fiduciary duty.

The Trustee shall not be bound to recognize any person as the Owner of a Certificate unless and until such Certificate is submitted for inspection, if required, and such Certificate is registered in such person's name.

Whenever the Trustee shall deem it necessary or desirable that a factual or legal matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate conforming to the requirements herein or an opinion of counsel, which certificate or opinion shall be full and complete authorization and protection to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the City and the City, having any claim against the Trustee arising from this Trust Agreement not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. The duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Trust Agreement, and no implied covenants or obligations (fiduciary or otherwise) shall be read into this Trust Agreement against the Trustee. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Trustee shall not be liable with respect to any action taken or not taken hereunder in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding. The Trustee shall, during the existence of any event of default (which has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise of use under the circumstances in the conduct of its own affairs. The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Certificates. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates. The Trustee, in its individual or any other capacity, may become the Owner of any Certificates or other obligations of any party hereto with the same rights which it would have if not the Trustee. At any and all reasonable times, the Trustee, and its agents shall have the right to fully inspect the Projects, including all books, papers and records of the City pertaining to the Projects and the Certificates, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. The Trustee shall not be required to give any Certificate or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity Certificate satisfactory to the Trustee be furnished to it and be in full force and effect.

None of the provisions contained herein or in the Agreement shall require the Trustee to expend or risk its own funds or continue to do so or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, and the Trustee may refuse to perform any duty or exercise any right or power, if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee may conclusively rely and shall be protected in acting or failing to act upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, Certificate, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. In acting or omitting to act pursuant to any other applicable agreements to which the Trustee is a party, or any other documents executed in connection herewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Trust Agreement. The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the City to make any payment of principal or interest under the Agreement when due, unless the Trustee shall be specifically notified in writing at its corporate trust office of such default by the Owners of not less than 25% of the aggregate

principal amount of Certificates then Outstanding. Notwithstanding any other provision hereof, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or official action or evidence thereof, required as a condition of such action deemed by the Trustee to be desirable for the purpose of establishing the rights of the Trustee with respect to the authentication of any Certificates, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Trust Agreement and related financing documents and delivered using Electronic Means; provided, however, that the City and/or the City, as applicable, shall provide to the Trustee an incumbency certificate listing officers with the City to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City and/or the City, as applicable, whenever a person is to be added or deleted from the listing. If the City and/or the City, as applicable, elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s reasonable understanding of such Instructions shall be deemed controlling. The City and the City understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions by Electronic Means and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer (bearing such officer’s signature) listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City and the City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City, the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City and/or the City, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reasonable reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City and the City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions by Electronic Means, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City and/or the City, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions by Electronic Means provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

ARTICLE VI

AMENDMENT OF THE TRUST AGREEMENT

Section 6.01 Amendment of the Trust Agreement. This Trust Agreement and the rights and obligations of the Corporation, the City, the Trustee and the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Insurer and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 6.02, are filed with the Trustee. No such amendment shall (1) extend the Certificate Payment Date or reduce the interest rate with respect to, or amount of interest or principal or premium, if any, evidenced and represented by any Certificate without the express written consent of the Insurer and the Owner of such Certificate, or (2) permit the creation by the Corporation of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, lien, and security interest described herein for the benefit of the Certificates, or (3) reduce the percentage of Certificates required for the written consent to any such amendment or any amendment of the 2026 Installment Sale Agreement pursuant to Section 4.02 hereof, or (4) modify any rights or obligations of the Trustee, the Corporation or the City without their prior written assent thereto, respectively.

This Trust Agreement and the rights and obligations of the Corporation, the City and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not in the judgment of the City or as set forth in an Opinion of Counsel materially adversely affect the interests of the Owners, including (without limitation) for any one or more of the following purposes:

(a) to add to the agreements and covenants required herein to be performed by the Corporation or the City other agreements and covenants thereafter to be performed by the Corporation or the City, or to surrender any right or power reserved herein to or conferred herein on the Corporation or the City;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith;

(c) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or

(d) for any other purpose that does not materially adversely affect the interests of the Owners or the Insurer.

In executing, or accepting the additional trusts created by, any Supplemental Trust Agreement permitted by this Article or the modification thereby of the trusts created by the Trust Agreement, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such Supplemental Trust Agreement is authorized or permitted by the Trust Agreement and complies with the terms hereof.

Section 6.02 Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

Section 6.03 Endorsement or Replacement of Certificates After Amendment. After the effective date of any action taken as hereinabove provided, the City may determine that the Certificates may bear a notation by endorsement in form approved by the City as to such action, and in that case upon demand of the Owner of any Outstanding Certificates and presentation of their Certificate for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the City shall so determine, new Certificates so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared, executed and authenticated, and in that case upon demand of the Owner of any Outstanding Certificate a new Certificate or Certificates, shall be exchanged at the office of the Trustee without cost to each Owner for its Certificate or Certificates then Outstanding upon surrender of such Outstanding Certificates.

Section 6.04 Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by them, provided that due notation thereof is made on such Certificates.

Section 6.05 Information to Rating Agency. The City shall provide any Rating Agency rating the Certificates a copy of each amendment to the Trust Agreement or to the Agreement promptly following the execution or adoption of such amendment.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.01 Events of Default. If any default in the payment of 2026 Installment Sale Payments or any other “Event of Default” defined in the Agreement shall occur and be continuing, or if any default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part herein contained and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to the City by the Trustee, the Insurer or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding (with the prior written consent of the Insurer), then such default shall constitute an “Event of Default” hereunder, 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 Certificates at the time Outstanding shall be entitled, upon notice in writing to the City, but subject to the provisions of Section 7.06, to exercise the remedies provided under the Agreement which are necessary or desirable to collect the 2026 Installment Sale Payments. No grace period shall be permitted for payment defaults.

The Owners of Certificates, for purposes of the Trust Agreement and the Agreement, to the extent of their interest, shall be entitled to all rights and security of the Corporation pursuant to the Agreement and the Trust Agreement. The City recognizes the rights of the Owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the Agreement and the Trust Agreement.

Section 7.02 Application of Funds Upon Acceleration of Agreement. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall be deposited into a segregated payment account of the Revenue Fund and be applied by the Trustee in the following order; *provided* that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held hereunder, any amount pursuant to such instructions required to be paid to the United States of America under the Code:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the principal and interest represented and evidenced by the Certificates, in connection with a mandatory prepayment of Certificates pursuant to Section 2.10(b) hereof and the delivery of a Cash Flow Report; and

Third, to the payment of amounts owed to the Insurer not paid pursuant to First and Second above.

Section 7.03 Other Remedies of the Trustee. The Trustee shall have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights hereunder against the City or any council member, board member, trustee, member, officer or employee thereof, and to compel the City or any such council member, board member, trustee, member, officer or employee thereof to observe or perform its, his, hers or their duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the Agreement, required to be observed or performed by it, him, her or them;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit in equity upon the happening of any default hereunder to require the City and any council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

Section 7.04 Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the City, the Trustee and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.05 Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is an Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Certificates issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 7.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law. If any remedial action hereunder is discontinued or abandoned, the Trustee and the Owners shall be restored to their former positions.

Section 7.07 Limitation on Owners' Right to Sue. No Owner of any Certificate issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 7.01 hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request and consent shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Owners in connection with a default or Event of Default hereunder pursuant to this Trust Agreement, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Such notification, request, consent, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Certificates of any remedy hereunder; it being understood and intended that no one or more owners of Certificates shall have any right in any manner whatever by their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

Section 7.08 Limited Liability of the City. Except as expressly provided in the Agreement, the City shall not have any obligation or liability to the Corporation, the Trustee or the Owners, with respect to this Trust Agreement or the Certificates. The obligations under this Trust Agreement do not constitute a debt of the City or of the State, or of any political subdivision thereof, in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the City or the State, or any political subdivision thereof, is pledged to the payment of the 2026 Installment Sale Payments or other payments required to be made under the Agreement.

Section 7.09 Limited Liability of the Corporation. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Trustee or the Owners, with respect to the payment when due of the 2026 Installment Sale Payments by the City, or with respect to the observance or performance by the City of the other agreements, conditions, covenants and terms contained in the Agreement, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything to the contrary contained in the Certificates, the Trust Agreement or any other document related thereto, the Corporation shall not have any liability hereunder or by reason hereof or in connection with any of the transactions contemplated hereby except to the extent payable from moneys received from or with respect to the Agreement and available thereof in accordance with the Trust Agreement.

ARTICLE VIII

DEFEASANCE

Section 8.01 Discharge of Certificates.

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the principal, premium, if any, and interest represented and evidenced by such Certificates at the times and in the manner stipulated herein and therein, and the Insurer shall have been paid all amounts owed to the Insurer under the Insurance Policy and the Reserve Policy, then the Owners of such Certificates shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Corporation and the City to the Owners of such Certificates hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the principal, interest, and premium, if any, evidenced and represented by such Certificates.

(b) Any Outstanding Certificates shall prior to the maturity date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their respective maturity dates, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.10(f), (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Obligations, in each case the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Certificates on and prior to the maturity date or redemption date thereof, as the case may be, and the principal, interest, and premium, if any, evidenced and represented by such

Certificates, and (2) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Certificates that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on such Certificates. In addition, the City shall cause to be delivered to the Insurer (i) a report of an Independent Certified Public Accountant or such other accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or prepayment date ("Verification"), (ii) an escrow deposit agreement or other irrevocable instructions (which shall be acceptable in form and substance to the Insurer), and (iii) an Opinion of Counsel to the effect that the Certificates are no longer "Outstanding" under the Trust Agreement; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City and the Trustee. The Insurer shall be provided with final drafts of the above referenced documentation not less than five Business Days prior to the funding of the escrow.

Certificates shall be deemed "Outstanding" under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

The Trust Agreement, the Agreement and each other Related Document (as defined in [Section 9.01(f)] below) shall not be discharged or terminated unless all amounts due or to become due to the Insurer have been paid in full or duly provided for. The City's obligation to pay such amounts shall expressly survive payment in full of the Certificates.

Section 8.02 Unclaimed Money. Any moneys held by the Trustee in trust for the payment and discharge of the principal, or premium (if any) or interest represented and evidenced by, any Certificate which remain unclaimed for two years after the date when such principal, premium (if any) or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Certificate shall look only to the City for the payment of such principal, premium (if any) or interest. Any money held by the Trustee pursuant to this paragraph shall be held uninvested and without any liability for interest.

ARTICLE IX

PROVISIONS RELATED TO THE INSURER AND THE INSURANCE POLICY

Section 9.01 General Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of this Trust Agreement.

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any Qualified Reserve Instrument provided in lieu of a cash deposit into the Reserve Account. Notwithstanding anything to the contrary set forth in this Trust Agreement, amounts on deposit in the Reserve Account shall be applied solely to the payment of principal of and interest due on the Certificates.

(b) The Insurer shall be deemed to be the sole Owner of the Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Certificates are entitled to take pursuant to this Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Trust Agreement and each Certificate, each Owner appoints the Insurer as its agent and attorney-in-fact and agrees that the Insurer may at any time during the continuation of any proceeding by or against the Corporation or the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner delegates and assigns to the Insurer, to the fullest extent permitted by law, its rights in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Certificates for the Insurer’s benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus.

(c) The Certificates shall not be accelerated without the consent of the Insurer and in the event the Certificates are accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal to the date of acceleration (to the extent unpaid), and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date, the Insurer’s obligations under the Insurance Policy with respect to the Insured Certificates shall be fully discharged.

(d) The Insurer is a third party beneficiary of this Trust Agreement.

(e) Upon the occurrence of an optional or mandatory redemption in part pursuant to Section 2.10(a) or 2.10(b) hereof, the selection of Certificates to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of this Trust Agreement which permits the purchase of Certificates in lieu of redemption shall require the prior written approval of the Insurer if any Certificate so purchased is not cancelled upon purchase.

(f) Any amendment, supplement, modification to, or waiver of, this Trust Agreement or any other transaction document, including the Agreement, and any underlying security agreement (each a “Related Document”), that requires the consent of Owners or adversely affects the rights and interests of the Insurer is subject to the prior written consent of the Insurer, provided, that, notwithstanding the above, the Agreement shall not be amended, supplemented or modified without the prior written consent of the Insurer.

(g) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Acquisition Fund shall not be disbursed, but shall instead be applied to the payment of principal of and interest on the Certificates, then due, or the Redemption Price of the Certificates.

(h) The rights granted to the Insurer under this Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(i) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of this Trust Agreement and the Insured Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid in accordance with this Trust Agreement. This Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(j) The City covenants and agrees to take such action as is necessary from time to time to preserve the priority of the pledge of the Revenues hereunder.

(k) The Insurer shall be provided with the following information by the Corporation, the City or the Trustee, as the case may be:

(1) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, annual audited financial statements within the filing deadline specified in the Continuing Disclosure Certificate (together with a certification of the City that it is not aware of any default or Event of Default under the Trust Agreement or the Agreement), and, upon request, the City's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(2) Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Account Requirement and (ii) withdrawals in connection with a redemption of Certificates;

(3) Notice of any default or Event of Default known to the Trustee, the City or Corporation within five Business Days after knowledge thereof;

(4) Prior notice of the advance refunding or redemption of any of the Certificates, including the principal amount, maturities and CUSIP numbers thereof;

(5) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(6) Notice of the commencement of any proceeding by or against the Corporation or the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Certificates;

(8) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;

(9) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents; and

(10) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the Certificates.

(l) The Insurer shall have the right to receive such additional information as it may reasonably request.

(m) The City and the Corporation will permit the Insurer to discuss the affairs, finances and accounts of the City and the Corporation or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the City and the Corporation and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City and the Corporation on any Business Day upon reasonable prior notice.

(n) The Trustee shall notify the Insurer of any failure of the City to provide notices, certificates and other information under this Trust Agreement or the Agreement.

(o) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Trust Agreement would adversely affect the security for the Certificates or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(p) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(q) So long as the Certificates insured by the Insurer remain outstanding or any amounts are owed to the Insurer, the City shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument involving reciprocal payment obligations between the City and a counterparty based on interest rates applied to a notional amount of principal, secured by and payable from Measure I Receipts, without the prior written consent of the Insurer.

Section 9.02 Claims Upon the Insurance Policy and Payments by and to the Insurer.
The following provisions shall govern in the event of a conflict with any contrary provision of this Trust Agreement.

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date (each, a "Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal of and interest on the Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or Electronic Means of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Certificates due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of

such deficiency between the amount required to pay interest on the Insured Certificates and the amount required to pay principal of the Insured Certificates, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal of the Insured Certificates paid by the Insurer, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Certificate to the Insurer, registered in the name of Assured Guaranty Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Certificate shall have no effect on the amount of principal or interest payable on any Insured Certificate or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee (including, without limitation, reasonable prior written notice of inspection).

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made on Insured Certificates under the sections hereof regarding payment of Insured Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, subject to Section 7.09 hereof, the Corporation agrees to pay, or cause the City to pay, to the Insurer, solely from Revenues, (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). Subject to Section 7.09 hereof, the City hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Revenues and payable from the Revenues on a parity with debt service due on the Certificates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a bond payment date shall promptly be remitted to the Insurer.

(b) The Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Corporation and the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(c) The City shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document. Amounts so payable hereunder shall bear interest at the Late Payment Rate (related to the Insurance Policy) from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full. The obligation to reimburse the Insurer shall survive discharge or termination of the Related Documents.

(d) The Insurer shall be entitled to pay principal of or interest on the Insured Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Insured Certificates as a result of acceleration of the maturity thereof in accordance with the Trust Agreement, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

ARTICLE X

MISCELLANEOUS

Section 10.01 Limited Liability of Corporation and City.

(a) Limited Liability of the City. Except for the payment of 2026 Installment Sale Payments when due in accordance with the Agreement and the performance of the other covenants and agreements of the City contained herein and in the Agreement, the City shall have no obligation or liability to any of the other parties or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of 2026 Installment Sale Payments to the Owners by the Trustee.

(b) No Liability of the Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the 2026 Installment Sale Payments by the City or with respect to the observance or performance by the City of the other agreements, conditions, and covenants imposed upon the City by the Agreement or by this Trust Agreement.

(c) No Liability of the City or Corporation for Trustee Performance. Except as expressly provided herein, neither the City nor the Corporation shall have any obligation or liability to any other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 10.02 Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Corporation, the Trustee, the Insurer and the Owners any right, remedy or claim under or by reason hereof. Any

agreement or covenant required herein to be performed by or on behalf of the City or the Corporation shall be for the sole and exclusive benefit of the Trustee, the Corporation, the Insurer, and the Owners.

Section 10.03 Successor Is Deemed Included In All References To Predecessor. Whenever either the City, the Corporation, or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the Corporation or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the City, the Corporation or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his, her or their attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him, her or them the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Certificates and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Certificates at the office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the City, the Corporation or the Trustee in good faith and in accordance therewith.

Section 10.05 Acquisition of Certificates by Corporation. All Certificates acquired by the City or the Corporation, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.06 Destruction of Canceled Certificates. Whenever provision is made herein for the cancellation of any Certificates, the Trustee shall destroy such Certificates in accordance with its retention policy then in effect.

Section 10.07 Content of Statements; Post-Issuance Legal Opinions. Every Statement of the Corporation or the City with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such statement have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not the City or the Corporation has complied with such agreement, condition, covenant or term; and (d) a statement as to whether, in the opinion of the signers, the City or the Corporation has complied with such agreement, condition, covenant or term.

Any Statement of the Corporation or the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which their certificate may be based, as aforesaid,

is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the City or the Corporation, upon a representation by an officer or officers of the City or the Corporation unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which their opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 10.08 Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the Tax Certificate and sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Section 10.09 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.10 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City, the Corporation or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under all applicable provisions of law. The City, the Corporation and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized issuance of the Certificates pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.11 Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City, the Corporation and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 10.12 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Corporation: Public Property Financing Corporation of California
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Bill Morton

If to the Trustee: U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor,
Los Angeles, CA 90071
Attention: Global Corporate Trust

If to the City: City of Barstow
220 E. Mountain View St., Suite A,
Barstow, CA 92311.
Attention: City Manager

If to the Insurer: Assured Guaranty Inc.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Municipal Surveillance
Re: Policy Nos.
_____-N (Insurance Policy) and
_____-R (Reserve Policy)
Telephone: (212) 974-0100
Email: munidisclosure@agltd.com

In each case in which the notice or other communication refers to a claim on the Insurance Policy, the Reserve Policy or an Event of Default, such notice or other communication shall be marked “URGENT MATERIAL ENCLOSED” and a copy shall also be sent to the attention of the General Counsel at the above address and at generalcounsel@agltd.com.

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by Electronic Means, upon the sender’s receipt of an appropriate answerback or other written acknowledgment, (c) if given by mail, postage prepaid, by first class mail, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 10.13 Governing Law. This Trust Agreement shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the United States of America and of the State of California.

[Remainder of Page Intentionally Left Blank]

INSTALLMENT SALE AGREEMENT

by and between the

**CITY OF BARSTOW,
as Purchaser**

and the

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA,
as Seller**

for the

**CITY OF BARSTOW
LOCAL MEASURE I TRANSPORTATION SALES TAX REVENUE
CERTIFICATES OF PARTICIPATION, SERIES 2026**

Dated as of May 1, 2026

INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (the “Installment Sale Agreement”), dated as of May 1, 2026, by and between the CITY OF BARSTOW, a municipal corporation organized and existing under the Constitution of the State of California (the “City”), and the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”),

W I T N E S S E T H:

WHEREAS, the City has determined that the design, acquisition, installation, and construction of certain public capital improvements located in various sites in the City, including the projects described in Exhibit B attached hereto (collectively, the “Projects”) is necessary and proper for City purposes and uses, and under the terms of applicable law, the payment for such Projects may be made from Measure I Receipts, as hereinafter defined, and is for the common benefit of the City as a whole;

WHEREAS, the Corporation has agreed to assist the City to finance the Projects;

WHEREAS, the City has determined to make the 2026 Installment Sale Payments as hereinafter described to the Corporation for the repayment of the costs of the design, acquisition and construction of the Projects and the incidental costs and expenses related thereto paid by the Corporation; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Sale Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Sale Agreement;

WHEREAS, as security for the Certificates, pursuant to the Trust Agreement, the Corporation has assigned the rights to receive all 2026 Installment Sale Payments, and the Corporation and the City have granted a security interest in all moneys held by the Trustee under the Trust Agreement to the Trustee for the benefit of the Owners of Certificates and any Additional Certificates executed and delivered under this Trust Agreement; and

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

“Acquisition Fund” means the fund by that name established pursuant to Section 2.11 of the Trust Agreement.

“Administration Fee” means an amount equal to the sum of the Trustee’s fees, the Rebate Analyst fees and any other similar fee payable in connection with the administration of this Installment Sale Agreement and the Trust Agreement, payable on the 15th day of the month preceding each Interest Payment Date.

“Authorized City Representative” means the Mayor of the City, the Mayor Pro Tem of the City, the City Manager of the City, the Finance Director of the City or the City Clerk of the City, or any other person at the time designated to act on behalf of such City by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such City by an Authorized City Representative.

“Authorized Corporation Representative” means the Chairman, Treasurer and Secretary of the Corporation, or any other person authorized by the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to this Installment Sale Agreement.

“Business Day” means any day of the year, other than (i) a Saturday, (ii) a Sunday, (iii) a day on which banks located in the city in which either the designated corporate trust office of the Trustee is located is required or authorized by law to be closed, or (iv) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is not operational.

“Certificates” means the City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026, issued in accordance with the Trust Agreement.

“City” means the City of Barstow, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Closing Date” means May ___, 2026.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Closing Date, executed by the City, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Contracts” means this Installment Sale Agreement and all other installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Measure I Receipts on a parity with the payment of the 2026 Installment Sale Payments.

“Corporation” means the Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, and its successors and assigns as provided in this Trust Agreement.

“Debt Service” means, for any Fiscal Year, the sum of that portion of the Installment Sale Payments required to be made at the times provided in the Contracts that would have accrued during

such Fiscal Year if such Installment Sale Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding Installment Sale Payment Date of interest or principal or the date of the pertinent Contract, as the case may be; *provided*, that (a) if any of the Installment Sale Payments due under any such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Contracts for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (i) the actual rate on the date of calculation, or if such Contracts are not yet outstanding, the initial rate (if then established and binding), (ii) if the Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii)(1) if interest on such Contracts is excludable from gross income under the applicable provisions of the Code, the most recently published “Bond Buyer 25 Bond Revenue Index” (or comparable index if no longer published), or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities; (b) if any of the Contracts is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least \$75,000,000, the principal payments or deposits with respect to such Contracts nominally due in the last Fiscal Year in which such Contracts mature may, at the option of the City, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the prepayment provisions of such letter of credit and interest on such Contracts after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or prepayment provisions and (c) if any of such Contracts is not secured by a letter of credit as described in clause (b) of this definition and 20% or more of the original principal of the Installment Sale Payments due under such Contracts is not due until the final stated maturity of the Installment Sale Payments due under such Contracts, such principal may, at the option of the City, be treated as if it were due based upon a level amortization of such principal over the term of such Installment Sale Payments or 30 years, whichever is greater.

“Event of Default” means an event described in Section 6.01.

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal and interest strips of the Resolution Funding Corporation for which separation of principal and interest is maintained in book-entry form.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the City Council of the City as the Fiscal Year of the City.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the City, and who, or each of whom:

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the City;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Insolvency Proceeding” has the meaning set forth in the Trust Agreement

“Installment Sale Agreement” and “Agreement” means this installment sale agreement by and between the City and the Corporation, dated as of May 1, 2026, as originally executed and as it may from time to time be amended or supplemented in accordance herewith and with the terms of the Trust Agreement.

“Installment Sale Payments” means the installment sale, rental or other periodic payments scheduled to be paid by the City under and pursuant to the Contracts.

“Installment Sale Payment Date” means, (i) any date on which Installment Sale Payments are scheduled to be paid by the City under and pursuant to any Contract, and (ii) each 2026 Installment Sale Payment Date.

“Insurance Policy” means the Municipal Bond Insurance Policy issued by the Insurer, dated _____, 2026.

“Insured Certificates” means the Certificates maturing on June 1 of the years 20__ through 20__, inclusive, the scheduled payment of principal of and interest on the which, when due, will be guaranteed under the Insurance Policy.

“Insurer” means Assured Guaranty Inc., a Maryland insurance company, or any successor thereto or assignee thereof.

“Interest Payment Date” means a date on which interest represented and evidenced by the Certificates is due and payable, being June 1 and December 1 of each year, commencing [December 1, 2026].

“Late Payment Rate” has the meaning set forth in the Trust Agreement.

“Maximum Annual Debt Service” means, as of any date of calculation, the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the latest Fiscal Year in which payments are due under any Contract.

“Measure I Ordinance” means Ordinance No. 04-01, titled, “An Ordinance Providing for the Continuation of a One-Half of One Percent Retail Transaction and Use [sic] by the San Bernardino County Transportation Authority for Local Transportation Purposes and the Transportation Expenditure Plan” passed on June 2, 2004 including any future extensions or increases of the transportation transaction and use tax previously extended by Ordinance No. 04-01.

“Measure I Project” means a capital project for which Measure I Receipts may be expended pursuant to the Measure I Ordinance and the Transportation Expenditure Plan attached thereto as originally adopted or amended, including the related Administration Fee.

“Measure I Receipts” means Measure I Revenues allocated by the San Bernardino County Transportation Authority to the City as the City’s share of Local Street Projects funding pursuant to the Transportation Expenditure Plan attached to the Measure I Ordinance. Measure I Receipts does not include Measure I Revenues allocated to the City for Major Local Highways projects.

“Measure I Receipts Fund” means the fund by that name established as provided in Section 3.02 hereof.

“Measure I Revenues” means revenues of the San Bernardino County Transportation Authority pursuant to the Measure I Ordinance derived from a retail transactions and use tax imposed in the County of San Bernardino pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code of the State of California and Section 180050 *et seq.* of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented. Collection of the Measure I Revenues commenced on April 1, 1990 and by terms of the Measure I Ordinance will terminate on March 31, 2040 including any extensions of the transportation transaction and use tax previously extended by Ordinance No. 04-01.

“Opinion of Counsel” means a written opinion of counsel of national reputation generally recognized to be well qualified in the field of law relating to municipal obligations such as the Certificates, retained by the City and satisfactory to the Trustee (who shall be under no liability by reason of such approval).

“Other Available Revenues” means revenues, other than Measure I Receipts as herein defined, legally available to the City to make 2026 Installment Sale Payments, if any.

“Policy Costs” has the meaning set forth in the Trust Agreement.

“Project” or “Projects” means, as the context suggests, the design, acquisition, installation, and construction of one or more of the public capital improvements located in various sites in the City and financed with proceeds of the Certificates, all as described more particularly in Exhibit B, attached hereto and incorporated herein.

“Purchase Price” means the total of all 2026 Installment Sale Payments owed by the City to the Corporation under the conditions and terms hereof for the costs of the design, acquisition and construction of the Projects and the incidental costs and expenses related thereto paid by the Corporation (including amounts owed to the Insurer in connection with the Insurance Policy and the Reserve Policy).

“Rebate Amount” means, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Certificates.

“Rebate Analyst” means that firm or individual designated by the City to satisfy its obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Certificates.

“Rebate Fund” means the fund by that name established in Section 4.06 of the Trust Agreement.

“Reserve Account” means the account by that name established pursuant to Section 3.03 of the Trust Agreement.

“Reserve Account Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) represented and evidenced by the Certificates; (ii) 125% of the average annual Debt Service (as defined

in this Agreement) represented and evidenced by the Certificates, or (iii) the Maximum Annual Debt Service, as defined in this Agreement.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer, dated _____, 2026, and credited to the Reserve Account.

“2026 Installment Sale Payment Date” means the periodic payment dates upon which the 2026 Installment Sale Payments are required to be deposited with the Trustee as provided in Section 3.02 of this Agreement.

“2026 Installment Sale Payments” means the periodic payments scheduled to be paid by the City under and pursuant to this Installment Sale Agreement.

“Tax Certificate” means the Tax Certificate dated the Closing Date and executed and delivered by the City.

“Trust Agreement” means that certain Trust Agreement dated as of May 1, 2026, by and among the Corporation, the Trustee and the City, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, acting in its capacity as trustee under and pursuant to the Trust Agreement, and its successors and assigns as provided in the Trust Agreement.

Section 1.02 Terms defined in the Trust Agreement. Capitalized terms not otherwise defined herein have the meanings set forth in the Trust Agreement.

ARTICLE II

THE PROJECT

Section 2.01 Design, Acquisition, Construction and Sale of the Projects. The Corporation hereby agrees to cause the design, acquisition and construction of the Projects for, and to sell the Projects to, the City; and the City agrees to transfer whatever real or personal property interest it may possess which may be required in order for the Corporation to cause such design, acquisition and construction of the Projects. In order to implement this provision, the Corporation hereby appoints the City as its agent for the purpose of such design, acquisition and construction, and the City hereby agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the Corporation, to provide for the complete design, acquisition and construction of the Projects. The City hereby agrees that as such agent it will cause the acquisition and construction of the Projects to be diligently completed after the deposit of funds in the Acquisition Fund for such purpose pursuant to Section 2.11 of the Trust Agreement, and that it will use its best efforts to cause the design, acquisition and construction of the Projects to be completed by [May __, 2029] [three years from Closing Date]. The Corporation hereby agrees to sell, and hereby sells, the Projects to the City. The City hereby agrees to purchase, and hereby purchases, the Projects from the Corporation. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the City (whether as agent for the Corporation or otherwise) for the

acquisition and construction of the Projects and that all such costs and expenses shall be paid by the City, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs.

ARTICLE III

2026 INSTALLMENT SALE PAYMENTS; ADMINISTRATION FEE

Section 3.01 Purchase Price and Administration Fee.

(a) The Purchase Price to be paid by the City to the Corporation hereunder is the sum of the principal amount of the City's obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, subject to prepayment as provided in Section 3.03.

(b) The principal amount of the Purchase Price to be paid by the City to the Corporation hereunder is \$_____.

(c) The interest to accrue on the unpaid balance of such principal amount shall be paid by the City as and shall constitute interest paid on the principal amount of the City's Purchase Price obligation hereunder.

(d) Interest on the unpaid balance of the principal amount of the Purchase Price shall accrue, from the date of the initial execution and delivery of the Certificates, on the principal of each 2026 Installment Sale Payment at the following rates calculated on the basis of a 360-day year comprised of twelve 30-day months:

<i>Principal Payment Due Date (June 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2027	\$	%
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		

(e) In addition, the City shall pay the Administration Fee for the administrative cost of the Projects and the financing.

Section 3.02 Payment of 2026 Installment Sale Payments and Administration Fee. The City shall, subject to prepayment as provided in Section 3.03, pay the Corporation or the Trustee, as

appropriate, the Purchase Price, without offset or deduction of any kind, by paying (i) the principal installments of the 2026 Installment Sale Payments, which principal installments shall be due annually each on its payment date, (ii) the interest installments of the 2026 Installment Sale Payments, which interest installments shall be due semiannually on each 2026 Installment Sale Payment Date and (iii) the Administration Fee which shall be due semiannually on each 2026 Installment Sale Payment Date. The 2026 Installment Sale Payments Schedule is set forth in Exhibit A attached hereto. Each 2026 Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding June 1 and December 1 of each year, commencing [December 1, 2026.]

The obligation of the City to pay the Purchase Price by paying the 2026 Installment Sale Payments and the Administration Fee is, subject to Section 8.01, absolute and unconditional, and until such time as the 2026 Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Section 7.01), the City will not discontinue or suspend any 2026 Installment Sale Payments or Administration Fee required to be paid by it under this Section when due, whether or not the Projects or any part thereof is complete, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

The City shall pay or reimburse the Insurer, from Measure I Receipts or Other Available Revenues, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Trust Agreement or this Installment Sale Agreement (each a "Related Document"); (ii) the pursuit of any remedies under the any Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to any Related Document whether or not executed or completed, or (iv) any litigation, proceeding (including an Insolvency Proceeding) or other dispute in connection with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of any Related Document. Amounts payable hereunder shall bear interest at the Late Payment Rate (related to the Insurance Policy) from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full. The obligation to reimburse the Insurer shall survive discharge or termination of the Related Documents.

The City has established the "Measure I Receipts Fund," which the City agrees and covenants to maintain in accordance with the Measure I Ordinance and this Installment Sale Agreement so long as any 2026 Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided herein including, without limitation, to pay the Purchase Price by paying the 2026 Installment Sale Payments and the Administration Fee. The City agrees and covenants that all Measure I Revenues received by it shall be deposited when and as received in the Measure I Receipts Fund and held therein in trust and applied in accordance with this Agreement for the benefit of the Trustee (as assignee of the rights of the Corporation hereunder), the Insurer and the Bond Owners, and for the benefit of the owners of any Contracts.

The City covenants and agrees to apply Measure I Revenues as received to the payment of 2026 Installment Sale Payments prior to any other expenditure of such funds, subject to the release for expenditure as provided in this section below, and only in an amount not exceeding the Measure I Receipts.

The City covenants and agrees to include all Insurer Reimbursement Amounts (as more fully described in the Trust Agreement), amounts due to the Insurer pursuant to the third full paragraph under this Section 3.02 and Policy Costs (as more fully described in the Trust Agreement and the Insurance Agreement) in its calculation of 2026 Installment Sale Payments and shall pay all such payments from the Measure I Receipts.

All of the Measure I Receipts and all money in the Measure I Receipts Fund, and in the funds or accounts so specified and provided for in this Installment Sale Agreement, are hereby irrevocably pledged to the punctual payment of the Installment Sale Payments (including 2026 Installment Sale Payments) and the Administration Fee, and the Measure I Receipts shall not be used for any other purpose while any of the 2026 Installment Sale Payments remain outstanding; subject to the provisions of this Installment Sale Agreement permitting application thereof as set forth below and for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Measure I Receipts for the payment of the Installment Sale Payments (including 2026 Installment Sale Payments) and the Administration Fee in accordance with the terms hereof.

Notwithstanding the foregoing, the City may satisfy its obligation to deposit 2026 Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee or into the Measure I Receipts Fund, and if and when so deposited such Other Available Revenues shall be irrevocably pledged to the payment of 2026 Installment Sale Payments.

All Measure I Receipts on deposit in the Measure I Receipts Fund shall be transferred to the Trustee and otherwise applied at the following times in the following order of priority, and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section:

(a) Interest and Principal Account Deposits. On or before the 15th day preceding each Interest Payment Date, the City shall, from the Measure I Receipts in the Measure I Receipts Fund, transfer to the Trustee for deposit in the Interest Account within the Revenue Fund established under the Trust Agreement, a sum equal to the interest becoming due and payable hereunder on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Interest Account equal to the amount of interest becoming due and payable hereunder on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Interest Payment Date, the City shall, from the Measure I Receipts in the Measure I Receipts Fund, transfer to the Trustee for deposit in the Principal Account within the Revenue Fund established under the Trust Agreement, a sum equal to the principal becoming due and payable hereunder on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Principal Account equal to the amount of Principal becoming due and payable hereunder on the next succeeding Interest Payment Date; and all money on deposit in the Interest Account and the Principal Account shall be used to make and satisfy the 2026 Installment Sale Payments due on each date and such payments shall be deposited by the Trustee to the Interest Account or the Principal Account, as the case may be, as defined in, created under and in accordance with the terms of, the Trust Agreement. The City shall also, from the moneys in the Measure I Receipts Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, bond, resolution or indenture relating thereto.

(b) Reserve Account Deposit. On or before the 15th day of each month, the City shall, from remaining moneys in the Measure I Receipts Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to (a) the Trustee for deposit in the Reserve Account that sum, if any, necessary to restore the Reserve Account to an amount equal to the Reserve Account Requirement, all in accordance with and subject to the terms and conditions of Section 3.03 of the Trust Agreement, and (b) the applicable trustee for deposit to reserve funds or accounts established in connection with Contracts an amount that is equal to the amount required to be deposited therein. The City further agrees to pay to the Insurer all amounts owed to it pursuant to Section 3.05 of the Trust Agreement in connection with any draw on the Reserve Policy, and all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate, in each case solely from available Measure I Receipts and subject to the first pledge of and lien upon the Measure I Receipts for the payment of the 2026 Installment Sale Payments.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

If the City shall fail to pay any Policy Costs in accordance with the requirements above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement and this Installment Sale Agreement other than (i) acceleration of the maturity of the Certificates or (ii) remedies which would adversely affect owners of the Certificates.

Neither the Trust Agreement nor this Installment Sale Agreement shall be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Certificates.

(c) Administration Account Deposit. On or before the 15th day preceding each Interest Payment Date, the City shall, from the remaining Measure I Receipts on deposit in the Measure I Receipts Fund, transfer to the Trustee for deposit in the Administration Account a sum equal to the Administration Fee, as determined in a Request of the City to be provided to the Trustee, becoming due and payable hereunder on the next Interest Payment Date, and all money on deposit in the Administration Account shall be used to pay the Administration Fee due on such Interest Payment Date, in accordance with the terms of the Trust Agreement.

At any time that Measure I Receipts remain in the Measure I Receipts Fund after providing (or otherwise reserving) for all deposits required by subsection (a) for that bond year, subsection (b) (including amounts then owed to the Insurer in connection with any draw on the Reserve Policy), and subsection (c) above, and so long as the City is not in default hereunder or under any Contracts, then any amount remaining on deposit in the Measure I Receipts Fund shall be released from the pledge and lien hereunder and shall be applied by the City in accordance with the Measure I Ordinance.

Section 3.03 Prepayment of 2026 Installment Sale Payments. The City may prepay from any source of available funds as a whole or in part on any date, on or after June 1, 20__, all or any part of the principal amount of the unpaid 2026 Installment Sale Payments becoming due on or after June 1, 20__, in such order of prepayment as the City may determine upon written direction to the Corporation and the Trustee (or, if the City fails to designate the order of prepayment, on a proportionate basis as determined by the City among the 2026 Installment Sale Payments and by lot within a 2026 Installment Sale Payment Date), at a prepayment price equal to the principal amount prepaid and Certificates to be prepaid, plus accrued interest to the date of prepayment. Before making any prepayment pursuant to this section, the City shall give written notice to the Corporation and the Trustee describing such event and specifying the date on which the prepayment will be paid and the order thereof, which date shall be not less than thirty (30) days nor more than sixty (60) days from the date such notice is given.

ARTICLE IV

ADDITIONAL CONTRACTS

Section 4.01 Additional Contracts. So long as the City is not in default hereunder, the City may at any time execute any Contract or amend any Contract, the Installment Sale Payments under and pursuant to which, as the case may be, are payable from, and secured by a pledge and lien on, the Measure I Receipts on a parity with the payment by the City of the 2026 Installment Sale Payments as provided herein; provided, that the lesser of (i) audited Measure I Receipts for the Fiscal Year next preceding the date of the adoption by the City Council of the City of the resolution authorizing the execution of such Contract and (ii) San Bernardino County Transportation Authority estimates (if prepared and made available to the City) of the City's share of Measure I Revenues for the current Fiscal Year, shall have produced a sum equal to at least 150% of the Maximum Annual Debt Service on all Contracts outstanding after the execution of such amendment or Contract as calculated in writing by the City and a third-party financial consultant to the City. Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the City to execute any Contract at any time to refund any outstanding Contract where such refunding results in a reduction in each annual payment on such Contract. Policy Costs due and owing to the Insurer, and similar costs due and owing to any other provider of a municipal bond insurance policy or debt service reserve insurance policy or surety with respect to all Contracts outstanding and to be outstanding after the execution of such amendment or Contract, shall be included in the Maximum Annual Debt Service requirement for purposes of the foregoing calculation and the calculation of Maintenance of Revenues in Section 5.04 herein.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

The City covenants not to request the San Bernardino County Transportation Authority to issue obligations on its behalf payable from Measure I Revenues as provided in the Measure I Ordinance.

ARTICLE V

REPRESENTATIONS AND COVENANTS OF THE CITY AND THE CORPORATION

Section 5.01 Authority; Compliance with Installment Sale Agreement and Trust Agreement. The City is a municipal corporation organized and existing under the Constitution of the State of California, with full legal right, power and authority to execute, deliver and perform its obligations under this Installment Sale Agreement, and compliance with the provision hereof will not

materially conflict with or constitute a material breach of or default under any applicable provision of law, or any applicable regulation or agreement to which the City is a party or may be subject.

The City will punctually pay the 2026 Installment Sale Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Sale Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Projects, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Corporation will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Installment Sale Agreement and the Trust Agreement that each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the obligation of the City to repay the costs of the acquisition and construction of the Projects and the costs and expenses incidental thereto paid by the Corporation pursuant to, and in accordance with, and as authorized under law and this Installment Sale Agreement.

Section 5.02 Use of Proceeds of Certificates. The Corporation and the City agree that the proceeds of the Certificates deposited in the Acquisition Fund will be used by the City, as agent for the Corporation, to pay the costs of the acquisition and construction of the Projects and to pay the incidental costs and expenses related thereto as provided herein and in the Trust Agreement.

Section 5.03 Against Encumbrances. The City will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the City payable from the Measure I Receipts or which may impair the security for the 2026 Installment Sale Payments and will keep the Measure I Receipts free of any and all liens against any portion of the Measure I Receipts. In the event any such lien attaches to or is filed against any portion of the Measure I Receipts, the City will 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. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City will forthwith pay or cause to be paid and discharged such judgment. The City will, to the maximum extent permitted by law, indemnify and hold the Corporation and the Trustee harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Measure I Receipts.

The City may pledge, encumber or otherwise secure its obligations with the Measure I Receipts, *provided*, that except as permitted by Section 4.01 hereof, in all instances any such pledge, lien or security is wholly subordinate and junior to the obligations of the City contained herein.

The City covenants not to make a finding that increased Measure I funding is needed to address unmet transit needs of senior and disabled transit services if such finding would have the effect of reducing the amount of Measure I Receipts below the amount needed to meet the debt service coverage test described in Section 4.01 (assuming such adjustment to the Measure I Receipts used for such calculation).

Section 5.04 Maintenance of Measure I Revenues. The City will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Measure I Revenues, including, but not limited to, the Measure I Ordinance, any applicable congestion management plans relating to the City and the California Environmental Quality Act (CEQA) relating to the Projects, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Measure I Revenues and apply the same as provided herein; *provided*, that nothing herein shall require the City to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Measure I Revenues to be received by the City in the next Fiscal Year to be less than [150%] of Maximum Annual Debt Service. The City's receipt of 2026 Installment Sale Payments is subordinate to certain obligations of the San Bernardino County Transportation Authority as provided in the Measure I Ordinance.

Section 5.05 Tax Covenants. Notwithstanding any other provision of the Indenture or the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the Certificates will not be adversely affected for federal income tax purposes, the City covenants to comply with all applicable requirements of the Code that are necessary to preserve such exclusion from gross income with respect to the Certificates and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The City will take no action and refrain from taking any action, and the Corporation will make no use of the proceeds of the Certificates or of any other moneys or property, which would cause the Certificates to be "private activity Certificates" within the meaning of Section 141 of the Code;

(2) Arbitrage. The City will make no use of the proceeds of the Certificates or of any other amounts or property, regardless of the source, and the City will not take any action or refrain from taking any action, which will cause the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(3) Federal Guarantee. The City will make no use of the proceeds of the Certificates, and the City will not take or omit to take any action, that would cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the Certificates pursuant to Section 103(a) of the Code;

(5) Hedge Bonds. The City will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, and the City will not take any action or refrain from taking any action, that would cause the Certificates to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the City takes all necessary actions to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest represented and evidenced by the Certificates for federal income tax purposes; and

(5) Miscellaneous. The City will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the City in connection with the execution and delivery of the Certificates and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This Section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the City from providing for or causing the issuance of revenue bonds or issuing bonds or executing and delivering contracts that are payable on a parity with the 2026 Installment Sale Payments, the interest with respect to which has been determined to be subject to federal income taxation.

Section 5.06 Prompt Acquisition and Construction of the Projects. The City will take all necessary and appropriate steps to acquire and construct the Projects, as agent of the Corporation, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 5.07 Accounting Records and Financial Statements.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Measure I Receipts and the Projects, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within six months after the close of each Fiscal Year or, if not then available, as soon thereafter as possible, audited financial statements of the City for the preceding Fiscal Year. The Trustee shall have no responsibility to review any such accounting records or audited financial statements.

Section 5.08 Protection of Security and Rights of the Corporation and the Trustee. The City will preserve and protect the security hereof and the rights of the Corporation, the Insurer and the Trustee to the 2026 Installment Sale Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 5.09 Further Assurances. The City will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 5.10 Continuing Disclosure. The City hereby covenants and agrees that it will enter into and comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder;

however, the Trustee shall at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owner of at least 25% aggregate principal amount of Outstanding Certificates, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries).

When the Trustee incurs expenses or renders services pursuant to this Section, the Trustee shall be entitled to reasonable compensation for such expenses and services rendered.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01 Events of Default and Acceleration of Principal. If one or more of the following "Events of Default" shall happen, that is to say --

(1) if default shall be made in the due and punctual payment of any 2026 Installment Sale Payment or any Contract when and as the same shall become due and payable;

(2) if default shall be made by the City in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Corporation or the Trustee;

(3) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or

(4) if payment of the principal of any Contract is accelerated in accordance with its terms;

then and in each and every such case during the continuance of an Event of Default specified in clauses (1) or (4) above, the Corporation shall, and for any other such Event of Default the Corporation may (with the prior written consent of the Insurer), by notice in writing to the City and the Insurer, declare the entire principal amount of the unpaid 2026 Installment Sale Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection is subject to the condition, however, that if at any time after the entire principal amount of the unpaid 2026 Installment Sale Payments or the unpaid payment of any other Contract referred to in clause (1) above due prior to such declaration and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the City shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the 2026 Installment Sale Payments or the unpaid payment of any other

Contract referred to in clause (a) above due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal amounts of the 2026 Installment Sale Payments or such Contract if paid in accordance with their terms, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the entire principal amount of the unpaid 2026 Installment Sale Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation or provision deemed by the Corporation to be adequate shall have been made therefor, then and in every such case the Corporation, by written notice to the City, may rescind and annul such declaration and its consequences; 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.

Section 6.02 Application of Measure I Receipts Upon Acceleration. All Measure I Receipts upon the date of the declaration of acceleration by the Trustee as provided in Section 6.01 and all Measure I Receipts thereafter received shall be applied in the following order --

First, to the payment of the costs and expenses of the Trustee and the Corporation, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the interest then due and payable on the entire principal amount of the unpaid 2026 Installment Sale Payments and Contracts, and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference;

Third, to the payment of the unpaid principal amount of the 2026 Installment Sale Payments and the unpaid principal amount of all Contracts which has become due and payable, whether on the original due date or upon acceleration, with interest on the overdue principal and interest amounts of the unpaid 2026 Installment Sale Payments and such Contracts at the rate or rates of interest then applicable to such 2026 Installment Sale Payments and such Contracts if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the 2026 Installment Sale Payments and all Contracts on any date, together with such interest, then to the payment thereof ratably, according to the principal amount due on such date, without any discrimination or preference; and

Fourth, to the payment of amounts due to the Insurer not paid pursuant to Second and Third above.

Section 6.03 Other Remedies. The Trustee shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any councilmember, officer or employee thereof, and to compel the City or any such councilmember, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Corporation or the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its council members, officers and employees to account as the trustee of an express trust.

Section 6.04 Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the 2026 Installment Sale Payments from the Measure I Receipts to the Trustee at the respective due dates or upon prepayment, or shall affect or impair the right of the Trustee, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee, the Corporation and the City and the Trustee shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.05 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law. The exercise of remedies hereunder shall be subject to the provisions of the Trust Agreement, including Articles VII and IX thereof.

ARTICLE VII

DISCHARGE OF OBLIGATIONS

Section 7.01 Discharge of Obligations.

(a) If the City shall pay or cause to be paid all the 2026 Installment Sale Payments at the times and in the manner provided herein, and all amounts owed the Insurer shall have been paid in full, the right, title and interest of the Corporation herein and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) Any unpaid principal installment of the 2026 Installment Sale Payments shall on its payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the City makes payment of such 2026 Installment Sale Payments and the prepayment premium, if applicable, in the manner provided herein.

(c) All or any portion of unpaid principal installments of the 2026 Installment Sale Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (i) notice is

provided by the City to the Trustee as required by the Trust Agreement, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Obligations (as that term is defined in the Trust Agreement), the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to the principal installments of such 2026 Installment Sale Payments and the principal installments of such 2026 Installment Sale Payments or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto and (iii) an opinion of nationally recognized bond counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection will not cause the interest evidenced and represented by the Certificates to be includable in gross income under the Code for federal income tax purposes.

(d) After the payment of all 2026 Installment Sale Payments and prepayment premiums, if any, as provided in this section, and payment of all fees and expenses of the Trustee, the Trustee, upon request of the City, shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and the Corporation and shall execute and deliver to the City and the Corporation all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of this Installment Sale Agreement, and the Trustee shall pay over and deliver to the City, as an overpayment of 2026 Installment Sale Payments, all such money or investments held by it pursuant hereto other than such money and such investments as are required for the payment or prepayment of the 2026 Installment Sale Payments, which money and investments shall continue to be held uninvested by the Trustee in trust for the payment of the 2026 Installment Sale Payments and shall be applied by the Trustee pursuant to the Trust Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Liability of City Limited to Measure I Receipts. Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other than the Measure I Receipts for the payment of the 2026 Installment Sale Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of the City to make the 2026 Installment Sale Payments is a special obligation of the City payable solely from the Measure I Receipts as provided herein, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8.02 Benefits of Installment Sale Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Corporation, the City, the Insurer or the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Corporation, the City or the Trustee shall be for the sole and exclusive benefit of the other parties. The Insurer is a third party beneficiary of this Installment Sale Agreement. [This Installment Sale Agreement shall not be amended, supplemented or modified without the prior written consent of the Insurer.]

Section 8.03 Successor Is Deemed Included in all References to Predecessor. Whenever any of the Corporation or the City or the Trustee is named or referred to herein, such reference shall

be deemed to include the successor to the powers, duties and functions that are presently vested in the Corporation or the City or the Trustee, and all agreements and covenants required hereby to be performed by or on behalf of the Corporation or the City or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 8.04 Waiver of Personal Liability. No councilmember, officer or employee of the City shall be individually or personally liable for the payment of the 2026 Installment Sale Payments, but nothing contained herein shall relieve any councilmember, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05 Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections,” “Exhibits” and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Sale Agreement as a whole and not to any particular article, section, exhibit, subdivision or clause hereof.

Section 8.06 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Corporation or the City shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Corporation and the City hereby declare that they would have executed this Installment Sale Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 8.07 Assignment. The Installment Sale Agreement and any rights hereunder shall be assigned by the Corporation to the Trustee as provided in the Trust Agreement; to which assignment the City hereby expressly acknowledges and consents. Any other assignment without the consent of the Trustee and the Insurer shall be void.

Section 8.08 Net Contract. The Installment Sale Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the 2026 Installment Sale Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 8.09 California Law. The Installment Sale Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 8.10 Indemnification. The City shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Corporation and its directors, officers and employees and the Trustee and its directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses, penalties and interest arising out of or as the result of the acquisition, construction, installation and use

of the Projects and each portion thereof or any accident in connection with the operation, use, condition or possession of the Projects or any portion thereof resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Corporation; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The City agrees not to withhold or abate any portion of the payments required pursuant hereto by reason of any defects, malfunctions, breakdowns or infirmities of the Projects. The City and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 8.11 Funds. Any fund required to be established and maintained herein by the City may be established and maintained in the accounting records of the City either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to any such fund shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the owners of such Certificates.

Section 8.12 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City:

City of Barstow
220 E Mountain View St A
Barstow, CA 92311
Attention: City Manager

If to the Corporation:

Public Property Financing Corporation of California
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Bill Morton

If to the Insurer:

Assured Guaranty Inc.
1633 Broadway
New York, NY 10019
Attention: Managing Director – Municipal
Surveillance
Re: Policy Nos.
_____-N (Insurance Policy) and
_____-R (Reserve Policy)
Telephone: (212) 974-0100
Email: munidisclosure@agltd.com

In each case in which the notice or other communication refers to a claim on the Insurance Policy, the Reserve Policy or an Event of Default, such notice or other communication shall be marked “URGENT MATERIAL ENCLOSED” and a copy shall also be sent to the attention of the General Counsel at the above address and at generalcounsel@agltd.com.

Section 8.13 Notices to Insurer; Miscellaneous Insurer Provisions. The Insurer shall be provided with the following information by the City:

(a) Annual audited financial statements within 180 days after the end of the City’s fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Installment Sale Agreement or the Trust Agreement), and the City’s annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(b) Notice of the commencement of any Insolvency Proceeding;

(c) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal or interest on the Certificates;

(d) All reports, notices and correspondence to be delivered to Owners under the terms of this Agreement; and

(e) All information furnished pursuant to the Continuing Disclosure Certificate entered into in connection with the Certificates shall also be provided to the Insurer, simultaneously with the furnishing of such information (the provision of which may be by posting with the MSRB).

The Insurer shall have the right to receive such additional information as it may reasonably request.

The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to

have access to the facilities, books and records of the City on any Business Day upon reasonable prior notice.

Section 8.14 Agreement Represents Complete Agreement; Amendments. This Installment Sale Agreement (together with the Trust Agreement) represents the entire contract between the parties. This Installment Sale Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the City and the Corporation, given in accordance with the provisions of the Trust Agreement.

Section 8.15 Effective Date. This Installment Sale Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VII).

Section 8.16 Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Installment Sale Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent (i) that, by signing this Installment Sale Agreement using an electronic signature, it is signing, adopting and accepting this Installment Sale Agreement, and (ii) that signing this Installment Sale Agreement using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Installment Sale Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Installment Sale Agreement in a usable format.

Section 8.17 Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

APPENDIX B

THE CITY OF BARSTOW AND THE COUNTY OF SAN BERNARDINO ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION

This Appendix B includes certain economic and demographic information with respect to the City as well as demographic information with respect to the County of San Bernardino, the State of California and the United States. The Certificates are payable solely from Installment Sale Payments to be made by the City. The County of San Bernardino and the State of California have no obligation to make any payments with respect to the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein for a description of the security for the Certificates.

General

The City of Barstow (the “**City**”) encompasses approximately forty square miles and is located in the northern part of San Bernardino County (the “**County**”). The City is approximately 135 miles from the Port of Los Angeles and the Port of Long Beach and is approximately 115 miles from downtown Los Angeles. The City is a major transportation hub for the Inland Empire with several major highways, including Interstate 15, Interstate 40, and California State Route 58, converging in the City. As of January 1, 2025, the population of the City is estimated to be approximately 24,811.

The City provides a full range of services, including police and fire protection services, economic development, construction and maintenance of roadways, parks, streets, and other infrastructure, recreational and cultural activities, utility services of sewer and solid waste collection, and general administrative services.

Population

The following table presents estimated population statistics for the City, County, and State for the past five years.

CITY OF BARSTOW, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA POPULATION FOR CALENDAR YEARS 2021 THROUGH 2025

<i>Year (as of January 1)</i>	<i>City of Barstow</i>	<i>County of San Bernardino</i>	<i>State of California</i>
2021	25,417	2,179,941	39,369,530
2022	25,123	2,183,077	39,179,680
2023	24,930	2,182,351	39,228,444
2024	24,947	2,200,351	39,420,663
2025	24,811	2,207,424	39,529,101

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State (2021-2025) with 2020 Benchmark.

Employment

Residents of the City find employment throughout the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “**MSA**”). The following tables set forth certain employment data for the MSA.

The following table represents the Annual Average Labor Force and Industry Employment for the MSA for the years 2020 through 2024. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
(Riverside and San Bernardino Counties)
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE
2020 through 2024

	2020	2021	2022	2023	2024
Civilian Labor Force	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Civilian Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Civilian Unemployment	205,100	156,700	90,700	102,300	115,300
Civilian Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
 Total Farm	 14,100	 13,700	 13,800	 13,200	 13,700
Total Nonfarm	1,495,800	1,575,100	1,660,200	1,681,000	1,700,400
Total Private	1,247,800	1,333,100	1,410,200	1,420,700	1,430,200
Goods Producing	202,200	207,700	216,300	215,300	212,900
Mining & Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Service Providing	1,293,700	1,367,400	1,443,900	1,465,700	1,487,500
Trade, Transportation & Utilities	406,900	443,200	464,900	457,900	456,400
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing & Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Financial Activities	44,100	45,200	46,000	44,900	44,100
Professional & Business Services	152,100	166,600	173,900	164,400	161,800
Private Education & Health Services	248,800	254,300	267,900	287,800	306,000
Leisure & Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Government	<u>248,000</u>	<u>242,000</u>	<u>250,000</u>	<u>260,200</u>	<u>270,200</u>
Total, All Industries	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix B.

Source: State of California, Employment Development Department, Riverside-San Bernardino-Ontario MSA Industry Employment & Labor Force - by Annual Average, March 2024 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the years 2020 through 2024 for the City, the County, the State and the nation as a whole.

**CITY OF BARSTOW, COUNTY OF SAN BERNARDINO,
STATE OF CALIFORNIA AND THE UNITED STATES
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT YEARLY AVERAGE**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate⁽¹⁾</i>
2020				
City of Barstow	9,100	8,100	1,000	11.2%
County of San Bernardino	972,900	879,600	93,200	9.6
State of California	18,758,400	17,351,300	1,407,100	7.5
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Barstow	9,300	8,400	1,000	10.2%
County of San Bernardino	989,400	915,500	73,900	7.5
State of California	18,896,500	17,724,800	1,171,700	6.2
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Barstow	9,200	8,700	600	6.0%
County of San Bernardino	1,000,100	958,100	42,000	4.2
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Barstow ⁽²⁾	9,200	8,700	600	6.0%
County of San Bernardino	1,014,800	967,900	46,800	4.6
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
City of Barstow	N/A	N/A	N/A	N/A
County of San Bernardino	1,027,800	975,200	52,600	5.1
State of California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346	6,761,000	4.0

Note: Data is not seasonally adjusted.

⁽¹⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

⁽²⁾ Latest available full-year data.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2024 Benchmark.

Largest Industries

The following table in unaudited and shows the largest industries located in the County as of June 30, 2024.

**COUNTY OF SAN BERNARDINO
LARGEST INDUSTRIES**

Rank	Industry	Employees
1.	Loma Linda University Medical Center	10,000+
2.	San Bernardino County	10,000+
3.	Amazon	10,000+
4.	Ontario International Airport	5,000-9,999
5.	Dignity Health Community Hospital of San Bernardino	5,000-9,999
6.	Burlington Distribution Corp	1,000-4,999
7.	California State University San Bernardino	1,000-4,999
8.	Environmental Systems Research Institute	1,000-4,999
9.	Fedex Ground	1,000-4,999
10.	Inland Empire Health Plan	1,000-4,999

Source: County of San Bernardino Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the City increased by approximately 41.2% between the fiscal years 2015 and 2024. The following tables summarize personal income for the City for the last ten fiscal years ended June 30, 2024.

**CITY OF BARSTOW
PERSONAL INCOME
(DOLLARS IN THOUSANDS)**

Year	Personal Income	Annual Percent Change
2015	\$ 435,931	--%
2016	423,134	(2.9)
2017	396,041	(6.4)
2018	430,713	8.7
2019	463,700	7.6
2020	471,728	1.7
2021	490,979	4.1
2022	538,926	9.7
2023	624,850	15.9
2024	543,327	13.0

Source: City of Barstow Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Total personal income in the County increased by approximately 50.2% between the fiscal years 2015 and 2024. The following tables summarize personal income for the City for the last ten fiscal years ended June 30, 2024.

**SAN BERNARDINO COUNTY
PERSONAL INCOME
(DOLLARS IN THOUSANDS)**

<i>Year</i>	<i>Personal Income</i>	<i>Annual Percent Change</i>
2015	\$ 74,258,677	--%
2016	77,453,102	4.3
2017	80,031,472	3.3
2018	83,514,331	4.3
2019	89,202,022	6.8
2020	99,003,275	10.9
2021	109,157,423	10.2
2022	108,075,879	0.1
2023	111,575,931	3.2
2024	119,551,968	7.1

Source: Bureau of Economic Analysis U.S. Department of Commerce (last updated February 5, 2026)

The following table summarizes per capita personal income for the City, the County, the State of California and the United States for the years 2015 through 2024. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**CITY OF BARSTOW, SAN BERNARDINO COUNTY, STATE OF CALIFORNIA AND THE
UNITED STATES
PER CAPITA PERSONAL INCOME**

<i>Year</i>	<i>City of Barstow</i>	<i>San Bernardino County</i>	<i>California</i>	<i>United States</i>
2015	\$17,895	\$35,176	\$53,816	\$48,062
2016	17,450	36,417	55,862	48,974
2017	16,223	37,305	58,214	51,006
2018	17,834	38,655	60,984	53,311
2019	19,107	41,078	64,219	55,567
2020	19,488	45,341	70,100	59,151
2021	19,481	49,824	77,134	64,692
2022	21,627	49,214	77,196	66,298
2023	25,329	50,698	81,196	70,002
2024	25,929	53,991	86,232	73,204

(Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation)).

Source: City data sourced from City of Barstow Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025, which is sourced to U.S. Department of Commerce, Bureau of Economic Analysis (Santa Barbara-Santa Maria-Goleta), HdL Demographics and Economic Statistics; County, State and United States statistics sourced from U.S. Department of Commerce Bureau of Economic Analysis (last updated February 5, 2026).

Retail Sales

Commercial activity is an important contributor to the City's economy. The following table estimates the City's commercial activity between calendar years 2020 and 2024.

**CITY OF BARSTOW
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
FOR CALENDAR YEARS 2020 THROUGH 2024
(\$000s)**

<i>Business</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Motor Vehicle and Parts Dealers	\$ 32,681	\$ 40,168	\$ 37,542	\$ 32,029	\$ 27,521
Home Furnishings and Appliance Stores	5,211	6,568	6,067	4,570	5,015
Building Material and Garden Equipment and Supplies Dealers	0	41,377	0	0	0
Food and Beverage Stores	39,731	47,214	62,856	56,779	55,684
Gasoline Stations	188,687	264,352	317,017	292,576	249,782
Clothing and Clothing Accessories Stores	55,775	67,241	68,771	75,006	78,954
General Merchandise Stores	0	62,970	56,928	55,982	55,633
Food Services and Drinking Places	78,383	105,562	108,492	112,801	120,216
Other Retail Group	<u>114,396</u>	<u>25,349</u>	<u>61,807</u>	<u>67,660</u>	<u>66,101</u>
Total Retail and Food Services	514,867	660,806	719,482	697,405	658,910
All Other Outlets	21,039	25,895	32,511	36,617	25,535
Total All Outlets	\$ 535,906	\$ 686,701	\$ 751,994	\$ 734,022	\$ 684,446

Note: Numbers are adjusted for Economic Data and may not sum due to rounding.
Source: California Department of Tax and Fee Administration.

The table below present taxable sales for the years 2020 through 2024 for the County.

**COUNTY OF SAN BERNARDINO
TAXABLE SALES**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2020	71,145	\$ 43,265,512,311
2021	66,585	55,378,096,658
2022	68,480	59,992,846,106
2023	67,336	57,933,854,583
2024	68,447	58,819,796,637

Source: California Department of Tax and Fee Administration, Taxable Sales – Counties by Type of Business.

APPENDIX C

PROPOSED FORM OF SPECIAL COUNSEL OPINION

Upon execution and delivery of Certificates, Stradling Yocca Carlson & Rauth LLP, Special Counsel, proposes to render its final approving opinion with respect to the Certificates in substantially the following form:

May __, 2026

City Council
City of Barstow

Re: \$_____ City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates
 of Participation, Series 2026

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the execution and delivery of \$_____ principal amount of City of Barstow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026 (the "Certificates"). The Certificates are dated their date of delivery and evidence the fractional and undivided interests of the registered owners thereof in the right to receive certain 2026 Installment Sale Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to that certain Installment Sale Agreement (the "Installment Sale Agreement"), dated as of May 1, 2026, between the City of Barstow (the "City") and the Public Property Financing Corporation of California, a nonprofit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"). The Corporation's right to receive such 2026 Installment Sale Payments has been assigned without recourse by the Corporation to U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee"), pursuant to the Trust Agreement, dated as of May 1, 2026, by and among the City, the Corporation and the Trustee (the "Trust Agreement"), which Certificates have been executed by the Trustee pursuant to the terms of the Trust Agreement.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to certify the same by independent investigation.

Based on the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. Such proceedings show lawful authority for the execution and delivery by the City of the Trust Agreement and the Installment Sale Agreement under the laws of the State of California now in force, and the Installment Sale Agreement and the Trust Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee and the Corporation as appropriate, are valid and binding obligations of the City, enforceable against the City in accordance with their respective terms. The Certificates, assuming due execution and delivery by the Trustee, are entitled to the benefits of the Trust Agreement. The obligation of the City to make the 2026 Installment Sale Payments under the Installment Sale Agreement does not constitute a debt of the City or the State of California, or of any political subdivision thereof, within the meaning of any constitutional debt limit or restriction, does not violate any statutory debt limitation, and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

2. Under existing statutes, regulations, rulings and judicial decisions, the portion of each 2026 Installment Sale Payment constituting interest (and original issue discount) with respect to the Certificates is

excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Certificates might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

3. The portion of each 2026 Installment Sale Payment constituting interest (and original issue discount) with respect to the Certificates is exempt from State of California personal income tax.

4. The difference between the issue price of a Certificate (the first price at which a substantial amount of the Certificates of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Certificates (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Certificate owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Certificate owner will increase the Certificate owner’s basis in the applicable Certificate.

5. The amount by which a Certificate owner’s original basis for determining gain or loss on sale or exchange of the applicable Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Certificate premium, which may be amortized under the Section 171 of the Code; such amortizable Certificate premium reduces the Certificate owner’s basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Certificate premium may result in a Certificate owner realizing a taxable gain when a Certificate is sold by the Certificate owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the Certificate owner. Purchasers of the Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Certificate premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Installment Sale Agreement, the Trust Agreement and the Tax Certificate relating to the Certificates permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Certificate if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Certificates.

The opinions expressed herein as to the exclusion from gross income of the portion of each 2026 Installment Sale Payment constituting interest (and original issue discount) with respect to the Certificates are based upon certain representations of fact and certifications made by the City and others and are subject to the condition that the City complies with all requirements of the Code, that must be satisfied subsequent to the execution and delivery of the Certificates to assure that such portion of each 2026 Installment Sale Payment constituting interest (and original issue discount) with respect to the Certificates will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the portion of each 2026 Installment Sale Payment constituting interest (and original issue discount) with respect to the Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Certificates. The City has covenanted to comply with all such requirements.

The opinions expressed herein are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that rights and obligations under the Trust Agreement and the Installment Sale Agreement are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against municipalities in the State of California.

By delivering this opinion, we are not expressing any 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 Trust Agreement or the Installment Sale Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Certificates terminates on the date of their execution and delivery.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates and expressly disclaim any duty to advise the owners of the Certificates with respect to matters contained in the Official Statement.

Respectfully submitted,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by the City of Barstow (the “**City**”) in connection with the execution and delivery by the City of \$_____ City of Bartow Local Measure I Transportation Sales Tax Revenue Certificates of Participation, Series 2026 (the “**Certificates**”). The Certificates are being executed and delivered pursuant to the Trust Agreement, dated as of May 1, 2026 (the “**Trust Agreement**”), by and among the Public Property Financing Corporation of California (the “**Corporation**”), U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), and the City, in order to provide funds to finance the acquisition, construction and improvement of certain transportation improvements within the jurisdiction of the City. The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Certificates and to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and in the Installment Sale Agreement, dated as of May 1, 2026 (the “**Installment Sale Agreement**”), by and between the Corporation and the City, which apply to any capitalized terms used in this Disclosure Certificate, 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 Certificate.

“*Annual Report Date*” shall mean March 31 of each year.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“*Dissemination Agent*” shall mean Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Holders*” shall mean, while the Certificates are registered in the name of The Depository Trust Company, any applicable participant in its depository system, or the Owner of any Bond for Federal income tax purposes.

“*Listed Events*” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the Official Statement, relating to the Certificates.

“*Participating Underwriter*” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, no later than each Annual Report Date, commencing March 31, 2027, with the report for fiscal year 2025-26, provide to the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; 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). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. If the City is unable to provide to MSRB an Annual Report by the date required in subsection (a), the City will send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. Each Annual Report shall contain or incorporate by reference the following:

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City and the Certificates for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for such fiscal year described in subsection (a) above:

(i) Description of any debt issued or incurred by the City payable from or secured by a pledge of Measure I Receipts (as defined in the Official Statement) in the most recently completed fiscal year only (including details as to the date of issuance or incurrence, principal amount, term, rating (if any), and bond and reserve insurance, if any).

(ii) Balance in the Measure I Receipts Fund as of the most recently completed fiscal year.

(iii) An update to Table 1 (Historical Measure I Revenues And Measure I Receipts Countywide, North Desert Subarea, Local Streets Projects, And City Measure I Receipts) in the Official Statement for the most recently completed fiscal year only. The City shall have no obligation to provide the Countywide Measure I Revenues, Measure I Revenues generated in the North Desert Subarea, or the Measure I Revenues generated in the North Desert Subarea and allocated to Local Street Projects, unless such information is provided in the annual audited financial statements of the Measure I Fund prepared by SBCTA and made available to the City.

(iv) An update to Table 2 (City of Barstow Measure I Fund Balance Sheet) in the Official Statement for the most recently completed fiscal year only.

(v) An update to Table 3 (City of Barstow Measure I Fund Statement of Revenues, Expenditures and Changes in Fund Balances) in the Official Statement for the most recently completed fiscal year only.

(vi) The coverage ratio provided by Measure I Receipts with respect to maximum annual Installment Sale Payments and the maximum annual installment sale payments or debt service payments under any Additional Contracts for the most recently completed fiscal year only, in the form of Table 4 (City of Barstow Maximum Annual Debt Service Coverage) in the Official Statement.

The City is not required to prepare projections or estimates of Measure I Revenues or Measure I Receipts in connection with preparation of the Annual Report. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.

(6) 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 Certificates, or other material events affecting the tax status of the Certificates.

- (7) Modifications to rights of holders of the Certificates, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the Certificates, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City or the Corporation.

(13) The consummation of a merger, consolidation, or acquisition involving the City or the Corporation, or the sale of all or substantially all of the assets of the City or the Corporation (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 a 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 Bond holders, if material.

(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.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Certificates. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Upon the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City or the Corporation, as applicable, in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental Corporation has assumed jurisdiction over substantially all of the assets or business of the City or the Corporation, as applicable, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental Corporation having supervision or jurisdiction over substantially all of the assets or business of the City or the Corporation, as applicable.

(e) For purposes of the events identified in paragraphs (a)(15) and (a)(16) above, the term “financial obligation” means 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 to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Termination of Reporting Obligation. The City's obligation under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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 Certificate, 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 Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the City shall have

no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5, promulgated under the Securities and Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other such action, may not fully discharge all duties and obligations of the City under such laws.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Certificates or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: _____, 2025

CITY OF BARSTOW

By: _____
City Manager

Acknowledged as to Duties as Dissemination Agent:

URBAN FUTURES, INC.

By: _____
Authorized Officer

EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Barstow

Name of Certificates: City of Barstow Local Measure I Transportation Sales Tax Revenue
Certificates of Participation, Series 2026

Date of Execution and Delivery: _____, 2026

NOTICE IS HEREBY GIVEN that the City of Barstow, California (the “**City**”) has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate, dated _____, 2026. The City anticipates that the Annual Report will be filed by _____.

Dated:

[DISSEMINATION AGENT]

By: _____
Authorized Signatory

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

**CITY OF BARSTOW
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

[THIS PAGE INTENTIONALLY LEFT BLANK]

Fiscal Year
2024/2025
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT



City of Barstow,
California
220 E. Mountain
View St., Suite A,
Barstow, CA 92311
www.barstowca.org



CITY OF BARSTOW, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

Prepared By:
Finance Department

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	v
List of Elected and Appointed Officials	vi
Certificate of Achievement for Excellence in Financial Reporting	vii
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Proprietary Fund Financial Statements:	
Statement of Net Position - Proprietary Funds	37
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	39
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position - Fiduciary Funds	42
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	43
Notes to Basic Financial Statements	49

CITY OF BARSTOW, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

Table of Contents

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Budgets and Budgetary Accounting:	
Budget Control and Budgetary Accounting	97
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual:	
General Fund	98
Measure I	99
Barstow Fire Protection District.....	100
Grants.....	101
Gas Tax.....	103
CalPERS Cost Sharing Plan:	
Schedule of Proportionate Share of the Net Pension Liability	104
San Bernardino County Employees' Retirement Association (SBCERA):	
Schedule of Proportionate Share of the Net Pension Liability	106
OPEB Plan	
City of Barstow Plan - Schedule of Changes in Net OPEB Liability and Related Ratios	108
Barstow Fire Protection District Plan - Schedule of Changes in the Net OPEB Liability and Related Ratios.....	110
Schedule of Plan Contributions.....	112
SUPPLEMENTARY INFORMATION	
Non-Major Governmental Funds:	
Combining Balance Sheet.....	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	120
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Asset Seizure	123
Barstow Harvey House Foundation	124
Public Safety Cops Program	125
City Capital Projects.....	126
Debt Service.....	127
Custodial Funds:	
Combining Statement of Fiduciary Fund Net Position.....	130
Combining Statement of Changes in Fiduciary Net Position	131

CITY OF BARSTOW, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

Table of Contents

Page
Number

STATISTICAL SECTION (UNAUDITED)

Description of Statistical Section.....	135
Net Position by Component – Last Ten Fiscal Years	137
Changes in Net Position – Last Ten Fiscal Years.....	138
Fund Balances of Governmental Funds – Last Ten Fiscal Years	140
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	141
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	142
Assessed Value and Estimated Actual Value of Taxable Property by Class – Last Ten Fiscal Years	143
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	144
Largest 2024-25 Local Secured Taxpayers	145
Principal Property Tax-Payers – Current Year and Nine Years Ago	146
Property Tax Levies and Collections – Last Ten Fiscal Years.....	147
Top 25 Sales Tax Producers 2024	148
Top 25 Sales Tax Producers 2015	149
Taxable Sales by Category	150
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	151
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	152
Direct and Overlapping Governmental Activities Debt.....	153
Legal Debt Margin Information – Last Ten Fiscal Years.....	154
Pledged Revenue Coverage – Last Ten Fiscal Years	155
Demographic and Economic Statistics – Last Ten Calendar Years	156
Principal Employers	157
Full-Time and Part-Time City Employees by Function – Last Ten Fiscal Years.....	158
Operating Indicators by Function – Last Ten Fiscal Years	159
Capital Asset Statistics by Function – Last Ten Fiscal Years	160

THIS PAGE INTENTIONALLY LEFT BLANK



January 22, 2026

For the Citizens of the City of Barstow,
Honorable Mayor and City Council
City of Barstow

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for the City of Barstow. State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Barstow for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the City of Barstow. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management of the City of Barstow has established a comprehensive internal control framework that is designed to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than, absolute assurance that the financial statements will be free from material misstatement.

The City of Barstow's financial statements have been audited by LSL, LLP, a firm of licensed certified public accountants. The independent auditors have issued an unmodified opinion and have concluded that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Barstow's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The Reporting Entity

This report combines the financial statements of the City of Barstow, and its component units, the Barstow Public Financing Authority, the Barstow Public Facilities Corporation, the Odessa Water District, the Barstow Harvey House Foundation, Barstow Community Services Foundation and the Barstow Fire Protection District to constitute a single reporting entity. The City Council serves as the governing board of these component units and, as such, this combined presentation better represents the financial activities of the City of Barstow.

220 East Mountain View Street, Suite A, Barstow, California 92311-2839
Ph: 760-256-3531 Fax: 760-256-1750 www.barstowca.org

The City directly provides a full range of services, including police and fire protection services. Contracted services include engineering, street sweeping, solid waste management, and attorney services.

Staff provided services include police services and fire protection services, customer service and community relations, community development (which includes planning, economic development, housing and grant administration activities as well as overall department administration), public works oversight including construction and maintenance of roadways, parks and streets, recreational and cultural activities, sewer utility services and general administrative services. All of these activities are included in this report. Fire protection is provided by the Barstow Fire Protection District, a subsidiary agency of the City.

The City is served by private water companies. However, sewerage services are provided by the City of Barstow. Additionally, the Barstow Unified School District is a separate entity and, accordingly, not included in this report.

History of the City

The City of Barstow is a General Law Council/Manager municipality incorporated in 1947. It is located in the northern part of the County of San Bernardino, approximately 114 miles northeast of Los Angeles, and approximately 70 miles north of the City of San Bernardino. The City boundary encompasses approximately 40 square miles and serves a population of over 24,000. The City prides itself as the “Crossroads of Opportunity” at the juncture of the I-40 and I-15 freeways. Situated midway between Los Angeles and Las Vegas, Barstow caters to the needs of approximately 55 million travelers passing through the City annually.

The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The Council is elected on a non-partisan basis. Council members serve four-year terms and elections are staggered every two years. The mayor is elected to serve a four-year term. The mayor is elected at large while the council members are elected by districts.

The City Manager is responsible for carrying out the policies and ordinances of the governing body, and for overseeing the day-to-day operations of the City government working with the directors and managers of various City departments.

The City Manager administers the Annual Operating and Capital Improvement Budget and maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the appropriated budget approved by the City’s governing body. Activities of the general fund, special revenue funds, enterprise funds, debt service fund and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. Appropriations lapse at year end. However, encumbrances and project appropriations generally are re-appropriated as part of the following fiscal year’s operating budget.

ECONOMIC CONDITION AND OUTLOOK

From a historical perspective, growth in the City of Barstow has proceeded at a fairly slow, but steady pace. Major industries located within the city’s boundaries, or in close proximity, included major military installations with both military and civilian personnel, national defense contractors, transportation and rail firms, as well as numerous educational and financial institutions. The most current population figures show San Bernardino County has increased its population by 0.3% from January 1, 2024 to January 1, 2025. The population for the City of Barstow had a slight decrease of -0.5% according to the California Department of Finance. The unemployment rate as of September, 2025, for the City is 7.6% which is an increase from 4.2% in June, 2025. Staff continues to pursue economic development in areas of the local economy that will provide job creation and increased opportunities for City residents.

Sales tax revenue, excluding Measure Q, a major contributor to the City’s revenues, decreased from \$8.37 million in fiscal year 2024 to \$7.78 million in fiscal year 2025. The City’s transient occupancy tax, also a major contributor, experienced a decrease this fiscal as well. TOT revenues for fiscal year 2025 were \$3.39 million, down from \$3.94 million in fiscal year 2024. City management and staff continue to monitor the City’s revenues will keep Council informed of any changes as they occur throughout the next fiscal year.

MAJOR ACTIVITY IN THE CITY:

Major development activities are underway in the City consistent with the City's General Plan and Council's vision and direction to improve and upgrade infrastructure, public services, and promote economic growth and development. Some of these development activities include:

- The City continues its efforts with the Barstow International Gateway (BIG) project. The new facility will bring thousands of direct jobs to California's high desert communities, reduce highway and port congestion, and maximize rail and distribution efficiency regionally and across the U.S. supply chain.
- The Marriott hotel project in the Lenwood area of Barstow along the freeway finally complete and opened for business in the fall of 2023. The project includes two hotels totaling 181 rooms using an innovative shared footprint design. The two hotels are a Fairfield Inn (short term stay) and a Towne Place Suites (long term stay). The hotels are located close to the Outlets at Barstow and conservatively will add over \$500 thousand annually in new revenues to the City's General Fund.
- The City has entered into four Inter Governmental Service Agreements (IGSCs) with Fort Irwin (Army) that are expected to add over \$800,000 annually in new revenues to the City's General Fund. The IGSCs cover base operations, refuse collections, and animal services among other services.
- The City created a "green zone" and have approved six applications for commercial retail operations, with two in operation. In addition, twenty-three applications for manufacturing and distribution have been approved by the City Council. To date, 7 manufacturing operators have opened in the City. The City will receive regulatory fees plus 3% of gross sales (above the City's existing 2%) for commercial retail operations and \$5 per square foot for manufacturing operations annually per approved development agreements. Annual revenues received pursuant to approved development agreements are expected to be in excess of \$1.5 million annually once all approved businesses are operating.
- The City successfully passed a local general sales tax ballot measure (Measure Q) on November 6, 2018. Income from the new general sales tax measure began to be collected on April 1, 2019. The City collected over \$9.6 million from the sales tax measure in fiscal year 2025.

LONG-TERM FINANCIAL PLANNING

The City continues to maintain a Council mandated reserve of 20% Working Capital and 5% for emergencies. The Fiscal Year 2025-26 Budget falls within the policy guidelines set by the City Council for budgetary and planning purposes. The City's financial condition is continuously being monitored and has improved due to the passage of the Measure Q Local Sales Tax, a 1% general tax available to fund senior and youth recreation programs; assist with maintaining roads and parks; and improve police and fire services. Periodically, interim financial reports are presented to City Council regarding the budgetary performance of all major funds. By closely monitoring revenues, expenditures, and financial trends, the City has been able to successfully manage economic downturns, thus reducing the impact on City services. Current economic factors and potential future economic impacts continue to be carefully monitored and tracked by staff.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The City's Annual Comprehensive Financial Report for the year ended, June 30, 2025, was prepared utilizing best practices and in conformity with the awards program criteria for the Certificate of Achievement for Excellence in Financial Reporting as promulgated by the Government Finance Officer's Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report for the year ended, June 30, 2025, conforms to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

Acknowledgements

In closing, this report was made possible by the leadership and support of the governing body of the City of Barstow.

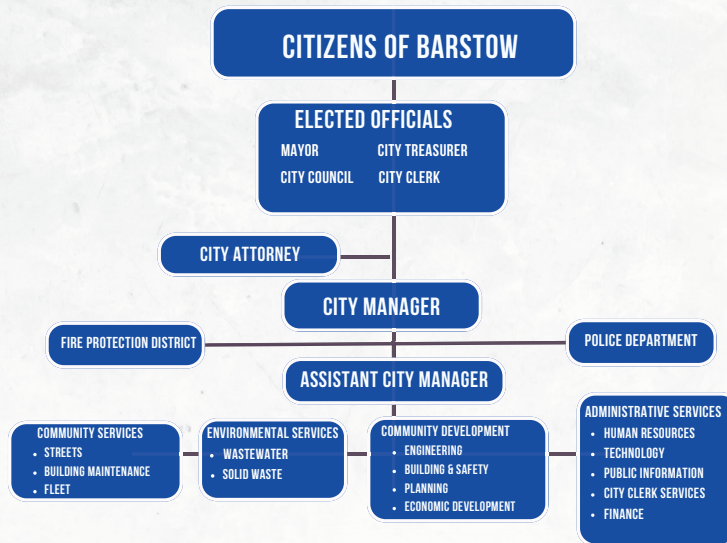
The preparation of this report on a timely basis is a team effort, requiring the dedication and cooperation of the entire Finance Department staff and continued support of the City Manager's Office and City Council. The guidance and suggestions from the accounting firm of LSL, LLP, were also invaluable in completion of this report.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Sydnie Harris', with a stylized, flowing script.

Sydnie Harris
Finance Director

CITY OF BARSTOW ORGANIZATIONAL CHART



THIS PAGE INTENTIONALLY LEFT BLANK

AUDITORS' OPINION LETTER

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Barstow, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, as listed in the table of contents, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026, 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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
January 22, 2026

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

As management of the City of Barstow (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. It is designed to:

- Highlight significant financial issues
- Provide an overview of the City's financial activity
- Discuss changes in the City's financial position
- Explain any material deviations from the approved budget
- Identify individual fund issues

We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

FINANCIAL HIGHLIGHTS

- The governmental program and general revenues were \$96.7 million.
- The cost of governmental activities was \$48.0 million.
- The business-type activities program and general revenues were \$13.3 million.
- The cost of business-type activities was \$11.2 million
- The General Fund ended the fiscal year with a fund balance of \$24.9 million, with a reported net decrease in fund balance of \$4,669,627.
- For the General Fund, actual revenues exceeded the budgeted revenue estimates by \$883,686 and actual expenditures were under the final amended budget by \$2.6 million.
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with a fund balance of \$1,185,718, an increase of \$685,225 from the prior fiscal year.
- The Barstow Fire Protection District ended the fiscal year with a fund deficit of \$700,834, a deficit reduction of \$1,810,802 from the prior fiscal year.
- The Grants Fund, a major governmental fund, ended the fiscal year with a fund deficit of \$3,323,205, a deficit increase of \$1,079,664 from the prior fiscal year.
- The Gas Tax Fund, a major governmental fund, ended the fiscal year with a fund balance of \$3,829,419, an increase of \$1,528,439 from the prior fiscal year.
- The City Capital Projects Fund, a major governmental fund, ended the fiscal year with a fund balance of \$918,111, a decrease of \$48,490 from the prior fiscal year.
- Total Other Governmental Funds had a combined fund increase of \$55,528.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, recreation and community development. The business-type activities of the City include wastewater reclamation and solid waste disposal.

The government-wide financial statements include not only the City itself, (known as the *primary government*), but also its legally separate component units. The Odessa Water District, the Barstow Fire Protection District, the Barstow Harvey House Foundation and the Barstow Community Services Foundation all function, for all practical purposes, as part of the City of Barstow, and therefore, have been included (blended) as an integral part of the primary government.

Fund Financial Statements

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

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

The City of Barstow maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Measure I special revenue fund, Barstow Fire Protection District special revenue, Grants special revenue fund, Gas Tax special revenue fund, and City Capital Projects capital projects fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* as supplementary information. The non-major revenue funds are the special revenue funds. They are Asset Seizure, Barstow Harvey House Foundation, Redevelopment Housing Successor Fund, Barstow Community Services Foundation, the Local Transportation Fund, the Flood Control Fund, COVID-19 Grants Fund, Public Safety COPS Program, and the Debt Service Fund.

The City adopted a single year appropriations budget for its governmental and proprietary funds in fiscal year 2025. A budgetary comparison has been provided for the general fund on page 98.

The basic governmental fund financial statements can be found on pages 30-36 of this report.

Proprietary funds

The City maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater reclamation and solid waste disposal.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major enterprise funds. The basic proprietary fund financial statements can be found on pages 37-40 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources for those funds are not available to support the City's own programs. The accounting used for fiduciary funds is like that used for proprietary funds. The City maintains seven fiduciary funds to account for the receipts and disbursements of special assessments. The City also has one private purpose trust fund to account for redevelopment successor agency activity. Fiduciary fund statements are located on page 42-43 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in this section is Note 15, which summarizes the activity related to Measure Q, the 1% general transaction tax approved by voters on November 6, 2018. The notes to the financial statements are located on pages 49-93 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary information and compliance for the General Fund, Measure I special revenue fund, the Barstow Fire Protection District special revenue fund and Grants special

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

revenue fund. This section also includes information regarding the Defined Benefit Pension Plan, which includes the *California Public Employees' Retirement System* (CALPERS) and the *San Bernardino County Employees' Retirement Association* (SBCERA) Plan. The schedule of funding progress, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits, is also presented as required supplementary information. Required supplementary information can be found on page 97-112 of this report.

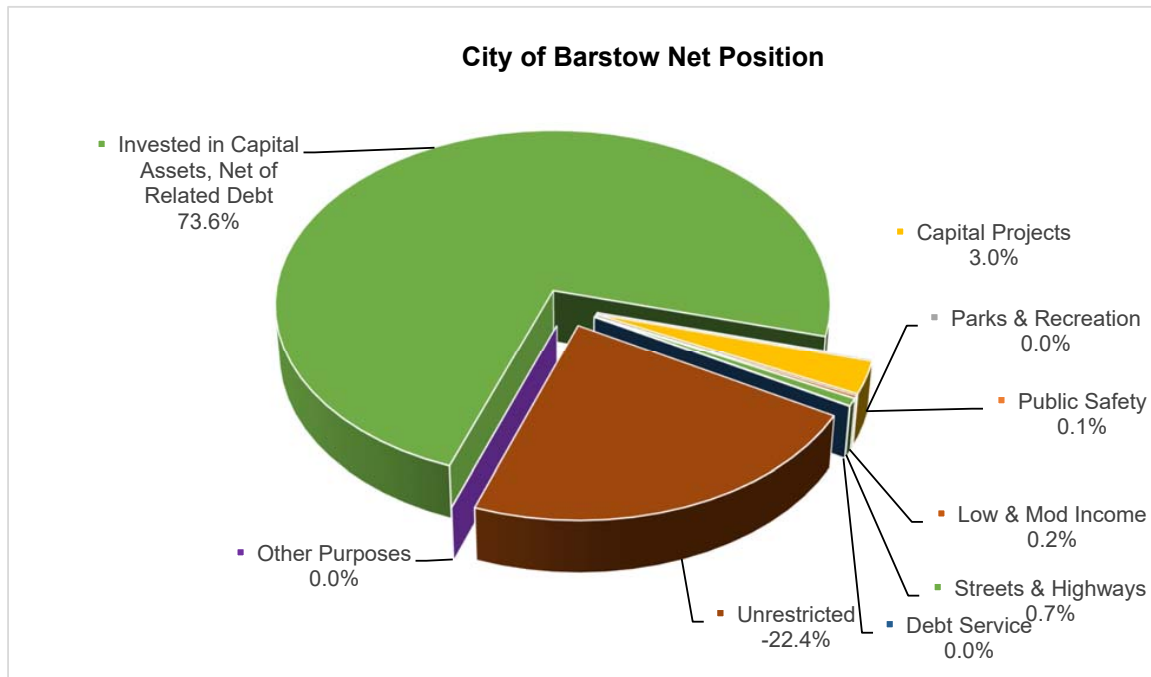
Supplementary information for the non-major governmental funds, such as Grants, Asset Seizure, Barstow Harvey House Foundation, Redevelopment Housing Successor, Barstow Community Services Foundation, as well as the Local Transportation Fund and Flood Control special revenue funds are located on page 115-127 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$116.3 million at the close of the fiscal year, an increase of 76.5% from the previous year.

Capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets comprises \$155.4 million of the City's Net Position. Total Assets and Deferred Outflows equaled \$222.1 million. Total Liabilities and Deferred Inflows equaled \$105.8 million. Total net position from Governmental Activities equaled \$94.1 million or 80.8% and Business-Type Activities equaled \$22.2 million or 19.2% of the \$116.3 million total.



CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

Net Position (Summarized)
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 39,901,284	\$ 43,103,205	\$ 6,678,448	\$ 4,994,758	\$ 46,579,732	\$ 48,097,963
Capital & intangible assets	135,645,596	86,411,299	23,478,880	23,869,138	159,124,476	110,280,437
Total Assets	\$175,546,880	\$129,514,504	\$30,157,328	\$28,863,896	\$205,704,208	\$158,378,400
Def. outflows of resources - pens.	\$ 14,013,737	\$ 16,510,515	\$ 370,097	\$ 364,452	\$ 14,383,834	\$ 16,874,967
Def. outflows of resources - OPEB	2,052,103	2,460,726	-	-	2,052,103	2,460,726
Total deferred outflows	\$ 16,065,840	\$ 18,971,241	\$ 370,097	\$ 364,452	\$ 16,435,937	\$ 19,335,693
Current liabilities	\$ 5,896,666	\$ 8,673,406	\$ 1,534,212	\$ 1,065,352	\$ 7,430,878	\$ 9,738,758
Long-term liabilities	70,369,690	73,265,184	6,426,276	6,321,184	76,795,966	79,586,368
Total Liabilities	\$ 76,266,356	\$ 81,938,590	\$ 7,960,488	\$ 7,386,536	\$ 84,226,844	\$ 89,325,126
Deferred inflows - pension	\$ 9,553,700	\$ 10,921,023	\$ 317,498	\$ 260,658	\$ 9,871,198	\$ 11,181,681
Deferred inflows - OPEB	11,460,739	10,965,248	-	-	11,460,739	10,965,248
Deferred inflows - leases	241,254	311,915	-	-	241,254	311,915
Total deferred inflows	\$ 21,255,693	\$ 22,198,186	\$ 317,498	\$ 260,658	\$ 21,573,191	\$ 22,458,844
Net Position:						
Net investment in capital assets	\$132,607,944	\$ 59,172,179	\$22,786,748	\$23,820,713	\$155,394,692	\$ 82,992,892
Restricted	8,280,437	6,077,215	-	-	8,280,437	6,077,215
Unrestricted	(46,797,710)	(20,900,425)	(537,309)	(2,239,559)	(47,335,019)	(23,139,984)
Total net position	\$ 94,090,671	\$ 44,348,969	\$22,249,439	\$21,581,154	\$116,340,110	\$ 65,930,123

As shown in the total column for 2025 in the chart above (City of Barstow Net Position), a portion of the City's net position, \$8.3 million, represents resources that are subject to restrictions on how they may be used. This restricted amount is primarily comprised of \$1.4 million restricted for Streets and Highways, \$6.3 million restricted for Capital Projects, and \$480 thousand restricted for Low and Moderate Income Housing projects.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

Changes in Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 4,050,581	\$ 3,837,370	\$ 13,088,990	\$ 13,132,465	\$ 17,139,571	\$ 16,969,835
Operating contributions and grants	48,891,466	634,025	-	-	48,891,466	634,025
Capital contributions and grants	6,556,381	5,288,068	-	-	6,556,381	5,288,068
General Revenues:						
Property taxes	13,135,370	12,613,212	-	-	13,135,370	12,613,212
Transient occupancy taxes	3,421,796	3,962,337	-	-	3,421,796	3,962,337
Sales taxes	17,394,413	18,219,191	-	-	17,394,413	18,219,191
Franchise taxes	1,478,105	1,421,689	-	-	1,478,105	1,421,689
Business license taxes	256,717	266,660	-	-	256,717	266,660
Other taxes	62,794	68,629	-	-	62,794	68,629
Intergovernmental, unrestricted	-	-	-	-	-	-
Use of money and property	1,005,585	1,050,239	141,775	86,329	1,147,360	1,136,568
Gain (loss) on disp. of capital assets	-	-	-	-	-	-
Other revenues	409,386	467,422	57,095	38,407	466,481	505,829
Gain (loss) on disp. of capital assets	-	-	-	-	-	-
Transfers between funds	1,399,287	1,440,393	(1,399,287)	(1,440,393)	-	-
Transfers	-	-	-	-	-	-
Total Revenues	98,061,881	49,269,235	11,888,573	11,816,808	109,950,454	61,086,043
Expenses:						
General government	8,681,014	7,434,116	-	-	8,681,014	7,434,116
Public safety	23,176,662	25,168,097	-	-	23,176,662	25,168,097
Community development	3,741,681	3,704,614	-	-	3,741,681	3,704,614
Recreation	1,887,507	1,948,867	-	-	1,887,507	1,948,867
Public works	9,437,760	7,651,476	-	-	9,437,760	7,651,476
Interest on long-term debt	1,090,188	2,406,835	-	-	1,090,188	2,406,835
Wastewater Reclamation	-	-	4,494,077	3,687,095	4,494,077	3,687,095
Solid Waste Disposal	-	-	6,707,221	6,477,475	6,707,221	6,477,475
Total Expenses	48,014,812	48,314,005	11,201,298	10,164,570	59,216,110	58,478,575
Transfers	-	-	-	-	-	-
Change in Net Position	50,047,069	955,230	687,275	1,652,238	50,734,344	2,607,468
Net position, beginning of year, as restated	44,043,602	43,393,739	21,562,164	19,928,916	65,605,766	63,322,655
Net position, end of year	<u>\$ 94,090,671</u>	<u>\$ 44,348,969</u>	<u>\$ 22,249,439</u>	<u>\$ 21,581,154</u>	<u>\$ 116,340,110</u>	<u>\$ 65,930,123</u>

The City of Barstow's overall net position increased by \$50.7 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities (an increase of \$50.0 million) and business-type activities (an increase of \$668 thousand).

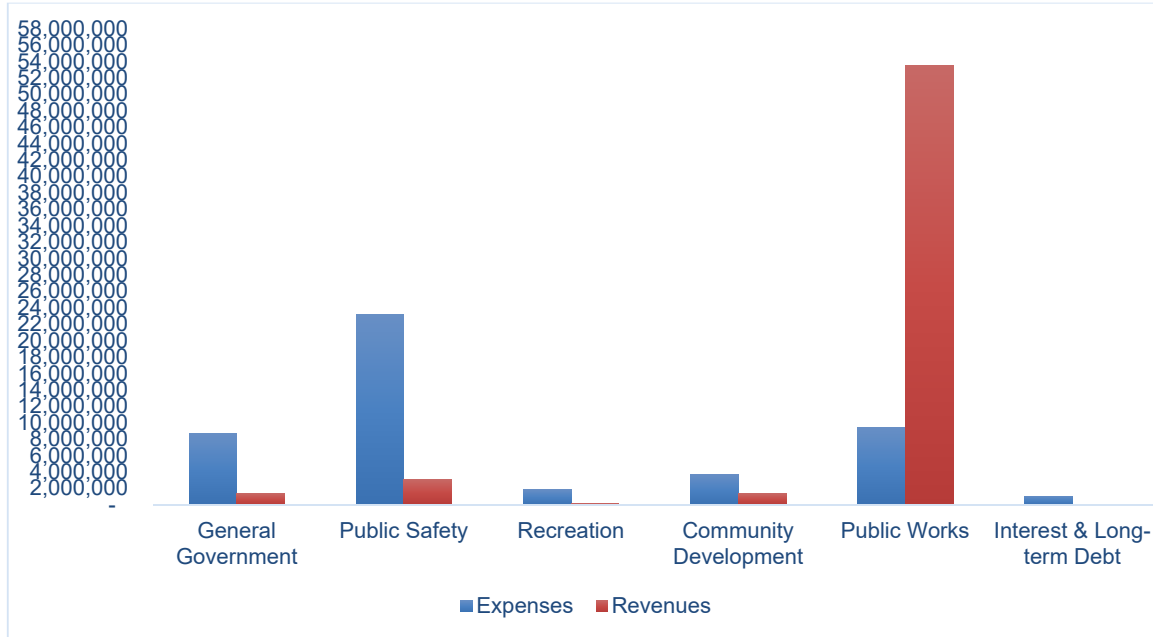
Governmental Activities

Governmental activities net position increased by \$50 million for fiscal year 2025 as shown in the chart above and the chart on page 13. This net increase primarily resulted from increases in the City's operating contributions and grants from the completion of the North First Avenue Bridge with assets contributed to the City from several grants totaling \$47.7 million. In addition, the City had \$2.9 million in decreases in deferred outflows, \$5.7 million for decreases in total liabilities, and \$942 thousand for deferred inflows. More information about governmental activities are reflected in the charts and graphs on the following pages.

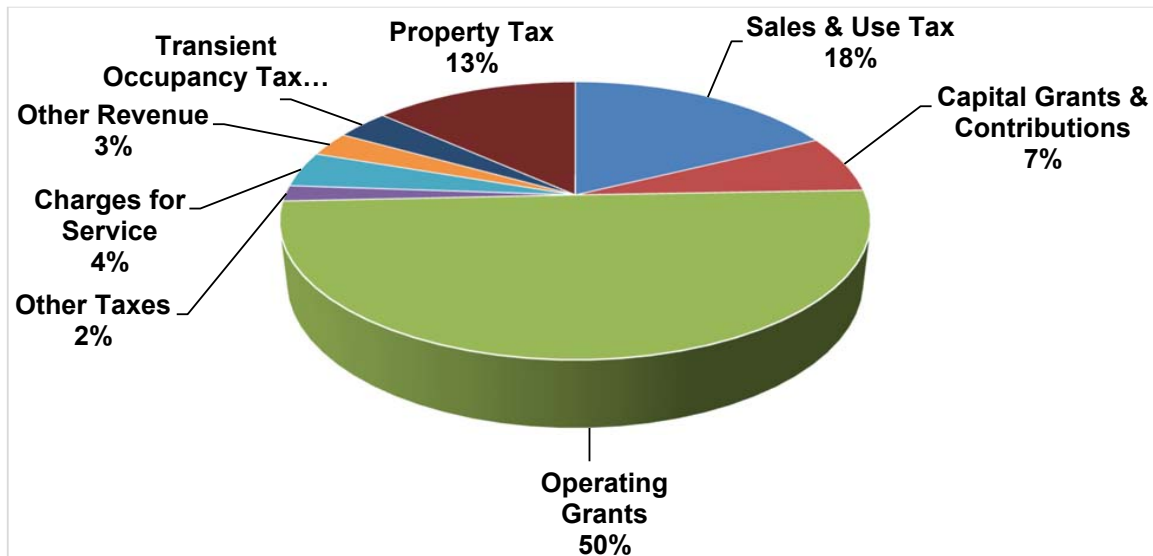
CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

Governmental Activities

Governmental Activities - Expenses and Program Revenues for FY 2024/25



Governmental Activities - Revenues by Source



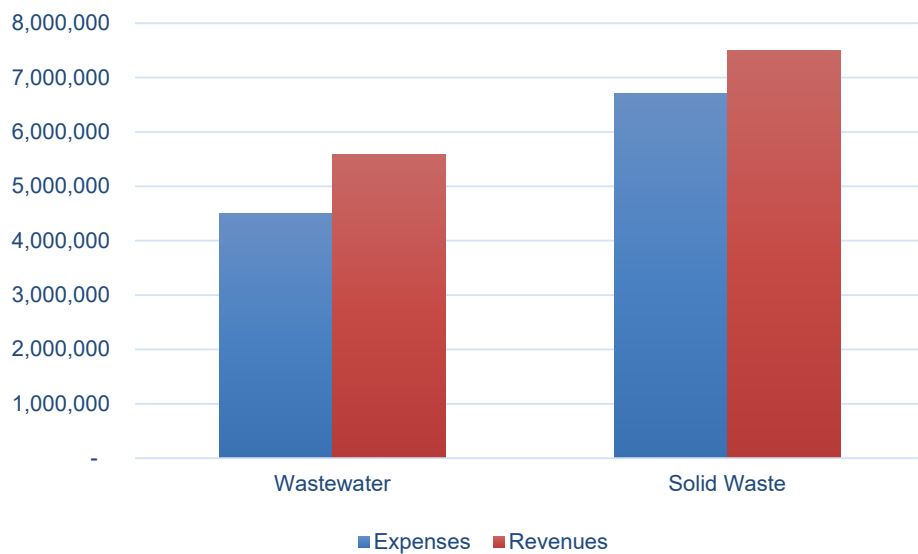
CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

Business-type Activities

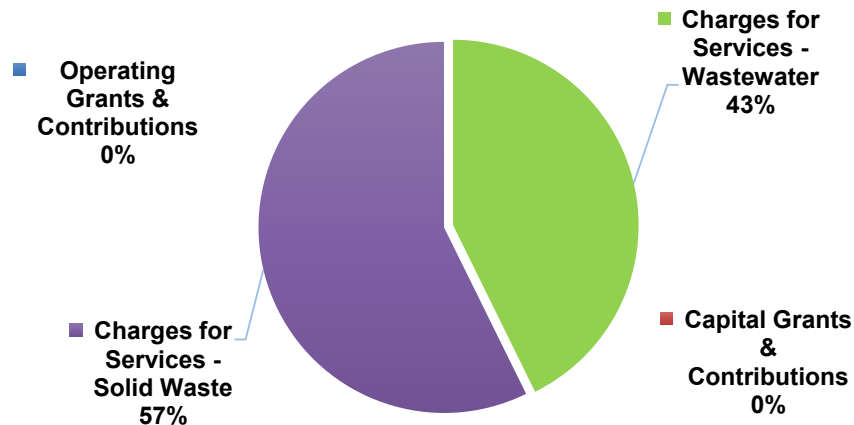
Business-type activities increased net position by \$687 thousand as shown in the chart below. The increase is directly a result of the increase in the solid waste rate to account for the increase in the cost of services.

The chart below illustrates business-type expenses and revenues. The second chart on the following page shows Business-type revenues by source.

Business-Type Activities - Expenses and Program Revenues



Business-Type Activities - Revenues by Source



CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29.2 million, a decrease of \$1.7 million or -5.6% when compared to the fund balances of the prior year. In fiscal year 2025, total governmental funds expenditures exceeded revenues by \$51.1 million. Further analysis discusses the underlying changes in the major government funds with major changes:

General Fund- During fiscal year 2025, there was a decrease in fund balance of \$4.7 million from the previous year. The decreases were primarily from a transfer out to other governmental funds including \$4.7 million to BFPD, \$317 thousand for Capital Projects, and \$1.9 million for Debt Service. Expenditures were increased from prior year by \$3.4 million primarily due to capital outlay spending for the purchase of heavy equipment and the renovation of several parks in the City.

Measure I- The net change in fund balance was an increase of \$685 thousand.

Barstow Fire Protection District- The net change in fund balance was an increase of \$1.8 million. This increase in fund balance reduced the accumulated fund deficit to \$700 thousand. The deficit relates to an interfund operating loan from the General Fund to the BFPD. A plan of repayment has been adopted including annual payments of \$500 thousand which may be amended from time to time as warranted. Total revenues for the District, excluding transfers, increased by \$637 thousand while total expenditures increased by \$362 thousand.

The *non-spendable* portion of total governmental funds fund balances is \$7.1 million. The City's non-spendable fund balances are prepaid amounts that pertain to another accounting period, inventories, assets that are not in cash form and deposits that are liabilities. As of June 30, 2025, the major amounts designated as non-spendable are as follows:

- \$576 thousand due to a Prepaid amount for Debt Service
- \$4.6 million Barstow Fire Protection District loan
- \$1.4 million in deposits held on behalf of the City

Restricted funds constitute \$8.3 million of the total government funds fund balance.

- More than one half (\$6.3 million) of the restricted funds are restricted for Streets & Highway uses.
- \$1.2 million of the restricted funds are restricted for Measure I and various other Capital Projects.
- Low and Moderate Income Housing funds constitute \$480 thousand of the restricted fund balance.

Assigned fund balance accounts for \$7.9 million of fund balance and is comprised of Working Capital (\$5.4 million) and Emergency Reserves (\$1.4 million), and Community Benefits funds (\$832 thousand).

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

Unassigned fund balance in the General Fund constitutes approximately \$9.9 million as of the end of the fiscal year which is available for spending at the government's discretion. Of this amount, \$4.63 million offsets accumulated deficits for all other governmental funds leaving \$5.3 million remaining as *unassigned fund balance* as of the fiscal year end.

More details about the fund balance for governmental funds can be found on pages 30-31.

Proprietary Funds

At year-end, the total net position of all proprietary funds was \$22.2 million, which was an increase of \$668 thousand or 3.2% over the previous fiscal year. Details for the change are discussed below.

- The *Wastewater Fund* net position increased by \$116 thousand (0.6%) during the fiscal year. The increase is primarily due to the increased monitoring of industrial discharge flow and rate increases due to inflationary cost pressures.
- The *Solid Waste Fund* had a change in net position of \$571 thousand (28.4%) This change was primarily due to increased collection efforts for past due accounts and rate increases due to inflationary cost pressures.

Additional information can be found on pages 37-40 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2025 year-end actual revenues of \$34.6 million exceeded budgeted estimated revenues by approximately \$884 thousand after adjusting for actuals received at mid-year. That is a decrease of revenues of \$915 thousand from prior fiscal year. This decrease can be seen primarily in the tax revenues.

Actual total General Fund revenues had a positive or favorable variance in the amount of \$884 thousand or 2.7% when in comparison to the fiscal year budget. The total General Fund expenditures also had a favorable variance and ended in a positive position of \$2.6 million, however, this can be attributed to the unexpended portion of the capital outlay budget of \$1.5 million for capital projects not completed at year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$159.1 million (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment and park facilities. The total change in the City's investment in capital assets for the current fiscal year, when compared to the previous year's capital assets, was an increase of 44.3% or \$48.8 million. Changes from the prior year are discussed below and the City of Barstow's Capital Assets chart on the next page. The analysis is detailed below:

Increases in Capital Assets for Governmental Activities & Decreases in Business-type Activities:

Governmental Activities had a net increase in capital assets of \$49.2 million from the previous fiscal year due mainly to the following: a net decrease in Construction-in-progress of \$19.1 million; a net increase in Machinery & Equipment of \$844 thousand; and a net increase in infrastructure of \$67.7 million.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

Business-type Activities had an overall decrease of \$390 thousand from fiscal year 2024. This decrease was primarily due to a \$884 thousand decrease in Infrastructure that was offset by a \$264 thousand increase in Machinery and Equipment from the prior fiscal year.

City of Barstow's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land & Intangible Assets	\$ 9,784,135	\$ 9,784,135	\$ 1,657,637	\$ 1,657,637	\$ 11,441,772	\$ 11,441,772
Work in progress	1,700,841	20,821,690	193,882	-	1,894,723	20,821,690
Buildings & Improvements	9,177,700	9,109,526	71,928	74,824	9,249,628	9,184,350
Machinery & equipment	3,480,909	2,636,987	2,046,431	1,781,859	5,527,340	4,418,846
Leased vehicles & equipment	797,451	1,029,730	86,445	47,762	883,896	1,077,492
Infrastructure	110,704,560	43,031,231	19,422,557	20,307,056	130,127,117	63,338,287
Total	\$ 135,645,596	\$ 86,413,299	\$ 23,478,880	\$ 23,869,138	\$ 159,124,476	\$ 110,282,437

Additional information on the City's capital assets can be found in Note 5 of the "Notes to Basic Financial Statements" on pages 62-63 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$25.3 million. Of this debt amount, governmental activities accounts for \$25.2 million, and \$0.1 million is related to business-type activities. The City has no general obligation bonded debt or tax allocation bonded debt outstanding.

City of Barstow's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	Total 2025	Total 2024
Lease Revenue Bonds	\$ 6,745,692	\$ 7,207,778	\$ -	\$ -	\$ 6,745,692	\$ 7,207,778
Pension Obligation Bonds	16,800,000	17,995,000	-	-	16,800,000	17,995,000
Loans Payable	855,464	999,064	-	-	855,464	999,064
Leases Payable	824,184	988,614	87,536	48,425	911,720	1,037,039
Subscriptions Payable	8,115	48,664	-	-	8,115	48,664
Total	\$ 25,233,455	\$ 27,239,120	\$ 87,536	\$ 48,425	\$ 25,320,991	\$ 27,287,545

In total, debt decreased by \$2.0 million. This decrease was due to the timely payment of the Pension Obligation Bonds (\$16.8 million) and Lease Revenue Bonds (\$6.7 million), along with the payments on other loans, leases, and subscriptions during the fiscal year. These bonds were issued to pre-fund the Unfunded Actuarially-accrued Liabilities (UAL) within the pension funds for the City and Fire District.

Additional information on the City's long-term debt can be found in Notes 6, 8, and 9 on pages 64-68 of this report.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be at the forefront of management's consideration in leading and providing services for the residents of the City of Barstow. The management team continuously takes the necessary steps required to address the needs of its residents for the short-term and the long-term, focusing on needed infrastructure improvements, community services including recreation and activities for all ages, business and economic development, and planning for long-term growth in conjunction with the City Council.

The construction of a Marriott hotel project in the Lenwood area of Barstow along the freeway was opened for business in the 2024 fiscal year. The project includes two hotels totaling 181 rooms using an innovative shared footprint design. The two hotels are a Fairfield Inn (short term stay) and a Towne Place Suites (long term stay) and are located close to the Outlet mall. They are estimated to bring an additional \$500 thousand annually in new revenues to the City's General Fund.

The City has approved creation of a "green zone" within a commercial and industrial area of the City. Based upon a Cannabis fee study completed for the City, expected new revenues during the next fiscal year may amount to approximately \$1 to \$2 million in new revenue. After approval, the City will receive over \$70,000 annually in regulatory fees plus 3% of gross sales (above the City's existing 2% sales tax) for each approved development agreement. To date, four Cannabis retailers have been fully approved. Two of those retailers are now in operation.

Burlington Northern Santa Fe railroad (BNSF) has recently announced investment of \$4 billion in the City and immediately surrounding area to construct an in-land port. This new intermodal hub is anticipated to create 20,000 direct and indirect jobs in the City. This project will create significant future positive impacts both in quality of life and new revenue as well as additional service demands and significant growth. Currently, it is anticipated that this project will begin development in the spring of 2027. The City's executive management team continues its commitment to improving the infrastructure for its residents. This is evidenced by the continued projects such as: First Avenue Bridge over Burlington Northern Santa Fe (BNSF), the North First Avenue Bridge over the Mojave River, and West Section 7.

The unemployment rate for the City of Barstow as of June, 2025 was 5.9%. This represents an increase of 0.5% from the June, 2024 rate of 5.4%. The City's Economic Development team is actively working to assist local businesses to identify and development new business opportunities in the community. The City also demonstrates its "pro-business" outlook by its willingness to work with prospective employers and new businesses interested in locating in Barstow.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 220 E. Mountain View Street, Suite A, Barstow, California 92311.

[THIS PAGE INTENTIONALLY LEFT BLANK]

GENERAL PURPOSE FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 26,724,400	\$ 5,449,142	\$ 32,173,542
Receivables (net of uncollectibles):			
Accounts	10,643,422	1,197,008	11,840,430
Taxes	61,338	-	61,338
Accrued interest	175,222	30,965	206,187
Leases	255,480	-	255,480
Deposits	1,359,170	-	1,359,170
Prepaid costs	682,252	1,333	683,585
Capital assets (not being depreciated)	11,484,976	1,851,519	13,336,495
Capital assets (net of accumulated depreciation/amortization)	124,160,620	21,627,361	145,787,981
Total assets	175,546,880	30,157,328	205,704,208
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	14,013,737	370,097	14,383,834
OPEB-related	2,052,103	-	2,052,103
Total deferred outflows of resources	16,065,840	370,097	16,435,937
LIABILITIES			
Accounts payable	4,188,116	1,448,014	5,636,130
Due to other governments	5,560	-	5,560
Accrued liabilities	1,319,337	44,569	1,363,906
Accrued interest	163,002	-	163,002
Deposits payable	24,632	41,629	66,261
Unearned revenue	172,757	-	172,757
Retentions payable	23,262	-	23,262
Noncurrent liabilities:			
Due within one year: bonds, leases, subscriptions, claims, and compensated absences	4,312,042	85,979	4,398,021
Pollution remediation liability	-	51,000	51,000
Due in more than one year:			
Net pension liability	24,345,414	796,029	25,141,443
Net OPEB liability	12,784,702	-	12,784,702
Bonds, leases, subscriptions, claims, and compensated absences	28,927,532	157,899	29,085,431
Pollution remediation liability	-	5,335,369	5,335,369
Total liabilities	76,266,356	7,960,488	84,226,844
DEFERRED INFLOWS OF RESOURCES			
Pension-related	9,553,700	317,498	9,871,198
OPEB-related	11,460,739	-	11,460,739
Lease-related	241,254	-	241,254
Total deferred inflows of resources	21,255,693	317,498	21,573,191
NET POSITION			
Net investment in capital assets	132,607,944	22,786,748	155,394,692
Restricted:			
Public safety and fire protection	117,901	-	117,901
Parks and recreation	1,825	-	1,825
Capital projects	6,275,969	-	6,275,969
Low and moderate income housing	479,549	-	479,549
Streets and highways	1,393,849	-	1,393,849
Other purposes	11,344	-	11,344
Unrestricted	(46,797,710)	(537,309)	(47,335,019)
Total net position	\$ 94,090,671	\$ 22,249,439	\$ 116,340,110

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ 8,681,014	\$ 1,292,863	\$ 62,234	\$ -
Public safety	23,176,662	2,148,971	971,484	953
Community development	3,741,681	485,189	104,892	759,988
Parks and recreation	1,887,507	122,851	-	11,770
Public works	9,437,760	707	47,752,856	5,783,670
Interest on long-term debt	1,090,188	-	-	-
Total governmental activities	48,014,812	4,050,581	48,891,466	6,556,381
Business-type activities:				
Wastewater Reclamation	4,494,077	5,590,679	-	-
Solid Waste Disposal	6,707,221	7,498,311	-	-
Total business-type activities	11,201,298	13,088,990	-	-
Total primary government	\$ 59,216,110	\$ 17,139,571	\$ 48,891,466	\$ 6,556,381

General revenues and transfers:

General revenues:
Property taxes
Sales taxes
Transient occupancy taxes
Franchise taxes
Business licenses taxes
Other taxes
Use of money and property
Other
Transfers

Total general revenues and transfers

Change in net position

Net position-beginning

Restatements - change in accounting principle

Net position-beginning, as restated

Net position-ending

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,325,917)	\$ -	\$ (7,325,917)
(20,055,254)	-	(20,055,254)
(2,391,612)	-	(2,391,612)
(1,752,886)	-	(1,752,886)
44,099,473	-	44,099,473
(1,090,188)	-	(1,090,188)
11,483,616	-	11,483,616
-	1,096,602	1,096,602
-	791,090	791,090
-	1,887,692	1,887,692
11,483,616	1,887,692	13,371,308
13,135,370	-	13,135,370
17,394,413	-	17,394,413
3,421,796	-	3,421,796
1,478,105	-	1,478,105
256,717	-	256,717
62,794	-	62,794
1,005,585	141,775	1,147,360
409,386	57,095	466,481
1,399,287	(1,399,287)	-
38,563,453	(1,200,417)	37,363,036
50,047,069	687,275	50,734,344
44,350,969	21,581,154	65,932,123
(307,367)	(18,990)	(326,357)
44,043,602	21,562,164	65,605,766
\$ 94,090,671	\$ 22,249,439	\$ 116,340,110

See Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Enterprise Funds Financial Statements

Fiduciary Funds Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Measure I Fund is used to account for money generated by a one-half percent sales tax approved by the voters in 1989, through 2010. In 2004, San Bernardino County voters approved the extension of Measure I sales tax through 2040.

The Barstow Fire Protection District Fund accounts for operations of the Barstow Fire Protection District.

Grants Fund is used to account for receipts and expenditures of money received from various governmental grants.

Gas Tax Fund is used to account for receipts and expenditures of money apportioned under Street and Highway Code Sections 2105, 2106, 2107 and 2107.5 of the State of California.

City Capital Projects Fund accounts for transactions related to proceeds from bonds and other resources and their use to acquire and construct certain capital facilities.

Other Governmental Funds is the aggregate of all the non-major governmental funds.

CITY OF BARSTOW, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue Funds			
	General	Measure I	Barstow Fire Protection District	Grants
ASSETS				
Cash and cash equivalents	\$ 13,308,210	\$ 3,369,727	\$ 2,968,944	\$ 156,190
Receivables (net of allowance for uncollectible):				
Accounts	5,595,354	1,501,984	58,762	3,350,560
Taxes	-	-	-	-
Accrued interest	107,513	20,541	-	1,589
Leases	19,560	-	235,920	-
Due from other funds	3,797,576	-	-	-
Prepaid items	105,891	-	-	-
Deposits	1,359,170	-	-	-
Advances to other funds	5,017,392	-	-	-
Total assets	\$ 29,310,666	\$ 4,892,252	\$ 3,263,626	\$ 3,508,339
LIABILITIES				
Accounts payable	\$ 2,965,053	\$ 804,940	\$ 237,756	\$ 160,254
Accrued payroll	962,816	-	183,426	-
Unearned revenue	-	-	-	153,670
Retentions payable	-	-	-	-
Deposits received	197,727	-	-	-
Due to other governments	5,560	-	-	-
Due to other funds	-	-	-	3,193,383
Advances from other funds	-	1,700,000	3,317,392	-
Total liabilities	4,131,156	2,504,940	3,738,574	3,507,307
DEFERRED INFLOWS OF RESOURCES				
Lease-related	15,368	-	225,886	-
Unavailable revenues	214,619	1,201,594	-	3,324,237
Total deferred inflows of resources	229,987	1,201,594	225,886	3,324,237
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	105,891	-	-	-
Deposits and advances	6,376,562	-	-	-
Restricted				
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	1,185,718	-	-
Committed				
General government	655,796	-	-	-
Assigned				
General government	1,354,874	-	-	-
Public safety	294,700	-	-	-
Community development	832,054	-	-	-
Capital outlay	5,419,498	-	-	-
Unassigned	9,910,148	-	(700,834)	(3,323,205)
Total fund balances (deficits)	24,949,523	1,185,718	(700,834)	(3,323,205)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 29,310,666	\$ 4,892,252	\$ 3,263,626	\$ 3,508,339

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue Funds	Capital Projects Fund		
	Gas Tax	City Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,140,655	\$ 934,732	\$ 845,942	\$ 26,724,400
Receivables (net of allowance for uncollectible):				
Accounts	122,790	-	13,972	10,643,422
Taxes	61,338	-	-	61,338
Accrued interest	33,075	6,641	5,863	175,222
Leases	-	-	-	255,480
Due from other funds	-	-	-	3,797,576
Prepaid items	-	-	576,361	682,252
Deposits	-	-	-	1,359,170
Advances to other funds	-	-	-	5,017,392
Total assets	\$ 5,357,858	\$ 941,373	\$ 1,442,138	\$ 48,716,252
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 20,113	\$ 4,188,116
Accrued payroll	-	-	-	1,146,242
Unearned revenue	-	-	19,087	172,757
Retentions payable	-	23,262	-	23,262
Deposits received	-	-	-	197,727
Due to other governments	-	-	-	5,560
Due to other funds	-	-	604,193	3,797,576
Advances from other funds	-	-	-	5,017,392
Total liabilities	-	23,262	643,393	14,548,632
DEFERRED INFLOWS OF RESOURCES				
Lease-related	-	-	-	241,254
Unavailable revenues	-	-	13,972	4,754,422
Total deferred inflows of resources	-	-	13,972	4,995,676
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	-	576,361	682,252
Deposits and advances	-	-	-	6,376,562
Restricted				
Public safety	-	-	117,901	117,901
Public works	-	-	11,344	11,344
Community development	-	-	689,505	689,505
Capital outlay	5,357,858	918,111	-	7,461,687
Committed				
General government	-	-	-	655,796
Assigned				
General government	-	-	-	1,354,874
Public safety	-	-	-	294,700
Community development	-	-	-	832,054
Capital outlay	-	-	-	5,419,498
Unassigned	-	-	(610,338)	5,275,771
Total fund balances (deficits)	5,357,858	918,111	784,773	29,171,944
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 5,357,858	\$ 941,373	\$ 1,442,138	\$ 48,716,252

See Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$ 29,171,944
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		135,645,596
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	\$ 14,013,737	
Deferred outflows-OPEB related	2,052,103	
Deferred inflows-pension related	(9,553,700)	
Deferred inflows-OPEB related	<u>(11,460,739)</u>	
Total deferred outflows and inflows related to postemployment benefits		(4,948,599)
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Miscellaneous revenues	<u>4,754,422</u>	
Total other long-term assets		4,754,422
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds and loans payable	(24,401,156)	
Claims and judgments payable	(5,958,103)	
Leases and subscriptions payable	(832,299)	
Compensated absences	(2,048,016)	
Accrued interest payable on long-term debt	(163,002)	
Net pension liability	(24,345,414)	
Net OPEB liability	<u>(12,784,702)</u>	
Total long-term liabilities		<u>(70,532,692)</u>
Net position of governmental activities		<u>\$ 94,090,671</u>

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	General	Measure I	Barstow Fire Protection District	Grants
REVENUES				
Taxes	\$ 29,179,541	\$ -	\$ 6,585,046	\$ -
Licenses and permits	422,373	-	6,853	-
Intergovernmental	511,223	1,712,469	395,561	2,239,808
Charges for services	3,133,061	-	-	-
Use of money and property	724,174	93,650	17,899	574
Fines and forfeitures	210,360	-	-	-
Miscellaneous	430,331	-	-	-
Total revenues	34,611,063	1,806,119	7,005,359	2,240,382
EXPENDITURES				
Current:				
General government	8,576,185	-	-	-
Public safety	13,112,442	40,298	8,253,080	182,828
Community development	3,525,571	-	-	51,253
Parks and recreation	1,677,585	-	-	-
Public works	4,524,638	-	-	-
Capital outlay	2,653,297	-	40,000	291,867
Debt service:				
Principal	590,354	-	-	-
Interest and fiscal charges	52,097	-	-	-
Total expenditures	34,712,169	40,298	8,293,080	525,948
Excess (deficiency) of revenues over (under) expenditures	(101,106)	1,765,821	(1,287,721)	1,714,434
OTHER FINANCING SOURCES (USES)				
Transfers in	2,077,200	-	4,653,013	-
Transfers out	(6,846,947)	(1,080,596)	(1,554,790)	(2,794,098)
Capital contributions	-	-	-	-
Leases issued	201,226	-	-	-
Total other financing sources (uses)	(4,568,521)	(1,080,596)	3,098,223	(2,794,098)
Net change in fund balances	(4,669,627)	685,225	1,810,502	(1,079,664)
Fund balances-beginning	29,619,150	500,493	(2,511,336)	(2,243,541)
Restatement-changes to or within the reporting entity	-	-	-	-
Fund balances (deficit)-beginning, as restated	29,619,150	500,493	(2,511,336)	(2,243,541)
Fund balances (deficit)-ending	\$ 24,949,523	\$ 1,185,718	\$ (700,834)	\$ (3,323,205)

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	Capital Projects Funds Formerly	Total Nonmajor Funds	Total Governmental Funds
	Formerly Nonmajor Gas Tax	Nonmajor City Capital Projects		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 35,764,587
Licenses and permits	-	-	-	429,226
Intergovernmental	1,420,204	23,134	200,573	6,502,972
Charges for services	-	-	-	3,133,061
Use of money and property	150,509	30,596	28,111	1,045,513
Fines and forfeitures	-	-	-	210,360
Miscellaneous	-	-	-	430,331
Total revenues	1,570,713	53,730	228,684	47,516,050
EXPENDITURES				
Current:				
General government	-	-	13,971	8,590,156
Public safety	-	-	50,500	21,639,148
Community development	-	-	45	3,576,869
Parks and recreation	-	-	25	1,677,610
Public works	-	172,615	-	4,697,253
Capital outlay	35,374	52,047,152	28,615	55,096,305
Debt service:	-	-	-	-
Principal	-	-	1,657,086	2,247,440
Interest and fiscal charges	-	-	1,006,088	1,058,185
Total expenditures	35,374	52,219,767	2,756,330	98,582,966
Excess (deficiency) of revenues over (under) expenditures	1,535,339	(52,166,037)	(2,527,646)	(51,066,916)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,369,231	2,663,174	13,762,618
Transfers out	(6,900)	-	(80,000)	(12,363,331)
Capital contributions	-	47,748,316	-	47,748,316
Leases issued	-	-	-	201,226
Total other financing sources (uses)	(6,900)	52,117,547	2,583,174	49,348,829
Net change in fund balances	1,528,439	(48,490)	55,528	(1,718,087)
Fund balances-beginning	-	-	5,525,265	30,890,031
Restatement-changes to or within the reporting entity	3,829,419	966,601	(4,796,020)	-
Fund balances (deficit)-beginning, as restated	3,829,419	966,601	729,245	30,890,031
Fund balances (deficit)-ending	\$ 5,357,858	\$ 918,111	\$ 784,773	\$ 29,171,944

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenses and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds: \$ (1,718,087)

Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital outlay	\$ 53,918,819	
Loss on disposal of assets	(20,945)	
Depreciation/amortization expense	<u>(4,665,577)</u>	
Total adjustment		49,232,297

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable other revenues	<u>1,419,173</u>	
Total adjustment		1,419,173

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, 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.

Leases issued	(201,226)	
Principal payments	<u>2,206,891</u>	
Total adjustment		2,005,665

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Changes in accrued interest on long-term debt	(55,606)	
Changes in compensated absences	(13,797)	
Changes in claims and judgements	<u>(146,392)</u>	
Total adjustment		<u>(891,979)</u>

Change in net position of governmental activities		<u>\$ 50,047,069</u>

CITY OF BARSTOW, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities		
	Nonmajor Enterprise Fund		Total Enterprise Funds
	Wastewater Reclamation	Solid Waste Disposal	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,771,413	\$ 2,677,729	\$ 5,449,142
Receivables (net of uncollectibles):			
Accounts	630,082	566,926	1,197,008
Accrued interest	14,928	16,037	30,965
Prepaid items	693	640	1,333
Total current assets	3,417,116	3,261,332	6,678,448
Noncurrent:			
Capital assets, not being depreciated/amortized	1,851,519	-	1,851,519
Capital assets, net of accumulated depreciation/amortization	21,389,843	237,518	21,627,361
Total noncurrent assets	23,241,362	237,518	23,478,880
Total assets	26,658,478	3,498,850	30,157,328
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	275,279	94,818	370,097
Total deferred outflows of resources	275,279	94,818	370,097
LIABILITIES			
Current liabilities:			
Accounts payable	789,011	659,003	1,448,014
Accrued liabilities	38,138	6,431	44,569
Deposits payable	-	41,629	41,629
Accrued compensated absences - due within one year	57,770	4,767	62,537
Pollution remediation liability - due within one year	51,000	-	51,000
Lease liabilities - due within one year	21,389	2,053	23,442
Total current liabilities	957,308	713,883	1,671,191
Noncurrent liabilities:			
Accrued compensated absences - due in more than one year	86,654	7,151	93,805
Pollution remediation liability - due in more than one year	5,335,369	-	5,335,369
Lease liabilities - due in more than one year	60,660	3,434	64,094
Net pension liability	592,088	203,941	796,029
Total noncurrent liabilities	6,074,771	214,526	6,289,297
Total liabilities	7,032,079	928,409	7,960,488
DEFERRED INFLOWS OF RESOURCES			
Pension-related	236,156	81,342	317,498
Total deferred inflows of resources	236,156	81,342	317,498
NET POSITION			
Net investment in capital assets	22,554,717	232,031	22,786,748
Unrestricted	(2,889,195)	2,351,886	(537,309)
Total net position	\$ 19,665,522	\$ 2,583,917	\$ 22,249,439

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities		
	Nonmajor Enterprise Fund		Total Enterprise Funds
	Wastewater Reclamation	Solid Waste Disposal	
OPERATING REVENUES			
Charges for services	\$ 5,590,679	\$ 7,498,311	\$ 13,088,990
Other revenue	8,281	48,814	57,095
Total operating revenues	5,598,960	7,547,125	13,146,085
OPERATING EXPENSES			
Administrative fees and other	1,115,065	288,832	1,403,897
Operations and maintenance of plant	2,173,383	6,370,338	8,543,721
Claims expense	135,376	23,652	159,028
Depreciation/amortization expense	1,068,680	24,242	1,092,922
Total operating expenses	4,492,504	6,707,064	11,199,568
Operating income (loss)	1,106,456	840,061	1,946,517
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	68,255	73,520	141,775
Interest expense and fiscal charges	(1,573)	(157)	(1,730)
Total nonoperating revenues (expenses)	66,682	73,363	140,045
Income (loss) before transfers	1,173,138	913,424	2,086,562
Transfers out	(1,057,362)	(341,925)	(1,399,287)
Change in net position	115,776	571,499	687,275
Net position-beginning	19,564,254	2,016,900	21,581,154
Restatements - change in accounting principle	(14,508)	(4,482)	(18,990)
Net position-beginning, as restated	19,549,746	2,012,418	21,562,164
Net position-ending	\$ 19,665,522	\$ 2,583,917	\$ 22,249,439

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities		
	Nonmajor Enterprise Fund		
	Wastewater Reclamation	Solid Waste Disposal	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,653,793	\$ 7,513,402	\$ 13,167,195
Payments to suppliers and service providers	(3,546,467)	(6,571,987)	(10,118,454)
Payments to employees for salaries and benefits	42,410	(14,347)	28,063
Net cash provided by (used for) operating activities	2,149,736	927,068	3,076,804
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(1,057,362)	(341,925)	(1,399,287)
Principal paid on non-capital debt	(20,644)	-	(20,644)
Net cash provided by (used for) noncapital financing activities	(1,078,006)	(341,924)	(1,419,930)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(98,068)	-	(98,068)
Principal paid on capital debt	(17,204)	(2,008)	(19,212)
Interest paid on capital debt	(1,573)	(157)	(1,730)
Net cash provided by (used for) capital and related financing activities	(58,522)	(2,166)	(60,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	61,091	69,850	130,941
Net cash provided by (used for) investing activities	61,091	69,850	130,941
Net increase (decrease) in cash and cash equivalents	1,074,299	652,828	1,727,127
Cash and cash equivalents-beginning	1,697,114	2,024,901	3,722,015
Cash and cash equivalents-ending	\$ 2,771,413	\$ 2,677,729	\$ 5,449,142

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities		
	Nonmajor Enterprise Fund		
	Wastewater Reclamation	Solid Waste Disposal	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,106,456	\$ 840,061	\$ 1,946,517
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	1,068,680	24,242	1,092,922
(Increase) decrease in accounts receivable	54,833	(398)	54,435
(Increase) decrease in prepaid items	2	(164)	(162)
Increase (decrease) in accounts payable	(118,446)	112,444	(6,002)
Increase (decrease) in accrued liabilities	(7,706)	(9,445)	(17,151)
Increase (decrease) in deposits payable	-	(33,324)	(33,324)
Increase (decrease) in compensated absences	20,391	(15,140)	5,251
Total adjustments	1,043,280	87,007	1,130,287
Net cash provided by (used for) operating activities	\$ 2,149,736	\$ 927,068	\$ 3,076,804
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Purchase of capital assets on account	\$ 604,596	\$ -	\$ 604,596

See Notes to Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF BARSTOW, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments	\$ 47,855	\$ 238,450
Receivables:		
Accounts	45,461	21
Accrued interest	-	1,669
Property held for resale	2,224,905	-
Total assets	2,318,221	240,140
LIABILITIES		
Accounts payable	-	2,204
Total liabilities	-	2,204
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	2,318,221	237,936
Total net position	\$ 2,318,221	\$ 237,936

See Notes to Financial Statements.

CITY OF BARSTOW, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Interest and change in fair value of investments	\$ 125	\$ 7,648
Collections for assessment districts	-	22,190
Intergovernmental	3,057	-
Total additions	3,182	29,838
DEDUCTIONS		
General administrative expenses	-	2,286
Contractual services	-	8,104
Total deductions	-	10,390
Net increase (decrease) in fiduciary net position	3,182	19,448
Net position-beginning	2,315,039	218,488
Net position-ending	\$ 2,318,221	\$ 237,936

See Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

FOOTNOTE DISCLOSURES

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Barstow California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated on September 30, 1947, under the general laws of the State of California. The City operates under a council-manager form of government and provides the following services: park and recreation, public safety (police and fire), highways and streets, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements include the financial activities of the City, and its component units, the Barstow Public Financing Authority, the Barstow Public Facilities Corporation, the Odessa Water District, the Barstow Harvey House Foundation, Barstow Community Services Foundation, and the Barstow Fire Protection District. Financial information for the City and these components are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council serves as the governing board of these component units and, as such, these entities are presented on a blended basis:

The Barstow Public Facilities Corporation (the Facilities Corporation) was established on September 21, 1989, to render financial assistance to the City by financing, refinancing, acquiring, constructing, improving, leasing, selling or otherwise conveying property of any kind to the City. The City Council acts as the Corporation's governing board and exerts significant influence over its operations. The City is responsible for the Facilities Corporation's obligations. Separate financial statements are not produced for the Facilities Corporation.

The Odessa Water District (Odessa) was established on July 5, 1993, pursuant to legislation approved by the State in 1991 to provide water resources to the City. The City Council acts as the District's governing board and exerts significant influence over its operations. The City is responsible for Odessa's obligations. Separate financial statements are produced for the District and may be obtained from the City's Finance Administration Office.

The Barstow Harvey House Foundation (the Foundation) is a nonprofit public benefit corporation established on January 16, 1992, to promote development of the Harvey House historic site, to improve, renovate, and maintain the historic significance of the site. The City Council acts as the Foundation's governing board and exerts significant influence over its operations. The City is responsible for the Foundation's obligations. Separate financial statements are not produced for the Foundation.

The Barstow Community Services Foundation (the Community Services Foundation) was formed on October 7, 2013 as a non-profit public benefit corporation. The Community Services Foundation will receive, invest and utilize funds and property acquired through the solicitation of contributions, donations, grants, gifts, bequests for the purposes of fostering and promoting community interests, events, and programs promoting and celebrating Barstow, its history and contributions, and any other purpose beneficial to the public. The City Council acts as the Community Services Foundation's governing board and exerts significant influence over its operations. The City is responsible for the Community Services Foundation's obligations. Separate financial statements for the Community Services Foundation are not produced.

The Barstow Fire Protection District (the District) became a component unit of the City on November 17, 2010. Previously the District was an independent district. The District will continue to be operated according to the applicable state fire protection district laws and the property taxes collected within the district will be used exclusively for the administration and operational costs of the district. The City Council acts as the District's governing board and exerts significant influence over its operations. Separate financial statements are produced for the District and may be obtained from the City's Finance Office.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an economic resource's measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Grant revenues are recognized when all eligibility requirements imposed by the provider have been met. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regard 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.

Governmental Fund Financial Statements

Governmental funds financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

The City reports the following major governmental funds:

- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Measure I Fund is used to account for money generated by a one-half percent sales tax approved by the voters in 1989 and extended in 2004 by the San Bernardino County voters to continue until 2040. The fund is also used to account for the debt proceeds and related expenditures of the California Communities Local Measure I Sales Tax Revenue Certificates of Participation, Series 2012.
- The Barstow Fire Protection District Fund accounts for operations of the Barstow Fire Protection District which was annexed to the City effective November 17, 2010. The District's main source of revenue is through the collection of property taxes. This constitutes approximately 91% of its revenue source for fiscal year 2022. Minor sources of revenue are fees for permits, plan and specification review, and grants.
- The Grants Fund accounts for transactions related to proceeds from grants restricted for various purposes specified in the respective grant agreements.
- The Gas Tax Fund is used to account for receipts and expenditures of money apportioned under Street and Highway Code Sections 2105, 2106, 2107 and 2107.5 of the State of California.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The City Capital Projects Fund accounts for transactions related to proceeds from bonds and other resources and their use to acquire and construct certain capital facilities.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 90 days after year-end). The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Enterprise Fund Financial Statements

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for each major enterprise fund and nonmajor funds aggregated.

The City reports two major enterprise funds:

- The Wastewater Reclamation Fund accounts for the operation of the wastewater system. The City and its employees operate the wastewater system and plant.

In addition, the City reports one nonmajor enterprise fund:

- The Solid Waste Disposal Fund is used to account for the operation of the Solid Waste (trash) utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located in the Barstow area.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (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 that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund types are accounted for using the economic resources measurement and the accrual basis of accounting.

The City reports the following fiduciary funds:

- Custodial Funds – account for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability. Custodial funds are also used to account for developer deposits and other small funds for the benefit of other agencies.
- Successor Agency Private Purpose Trust Fund – accounts for assets and liabilities of the Successor Agency Trust Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. In compliance with Governmental Accounting Standards Board Statement No. 31, the City's investments are stated at fair value. Fair market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The City generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the fair value of securities in the investment pool does not necessarily reflect realized gains or losses but rather the fair value of those investments as of June 30, 2025.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All pooled cash and investments of the enterprise funds are considered cash equivalents.

E. Use of Estimates

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances to other funds, as reported in the fund financial statements, are offset by a non-spendable fund balance.

Governmental fund and enterprise fund receivables are shown net of an allowance for uncollectible amounts. Residential utility customers are billed bi-monthly on an alternating basis. Commercial and multi-family customers are billed monthly.

Property taxes are assessed, collected and allocated by San Bernardino County throughout the fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1st Installment
	February 1, 2nd Installment
Delinquent Dates	December 11, 1st Installment
	April 11, 2nd Installment

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

City property tax revenues are recognized when levied to the extent that they result in current receivables. The City elected to participate in the County of San Bernardino Teeter Plan guaranteed payment as of June 30, 1993.

The County of San Bernardino collects an administration fee from the City for its services. The City receives a percentage of the basic 1% ad valorem tax rate allowed on property within the City of Barstow. Property tax rates for the City's general obligation debt are set by the City Council based on assessed valuations and debt service requirements. The assessed valuation is at "full cash value."

G. Inventories and Prepayments

Inventory is valued at cost using the first in, first out method. The City uses the consumption method of accounting for inventories. Certain types of goods and services such as payments to vendors and pension costs are paid in advance and reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. 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.

I. Capital Assets

The City's buildings, machinery, equipment, lease and subscription assets, infrastructure and intangible assets with useful lives of more than two years are stated at historical cost or estimated historical cost and reported in the government-wide financial statements. Enterprise capital assets are also reported in their respective fund financial statements. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City updated its Capital Asset Policy on June 16, 2014 per Council approval. The City capitalizes its assets as follows:

Buildings and building improvements	Costs of \$50,000 or more
Furniture	Costs of \$10,000 or more
Equipment	Costs of \$20,000 or more
Infrastructure	Costs of \$100,000 or more
Lease and subscription assets	Costs of \$20,000 or more

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated or amortized using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation/amortization are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Amortization of assets acquired under leases and subscription-based information technology arrangements is based on the shorter of the contract term or the estimated useful life of the asset and is included in depreciation and amortization. Water rights, which are intangible assets, are not amortized. Estimated useful lives, in years, for depreciable or amortizable assets are as follows:

Buildings	50 years
Infrastructure and improvements other than buildings	10-100 years
Machinery and equipment	3-15 years
Lease and subscription assets	Shorter of the underlying asset's useful life or the agreement term

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absence Payable

Under certain circumstances and according to negotiated labor agreements, employees of the City are allowed to accumulate vacation leave, compensation time, and sick leave. This amount is included as a liability in the government-wide and enterprise fund financial statements.

K. Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position.

L. Net Position and Fund Equity

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

Net Investment in Capital Assets: This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.

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

Unrestricted Net Position: This category represents the net position of the City that are not externally restricted for any project or other purpose.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances at June 30, 2025, for the governmental funds are non-spendable, restricted, assigned, and unassigned for the following purposes:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – is the portion of fund balance that can only be used for specific purpose due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of City Manager and Executive Department Heads)) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as non-spendable, restricted, or committed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2010, the City Council adopted Resolution No. 4548-2010 approving Policy Memorandum No. 2010-15 - Fund Balance Policy. The policy aims to help reduce the negative impact on the City in times of economic uncertainty and potential losses of funding from other governmental agencies. City reserves are restricted for one-time purposes. The policy establishes minimum requirements for General Fund non-departmental reserves and provides guidelines for the use of these funds. Appropriation for contingencies is maintained at twenty percent of total General Fund net appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year-end must first be used to replenish the reserve amount at the 20% level. Accordingly, at June 30, 2025, the City has assigned fund balance of \$1,354,874 for emergency contingency, and \$5,419,498 for working capital reserve. The Fund Balance Policy can be changed only by a resolution of the City Council.

Unassigned Fund Balance – the residual classification for the General Fund and includes all not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan and San Bernardino County Employees' Retirement Association (SBCERA) plan (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and SBCERA. 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 General Fund is the primary source in conjunction with the Insurance Fund to liquidate the liability for pensions

O. Other Post-Employment Benefits (OPEB)

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 plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: June 30, 2023
Measurement Date: June 30, 2024
Measurement Period: July 1, 2023 to June 30, 2024

The General Fund is primarily used to liquidate the liability for other postemployment benefits.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The impact of the implementation of this Statement on the fund balance and net position of the City was not significant to the financial statements, and is further discussed in Note 20.

GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

NOTE 2: CASH AND INVESTMENTS

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

Government-Wide Statement of Net Position

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 26,724,400	\$ 5,449,142	\$ 286,305	\$ 32,459,847
Total Cash and Investments	<u>\$ 26,724,400</u>	<u>\$ 5,449,142</u>	<u>\$ 286,305</u>	<u>\$ 32,459,847</u>

Cash and investments as of June 30, 2025, consist of the following:

Deposits:	
Cash on Hand	\$ 1,950
Deposits with Financial Institution	12,434,595
Investments	
Local Agency Investment Fund	18,994,265
California Liquid Asset Securities (CLASS)	1,029,037
Total Investments	<u>20,023,302</u>
Total Cash and Investments	<u>\$ 32,459,847</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The carrying amount of the City's cash deposit was \$12,434,595 at June 30, 2025. Bank balances before reconciling items were \$12,646,093 the total amount of which was insured and/or collateralized with securities held by pledging financial institutions in the City's name as discussed in note 2E.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

A. Investments Authorized by the California Government Code and the City of Barstow Adopted Investment Policy

The table below identifies the investment types that are authorized for the City of Barstow by the California Government Code and by the City's adopted investment policy. The table also identifies certain provisions of the California Government Code or the City's adopted investment policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City or its authorities, rather than the general provisions of the California Government Code or the City's adopted investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes, or Bonds	None	None	None
U.S. Agencies	None	None	None
CA Warrants, Treasury Notes and Bonds	None	None	None
Local Agency Bonds	5 Years	N/A	N/A
Negotiable Certificates of Deposit	N/A	30%	50%
Bankers' Acceptance	180 Days	40%	30%
Prime Commercial Paper	270 Days	25%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Mutual Funds Investing in Eligible Securities	N/A	20%	10%
Medium Term Notes	5 Years	30%	None
Mortgage Backed Securities	5 Years	20%	None
Local Agency Investment Fund (LAIF) *	N/A	None	\$75 million
California Liquid Asset Securities (CLASS)	N/A	None	\$75 million
Federal Agency	None	None	None

*Limit set by LAIF Governing Board, not Government Code

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

C. Disclosures Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Investment Maturities (in years)
		1 Year or Less
Local Agency Investment Fund	\$ 18,994,265	\$ 18,994,265
California Liquid Asset Securities (CLASS)	1,029,037	1,029,037
Total	<u>\$ 20,023,302</u>	<u>\$ 20,023,302</u>

D. Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code or the City's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Fair Value	Legal Minimum Rating	Rating as of Year End
			Not Rated
Local Agency Investment Fund	\$ 18,994,265	N/A	\$ 18,994,265
California Liquid Asset Securities (CLASS)	1,029,037	N/A	1,029,037
Total	<u>\$ 20,023,302</u>		<u>\$ 20,023,302</u>

Concentration of Credit Risk

The City's investment policy contains certain limitations as disclosed in the accompanying table on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has not invested more than 5% of its total investment value with any one issuer.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, \$12,396,093 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

F. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2025, include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structures Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2025, the City had \$18,994,265 invested in LAIF, which had invested 3.81% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor to the total investments held by LAIF.

G. California Cooperative Liquid Assets Securities System

The California Cooperative Liquid Assets Security System (CLASS) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CLASS currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool (Participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (Individual Portfolios) by separate agreement with the Investment Advisor.

Investments in the Pools and Individual Portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CLASS may reject any investment and may limit the size of a Participant's account. The Pool seeks to maintain, but does not guarantee, a constant net asset value of \$1 per share. A Participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Requests for same-day wire transfers must be made by 11:00 a.m. that day. Fair determined by the fair value per share of the Pool's underlying portfolio. Accordingly, the City's investment in this pool is measured on uncategorized inputs not

H. Investment Valuation

Investments (except for money market accounts included in investments classified as restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2025 are described on the following page.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments included in restricted cash and investments included in money market accounts and guaranteed investment contracts are not subject to fair value measurement.

Investment Type	Fair Value	Not Subjected to Disclosure
Local Agency Investment Fund	\$ 18,994,265	\$ 18,994,265
California Liquid Asset Securities (CLASS)	1,029,037	1,029,037
Total Investment Subject to Fair Value	<u>\$ 20,023,302</u>	<u>\$ 20,023,302</u>

NOTE 3: ACCOUNTS RECEIVABLE

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Allowances for Uncollectibles	Total
Governmental Funds:			
General	\$ 5,787,666	\$ (192,312)	\$ 5,595,354
Measure I	1,501,984	-	1,501,984
Barstow Fire District	58,762	-	58,762
Grants	3,350,560	-	3,350,560
Gas Tax	122,790	-	122,790
Non-Major Governmental Funds	13,972	-	13,972
Proprietary Funds:			
Wastewater Reclamation	630,082	-	630,082
Solid Waste Disposal	566,926	-	566,926
Fiduciary Funds:			
Successor Agency	45,461	-	45,461
Custodial Funds	21	-	21
	<u>\$ 12,078,224</u>	<u>\$ (192,312)</u>	<u>\$ 11,885,912</u>

NOTE 4: INTERFUND BALANCES

The following table presents the interfund balances as of June 30, 2025:

Due to General Fund	Due from Other Funds
Grants Fund	\$ 3,193,383
Non-Major Governmental Funds	604,193
Total	<u>\$ 3,797,576</u>

Capital projects, funded by reimbursable grants and capital allocations from Federal, State, and County sources, were approved by the City Council with the understanding that the General Fund lends monies to other funds with the expectation that the amounts will be repaid based on contractual commitments from other governmental entities. The Grants Special Revenue Fund and Non-Major Governmental Funds have expenses for which the expected reimbursement has not yet been received as of June 30, 2025.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4: INTERFUND BALANCES (CONTINUED)

The following table presents advances as of June 30, 2025:

	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund	Total
Advances to Other Funds			
General Fund	\$ 1,700,000	\$ 3,317,392	\$ 5,017,392

In fiscal year 2016, the General Fund advanced \$2,000,000 to the Measure I Special Revenue Fund to complete the Henderson/Cameron Area Road Project. Per San Bernardino County Transportation Authority (SBCTA), interest may not be charged on Measure I funds. As of June 30, 2025, the total amount owed to the General Fund is \$ 1,700,000.

Beginning in fiscal year 2015, the General Fund began advancing funds to the Barstow Fire Protection District Special Revenue Fund to cover operational expenditures for each fiscal year. Funds advanced accumulated to \$4,153,696 as of July 1, 2018. On October 1, 2018, the City and the Barstow Fire Protection District entered into a formal loan agreement with the balance due to be paid over a period of 5 years at a zero percent interest rate. The City has the option to declare at any point in time that the entire principal amount outstanding will be due and payable upon request. In fiscal year 2021, the General Fund advanced the Barstow Fire Protection District an additional \$1,243,696. As of June 30, 2025, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$3,317,392.

With Council approval, resources are transferred from one City fund to another. The transfers reflected are to record capital outlay and debt service for the year. The transfers between governmental funds have been eliminated in the government-wide statements.

In the fund financial statements, transfers were as follows:

Transfers In	Transfers Out								Total
	General Fund	Measure I	Barstow Fire Protection District	Grants	Gas Tax	Wastewater Reclamation	Solid Waste Disposal	Non-Major Governmental Funds	
Governmental Funds:									
General	\$ -	\$ 16,300	\$ 884,000	\$ -	\$ 6,900	\$ 770,000	\$ 320,000	\$ 80,000	\$ 2,077,200
Measure I	-	-	-	-	-	-	-	-	-
Barstow Fire Protection District	4,653,013	-	-	-	-	-	-	-	4,653,013
City Capital Projects	316,955	1,064,296	193,882	2,794,098	-	-	-	-	4,369,231
Non-Major Governmental Funds	1,876,979	-	476,908	-	-	287,362	21,925	-	2,663,174
Total	\$ 6,846,947	\$ 1,080,596	\$ 1,554,790	\$ 2,794,098	\$ 6,900	\$ 1,057,362	\$ 341,925	\$ 80,000	\$ 13,762,618

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5: CAPITAL ASSETS

A summary of changes in the governmental activities capital assets at June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Governmental activities:					
Capital assets, not being depreciated/amortized					
Land	\$ 9,699,135	\$ -	\$ -	\$ -	\$ 9,699,135
Intangible Asset-Water Rights	85,000	-	-	-	85,000
Construction-in-progress	20,821,690	52,681,875	-	(71,802,724)	1,700,841
Total capital assets, not being depreciated/amortized	30,605,825	52,681,875	-	(71,802,724)	11,484,976
Capital assets, being depreciated/amortized					
Buildings	26,103,044	208,545	(28,884)	327,411	26,610,116
Machinery, equipment, and vehicles	6,194,404	772,452	-	495,012	7,461,868
Leased vehicles and equipment	1,369,390	201,227	(85,545)	-	1,485,072
Subscription assets	128,591	-	-	-	128,591
Infrastructure	115,367,815	54,720	(106,000)	70,980,301	186,296,836
Total capital assets, being depreciated/amortized	149,163,244	1,236,944	(220,429)	71,802,724	221,982,483
Less accumulated depreciation/amortization					
Buildings	(16,993,518)	(467,782)	28,884	-	(17,432,416)
Machinery, equipment, and vehicles	(3,557,417)	(423,542)	-	-	(3,980,959)
Leased vehicles and equipment	(393,034)	(372,232)	64,600	-	(700,666)
Subscription assets	(75,217)	(40,329)	-	-	(115,546)
Infrastructure	(72,336,584)	(3,361,692)	106,000	-	(75,592,276)
Total accumulated depreciation/amortization	(93,355,770)	(4,665,577)	199,484	-	(97,821,863)
Total capital assets, being depreciated/amortized, net	55,807,474	(3,428,633)	(20,945)	71,802,724	124,160,620
Total governmental activities capital assets	\$ 86,413,299	\$ 49,253,242	\$ (20,945)	\$ -	\$ 135,645,596

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

General government	\$ 779,857
Public safety	262,891
Parks and recreation	162,624
Public works	3,460,205
Total depreciation/amortization expense	<u>\$ 4,665,577</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5: CAPITAL ASSETS (CONTINUED)

A summary of changes in the business-type activities capital assets at June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Business-type activities:					
Capital assets, not being depreciated/amortized					
Land	\$ 1,657,637	\$ -	\$ -	\$ -	\$ 1,657,637
Construction-in-progress	-	193,882	-	-	193,882
Total capital assets, not being depreciated/amortized	1,657,637	193,882	-	-	1,851,519
Capital assets, being depreciated/amortized					
Buildings	306,094	-	-	-	306,094
Machinery, equipment, and vehicles	3,409,222	450,458	-	-	3,859,680
Leased vehicles and equipment	85,886	58,324	(24,094)	-	120,116
Infrastructure	35,323,912	-	-	-	35,323,912
Total capital assets, being depreciated/amortized	39,125,114	508,782	(24,094)	-	39,609,802
Less accumulated depreciation/amortization					
Buildings	(231,270)	(2,896)	-	-	(234,166)
Machinery, equipment, and vehicles	(1,627,363)	(185,886)	-	-	(1,813,249)
Leased vehicles and equipment	(38,124)	(19,641)	24,094	-	(33,671)
Infrastructure	(15,016,856)	(884,499)	-	-	(15,901,355)
Total accumulated depreciation/amortization	(16,913,613)	(1,092,922)	24,094	-	(17,982,441)
Total capital assets, being depreciated/amortized, net	22,211,501	(584,140)	-	-	21,627,361
Total business-type activities capital assets	\$ 23,869,138	\$ (390,258)	\$ -	\$ -	\$ 23,478,880

Depreciation/amortization expense was charged to functions/programs of business-type funds as follows:

Wastewater reclamation	\$ 1,068,680
Solid waste	24,242
Total depreciation/amortization expense	<u>\$ 1,092,922</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: LONG-TERM DEBT

During the year ended June 30, 2025, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year
Governmental Activities:					
Lease Revenue Bonds	\$ 7,207,778	\$ -	\$ 462,086	\$ 6,745,692	\$ 475,856
Pension Obligation Bonds	17,995,000	-	1,195,000	16,800,000	1,240,000
Loans Payable	999,064	-	143,600	855,464	147,140
Total Governmental Activities	<u>\$ 26,201,842</u>	<u>\$ -</u>	<u>\$ 1,800,686</u>	<u>\$ 24,401,156</u>	<u>\$ 1,862,996</u>

A. Lease Revenue Bonds

In November 2021, the City of Barstow issued \$8,245,878 of 2021 Lease Revenue Bonds at a fixed interest rate of 2.98%. The bonds were issued to provide funds for the Barstow Fire Protection District to refinance its payment obligation to the San Bernardino County Employees' Retirement Association. The payments under the agreement are due on July 1 and January 1 of each year and mature through July 2036.

Annual debt service requirements to maturity for the 2021 Lease Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 475,856	\$ 100,511	\$ 576,367
2027	490,036	93,421	583,457
2028	504,639	86,119	590,758
2029	519,678	78,600	598,278
2030	535,164	70,857	606,021
2031-2035	2,924,759	416,050	3,340,809
2036-2037	1,295,560	38,891	1,334,451
Totals	<u>\$ 6,745,692</u>	<u>\$ 884,449</u>	<u>\$ 7,630,141</u>

B. Pension Obligation Bonds

In April 2022, the City of Barstow issued \$20,170,000 of the 2022 Taxable Pension Obligation Bonds (POBs). The bonds were issued to refund a portion of the City's obligations to the California Public Employee's Retirement System ("CalPERS") under the CalPERS contracts, evidencing all of the City's obligation to pay the City's unfunded actuarial liability to CalPERS. The payments under the agreement are due June and December of each year with interest rates ranging from 3.109% to 4.560% and mature through June 2033.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the 2022 Taxable Pension Obligation Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,240,000	\$ 375,075	\$ 1,615,075
2027	1,285,000	351,849	1,636,849
2028	1,335,000	326,818	1,661,818
2029	1,390,000	299,924	1,689,924
2030	1,445,000	271,228	1,716,228
2031-2035	8,220,000	1,511,716	9,731,716
2036-2037	1,885,000	47,691	1,932,691
Totals	<u>\$ 16,800,000</u>	<u>\$ 3,184,301</u>	<u>\$ 19,984,301</u>

C. Loans Payable

In fiscal year 2021, the City entered into an equipment purchase agreement to finance the cost to refurbish a fire engine, and purchase a new fire apparatus, and hydraulic lift to service the fire apparatus. The total available financing is \$ 1,242,878. During fiscal year 2021-22 the remaining balance of the available funding was utilized. The City is required to make semi-annual payments of \$83,601, including principal and interest at a rate of 2.45% until the year 2030.

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 147,140	\$ 20,063	\$ 167,203
2027	150,767	16,436	167,203
2028	154,483	12,720	167,203
2029	158,291	8,912	167,203
2030	162,193	5,010	167,203
2031	82,590	1,012	83,602
Totals	<u>\$ 855,464</u>	<u>\$ 64,153</u>	<u>\$ 919,617</u>

NOTE 7: COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. The total amount outstanding at June 30, 2025, was \$2,048,016 for governmental activities and \$156,342 for business-type activities.

	Balance June 30, 2024	Adjustments	Net Change	Balance June 30, 2025	Due Within One Year
Governmental Activities	<u>\$ 1,726,852</u>	<u>\$ 307,367</u>	<u>\$ 13,797</u>	<u>\$ 2,048,016</u>	<u>\$ 819,206</u>
Business Type Activities	<u>\$ 132,102</u>	<u>\$ 18,990</u>	<u>\$ 5,250</u>	<u>\$ 156,342</u>	<u>\$ 62,537</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8: LEASES

Leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

A. Leases Receivable and Deferred Inflows of Resources

The City leases land and buildings to various companies. The terms by lease type are listed in the table below. Some leases have extension options of ranging from 1.83 to 44.58 years. As of June 30, 2025, the value of the lease receivable is \$255,480. The value of the deferred inflow of resources as of June 30, 2025, was \$241,254 and the amortization of the deferred inflow during the year totaled \$70,661.

The principal and interest payments that are expected to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 22,787	\$ 6,460	\$ 77,065
2027	3,317	6,335	29,247
2028	3,392	6,260	9,652
2029	3,503	6,149	9,652
2030	3,600	6,052	9,652
2031-2035	19,539	28,719	48,258
2036-2040	22,394	25,862	48,256
2041-2045	25,697	22,556	48,254
2046-2050	29,469	18,781	48,251
2051-2055	33,795	14,452	48,248
2056-2060	38,752	9,492	48,244
2061-2065	44,447	3,792	48,240
2066	4,788	35	14,471
Total	<u>\$ 255,480</u>	<u>\$ 154,945</u>	<u>\$ 607,734</u>

B. Lease Payable and Lease Assets

The City entered into a master lease agreement with Enterprise FM Trust for the lease of vehicles. The terms range from 36 to 60 months from the date the lease is entered into. The City is required to make monthly payments ranging from \$266 to \$1,461. The leases have an interest rate of ranging from 0.5925% to 2.4806%. The City also leases printers, postage machines and copiers with terms ranging from 36 to 60 months. The City is required to make monthly payments ranging from \$178 to \$815. The leases have an interest rate of 0.8453%.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8: LEASES (CONTINUED)

Lease assets are split between governmental and business-type activities, as shown in note 5, and consist of the following asset classes at June 30, 2025:

Asset Class	As of June 30, 2025	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 94,494	\$ 54,493
Vehicles	1,510,694	679,844
Total Leases	<u>\$ 1,605,188</u>	<u>\$ 734,337</u>

As of June 30, 2025, the total value of the lease liability is \$911,720. Future principal and interest requirements to maturity for the lease liability are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 385,370	\$ 19,870	\$ 405,240
2027	277,342	8,327	285,669
2028	139,762	2,157	141,919
2029	21,710	166	21,876
Total	<u>\$ 824,184</u>	<u>\$ 30,520</u>	<u>\$ 854,704</u>

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 23,442	\$ 2,403	\$ 25,845
2027	23,352	1,683	25,035
2028	20,334	984	21,318
2029	12,107	487	12,594
2030	8,301	88	8,389
Total	<u>\$ 87,536</u>	<u>\$ 5,645</u>	<u>\$ 93,181</u>

Lease liability for governmental and business-type funds is as follows:

Asset Class	Governmental Activities			Balance June 30, 2025	Due Within One Year
	Balance June 30, 2024	Additions	Deletions		
Vehicles	\$ 949,527	\$ 182,870	\$ 342,185	\$ 790,212	\$ 361,455
Equipment	39,087	18,356	23,471	33,972	23,915
Total Lease Liability	<u>\$ 988,614</u>	<u>\$ 201,226</u>	<u>\$ 365,656</u>	<u>\$ 824,184</u>	<u>\$ 385,370</u>

Asset Class	Business-Type Activities			Balance June 30, 2025	Due Within One Year
	Balance June 30, 2024	Additions	Deletions		
Vehicles	\$ 44,497	\$ 58,323	\$ 17,668	\$ 85,152	\$ 21,862
Equipment	3,928	-	1,544	2,384	1,580
Total Lease Liability	<u>\$ 48,425</u>	<u>\$ 58,323</u>	<u>\$ 19,212</u>	<u>\$ 87,536</u>	<u>\$ 23,442</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

As of June 30, 2025, the total value of the subscription liability is \$8,115. Subscription liability for governmental funds is as follows:

Subscription Liability	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025	Due Within One Year
Governmental Activities					
Office Pro Plus Platform	\$ 32,630	\$ -	\$ 32,630	\$ -	\$ -
Central Intercept X	16,034	-	7,919	8,115	8,115
Total Subscription Liability	<u>\$ 48,664</u>	<u>\$ -</u>	<u>\$ 40,549</u>	<u>\$ 8,115</u>	<u>\$ 8,115</u>

On September 1, 2022, the City entered into a 36-month subscription for the use of Office Pro Plus Platform. An initial subscription liability was recorded in the amount of \$97,935. As of June 30, 2025, the value of the subscription liability is \$0. The City is required to make annual fixed payments of \$33,407. The subscription has an interest rate of 2.354%. The value of the subscription asset as of June 30, 2025 is \$97,913 with accumulated amortization of \$92,473.

On July 1, 2022, the City entered into a 47-month subscription for the use of Central Intercept X. An initial subscription liability was recorded in the amount of \$30,684. As of June 30, 2025, the value of the subscription liability is \$8,115. The City is required to make monthly fixed payments of \$745. The subscription has an interest rate of 2.445%. The value of the subscription asset as of June 30, 2025 is \$30,678 with accumulated amortization of \$23,073.

Subscription assets, as shown in note 5, consist of the following asset classes at June 30, 2025:

Asset Class	Subscription Asset Value	Accumulated Amortization
Subscription Assets	<u>\$ 128,591</u>	<u>\$ 115,546</u>
Total	<u>\$ 128,591</u>	<u>\$ 115,546</u>

Future principal and interest requirements to maturity for the subscription liability are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	<u>\$ 8,115</u>	<u>\$ 92</u>	<u>\$ 8,207</u>
Totals	<u>\$ 8,115</u>	<u>\$ 92</u>	<u>\$ 8,207</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 10: POLLUTION REMEDIATION LIABILITY

During the year ended June 30, 2025, the following changes occurred in the City's Pollution Remediation Liability:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year
Business Type Activities:					
Pollution Remediation Liability	\$ 5,407,013	\$ -	\$ 20,644	\$ 5,386,369	\$ 51,000
Total Business Type Activities	\$ 5,407,013	\$ -	\$ 20,644	\$ 5,386,369	\$ 51,000

On August 2, 2006, the California Regional Water Quality Board issued an order requiring the City of Barstow to take remediation action for wastewater discharges resulting in alleged increases in the nitrate levels in the water supply resulting from the City's wastewater plant. Major long-term costs associated with the project include quarterly well sampling and reporting; operation and maintenance of a groundwater remediation system and replacement drinking water to select residents. In 2015, the City completed the Phase I Improvement Project, which resulted in an improved effluent water quality from the Barstow Wastewater Treatment Plant. In 2019, the California Regional Water Quality Control Board issued a new discharge permit that encompassed new and revised sampling requirements for the treatment plant and the surrounding monitoring wells. During this time the Regional Water Quality Control Board removed the Cease and Desist Order against the City of Barstow. To date approximately \$3,471,304 has been spent. Implementation of the mitigation order has been delayed pending the outcome of the discussions with the Regional Water Quality Board to include perchlorate remediation, (which is not the City's responsibility) with nitrate remediation. The City anticipates spending \$51,000 for the operating and testing costs in fiscal year 2026 and will continue the monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations. A summary of the components of the pollution remediation liability at June 30, 2025, is as follows:

Obligating Event	Liability
Quarterly Maintenance of Groundwater	\$ 10,061
Operation and Maintenance of Groundwater	1,461
Replacement Drinking Water	11,794
Total by Obligating Event	<u>\$ 23,316</u>

Method and Assumption

With the adoption of GASB 49, the pollution remediation sites on the property managed and operated by the City were evaluated. The City applied the requirements of GASB 49 and measured the environmental liabilities for pollution remediation sites using the expected cash flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include components which can be reasonably estimated for outlays such as testing, monitoring, legal services and indirect outlays. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants and City staff.

Changes to estimates will be made when new information becomes available, increases or reductions in price, changes in technology, or changes in applicable laws or regulations. At a minimum, the City will evaluate the estimates for the pollution remediation sites when the following benchmarks occur.

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and post remediation monitoring.

NOTE 11: RISK MANAGEMENT

The City is a member of Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies: twenty-one cities, four transit agencies and six special districts. PERMA is governed by a Board of Directors which consists of one director from each member agency. The City participates in the Liability, Workers' Compensation, Employment Practices Liability, Property Insurance, Auto Physical Damage, Cyber Liability, and Crime Coverage insurance programs of PERMA.

The Liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City self-insures up to \$125,000 per occurrence and participates in risk sharing pools for losses up to \$1 million followed by PERMA's membership in the Public Risk Innovation, Solutions, and Management (PRISM) for \$49 million excess liability coverage. PERMA administers the City's liability claims.

The Workers' Compensation program provides statutory limits per accident for workers' compensation and \$5 million each accident for employers' liability. The City self-insures up to \$250,000 per accident or employee and participates in a risk sharing pool for losses up to \$500,000 followed by PERMA's membership in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for excess coverage. A third-party administrator administers the City's workers' compensation claims.

The Employment Practices Liability program provides up to \$1 million coverage for employment related lawsuits, such as wrongful termination and discrimination. The City self-insures up to \$25,000 per occurrence and participates in the Employment Risk Management Authority (ERMA) for losses up to \$1 million. Coverage above \$1 million and up to \$50 million is available through PERMA's membership in PRISM for excess liability coverage.

The Property Insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis and all risk, eliminating the traditional commercial "named peril" policy.

The Auto Physical Damage program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Auto physical damage coverage is written on an agreed amount basis.

The Cyber Liability program is also group purchased under a master insurance policy and provides coverage for information security and privacy liability, privacy notification costs, regulatory defense and penalties, website media content liability, cyber extortion, first party data protection, and business interruption losses. The program provides its insureds with access to a breach response team consisting of privacy expert attorneys, forensic specialists to determine scope of breach, notification vendors, and credit monitoring services at preferred rates.

The Crime Coverage program is also group purchased under a master insurance policy and provides coverage up to \$1,000,000 for employee theft, forgery or alteration, computer fraud and funds transfer fraud.

None of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage for the past three (3) years. There have been no reductions in pooled or insured coverage from coverage in the prior year. General Fund resources would be typically used to liquidate the claims liability, should the need arise.

The claims liability is estimated based on actuarial studies of the Liability and Workers' Compensation program. The actuary used a 65% confidence level and discounted the liabilities using a 2% interest rate.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: RISK MANAGEMENT (CONTINUED)

	Workers' Compensation	General Liability	Total Claims
Liability - June 30, 2023	\$ 3,394,917	\$ 1,364,358	\$ 4,759,275
Claims incurred and Changes in Estimates	2,010,677	394,125	2,404,802
Claims payments	(1,074,148)	(278,218)	(1,352,366)
Liability - June 30, 2024	4,331,446	1,480,265	5,811,711
Claims incurred and Changes in Estimates	982,140	(222,628)	759,512
Claims payments	(455,526)	(157,594)	(613,120)
Liability - June 30, 2025	\$ 4,858,060	\$ 1,100,043	\$ 5,958,103

At June 30, 2025, claims liabilities of \$866,289 and \$370,066 were due within one year for Workers' Compensation and General Liability, respectively.

NOTE 12: RETIREMENT PLANS

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of the June 30, 2025, by individual plan are described in the following table:

	Deferred Outflows- Pension	Net Pension Liability	Deferred Inflows- Pension	Pension Expense
CalPERS Cost Sharing Plan	\$ 9,643,767	\$ (18,112,043)	\$ (8,587,480)	\$ 2,745,320
SBCERA- Barstow Fire Protection District	4,740,067	(7,029,400)	(1,283,718)	(346,506)
Total	\$ 14,383,834	\$ (25,141,443)	\$ (9,871,198)	\$ 2,398,814

B. CALPERS Safety and Miscellaneous Employees Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for 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 cost-of-living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: RETIREMENT PLANS (CONTINUED)

The rate plan provisions and benefits in effect at the measurement date are summarized as follows:

	<u>Safety - Classic</u>	<u>Miscellaneous - Classic</u>
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payment	Monthly For Life	Monthly For Life
Retirement Age	50	55
Monthly Benefits, as a % of Annual	3%	2.7%
Required Employee Contribution Rates	8.990%	7.960%
Required Employer Contribution Rates	27.320%	16.020%
Required UAL Payment	\$259,795	\$372,705

	<u>Safety - PEPRA</u>	<u>Miscellaneous - PEPRA</u>
Hire Date	On or After January 1, 2013	On or After January 1, 2013
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payment	Monthly For Life	Monthly For Life
Retirement Age	57	62
Monthly Benefits, as a % of Annual	2.70%	2.00%
Required Employee Contribution Rates	13.000%	6.750%
Required Employer Contribution Rates	13.760%	7.870%
Required UAL Payment	\$20,932	\$11,373

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are to 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 Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Plan for the measurement period ended June 30, 2024, were recognized as a reduction to the net pension liability were \$2,982,045.

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$18,112,043.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2023. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: RETIREMENT PLANS (CONTINUED)

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2024 and 2025 were as follows:

Proportion - June 30, 2024	0.66598%
Proportion - June 30, 2025	0.69543%
Change - Increase (Decrease)	<u>0.02945%</u>

For the year ended June 30, 2025, the City recognized pension expense of \$2,745,320. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 2,226,919	\$ -
Changes of Assumptions	457,914	-
Differences Between Expected and Actual Experience	1,531,284	(55,953)
Changes in Employer's Proportion	1,444,520	(4,151,645)
Differences Between the Employer's Contribution and the Employer's Proportionate Share of Contributions	3,006,433	(4,379,882)
Net Differences Between Projected and Actual Earnings on Plan Investments	976,697	-
Total	<u>\$ 9,643,767</u>	<u>\$ (8,587,480)</u>

The \$2,226,919 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30,	Deferred Outflows/(Inflows)
2025	\$ (1,265,593)
2026	827,259
2027	(397,781)
2028	(334,517)
Total	<u>\$ (1,170,632)</u>

NOTE 12: RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – The total pension liabilities in the June 30, 2024, actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry - Age Normal in Accordance with the Requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived by CalPERS Membership Data for All Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2024, valuation were based on the results of a January 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Plan. 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. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. 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.

Long-term Expected Rate of Return – In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: RETIREMENT PLANS (CONTINUED)

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

Asset Class ¹	New Strategic Allocation	Real Return ^{1, 2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

¹ An expected price inflation of 2.30% used for this period.

² Figures are based on the 2022 Asset Liability Management study.

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

1% Decrease	5.90%
Net Pension Liability	\$ 40,398,140
Current Discount Rate	6.90%
Net Pension Liability	\$ 18,112,043
1% Increase	7.90%
Net Pension Liability	\$ (182,096)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. San Bernardino County Employees' Retirement Association (SBCERA)

The District became a component of the City from November 17, 2010, and effective that date all of the employees of the District have become employees of the City. The District employees were covered under the pension plan of the San Bernardino County Employees' Retirement Association (SBCERA). Subsequent to the merger, the members of Barstow Professional Firefighters Association were enrolled in the City's retirement program through the SBCERA.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Plan Description

The SBCERA is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, Department of Water and Power-City of Big Bear Lake, Crestline Sanitation District, California State Association of Counties, South Coast Air Quality Management District (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Parks District, SBCERA, City of Chino Hills, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), along with the County, and are collectively referred to as the "Participating Members." The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

Benefits Provided

SBCERA provides service retirement, disability, death, and survivor benefits to eligible employees. Generally, any employee of the County of San Bernardino or participating employers who is appointed to a regular position whose service is greater than fifty percent of the full standard of hours required by a participating SBCERA employer (e.g. 20 hours per week or more) must become a member of SBCERA effective on the first day of employment. There are separate retirement benefits for General and Safety member employees. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General Members.

There are currently two tiers applicable to both General and Safety members. Members with membership dates before January 1, 2013, are included in General Tier 1 or Safety Tier 1. Any new member who becomes a member on or after January 1, 2013, is designated as General Tier 2 or Safety Tier 2 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (CalPEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 52 and have acquired five or more years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired five or more years of retirement service credit.

The retirement benefits the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General Tier 1 benefit is calculated pursuant to the provisions of California Government Code of Section 31676.15. The monthly allowance is equal to 2% of final compensation times years of accrued retirement service credit times age factor from Section 31676.15. General Tier 2 benefit is calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

NOTE 12: RETIREMENT PLANS (CONTINUED)

Safety Tier 1 benefit is calculated pursuant to the provisions of California Government Code Section 31664.1. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from Section 31664.1. Safety Tier 2 benefit is calculated pursuant to the provisions found in California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

For Tier 1 members, the maximum monthly retirement allowance is 100% of final compensation. There is no final compensation limit on the maximum retirement benefit for Tier 2 members. However, the maximum amount of compensation earnable that can be taken into account for Tier 1 members with membership dates on or after July 1, 1996, is \$265,000. The maximum amount of pensionable compensation for Tier 2 members that can be taken into account is equal to \$140,424. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Final average compensation consists of the highest 12 consecutive months for Tier 1 members and the highest 36 consecutive months for Tier 2 members.

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

SBCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment based upon the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County Area, is capped at 2.0%.

The County of San Bernardino and participating employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SBCERA's actuary after the completion of the annual actuarial valuation.

All members are required to make contributions to SBCERA regardless of the retirement plan or tier in which they are included.

Fire safety members contribute the required employee share of their pension. The percentage of pay varies between 12.30% – 17.74%.

The District pays a capped percentage of the employer's pension cost per the Barstow Professional Fire Fighters Association Memorandum of Understanding. The employer's costs are capped at 46% with the employee paying the difference.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by SBCERA. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Plan for the measurement period ended June 30, 2024, were \$1,571,187.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$7,029,400. During the 2021-2022 fiscal year, the City of Barstow issued the 2021 Lease Revenue Bonds at a fixed interest rate of 2.98% to provide funds for the Barstow Fire Protection District to refinance its payment obligation to the San Bernardino County Employees' Retirement Association. Under the bonds, the City will make lease payments from any available source of funds, and BFPD will reimburse the City. The payments under the agreement are due on July 1 and January 1 of each year and mature through July 2036.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022. The City's proportionate of the net pension liability was based on the City's share of all actual contributions, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2023 and 2024 were as follows:

Proportion - June 30, 2023	0.307%
Proportion - June 30, 2024	0.331%
Change - Increase (Decrease)	<u>0.024%</u>

For the year ended June 30, 2025, the City recognized pension expense of \$(346,506) at June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,571,187	\$ -
Changes of Assumptions or Other Inputs	147,795	(246,982)
Changes in Employer's Proportion and Differences Between the Employer's Contribution and the Employer's Proportionate Share of Contributions	2,129,051	(765,067)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(179,479)
Difference Between Expected and Actual Experience in the Total Pension Liability	892,034	(92,190)
Total	<u>\$ 4,740,067</u>	<u>\$ (1,283,718)</u>

The \$1,571,187 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: RETIREMENT PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows)
2026	\$ (2,058,943)
2027	3,547,577
2028	453,958
2029	(57,430)
Total	<u>\$ 1,885,162</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2024, actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry - Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.50%
Projected Salary Increase ²	General: 4.30% to 9.5% and Safety: 4.75% to 10.00%
Cost of Living Adjustments	CPI increase of 2.00% per year; retiree COLA increases due to CPI subject to a 2.00% maximum change per year.
Investment Rate of Return ¹	7.25%
Mortality	Mortality rates are based on the Pub-2010 Amount Weighted Above-Median Mortality Table projected generationally using the two-dimensional MP-2019 projection scale. For healthy General members, the General Healthy retiree rates increased by 10% were used. For healthy Safety members, the Safety Healthy Retiree rates are used. For disabled General members, the Non-Safety Disabled Retiree rates were used. For disabled Safety members, the Safety Disabled Retiree rates were used. For beneficiaries, the General Contingent Survivor rates increased by 10% were used.

¹ Net of pension plan investment expenses, including inflation.

² Includes inflation at 2.75% plus real across-the-board salary increase of 0.5% plus merit and promotional increases.

Change of Assumptions - There were no changes in assumptions.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Discount Rate – The discount rates used to measure the Total Pension Liability was 7.25% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2024.

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.

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

The June 30, 2024, target allocations (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption is summarized in the table on the following page.

Asset Class	Total Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	14.50%	6.00%
Small Cap U.S. Equity	2.50%	6.65%
Developed International Equity	7.00%	7.01%
Emerging Market Equity	6.00%	8.80%
U.S. Core Fixed Income	2.00%	1.97%
High Yield/ Credit Strategies	13.00%	6.48%
Emerging Market Debt	6.00%	4.76%
Real Estate	5.00%	3.86%
Cash & Equivalents	2.00%	0.63%
International Credit	11.00%	7.10%
Absolute Return	7.00%	7.10%
Real Assets	6.00%	10.10%
Private Equity	18.00%	9.84%
Total	100.00%	

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: RETIREMENT PLANS (CONTINUED)

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

1% Decrease		6.25%
Net Pension Liability	\$	12,046,230
Current Discount Rate		7.25%
Net Pension Liability	\$	7,029,400
1% Increase		8.25%
Net Pension Liability	\$	2,929,645

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued SBCERA financial reports.

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS

A. City of Barstow OPEB Plan

OPEB related balances presented on the Statement of Net Position as of June 30, 2025, by individual plan are described in the following table:

	Deferred Outflows- OPEB	Net OPEB Liability	Deferred Inflows- OPEB	OPEB Expense
City of Barstow OPEB Plan	\$ 1,679,062	\$ (11,416,503)	\$ (5,910,543)	\$ (56,979)
Barstow Fire Protection District OPEB Plan	373,041	(1,368,199)	(5,550,196)	(546,360)
Total	<u>\$ 2,052,103</u>	<u>\$ (12,784,702)</u>	<u>\$ (11,460,739)</u>	<u>\$ (603,339)</u>

Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provide medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811. The CalPERS health plan is an agent multiple employer defined benefit plan.

Employee Covered

Inactive Employees or Beneficiaries Currently Receiving Benefits	119
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Employees	154
Total	<u>273</u>

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected prefunding financing requirements. For the measurement period 2023-2024, the City contributed \$940,820 which were in the form of benefit payments during the period. The City did not make additional contributions to the CERBT trust (CERBT).

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund OPEB as described in GASB Statement No. 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry - Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Inflation	2.5% per year
Salary Increases	3.0% per year
Assumed Wage Inflation	3.00%
Investment Rate of Return	6.30%
Mortality	SBCERA Rates, Scale MP-2021
Post Retirement Benefit Increase	MacLeod Watts Scale 2022
Healthcare Trend	7.4% in 2025, fluctuates down to 4.14% by 2076

In March 2022, CalPERS updated the project future investment returns for CERBT Strategy 1. CalPERS determined its returns using a building block method and best-estimate ranges of expected future real rates of return for each major classes (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6-20:

Asset Class	Target Allocation*	Expected Real Return Year 1-5	Expected Real Return Years 6-20
Global Equity	49.00%	3.90%	4.70%
Fixed Income	23.00%	2.70%	2.60%
Global Real Estate (REITs)	20.00%	3.70%	4.00%
Treasury Inflation Protected Securities	5.00%	1.70%	1.40%
Commodities	3.00%	2.90%	2.00%

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.5%.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent. The discount rate used reflects the results of a crossover test. In years where the trust is expected to have sufficient assets to pay the current year's retiree benefits, the assumed trust rate of return is applied; once the trust is no longer expected to be able to pay plan benefits, a municipal bond rate is applied for the remainder of the projects. The S&P General Obligation Municipal Bond 20 Year High Grade Index was used for the purpose of the municipal bond rate.

Changes in the net OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/Asset
Balance at June 30, 2024	\$ 13,523,769	\$ 1,571,396	\$ 11,952,373
Change in the Year:			
Service Cost	318,529	-	318,529
Interest	611,095	-	611,095
Differences between expected and actual experience	-	92,809	(92,809)
Changes in Assumptions	(352,249)	-	(352,249)
Benefit Payments	(940,820)	(940,820)	-
Contribution - Employer	-	940,820	-
Net Investment Income	-	80,128	-
Administrative Expenses	-	(512)	512
Net Changes	(363,445)	172,425	(535,870)
Balance at June 30, 2025	\$ 13,160,324	\$ 1,743,821	\$ 11,416,503

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease	Current Discount	1% Increase
	3.84%	4.84%	5.84%
Net OPEB Liability	\$ 12,804,463	\$ 11,416,503	\$ 10,240,065

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB Liability	\$ 12,743,712	\$ 11,416,503	\$ 419,921

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB plan investments	5 years straight-line recognition
All Other Amounts	Expected average remaining service lifetime (EARS�) (7.6 years at June 30, 2024, measurement date)

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the City recognized OPEB income of \$56,979. For the fiscal year ended June 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement	\$ 1,134,507	\$ -
Differences between expected and actual experience	4,241	(1,768,490)
Changes of Assumptions	540,314	(4,141,251)
Net Difference Between Projected and Actual	-	(802)
Total	<u>\$ 1,679,062</u>	<u>\$ (5,910,543)</u>

The \$1,134,507 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 during the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2026	\$ (1,154,966)
2027	(1,218,179)
2028	(1,248,652)
2029	(937,816)
2030	(475,018)
Thereafter	(331,357)
Total	<u>\$ (5,365,988)</u>

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

B. Barstow Fire Protection District OPEB Plan

Plan Description

The Barstow Fire Protection District (BFPD) became part of the City of Barstow in November 2010 as a special revenue fund. In previous years, the Barstow Fire Professional Fire Fighters Association (BFPA) had a separate health insurance plan, Riverstone Capital, apart from City Employees. Riverstone Capital notified the City that effective February 28, 2019, the BFPD employees would be losing their Stop Loss/Reinsurance coverage. The City's/BFPD's insurance broker, Alliant/Crystal and Company, reviewed several options and it was determined that moving the BFPD employees into CalPERS medical would offer the best long-term coverage options for the employees.

CalPERS would also extend the coverage to retirees. The previous method for providing retiree coverage under BFPA's Memorandum of Understanding (MOU) required the retiree carry their own insurance coverage and submit proof of payment of the premium and a request for reimbursement on a monthly basis. Including retired firefighters in CalPERS medical coverage streamlined the process for the city and the retiree.

A meeting with BFPD members was held to advise them of the situation and staff began the process to enroll them into CalPERS health coverage effective March 1, 2019. The inclusion of the BFPD firefighters in CalPERS medical coverage also simplified the process of providing medical insurance to all City employees.

The City provides retiree medical benefits to eligible retirees and their spouses in accordance with their labor agreements. The BFPD is classified for GASB 75 purposes as a single employer.

Employee Covered

Inactive plan members currently receiving benefits	8
Inactive plan members entitled to but not receiving benefits	-
Active plan members	<u>25</u>
Total	<u><u>33</u></u>

Contributions

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The District must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected prefunding financing requirements. For the measurement period 2023-24, the District contributed \$82,543, which were in the form of benefit payments during the period. The City did not make additional contributions to the CERBT trust (CERBT).

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund OPEB as described in GASB Statement No. 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.41%
Inflation	2.50%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increases	3.00%
Mortality	SBCERA Rates
Healthcare Trend	7.4% decreasing to 4.14% in 2076

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 table below.

Asset Class	Target Allocation*	Expected Real Return Year 1-5	Expected Real Return Years 6-20
Global Equity	49.00%	3.90%	4.70%
Fixed Income	23.00%	2.70%	2.60%
Global Real Estate (REITs)	20.00%	3.70%	4.00%
Treasury Inflation Protected Securities	5.00%	1.70%	1.40%
Commodities	3.00%	2.90%	2.00%

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.5%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.41 percent. The discount rate used reflects the results of a crossover test. In years where the trust is expected to have sufficient assets to pay the current year's retiree benefits, the assumed trust rate of return is applied; once the trust is no longer expected to be able to pay plan benefits, a municipal bond rate is applied for the remainder of the projects. The S&P General Obligation Municipal Bond 20 Year High Grade Index was used for the purpose of the municipal bond rate.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the net OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/Asset
Balance at June 30, 2024	\$ 1,693,276	\$ 345,370	\$ 1,347,906
Change in the Year:			
Service Cost	125,234	-	125,234
Interest on the Total OPEB Liability	73,222	-	-
Differences Between Actual and Expected Experience	-	16,600	-
Charges in Assumptions	(57,724)	-	-
Contribution - Employer	-	82,543	-
Benefit Payments	(82,543)	(82,543)	-
Net Investment Income	-	21,409	(21,409)
Administrative Expenses	-	(113)	-
Net Changes	58,189	37,896	20,293
Balance at June 30, 2025	\$ 1,751,465	\$ 383,266	\$ 1,368,199

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease 3.41%	Current Discount 4.41%	1% Increase 5.41%
Net OPEB Liability	\$ 1,581,923	\$ 1,368,199	\$ 1,192,140

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

Due to the nature of the benefit agreements of the plan, the health care cost trend rate was not considered to be a significant assumption in determining the net OPEB liability, hence the sensitivity disclosure with regard to the healthcare cost trend rate was not applicable.

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB plan investments	5 years straight-line
All Other Amounts	Expected average remaining service lifetime (EARSL) (9.1 years at June 30, 2024)

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB income of \$546,360. For the fiscal year ended June 30, 2025, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
OPEB Contributions Subsequent to Measurement	\$ 103,912	\$ -
Changes of Assumptions	188,525	(5,107,701)
Differences between expected and actual experience	77,568	(442,495)
Net Difference Between Projected and Actual Earnings on Plan Investments	3,036	-
Total	<u>\$ 373,041</u>	<u>\$ (5,550,196)</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

The \$103,912 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 during the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2026	\$ (725,518)
2027	(713,488)
2028	(725,645)
2029	(732,553)
2030	(743,157)
Thereafter	(1,640,706)
Total	<u>\$ (5,281,067)</u>

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Pending Litigation

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have any material adverse effect in the financial position of the City.

B. Construction Commitments

<u>Project Title</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2025</u>	<u>Remaining Commitments</u>
First Avenue Bridge Over BNSF Railroad Track PS&E	\$ 4,610,000	\$ 4,605,430	\$ 4,570
First Avenue Bridge Over BNSF Railroad Track ROW	15,000,000	10,477,604	4,522,396
First Avenue Bridge Over BNSF Railroad Track CPUC	5,000,000	367,820	4,632,180
First Avenue Bridge Over Mojave River	4,242,837	2,496,331	1,746,506

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 15: MEASURE Q

In November 2018, the voters approved Measure Q which established a one-cent sales-tax, estimated to generate \$7 million in local funding for public safety and citywide services.

Funding generated from the tax is intended to:

- Maintain local fire protection and paramedic services
- Provide police services, including neighborhood police patrols, crime prevention and investigations
- Maintain streets and parks, and repair potholes
- Provide quick responses to 9-1-1 emergencies
- Help fund senior and youth programs
- Reduce gang activity and drug-related crimes

The revenues received and expenditures relating to Measure “Q” for the current year and previous year are as follows:

	Fiscal Year	
	2024-2025	2023-2024
Revenues:		
Measure "Q" sales tax	\$ 9,625,706	\$ 9,863,721
Use of money and property	19,851	54,524
Miscellaneous income	35,188	100,030
Total Revenues	<u>9,680,745</u>	<u>10,018,275</u>
Expenditures:		
General Government	303,378	419,710
Police	3,487,513	3,378,949
Fire	3,482,223	3,506,458
Community Development	782,556	158,432
Public Works	688,317	483,241
Capital Outlay	2,029,110	854,117
Debt Service	<u>1,543,653</u>	<u>1,865,490</u>
Total expenditures	<u>12,316,750</u>	<u>10,666,397</u>
Current year excess (deficiency) of revenues over expenditures	<u>(2,636,005)</u>	<u>(648,122)</u>
Fund Balance, Beginning of the year	<u>8,844,510</u>	<u>9,492,632</u>
Fund Balance, End of Year	<u>\$ 6,208,505</u>	<u>\$ 8,844,510</u>

Measure Q is reported under the General Fund, and therefore, is not a separate standalone fund. For more information, please refer to the Measure Q section under Note 19.

NOTE 16: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Barstow that previously had reported a redevelopment agency within the reporting entity of the city as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 4653-2012.

Real Property Held for Resale

In order to improve blighted conditions in the City of Barstow, the City formed the Barstow Redevelopment Agency in 1973. Additionally, the Agency had adopted a Five-Year Implementation Plan for the Project Area I with an established goal of supporting affordable housing and promoting economic development, as well as community, commercial and institutional revitalization. To implement these programs and activities, the Agency acquired real property within the Project Area I to be redeveloped. Three parcels were held in the Land Held for Resale asset account by the Agency totaling \$2,224,905.

As of February 1, 2012, the land held for resale was taken over by the Successor Agency to the Redevelopment Agency due to the dissolution of the Barstow Redevelopment Agency per Assembly Bill AB 1X 26 and Assembly Bill AB1484.

NOTE 17: NEGATIVE FUND BALANCE/NET POSITION

The following funds have negative fund balance as of June 30, 2025:

Barstow Fire Protection District Fund (\$700,834) - As projected by staff and discussed with the Board, the District's expenditures exceeded revenues for the fiscal year. The District has reduced its operating expenditures to its lowest, yet sustainable limit. Salaries and benefits continued to be monitored but pension costs remained high with the San Bernardino County Employees' Retirement Association. Management was aware of ongoing fiscal issues and the Board is also aware of the increasing fund balance deficit.

Grants Fund (\$3,323,205) – The City made major progress payments for reimbursable grant projects for which it has not been reimbursed.

Harvey House Foundation (\$15,583) – The Foundation is expected to become more active in the future. It is anticipated that the Foundation will receive revenue to offset the deficit fund balance in the coming years.

COVID-19 Grants Fund (\$20,774) – The City will make payments for reimbursable grant projects for which it has not been reimbursed.

NOTE 18: BARSTOW FIRE PROTECTION DISTRICT

The Barstow Fire Protection District (District) continues to have a deficit fund balance in fiscal year 2025. In fiscal year 2018, the Board and management studied and reviewed a variety of options to address these concerns.

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 18: BARSTOW FIRE PROTECTION DISTRICT (CONTINUED)

- Measure Q - In March 2018, the City Council hired a research firm to perform a general sales tax measure feasibility study. As part of this study, a survey was sent to the City of Barstow voters requesting their feedback about establishing an increase in general transaction and use (sales) tax that will fund municipal services. The result of the survey, was presented at the May 15, 2018, Council's meeting, showing approximately 63-69% of the residents in support of the proposed transaction and use tax measure. On July 16, 2018, the City Council unanimously adopted the resolution and ordinance to put Measure Q on November 2018 ballot. The resolution called for a General Transaction and Use Tax of one percent. The measure passed with 59.28% of the vote. The City began receiving the Measure Q revenue immediately in July, for fiscal year 2020. So far, the receipts have exceeded the City's initial estimates. These funds will be used to pay-back the loan and sustain the Fire Department, in addition to supporting police officers, maintaining streets and help fund senior and youth programs.
- Beginning in fiscal year 2015, the City began advancing funds to the District to cover operational costs. On October 1, 2018, the City Council approved the amended and restated loan agreement between the City of Barstow and the Barstow Fire Protection for \$4,153,696, with a zero percent interest rate. The City advanced an additional \$1,243,696 for fiscal year 2020 bringing the amount due the City to \$5,817,392. This action formalized the outstanding debt due the City in the event the Measure Q ballot measure was not successful. The Fire Protection district repaid \$500,000 in 2024 and 2025, bringing the amount due at June 20, 2025 to \$3,317,392.
- The Board and management will continue to monitor the Barstow Fire Protection District financial situation. Management will keep the Board informed of developing highlights, and concerns regarding the District.

NOTE 19: NET INVESTMENT IN CAPITAL ASSETS

The breakdown for net investment in capital assets for the year ended June 30, 2025, is as follows:

	Governmental Activities	Business-Type Activities		Total Business-Type Activities
		Wastewater Reclamation Fund	Solid Waste Disposal Fund	
Capital assets, net of accumulated depreciation/amortization	\$ 135,645,596	\$ 23,241,362	\$ 237,518	\$ 23,478,880
Less:				
Bonds, notes and finance purchase agreements	(1,666,220)	(82,049)	(5,487)	(87,536)
Capital related, non-debt payable	(1,371,432)	(604,596)	-	(604,596)
Net investment in capital assets	<u>\$ 132,607,944</u>	<u>\$ 22,554,717</u>	<u>\$ 232,031</u>	<u>\$ 22,786,748</u>

CITY OF BARSTOW, CALIFORNIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 20: RESTATEMENTS

Changes to or within the Reporting Entity

For the fiscal year ended June 30, 2025, the Gas Tax fund and the City Capital Projects fund, previously reported as nonmajor governmental funds, are now reported as major governmental funds based on their relative significance to the financial statements. This change was made to provide more meaningful information to users of the financial statements. The reclassification did not affect the total fund balances of the government.

Changes in Accounting Principle

For fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which updated the recognition and measurement guidance for compensated absences, to align recognition and measurement under a single unified model to better meet the needs of financial statement users; refer to note 1.

	June 30, 2024 As Previously Reported	Changes to or within the Reporting Entity	Changes in Accounting Principle	June 30, 2024 As Restated
Government-wide				
Governmental activities	\$ 44,350,969	\$ -	\$ (307,367)	\$ 44,043,602
Business-type activities	21,581,154	-	(18,990)	21,562,164
Total government-wide	<u>\$ 65,932,123</u>	<u>\$ -</u>	<u>\$ (326,357)</u>	<u>\$ 65,605,766</u>
Governmental funds				
Major funds				
Gas Tax	\$ -	\$ 3,829,419	\$ -	\$ 3,829,419
City Capital Projects	-	966,601	-	966,601
Nonmajor funds	-	(4,796,020)	-	(4,796,020)
Total governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Proprietary funds				
Major funds				
Wastewater Reclamation	\$ 19,564,254	\$ -	\$ (14,508)	\$ 19,549,746
Solid Waste Disposal	2,016,900	-	(4,482)	2,012,418
Total proprietary funds	<u>\$ 21,581,154</u>	<u>\$ -</u>	<u>\$ (18,990)</u>	<u>\$ 21,562,164</u>

NOTE 21: SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through January 22, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1: BUDGET CONTROL AND BUDGETARY ACCOUNTING

A. Budget Control and Budgetary Accounting

The City follows these procedures in establishing the budgets.

1. The annual budget is adopted by the City Council after the holding of a hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers City expenditures in all governmental funds, except debt service and capital improvement projects carried forward from prior years.
3. The City manager is authorized to transfer budgeted amounts between departments. Actual expenditures may not exceed budgeted appropriations at the fund level.
4. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Capital projects appropriations are an automatic supplemental appropriation for next year. All others lapse unless they are encumbered at year end or re-appropriated through the formal budget process.
5. Annual budgets are adopted for the General Fund, all special revenue funds, capital projects funds, and debt service funds, on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

The Redevelopment Housing Successor, Barstow Community Services, Local Transportation, Flood Control, and COVID-19 Grants special revenue funds did not adopt a budget for the fiscal year ended June 30, 2025.

For the fiscal year ended June 30, 2025, there were funds where the City had expenditures in excess of appropriations. In the Gas Tax fund, capital outlay expenditures exceeded appropriations by \$35,374. In the City Capital Projects fund, capital outlay expenditures exceeded appropriations by \$33,349,848.

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 29,373,895	\$ 29,373,895	\$ 29,179,541	\$ (194,354)
Licenses and permits	336,150	336,150	422,373	86,223
Intergovernmental	469,540	469,540	511,223	41,683
Charges for services	2,967,300	2,967,300	3,133,061	165,761
Use of money and property	161,400	161,400	724,174	562,774
Fines and forfeitures	157,500	157,500	210,360	52,860
Miscellaneous	261,592	261,592	430,331	168,739
Total revenues	33,727,377	33,727,377	34,611,063	883,686
EXPENDITURES				
Current:				
General government	8,477,651	8,940,651	8,576,185	364,466
Public safety	13,169,725	13,437,955	13,112,442	325,513
Community development	3,674,128	3,823,578	3,525,571	298,007
Parks and recreation	1,390,789	1,702,551	1,677,585	24,966
Public works	4,604,387	4,616,887	4,524,638	92,249
Capital outlay	1,599,373	4,180,880	2,653,297	1,527,583
Debt service:				
Principal	(332,797)	590,354	590,354	-
Interest and fiscal charges	-	-	52,097	(52,097)
Total expenditures	32,583,256	37,292,856	34,712,169	2,580,687
Excess (deficiency) of revenues over (under) expenditures	1,144,121	(3,565,479)	(101,106)	3,464,373
OTHER FINANCING SOURCES (USES)				
Transfers in	2,597,100	2,597,100	2,077,200	(519,900)
Transfers out	(6,529,179)	(7,449,496)	(6,846,947)	602,549
Leases issued	-	-	201,226	201,226
Total other financing sources (uses)	(3,932,079)	(4,852,396)	(4,568,521)	283,875
Net change in fund balances	\$ (2,787,958)	\$ (8,417,875)	(4,669,627)	\$ 3,748,248
Fund balances-beginning			29,619,150	
Fund balances-ending			\$ 24,949,523	

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Measure I
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 1,712,469	\$ (287,531)
Use of money and property	-	-	93,650	93,650
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,806,119</u>	<u>(193,881)</u>
EXPENDITURES				
Current:				
Public safety	-	52,000	40,298	11,702
Total expenditures	<u>-</u>	<u>52,000</u>	<u>40,298</u>	<u>11,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,000,000</u>	<u>1,948,000</u>	<u>1,765,821</u>	<u>(182,179)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,300)	(4,514,420)	(1,080,596)	3,433,824
Total other financing sources (uses)	<u>(16,300)</u>	<u>(4,514,420)</u>	<u>(1,080,596)</u>	<u>3,433,824</u>
Net change in fund balances	<u>\$ 1,983,700</u>	<u>\$ (2,566,420)</u>	<u>685,225</u>	<u>\$ 3,251,645</u>
Fund balances-beginning			<u>500,493</u>	
Fund balances-ending			<u><u>\$ 1,185,718</u></u>	

CITY OF BARSTOW, CALIFORNIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Barstow Fire Protection District

For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 5,875,000	\$ 5,875,000	\$ 6,585,046	\$ 710,046
Licenses and permits	5,000	5,000	6,853	1,853
Intergovernmental	311,300	311,300	395,561	84,261
Use of money and property	11,000	11,000	17,899	6,899
Total revenues	6,202,300	6,202,300	7,005,359	803,059
EXPENDITURES				
Current:				
Public safety	8,579,430	8,539,430	8,253,080	286,350
Capital outlay	-	40,000	40,000	-
Debt service:				
Principal	500,000	500,000	-	500,000
Total expenditures	9,079,430	9,079,430	8,293,080	786,350
Excess (deficiency) of revenues over (under) expenditures	(2,877,130)	(2,877,130)	(1,287,721)	1,589,409
OTHER FINANCING SOURCES (USES)				
Transfers in	(4,137,525)	4,137,525	4,653,013	515,488
Transfers out	(1,561,674)	(1,561,674)	(1,554,790)	6,884
Total other financing sources (uses)	(5,699,199)	2,575,851	3,098,223	522,372
Net change in fund balances	\$ (8,576,329)	\$ (301,279)	1,810,502	\$ 2,111,781
Fund balances (deficit)-beginning			(2,511,336)	
Fund balances (deficit)-ending			\$ (700,834)	

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Grants
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 372,117	\$ 12,422,209	\$ 2,239,808	\$ (10,182,401)
Use of money and property	-	-	574	574
Total revenues	<u>372,117</u>	<u>12,422,209</u>	<u>2,240,382</u>	<u>(10,181,827)</u>
EXPENDITURES				
Current:				
Public safety	97,309	1,007,550	182,828	824,722
Community development	38,601	49,601	51,253	(1,652)
Capital outlay	53,650	53,650	291,867	(238,217)
Total expenditures	<u>189,560</u>	<u>1,110,801</u>	<u>525,948</u>	<u>584,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,557</u>	<u>11,311,408</u>	<u>1,714,434</u>	<u>(9,596,974)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(213,809)	(10,294,731)	(2,794,098)	7,500,633
Total other financing sources (uses)	<u>(213,809)</u>	<u>(10,294,731)</u>	<u>(2,794,098)</u>	<u>7,500,633</u>
Net change in fund balances	<u>\$ (31,252)</u>	<u>\$ 1,016,677</u>	<u>(1,079,664)</u>	<u>\$ (2,096,341)</u>
Fund balances (deficit)-beginning			(2,243,541)	
Fund balances (deficit)-ending			<u>\$ (3,323,205)</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Gas Tax
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,356,000	\$ 1,356,000	\$ 1,420,204	\$ 64,204
Use of money and property	-	-	150,509	150,509
Total revenues	<u>1,356,000</u>	<u>1,356,000</u>	<u>1,570,713</u>	<u>214,713</u>
EXPENDITURES				
Capital outlay	-	-	35,374	(35,374)
Total expenditures	<u>-</u>	<u>-</u>	<u>35,374</u>	<u>(35,374)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,356,000</u>	<u>1,356,000</u>	<u>1,535,339</u>	<u>179,339</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,900)	(1,226,688)	(6,900)	1,219,788
Total other financing sources (uses)	<u>(6,900)</u>	<u>(1,226,688)</u>	<u>(6,900)</u>	<u>1,219,788</u>
Net change in fund balances	<u>\$ 1,349,100</u>	<u>\$ 129,312</u>	<u>1,528,439</u>	<u>\$ 1,399,127</u>
Fund balances (deficit)-beginning			3,829,419	
Fund balances (deficit)-ending			<u>\$ 5,357,858</u>	

CITY OF BARSTOW, CALIFORNIA
CalPERS Cost Sharing Plan
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, for the Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Proportion of the Net Pension Liability	0.69543%	0.66598%	0.08838%	0.39191%	0.26490%
Proportionate Share of the Net Pension Liability	\$ 18,112,043	\$ 18,721,763	\$ 18,023,479	\$ 14,864,924	\$ 29,751,671
Covered Payroll	\$ 11,745,774	\$ 14,750,205	\$ 9,880,472	\$ 10,266,253	\$ 9,842,257
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	154.20%	126.93%	182.42%	144.79%	302.29%
Plan Fiduciary Net Position	\$ 136,012,450	\$ 130,014,867	\$ 129,524,741	\$ 123,982,203	\$ 104,679,650
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.90%	87.78%	87.78%	89.29%	77.87%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: None

2020	2019	2018	2017	2016
<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
0.24588%	0.25121%	0.24901%	0.24341%	0.20999%
\$ 26,777,913	\$ 24,207,207	\$ 24,695,340	\$ 21,062,463	\$ 14,413,454
\$ 10,816,083	\$ 11,891,452	\$ 10,244,777	\$ 10,085,135	\$ 10,085,135
247.57%	223.81%	207.67%	205.59%	142.92%
\$ 102,046,037	\$ -	\$ -	\$ -	\$ -
75.26%	75.26%	73.31%	74.06%	79.82%

CITY OF BARSTOW, CALIFORNIA
San Bernardino County Employees' Retirement Association (SBCERA)
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, for the Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Proportion of the Net Pension Liability	0.331%	0.307%	0.338%	0.435%	0.421%
Proportionate Share of the Net Pension Liability	\$ 7,029,400	\$ 7,278,342	\$ 7,854,204	\$ 8,433,660	\$ 16,891,227
Covered Payroll	\$ 2,759,103	\$ 2,605,075	\$ 2,550,102	\$ 2,430,284	\$ 2,045,831
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	254.77%	279.39%	308.00%	347.02%	825.64%
Plan Fiduciary Net Position	\$ 30,627,947	\$ 26,805,659	\$ 29,379,425	\$ 45,633,022	\$ 33,270,269
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.33%	78.65%	78.91%	84.40%	66.33%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: None

2020	2019	2018	2017	2016
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
0.457%	0.498%	0.378%	0.518%	0.638%
\$ 12,382,040	\$ 12,626,176	\$ 9,958,070	\$ 12,781,554	\$ 12,395,608
\$ 1,890,826	\$ 1,816,148	\$ 1,776,774	\$ 2,518,304	\$ 2,036,785
654.85%	695.22%	560.46%	507.55%	608.59%
\$ 33,532,575	\$ 34,034,011	\$ 24,486,977	\$ 18,856,232	\$ 20,207,792
73.03%	72.94%	71.09%	76.86%	80.98%

CITY OF BARSTOW, CALIFORNIA
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years⁽¹⁾

	2025	2024	2023	2022
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Changes in Total OPEB Liability				
Service cost	\$ 318,529	\$ 435,006	\$ 535,801	\$ 565,909
Interest	611,095	677,345	455,294	577,610
Differences between actual and expected experience	-	(1,276,926)	-	(2,058,221)
Changes in assumptions	(352,249)	(1,980,960)	(4,307,157)	991,369
Benefit payments	(940,820)	(913,325)	(901,111)	(851,272)
Net change in total OPEB liability	(363,445)	(3,058,860)	(4,217,173)	(774,605)
Total OPEB liability - beginning	13,523,769	16,582,629	20,799,802	21,574,407
Total OPEB liability - ending (a)	13,160,324	13,523,769	16,582,629	20,799,802
Plan Fiduciary Net Position				
Contribution - employer	940,820	913,325	901,111	851,272
Net investment income	172,937	94,886	(228,363)	367,993
Benefit payments	(940,820)	(913,325)	(901,111)	(851,272)
Administrative expense	(512)	(572)	(432)	(507)
Other expense	-	-	-	-
Net change in plan fiduciary net position	172,425	94,314	(228,795)	367,486
Plan fiduciary net position - beginning	1,571,396	1,477,082	1,705,877	1,338,391
Plan fiduciary net position - ending (b)	1,743,821	1,571,396	1,477,082	1,705,877
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 11,416,503	\$ 11,952,373	\$ 15,105,547	\$ 19,093,925
Plan fiduciary net position as a percentage of the total OPEB liability	13.3%	11.6%	8.9%	8.2%
Covered payroll	\$ 12,218,251	\$ 11,209,318	\$ 13,424,691	\$ 12,765,028
Net OPEB liability as a percentage of covered payroll	93.44%	106.63%	112.52%	149.58%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes of Assumptions: The discount rate increased from 4.57% to 4.84% in measurement period 6/30/2024.

2021	2020	2019	2018
6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$ 532,051	\$ 628,854	\$ 586,241	\$ 637,325
586,298	557,475	559,512	497,633
-	110,249	-	-
353,512	1,857,556	365,110	(1,110,604)
(759,312)	(741,262)	(702,823)	(628,957)
712,549	2,412,872	808,040	(604,603)
20,861,858	18,448,986	17,640,946	18,245,549
21,574,407	20,861,858	18,448,986	17,640,946
759,312	741,262	702,823	628,957
45,704	75,207	89,989	108,069
(759,312)	(741,262)	(702,823)	(628,957)
(632)	(261)	(603)	(548)
-	-	(1,496)	-
45,072	74,946	87,890	107,521
1,293,319	1,218,373	1,130,483	1,022,962
1,338,391	1,293,319	1,218,373	1,130,483
\$ 20,236,016	\$ 19,568,539	\$ 17,230,613	\$ 16,510,463
6.2%	6.2%	6.6%	6.4%
\$ 13,389,701	\$ 12,153,938	\$ 10,550,746	\$ 10,244,777
151.13%	161.01%	163.31%	161.16%

BARSTOW FIRE PROTECTION DISTRICT
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years(1)

Measurement Date	2025 6/30/2024	2024 6/30/2023	2023 6/30/2022	2022 6/30/2021
Changes in Total OPEB Liability				
Service cost	\$ 125,234	\$ 525,547	\$ 633,234	\$ 573,551
Interest on the total OPEB liability	73,222	168,356	109,198	127,973
Plan experience	-	20,115	-	(705,883)
Changes in assumptions	(57,724)	(2,569,363)	(1,437,109)	208,292
Changes in benefit terms	-	-	-	-
Benefit payments	(82,543)	(64,217)	(45,608)	(33,966)
Net change in total OPEB liability	58,189	(1,919,562)	(740,285)	169,967
Total OPEB liability - beginning	1,693,276	3,612,838	4,353,123	4,183,156
Total OPEB liability - ending (a)	1,751,465	1,693,276	3,612,838	4,353,123
Plan Fiduciary Net Position				
Contribution - employer	82,543	64,217	45,608	33,966
Net investment income	38,009	20,854	(50,191)	80,880
Benefit payments	(82,543)	(64,217)	(45,608)	(33,966)
Administrative expense	(113)	(162)	(95)	(111)
Other expense	-	120	-	-
Net change in plan fiduciary net position	37,896	20,812	(50,286)	80,769
Plan fiduciary net position - beginning	345,370	324,558	374,844	294,075
Plan fiduciary net position - ending (b)	383,266	345,370	324,558	374,844
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 1,368,199	\$ 1,347,906	\$ 3,288,280	\$ 3,978,279
Plan fiduciary net position as a percentage of the total OPEB liability	21.9%	20.4%	9.0%	8.6%
Covered payroll	\$ 4,400,295	\$ 4,272,131	\$ 4,005,521	\$ 3,624,974
Net OPEB liability as a percentage of covered payroll	31.09%	31.55%	82.09%	109.75%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes of Assumptions: The discount rate increased from 4.12% to 4.41% in measurement period 6/30/2024.

	2021	2020	2019	2018
	6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$	544,393	\$ 90,956	\$ 86,320	\$ 90,934
	111,849	29,157	26,317	21,440
	-	124,887	-	-
	72,167	52,128	13,302	(50,934)
	-	2,355,457	-	-
	(19,568)	(14,200)	(12,072)	(12,099)
	708,841	2,638,385	113,867	49,341
	3,474,315	835,930	722,063	672,722
	4,183,156	3,474,315	835,930	722,063
	19,568	14,200	12,072	12,099
	10,045	16,415	19,778	23,752
	(19,568)	(14,200)	(12,072)	(12,099)
	(139)	57	(461)	(121)
	-	-	-	-
	9,906	16,472	19,317	23,631
	284,169	267,697	248,380	224,749
	294,075	284,169	267,697	248,380
\$	3,889,081	\$ 3,190,146	\$ 568,233	\$ 473,683
	7.0%	8.2%	32.0%	34.4%
\$	2,045,831	\$ 2,758,300	\$ 2,611,101	\$ 2,537,528
	190.10%	115.66%	21.76%	18.67%

CITY OF BARSTOW, CALIFORNIA
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years ¹

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered/ Covered- Employee Payroll	Contribution as a % of Covered/ Covered Employee Payroll
<u>CalPERS Cost Sharing Plan</u>					
2025	\$ 2,226,919	\$ 2,226,919	\$ -	\$ 12,030,212	18.51%
2024	1,618,835	1,618,835	-	11,745,774	13.78%
2023	2,349,577	2,349,577	-	14,750,205	15.93%
2022	3,643,916	23,404,058	(19,760,142)	9,880,472	236.87%
2021	3,405,375	3,405,375	-	10,266,253	33.17%
2020	3,124,739	3,124,739	-	9,842,257	31.75%
2019	2,677,140	2,677,140	-	10,816,083	24.75%
2018	2,533,851	2,533,851	-	11,891,452	21.31%
2017	2,388,566	2,388,566	-	10,244,777	23.31%
2016	2,051,026	2,051,026	-	10,085,135	20.34%
<u>San Bernardino County Employees' Retirement Association (SBCERA)</u>					
2025	\$ 1,571,187	\$ 1,571,187	\$ -	\$ 2,780,665	56.50%
2024	1,363,210	1,363,210	-	2,759,103	49.41%
2023	1,321,109	1,321,109	-	2,605,075	50.71%
2022	2,141,231	10,276,108	(8,134,877)	2,550,102	402.97%
2021	2,029,361	2,029,361	-	2,430,284	83.50%
2020	1,760,542	1,760,542	-	2,045,831	86.06%
2019	1,625,725	1,625,725	-	1,890,826	85.98%
2018	1,704,307	1,704,307	-	1,816,148	93.84%
2017	1,258,947	1,258,947	-	1,776,774	70.86%
2016	1,407,336	1,407,336	-	2,518,304	55.88%
<u>Agent Multiple Employer OPEB Plan</u>					
2025	\$ 1,092,785	\$ 1,134,507	\$ (41,722)	\$ 12,371,330	9.17%
2024	1,065,332	893,664	171,668	12,218,251	7.31%
2023	1,003,698	913,325	90,373	11,209,318	8.15%
2022	995,997	901,111	94,886	13,424,691	6.71%
2021	1,213,266	851,272	361,994	12,765,028	6.67%
2020	1,085,891	759,312	326,579	13,389,701	5.67%
2019	1,032,102	741,262	290,840	12,153,938	6.10%
2018	982,138	702,823	279,315	10,550,746	6.66%
<u>Barstow Fire Protection District Agent Multiple Employer OPEB Plan</u>					
2025	\$ 217,472	\$ 103,912	\$ 113,560	\$ 4,650,100	2.23%
2024	208,181	90,199	117,982	4,400,295	2.05%
2023	408,795	64,217	344,578	4,272,131	1.50%
2022	376,137	45,608	330,529	4,005,521	1.14%
2021	366,074	33,966	332,108	3,624,974	0.94%
2020	335,358	19,568	315,790	2,045,831	0.96%
2019	64,738	14,200	50,538	2,758,300	0.51%
2018	62,732	12,072	50,660	2,611,101	0.46%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation of GASB 75. Future years' information will be displayed up to 10 years as information becomes available.

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Asset Seizure Fund is used to account for asset seizure and forfeitures resulting from police investigations and court decisions.

Barstow Harvey House Foundation Fund is used to account for the operations of the Harvey House facility. The City rents portions of the premises to various organizations.

Redevelopment Housing Successor Fund is used to account for housing income to be used to promote low and moderate income programs for residents.

Barstow Community Services Fund is used to account for activities of the Barstow Community Services Foundation Inc.

Local Transportation Fund is used to account for revenue received as allocated excess transit funds after transit needs are met.

Flood Control Fund is used to account for expenditures toward the construction of Kitchen Dean Wash, Laverne Avenue, and Avenue I funded by the San Bernardino County Flood Control District (District).

COVID-19 Grants Fund is used to account for grant expenditures incurred due grants for the Covid-19 pandemic.

Public Safety COPS Program Fund is used to account for the Supplemental Law Enforcement funds used for front line law enforcement services, and for the purchase of equipment to assist law enforcement to prevent and reduce crime.

DEBT SERVICE FUND

Debt Service Fund is used for the payment of principal and interest on the 2021 Lease Revenue Bonds and the 2022 Taxable Pension Obligation Bonds.

CITY OF BARSTOW, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Asset Seizure	Barstow Harvey House Foundation	Redevelopment Housing Successor	Barstow Community Services
ASSETS				
Cash and cash equivalents	\$ 42,934	\$ -	\$ 476,079	\$ 1,811
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Accrued interest	-	-	3,470	14
Prepaid items	-	-	-	-
Total assets	\$ 42,934	\$ -	\$ 479,549	\$ 1,825
LIABILITIES				
Accounts payable	\$ 579	\$ -	\$ -	\$ -
Unearned revenue	19,087	-	-	-
Due to other funds	-	15,583	-	-
Total liabilities	19,666	15,583	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	-	-	-
Restricted				
Public safety	23,268	-	-	-
Public works	-	-	-	-
Community development	-	-	479,549	1,825
Unassigned	-	(15,583)	-	-
Total fund balances (deficits)	23,268	(15,583)	479,549	1,825
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 42,934	\$ -	\$ 479,549	\$ 1,825

CITY OF BARSTOW, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

(Continued)

	Special Revenue Funds			
	Local Transportation	Flood Control	COVID-19 Grants	Public Safety COPS Program
ASSETS				
Cash and cash equivalents	\$ 206,625	\$ 11,262	\$ -	\$ 107,231
Receivables (net of allowance for uncollectible):				
Accounts	-	-	13,972	-
Accrued interest	1,506	82	-	791
Prepaid items	-	-	-	-
Total assets	\$ 208,131	\$ 11,344	\$ 13,972	\$ 108,022
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 6,145	\$ 13,389
Unearned revenue	-	-	-	-
Due to other funds	-	-	14,629	-
Total liabilities	-	-	20,774	13,389
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	13,972	-
Total deferred inflows of resources	-	-	13,972	-
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	-	-	-
Restricted				
Public safety	-	-	-	94,633
Public works	-	11,344	-	-
Community development	208,131	-	-	-
Unassigned	-	-	(20,774)	-
Total fund balances (deficits)	208,131	11,344	(20,774)	94,633
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 208,131	\$ 11,344	\$ 13,972	\$ 108,022

CITY OF BARSTOW, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Debt Service Fund	
	Debt Service	Total Nonmajor Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 845,942
Receivables (net of allowance for uncollectible):		
Accounts	-	13,972
Accrued interest	-	5,863
Prepaid items	576,361	576,361
Total assets	\$ 576,361	\$ 1,442,138
LIABILITIES		
Accounts payable	\$ -	\$ 20,113
Unearned revenue	-	19,087
Due to other funds	573,981	604,193
Total liabilities	573,981	643,393
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	-	13,972
Total deferred inflows of resources	-	13,972
FUND BALANCES (DEFICITS)		
Nonspendable		
Prepaid items	576,361	576,361
Restricted		
Public safety	-	117,901
Public works	-	11,344
Community development	-	689,505
Unassigned	(573,981)	(610,338)
Total fund balances (deficits)	2,380	784,773
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 576,361	\$ 1,442,138

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Formerly Nonmajor Gas Tax	Asset Seizure	Barstow Harvey House Foundation	Redevelopment Housing Successor
REVENUES				
Intergovernmental	\$ -	\$ 5,753	\$ -	\$ -
Use of money and property	-	1,192	-	15,904
Total revenues	-	6,945	-	15,904
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	20
Parks and recreation	-	-	25	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	25	20
Excess (deficiency) of revenues over (under) expenditures	-	6,945	(25)	15,884
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	6,945	(25)	15,884
Fund balances-beginning	3,829,419	16,323	(15,558)	463,665
Restatement-changes to or within the reporting entity	(3,829,419)	-	-	-
Fund balances (deficit)-beginning, as restated	-	16,323	(15,558)	463,665
Fund balances (deficit)-ending	\$ -	\$ 23,268	\$ (15,583)	\$ 479,549

CITY OF BARSTOW, CALIFORNIA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

(Continued)

	Special Revenue Funds			
	Barstow Community Services	Local Transportation	Flood Control	COVID-19 Grants
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	63	6,903	376	-
Total revenues	63	6,903	376	-
EXPENDITURES				
Current:				
General government	-	-	-	13,971
Public safety	-	-	-	-
Community development	25	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	25	-	-	13,971
Excess (deficiency) of revenues over (under) expenditures	38	6,903	376	(13,971)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	38	6,903	376	(13,971)
Fund balances-beginning	1,787	201,228	10,968	(6,803)
Restatement-changes to or within the reporting entity	-	-	-	-
Fund balances (deficit)-beginning, as restated	1,787	201,228	10,968	(6,803)
Fund balances (deficit)-ending	\$ 1,825	\$ 208,131	\$ 11,344	\$ (20,774)

CITY OF BARSTOW, CALIFORNIA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	Capital Project Fund Formerly Nonmajor City Capital Projects	Debt Service Fund Debt Service	Total Nonmajor Funds
REVENUES				
Intergovernmental	\$ 194,820	\$ -	\$ -	\$ 200,573
Use of money and property	3,673	-	-	28,111
Total revenues	198,493	-	-	228,684
EXPENDITURES				
Current:				
General government	-	-	-	13,971
Public safety	50,500	-	-	50,500
Community development	-	-	-	45
Parks and recreation	-	-	-	25
Capital outlay	28,615	-	-	28,615
Debt service:				
Principal	-	-	1,657,086	1,657,086
Interest and fiscal charges	-	-	1,006,088	1,006,088
Total expenditures	79,115	-	2,663,174	2,756,330
Excess (deficiency) of revenues over (under) expenditures	119,378	-	(2,663,174)	(2,527,646)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,663,174	2,663,174
Transfers out	(80,000)	-	-	(80,000)
Total other financing sources (uses)	(80,000)	-	2,663,174	2,583,174
Net change in fund balances	39,378	-	-	55,528
Fund balances-beginning	55,255	966,601	2,380	5,525,265
Restatement-changes to or within the reporting entity	-	(966,601)	-	(4,796,020)
Fund balances (deficit)-beginning, as restated	55,255	-	2,380	729,245
Fund balances (deficit)-ending	\$ 94,633	\$ -	\$ 2,380	\$ 784,773

CITY OF BARSTOW, CALIFORNIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Asset Seizure

For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 5,753	\$ 5,753
Use of money and property	-	-	1,192	1,192
Total revenues	-	-	6,945	6,945
EXPENDITURES				
Current:				
Public safety	16,100	16,100	-	16,100
Total expenditures	16,100	16,100	-	16,100
Net change in fund balances	\$ (16,100)	\$ (16,100)	6,945	\$ 23,045
Fund balances (deficit)-beginning			16,323	
Fund balances (deficit)-ending			\$ 23,268	

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Barstow Harvey House Foundation
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES				
Current:				
Parks and recreation	\$ 325	\$ 325	\$ 25	\$ 300
Total expenditures	<u>325</u>	<u>325</u>	<u>25</u>	<u>300</u>
Net change in fund balances	<u>\$ (325)</u>	<u>\$ (325)</u>	<u>(25)</u>	<u>\$ 300</u>
Fund balances (deficit)-beginning			<u>(15,558)</u>	
Fund balances (deficit)-ending			<u>\$ (15,583)</u>	

CITY OF BARSTOW, CALIFORNIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Public Safety COPS Program

For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 100,000	\$ 195,000	\$ 194,820	\$ (180)
Use of money and property	-	-	3,673	3,673
Total revenues	100,000	195,000	198,493	3,493
EXPENDITURES				
Current:				
Public safety	47,500	69,600	50,500	19,100
Capital outlay	10,000	42,798	28,615	14,183
Total expenditures	57,500	112,398	79,115	33,283
Excess (deficiency) of revenues over (under) expenditures	42,500	82,602	119,378	36,776
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,000)	(50,000)	(80,000)	(30,000)
Total other financing sources (uses)	(80,000)	(50,000)	(80,000)	(30,000)
Net change in fund balances	\$ (37,500)	\$ 32,602	39,378	\$ 6,776
Fund balances (deficit)-beginning			55,255	
Fund balances (deficit)-ending			\$ 94,633	

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
City Capital Projects
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 14,375	\$ 23,134	\$ 8,759
Use of money and property	-	-	30,596	30,596
Total revenues	<u>-</u>	<u>14,375</u>	<u>53,730</u>	<u>39,355</u>
EXPENDITURES				
Current:				
Public works	-	175,000	172,615	2,385
Capital outlay	638,919	18,397,304	52,047,152	(33,649,848)
Total expenditures	<u>638,919</u>	<u>18,572,304</u>	<u>52,219,767</u>	<u>(33,647,463)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(638,919)</u>	<u>(18,557,929)</u>	<u>(52,166,037)</u>	<u>(33,608,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	(638,919)	18,369,972	4,369,231	(14,000,741)
Transfers out	-	283,473	-	(283,473)
Capital contributions	-	-	47,748,316	47,748,316
Total other financing sources (uses)	<u>(638,919)</u>	<u>18,653,445</u>	<u>52,117,547</u>	<u>33,464,102</u>
Net change in fund balances	<u>\$ (1,277,838)</u>	<u>\$ 95,516</u>	<u>(48,490)</u>	<u>\$ (144,006)</u>
Fund balances (deficit)-beginning			966,601	
Fund balances (deficit)-ending			<u>\$ 918,111</u>	

CITY OF BARSTOW, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Debt Service
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Debt service:				
Principal	\$ -	\$ 1,670,856	\$ 1,657,086	\$ 13,770
Interest and fiscal charges	-	993,656	1,006,088	(12,432)
Total expenditures	-	2,664,512	2,663,174	1,338
Excess (deficiency) of revenues over (under) expenditures	-	(2,664,512)	(2,663,174)	1,338
OTHER FINANCING SOURCES (USES)				
Transfers in	2,664,512	2,664,512	2,663,174	(1,338)
Total other financing sources (uses)	2,664,512	2,664,512	2,663,174	(1,338)
Net change in fund balances	\$ 2,664,512	\$ -	-	\$ -
Fund balances (deficit)-beginning			2,380	
Fund balances (deficit)-ending			\$ 2,380	

THIS PAGE INTENTIONALLY LEFT BLANK

CUSTODIAL FUNDS

Public Improvement District 91-1 accounts for the receipt of assessments relating to Public Improvement District 91-1 and the disposition of the assessments under the terms of the agreement.

Landscape Assessment District accounts for the receipt of assessment relating to the Landscape District and the disposition of the assessments under the terms of the agreements.

CITY OF BARSTOW, CALIFORNIA
Combining Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2025

	Successor Agency of the Former RDA	Total Private Purpose Trust Funds
ASSETS		
Cash and investments	\$ 47,855	\$ 47,855
Receivables:		
Accounts	45,461	45,461
Property Held for Resale	2,224,905	2,224,905
Total assets	2,318,221	2,318,221
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	2,318,221	2,318,221
Total net position	\$ 2,318,221	\$ 2,318,221

CITY OF BARSTOW, CALIFORNIA
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Year Ended June 30, 2025

	Successor Agency of the Former RDA	Total Private Purpose Trust Funds
ADDITIONS		
Investment earnings:		
Investment Earnings	\$ 125	\$ 125
Total investment earnings	125	125
Intergovernmental Revenues	3,057	3,057
Total additions	3,182	3,182
Net increase (decrease) in fiduciary net position	3,182	3,182
Net position-beginning	2,315,039	2,315,039
Net position-ending	\$ 2,318,221	\$ 2,318,221

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

This part of the City of Barstow's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City.

Index	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	137
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenues sources, property tax and sales tax.	142
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability issues additional debt in the future.	151
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	156
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	159

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BARSTOW, CALIFORNIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net investment in										
capital assets	\$ 80,392,246	\$ 81,895,762	\$ 82,945,793	\$ 83,892,867	\$ 83,177,722	\$ 83,193,605	\$ 85,392,038	\$ 84,182,513	\$ 59,172,179	\$ 132,607,944
Restricted	1,912,180	2,122,953	2,815,993	4,321,280	4,856,154	2,060,032	2,652,011	4,485,010	6,077,215	8,280,437
Unrestricted	(4,892,883)	(15,011,733)	(36,244,461)	(40,010,751)	(48,226,357)	(47,612,389)	(49,033,863)	(44,227,542)	(20,900,425)	(46,797,710)
Total Governmental Activities Net Position	<u>\$ 77,411,543</u>	<u>\$ 69,006,982</u>	<u>\$ 49,517,325</u>	<u>\$ 48,203,396</u>	<u>\$ 39,807,519</u>	<u>\$ 37,641,248</u>	<u>\$ 39,010,186</u>	<u>\$ 44,439,981</u>	<u>\$ 44,348,969</u>	<u>\$ 94,090,671</u>
Business-type Activities:										
Net investment in										
capital assets	\$ 22,332,269	\$ 22,376,249	\$ 22,036,073	\$ 22,493,982	\$ 22,443,932	\$ 21,922,426	\$ 22,527,948	\$ 23,997,654	\$ 23,820,713	\$ 22,786,748
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(12,179,023)	(10,757,834)	(9,598,849)	(8,538,249)	(7,598,760)	(5,702,487)	(2,791,649)	(4,068,738)	(2,239,559)	(537,309)
Total Business-type Activities Net Position	<u>\$ 10,153,246</u>	<u>\$ 11,618,415</u>	<u>\$ 12,437,224</u>	<u>\$ 13,955,733</u>	<u>\$ 14,845,172</u>	<u>\$ 16,219,939</u>	<u>\$ 19,736,299</u>	<u>\$ 19,928,916</u>	<u>\$ 21,581,154</u>	<u>\$ 22,249,439</u>
Primary Government:										
Net investment in										
capital assets	\$ 102,724,515	\$ 104,272,011	\$ 104,981,866	\$ 106,386,849	\$ 105,621,654	\$ 105,116,031	\$ 107,919,986	\$ 108,180,167	\$ 82,992,892	\$ 155,394,692
Restricted	1,912,180	2,122,953	2,815,993	4,321,280	4,856,154	2,060,032	2,652,011	4,485,010	6,077,215	8,280,437
Unrestricted	(17,071,906)	(25,769,567)	(45,843,310)	(48,549,000)	(55,825,117)	(53,314,876)	(51,825,512)	(48,296,280)	(23,139,984)	(47,335,019)
Total Primary Government Net Position	<u>\$ 87,564,789</u>	<u>\$ 80,625,397</u>	<u>\$ 61,954,549</u>	<u>\$ 62,159,129</u>	<u>\$ 54,652,691</u>	<u>\$ 53,861,187</u>	<u>\$ 58,746,485</u>	<u>\$ 64,368,897</u>	<u>\$ 65,930,123</u>	<u>\$ 116,340,110</u>

CITY OF BARSTOW, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
General government	\$ 3,453,207	\$ 4,243,537	\$ 3,407,933	\$ 3,195,349	\$ 4,539,158	\$ 7,178,050	\$ 11,261,122	\$ 9,714,186	\$ 8,022,866	\$ 8,681,014
Public safety	14,618,441	16,507,044	16,367,119	18,968,397	23,887,685	22,274,486	20,727,916	20,200,731	25,168,097	23,176,662
Community development	2,567,843	3,328,046	2,868,473	2,522,157	2,959,442	1,835,249	2,114,693	3,692,053	3,704,614	3,741,681
Recreation	2,840,457	3,221,250	3,097,501	2,573,335	2,548,681	1,413,896	1,892,705	1,767,910	1,948,867	1,887,507
Public works	7,863,741	7,603,005	6,911,603	6,937,058	7,842,090	9,115,346	8,246,181	10,133,006	7,651,476	9,437,760
Interest on long-term debt	188,887	143,333	100,036	55,104	85	51,162	1,178,331	2,002,106	2,406,835	1,090,188
Total Governmental Activities Expenses	31,532,576	35,046,215	32,752,665	34,251,400	41,777,141	41,868,189	45,420,948	47,509,992	48,902,755	48,014,812
Business-type Activities:										
Wastewater	5,183,363	3,991,004	4,077,582	3,928,331	5,093,118	4,626,634	2,572,697	3,299,653	3,687,095	4,494,077
Solid Waste	4,588,155	2,376,686	2,526,901	2,216,662	1,575,575	3,901,112	5,088,339	5,882,295	6,477,475	6,707,221
Transit Services	127,671	-	-	-	-	-	-	-	-	-
Other Enterprise Funds	391,844	-	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	10,291,033	6,367,690	6,604,483	6,144,993	6,668,693	8,527,746	7,661,036	9,181,948	10,164,570	11,201,298
Total Primary Government Expenses	41,823,609	41,413,905	39,357,148	40,396,393	48,445,834	50,395,935	53,081,984	56,691,940	59,067,325	59,216,110
Program revenues:										
Governmental activities:										
Charges for services	1,569,444	1,702,142	1,488,493	2,318,518	1,327,757	1,236,136	1,830,004	2,593,480	3,837,370	4,050,581
Operating grants and contributions	1,045,110	638,283	847,091	1,002,010	859,437	757,387	305,735	1,152,051	634,025	48,891,466
Capital grants and contributions	5,488,502	4,365,660	6,145,461	5,670,702	3,526,055	4,994,774	9,450,259	9,095,030	5,288,068	6,556,381
Total governmental activities										
program revenues	8,103,056	6,706,085	8,481,045	8,991,230	5,713,249	6,988,297	11,585,998	12,840,561	9,759,463	59,498,428
Business-type activities:										
Charges for services:										
Wastewater	5,514,969	5,382,396	5,395,851	5,691,682	5,541,935	5,564,001	5,204,267	5,500,174	5,640,331	5,590,679
Solid Waste	4,121,294	1,926,405	2,027,441	1,971,820	1,988,453	4,208,547	5,733,905	6,301,088	7,492,134	7,498,311
Transit Services	129,803	-	-	-	-	-	-	-	-	-
Other business-type activities	58,451	-	-	-	-	-	-	-	-	-
Operating grants and contributions	219,038	524,058	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities										
program revenues	10,043,555	7,832,859	7,423,292	7,663,502	7,530,388	9,772,548	10,938,172	11,801,262	13,132,465	13,088,990
Total primary government										
program revenues	18,146,611	14,538,944	15,904,337	16,654,732	13,243,637	16,760,845	22,524,170	24,641,823	22,891,928	72,587,418

CITY OF BARSTOW, CALIFORNIA
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net revenues (expenses):										
Governmental activities	\$ (23,429,520)	\$ (28,340,130)	\$ (25,103,932)	\$ (25,260,170)	\$ (36,063,892)	\$ (34,879,892)	\$ (33,834,950)	\$ (34,669,431)	\$ (39,143,292)	\$ 11,483,616
Business-type activities	(247,478)	1,465,169	818,809	1,518,509	861,695	1,244,802	3,277,136	2,619,314	2,967,895	1,887,692
Total net revenues (expenses)	(23,676,998)	(26,874,961)	(24,285,123)	(23,741,661)	(35,202,197)	(33,635,090)	(30,557,814)	(32,050,117)	(36,175,397)	13,371,308
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	7,441,119	7,970,015	9,108,160	8,774,293	9,252,006	9,796,572	10,448,051	11,492,487	12,613,212	13,135,370
Transient occupancy taxes	2,857,509	3,056,078	3,147,207	3,320,952	2,855,796	3,436,464	4,318,551	4,591,458	3,962,337	3,421,797
Sales taxes	7,670,993	7,166,274	7,239,830	9,690,333	13,527,079	16,387,048	18,622,825	18,807,640	18,219,191	17,394,413
Franchise taxes	N/A	N/A	N/A	1,023,994	1,077,373	1,175,996	1,212,053	1,329,910	1,421,689	1,478,105
Business License taxes	N/A	N/A	N/A	233,526	220,930	222,605	228,316	228,630	266,660	256,716
Other taxes	1,265,262	1,264,374	1,308,951	59,958	64,808	55,188	144,161	87,730	68,629	62,794
Use of money and property	482,812	278,153	202,328	242,147	318,440	1,048,338	117,614	374,912	1,050,239	1,005,585
Other general revenues	199,570	200,675	269,350	601,038	352,124	721,375	370,710	641,520	467,422	409,386
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers	1,537,968	-	-	-	-	-	(258,393)	2,544,939	1,440,393	1,399,287
Total Governmental Activities	21,455,233	19,935,569	21,275,826	23,946,241	27,668,555	32,843,585	35,203,887	40,099,226	39,509,772	38,563,453
Business-type activities:										
Use of money and property	-	-	-	-	-	-	(3,498)	28,614	86,329	141,775
Other revenue	-	-	-	-	27,744	129,965	39,202	63,818	38,407	57,095
Gain (loss) on sale of assets	-	-	-	-	-	-	(54,873)	-	-	-
Transfers	(2,781,366)	-	-	-	-	-	258,393	(2,519,129)	(1,440,393)	(1,399,287)
Total Business-type Activities	(2,781,366)	-	-	-	27,744	129,965	239,224	(2,426,697)	(1,315,657)	(1,200,417)
Total Primary Government	18,673,867	19,935,569	21,275,826	23,946,241	27,696,299	32,973,551	35,443,112	37,672,529	38,194,115	37,363,036
Changes in Net Position:										
Governmental activities	(1,974,287)	(8,404,561)	(3,828,106)	(1,313,929)	(8,395,337)	(2,166,271)	1,368,937	5,429,795	366,480	50,047,069
Business-type activities	(3,028,844)	1,465,169	818,809	1,518,509	889,439	1,374,767	3,516,360	192,617	1,652,238	687,275
Total Primary Government	\$ (5,003,131)	\$ (6,939,392)	\$ (3,009,297)	\$ 204,580	\$ (7,505,898)	\$ (791,504)	\$ 4,885,297	\$ 5,622,412	\$ 2,018,718	\$ 50,734,344

CITY OF BARSTOW, CALIFORNIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 8,680,778	\$ 7,619,282	\$ 5,183,492	\$ 8,111,586	\$ 9,955,211	\$ 8,002,559	\$ 6,651,670	\$ 6,224,280	\$ 5,754,146	\$ 6,482,453
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	655,796
Assigned	-	-	-	-	4,406,560	4,438,404	4,438,404	5,467,623	655,796	7,901,126
Unassigned	12,063,100	9,222,550	9,163,739	5,843,014	(479,717)	5,218,191	12,237,711	17,285,358	17,086,923	9,910,148
Total General Fund	\$ 20,743,878	\$ 16,841,832	\$ 14,347,231	\$ 13,954,600	\$ 13,882,054	\$ 17,659,154	\$ 23,327,785	\$ 28,977,261	\$ 23,496,865	\$ 24,949,523
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569,480	\$ 576,361
Restricted	1,941,169	2,122,945	2,232,689	4,376,375	4,856,154	2,060,032	2,652,011	4,485,010	6,045,739	8,280,437
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Special revenue funds	(3,645,638)	(4,363,879)	(5,509,987)	(8,192,534)	(8,168,382)	(6,784,541)	(10,311,199)	(8,679,945)	(4,777,238)	(4,060,396)
Debt Service	-	-	-	-	-	-	-	-	(567,100)	(573,981)
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ (1,704,469)	\$ (2,240,934)	\$ (3,277,298)	\$ (3,816,159)	\$ (3,312,228)	\$ (4,724,509)	\$ (7,659,188)	\$ (4,194,935)	\$ 1,270,881	\$ 4,222,421

Source: Barstow Finance
Department

CITY OF BARSTOW, CALIFORNIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Taxes	\$ 19,035,503	\$ 19,265,710	\$ 20,748,728	\$ 22,592,237	\$ 26,994,270	\$ 31,071,466	\$ 34,961,386	\$ 36,527,075	\$ 36,567,110	\$ 35,764,587
Licenses and permits	509,323	574,297	561,068	490,306	442,883	536,798	430,332	524,674	405,516	429,226
Fines and forfeitures	140,692	216,117	78,862	114,564	132,885	89,923	163,033	145,651	119,996	210,360
From other agencies	6,713,437	5,161,172	7,365,874	6,051,941	5,818,278	5,535,566	5,625,545	10,174,029	8,771,007	6,502,972
Charges for services	808,528	712,690	655,742	1,053,338	444,041	328,465	1,003,759	1,599,549	3,030,882	3,133,061
Use of Money and Property	579,736	430,896	350,328	924,400	354,439	1,084,648	154,154	412,548	1,089,004	1,045,513
Other	80,491	68,327	136,635	472,340	352,124	592,683	370,710	641,520	467,422	430,331
Total Revenues	<u>27,867,710</u>	<u>26,429,209</u>	<u>29,897,237</u>	<u>31,699,126</u>	<u>34,538,920</u>	<u>39,239,549</u>	<u>42,708,919</u>	<u>50,025,046</u>	<u>50,450,937</u>	<u>47,516,050</u>
Expenditures										
Current:										
General government	3,350,641	3,633,918	3,197,895	3,964,134	3,271,395	5,750,679	16,070,310	5,448,047	7,051,135	8,590,156
Public safety	14,032,923	14,419,752	15,862,429	17,253,463	18,655,220	18,784,049	35,711,833	20,875,565	21,335,251	21,639,148
Public works	3,274,837	3,418,593	3,321,773	3,162,077	3,854,666	5,042,790	5,467,331	6,972,863	4,951,821	4,697,253
Recreation	2,541,381	2,575,293	2,628,551	2,429,324	2,188,673	1,007,100	1,487,939	1,513,155	1,545,601	1,677,610
Community development	2,573,815	2,839,218	2,609,936	2,555,676	2,626,193	1,605,860	1,981,876	2,974,300	3,264,066	3,576,869
Debt service:										
Principal retirement	1,145,000	1,190,000	1,249,026	1,290,000	1,826,578	2,114,295	155,368	1,746,160	1,603,714	2,247,440
Interest and fiscal charges	311,543	262,775	212,818	167,854	112,835	163,912	877,959	2,114,458	2,487,459	1,058,185
Capital Outlay	6,929,898	2,652,301	4,176,662	3,372,692	1,890,389	2,532,983	6,843,748	2,581,897	4,074,416	55,096,305
Total Expenditures	<u>34,160,038</u>	<u>30,991,850</u>	<u>33,259,090</u>	<u>34,195,220</u>	<u>34,425,949</u>	<u>37,001,668</u>	<u>68,596,364</u>	<u>44,226,445</u>	<u>46,313,463</u>	<u>98,582,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,292,328)</u>	<u>(4,562,641)</u>	<u>(3,361,853)</u>	<u>(2,496,094)</u>	<u>112,971</u>	<u>2,237,881</u>	<u>(25,887,445)</u>	<u>5,798,601</u>	<u>4,137,474</u>	<u>(51,066,916)</u>
Other financing sources (uses):										
Transfers in	7,939,085	3,486,269	4,950,785	4,645,038	4,667,368	8,189,791	38,734,738	16,388,185	12,921,576	13,762,618
Transfers out	(9,288,600)	(3,486,269)	(4,950,785)	(4,645,038)	(4,667,368)	(8,189,791)	(38,993,131)	(13,843,246)	(11,481,183)	(12,363,331)
Capital contributions	-	-	-	-	-	-	-	-	-	47,748,316
Proceeds from sale of assets	24,332	-	32,306	720,188	318,414	126,938	-	5,000	-	-
Capital leases	-	124,130	642,996	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	28,415,878	-	-	-
Proceeds from leases	-	-	-	-	-	-	463,912	627,672	667,355	201,226
Proceeds from subscription based IT agmts	-	-	-	-	-	-	-	137,517	-	-
Transfer of residual equity due to termination	280,669	-	-	-	-	-	-	-	-	-
Total Other Financing	<u>(1,044,514)</u>	<u>124,130</u>	<u>675,302</u>	<u>720,188</u>	<u>318,414</u>	<u>126,938</u>	<u>28,621,397</u>	<u>3,315,128</u>	<u>2,107,748</u>	<u>49,348,829</u>
Sources (Uses)	<u>(1,044,514)</u>	<u>124,130</u>	<u>675,302</u>	<u>720,188</u>	<u>318,414</u>	<u>126,938</u>	<u>28,621,397</u>	<u>3,315,128</u>	<u>2,107,748</u>	<u>49,348,829</u>
Net Change in Fund Balances	<u>\$ (7,336,842)</u>	<u>\$ (4,438,511)</u>	<u>\$ (2,686,551)</u>	<u>\$ (1,775,906)</u>	<u>\$ 431,385</u>	<u>\$ 2,364,819</u>	<u>\$ 2,733,952</u>	<u>\$ 9,113,729</u>	<u>\$ 6,245,222</u>	<u>\$ (1,718,087)</u>
Debt service as a percentage of noncapital expenditures	5.3%	5.1%	5.0%	4.7%	6.0%	6.6%	1.7%	9.3%	9.7%	7.6%

CITY OF BARSTOW, CALIFORNIA
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City of Barstow				
	Secured	Unsecured	SBE Nonunitary	City Net Value	% Change
2016	\$1,075,574,231	100,176,764	1,091,097	1,176,842,092	1.83%
2017	1,179,227,750	92,848,517	1,090,047	1,273,166,314	8.18%
2018	1,199,023,057	87,038,753	1,174,083	1,287,235,893	1.11%
2019	1,277,320,622	97,633,037	1,100,258	1,376,053,917	6.90%
2020	1,364,148,974	96,231,522	1,041,131	1,461,421,627	6.20%
2021	1,406,623,300	99,619,193	986,567	1,507,229,060	3.13%
2022	1,519,793,070	97,859,589	891,005	1,618,543,664	7.39%
2023	1,621,768,649	102,344,988	625,283	1,724,738,920	6.56%
2024	1,764,443,000	118,744,392	561,317	1,883,748,709	9.22%
2025	1,849,515,519	127,747,563	476,168	1,977,739,250	4.99%

Source: HdL Coren & Cone/San Bernardino Co Assessor 2015/16-2024/25 Combined Tax Rolls

*Exempt values are not included in Total Assessed Value.

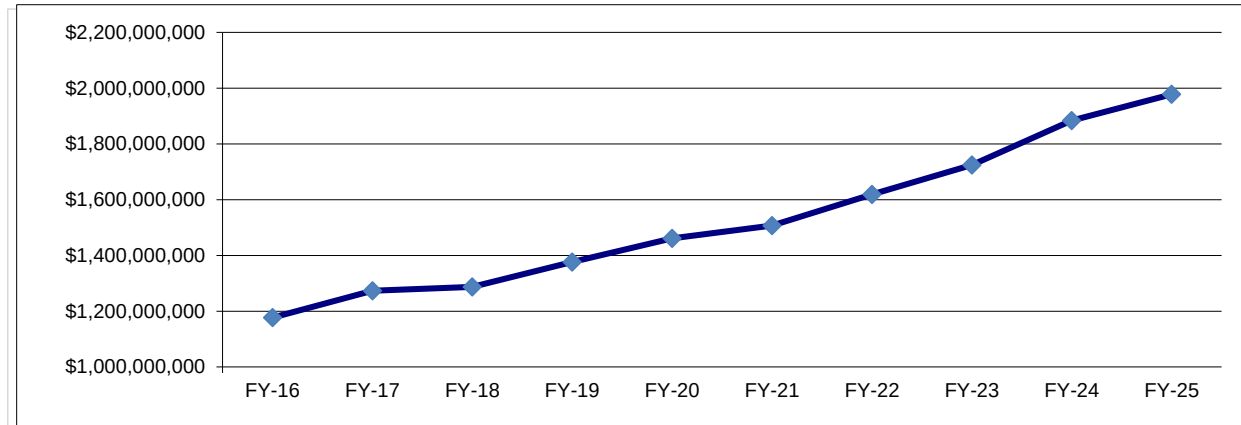
CITY OF BARSTOW, CALIFORNIA
Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	SBE Non Unitary	Unsecured	Other	Total Taxable Assessed Value (a)	Total Direct Tax Rate
2015-16	541,740,544	352,020,034	28,283,445	100,095,186	1,091,097	100,176,764	53,435,022	1,176,842,092	0.150%
2016-17	558,991,827	436,522,540	28,978,583	100,797,408	1,090,047	92,848,517	53,937,392	1,273,166,314	0.150%
2017-18	572,637,923	442,244,817	29,637,912	101,055,206	1,174,083	87,038,753	53,447,196	1,287,235,890	0.150%
2018-19	601,437,825	489,871,146	29,041,847	103,502,172	1,100,258	97,633,037	53,467,632	1,376,053,917	0.150%
2019-20	651,254,179	512,323,358	30,132,457	115,105,159	1,041,131	96,231,522	55,333,821	1,461,421,627	0.180%
2020-21	675,586,704	541,992,444	28,785,991	104,526,446	986,567	99,619,193	55,731,715	1,507,229,060	0.179%
2021-22	708,405,523	562,837,351	34,196,759	101,079,158	891,005	97,859,589	113,274,279	1,618,543,664	0.179%
2022-23	777,247,468	594,512,150	31,769,133	104,409,274	625,283	102,344,988	113,830,624	1,724,738,920	0.178%
2023-24	850,354,151	643,533,560	33,065,143	114,400,312	561,317	118,744,392	123,089,834	1,883,748,709	0.176%
2024-25	912,255,415	652,702,186	32,839,038	119,781,477	476,168	127,747,563	131,937,403	1,977,739,250	0.174%

Source: HdL Coren & Cone/San Bernardino Co Assessor 2015/16-2024/25 Combined Tax Rolls

Notes:

(a) Exempt values are not included in Total Assessed Value.



CITY OF BARSTOW, CALIFORNIA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Direct & Overlapping (2) Tax Rates										
Basic Levy (1)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0329	0.0394	0.0308	0.1245	0.0451	0.0844	0.0705	0.0816	0.0634	0.0654
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	<u>\$ 1.20040</u>	<u>\$ 1.20690</u>	<u>\$ 1.19830</u>	<u>\$ 1.29200</u>	<u>\$ 1.21260</u>	<u>\$ 1.25190</u>	<u>\$ 1.23800</u>	<u>\$ 1.24910</u>	<u>\$ 1.23090</u>	<u>\$ 1.23290</u>
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974
General Obligation Debt Rate										
Redevelopment Rate (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Direct Rate (5)	0.15012	0.15012	0.15015	0.15016 0	0.18054	0.17982	0.17928	0.17797	0.17572	0.17416

Source: San Bernardino County Assessor/Hdl, Coren & Cone

NOTE:

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

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

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

(4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total Direct Rate is the weighted average of all individual direct rates applied to the City. Beginning in 2013/2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

CITY OF BARSTOW, CALIFORNIA

Largest 2024-25 Local Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2024-25 Assessed Valuation</u>	<u>% of Total (1)</u>
1	FRO2MO Barstow LLC	Shopping Center	\$106,000,000	5.73%
2	Golden State Water Company	Utility Company	69,105,178	3.74%
3	Hospital of Barstow Inc.	Hospital	46,896,676	2.53%
4	Walmart Inc.	Commercial Store	29,823,729	1.61%
5	Spruce Enterprises LLC	Hotelier	23,369,443	1.26%
6	Jagan Nath Investments Inc.	Hotelier	16,375,310	0.89%
7	Steven C Curran	Medical Center	16,037,184	0.87%
8	Global Resorts Inc.	Hotelier	14,634,868	0.79%
9	TVL Properties LLC	Supermarket	14,424,366	0.78%
10	Desert Heights LLC	Apartments	14,294,208	0.77%
			<u>\$350,960,962</u>	<u>18.97%</u>

(1) 2024-25 Local Secured Assessed Valuation: \$1,849,991,687

Source: San Bernardino County Assessor/Hdl, Coren & Cone

CITY OF BARSTOW, CALIFORNIA
Principal Property Tax Payers
Current Year and Nine Years Ago

Owner**	2025		2016	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Desert Heights LLC	14,294,208	0.00%	-	0.00%
Fred and Robin Rosenberg Family Limited	-	0.00%	12,191,666	1.13%
FRO2MO Barstow LLC	\$106,000,000	5.73%	\$ 25,529,174	0.00%
Global Resorts Inc.	14,634,868	0.00%	-	0.00%
Golden State Water Company	69,105,178	3.74%	-	0.00%
Home Depot USA Inc.	-	0.00%	9,174,593	0.85%
Hospital of Barstow Inc.	46,896,676	2.53%	39,800,794	3.70%
Hospitality Express II LLC	-	0.00%	9,450,000	0.88%
Jagan Nath Investments Inc.	16,375,310	0.89%	-	0.00%
Lee Family Irrevocable Trust	-	0.00%	10,759,769	1.00%
Pilot Travel Center LLC	-	0.00%	8,928,326	0.83%
Spruce Enterprises LLC	23,369,443	1.26%	-	0.00%
Steven C Curran	16,037,184	0.87%	-	0.00%
T T Group Inc	-	0.00%	8,843,403	0.82%
TVL Properties LLC	14,424,366	0.78%	12,241,834	1.14%
Walmart Inc.	29,823,729	1.61%	-	0.00%
Walmart Real Estate Business Trust	-	0.00%	10,515,127	0.98%
TOTAL OF TOP TEN:	\$ 350,960,962	17.41%	\$ 147,434,686	11.32%
CITY TOTAL	\$ 1,849,991,687		\$ 1,076,665,328	

**Listed alphabetically

Source: Hdl Coren & Cone-San Bernardino County Assessor

CITY OF BARSTOW, CALIFORNIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2016	4,730,324	4,634,977	98%	75,016	4,709,993	100%
2017	4,806,433	4,729,390	98%	77,662	4,807,052	100%
2018	4,812,206	4,753,763	99%	68,142	4,821,905	100%
2019	4,980,727	4,901,322	98%	64,702	4,966,024	100%
2020	5,241,332	5,145,125	98%	76,708	5,221,833	100%
2021	5,365,780	5,355,407	100%	59,417	5,414,824	101%
2022	5,528,046	5,491,897	99%	61,667	5,553,564	100%
2023	5,880,691	5,717,331	97%	50,923	5,768,254	98%
2024	6,234,286	6,143,405	99%	-	6,143,405	99%
2025	6,479,417	6,443,355	99%	55,747	6,499,101	100%

Source: San Bernardino Auditor-Controller Recorder
Includes Barstow Park & Recreation and Barstow Fire Protection District

CITY OF BARSTOW, CALIFORNIA
Top 25 Sales Tax Producers (Alphabetically)
For the Calendar Year 2024

<u>Business Name</u>	<u>Business Category</u>
Arco AM PM	Service Stations
Calvin Klein	Service Stations
Chevron	Service Stations
Circle K	Service Stations
Coach	Women's Apparel
Del Taco	Quick-Service Restaurants
Del Taco	Quick-Service Restaurants
Food 4 Less	Grocery Stores
Home Depot	Building Materials
In N Out Burger	Quick-Service Restaurants
Lenwood ARCO	Service Stations
Loves Travel Stop	Service Stations
Marshalls	Family Apparel
McDonald's	Quick-Service Restaurants
Mobil	Service Stations
Mojave Toyota Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Nike	Shoe Stores
Pilot Travel Center	Service Stations
Ralph Lauren	Service Stations
Shell	Grocery Stores
Stater Bros	Cannabis Related
Stiizy Barstow	Service Stations
Terrible Herbst	Service Stations
Travelcenters of America 76	Heavy Industrial
Walmart	Discount Dept Stores

Percent of calendar Year Total Paid by Top 25 Accounts = 65.03%

Period: January 2024 Through December 2024

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

CITY OF BARSTOW, CALIFORNIA
Top 25 Sales Tax Producers (Alphabetically)
For the Calendar Year 2015

<u>Business Name</u>	<u>Business Category</u>
76	Service Stations
Arco AM PM	Service Stations
Bally	Shoe Stores
Barstow Shell	Service Stations
Calvin Klein	Family Apparel
Chevron	Service Stations
Circle K	Service Stations
Coach	Women's Apparel
Del Taco	Quick-Service Restaurants
Food 4 Less	Grocery Stores
Home Depot	Building Materials
In N Out Burgers	Quick-Service Restaurants
Loves Travel Stop	Service Stations
McDonalds	Quick-Service Restaurants
Michael Kors	Family Apparel
Mojave Ford/Nissan of Barstow	New Motor Vehicle Dealers
Mojave Toyota Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Nike	Shoe Stores
Pilot Travel Center	Service Stations
Ralph Lauren	Family Apparel
Shell	Service Stations
Travelcenters of America	Service Stations
USA Gasoline	Service Stations
Valero	Service Stations
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 68.38%
Period: January 2015 thru December 2015

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

CITY OF BARSTOW, CALIFORNIA
Taxable Sales by Category
Last Ten Calendar Years (in thousands of dollars)
Adjusted for Economic Data

	Calendar Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Apparel Stores	\$ 133,877	\$ 134,627	\$ 129,340	\$ 123,931	\$ 111,311	\$ 60,901	\$ 73,908	\$ 74,729	\$ 79,888	\$ 84,911
Food Stores	25,860	25,047	25,129	27,425	26,153	23,429	24,092	26,312	23,248	23,424
Eating & Drinking Places	81,755	86,384	88,812	89,942	93,163	81,780	108,898	111,769	117,188	123,298
Auto Dealers & Supplies	36,424	41,087	38,581	35,874	35,883	36,791	44,687	43,722	36,566	31,551
Service Stations	263,739	250,314	251,927	263,568	261,508	203,957	286,434	348,693	318,325	275,880
Other Retail Stores	96,255	95,490	102,683	108,458	107,898	127,840	145,282	134,160	136,517	134,194
All Other Outlets	82,239	84,449	89,384	93,796	100,645	117,257	130,693	141,149	140,925	123,554
Total	\$ 720,149	\$ 717,398	\$ 725,856	\$ 742,994	\$ 736,561	\$ 651,955	\$ 813,994	\$ 880,534	\$ 852,657	\$ 796,812

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office and The HdI Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternate information regarding the sources of the City's revenues.

CITY OF BARSTOW, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Business-type					Percentage of Personal Income ¹	Debt Per Capita ¹
	Pension Obligation Bonds	Lease Revenue Bonds	Leases/SBITAS	Measure I TRIP	Financing Agreements	Total Governmental Activities	Wastewater Certificates of Participation	Wastewater Financing Agreements	Leases	Total Business-type Activities	Total Primary Government		
2016	-	-	-	7,018,749	2,092,667	9,111,416	935,472	1,312,813	-	\$2,248,285	11,359,701	2.61%	466
2017	-	-	-	5,715,999	1,625,443	7,341,442	636,157	1,096,638	-	\$1,732,795	9,074,237	2.14%	374
2018	-	-	-	4,363,249	1,825,131	6,188,380	327,402	887,323	-	\$1,214,725	7,403,105	1.87%	303
2019	-	-	-	2,960,499	1,195,399	4,155,898	-	598,645	-	\$ 598,645	4,754,543	1.10%	197
2020	-	-	-	1,507,749	1,027,235	2,534,984	-	349,491	-	\$ 349,491	2,884,475	0.62%	119
2021	-	-	-	-	1,594,224	1,594,224	-	47,057	-	\$ 47,057	1,641,281	0.35%	68
2022	20,170,000	8,245,878	-	-	1,275,983	1,594,224	-	-	-	-	1,594,224	0.32%	63
2023	19,150,000	7,656,492	599,140	-	1,139,209	27,945,701	-	-	67,039	\$ 67,039	28,012,740	5.20%	1,124
2024	17,995,000	7,207,778	1,037,279	-	999,064	27,239,121	-	-	48,425	\$ 48,425	27,287,546	4.37%	1,106
2025	16,800,000	6,745,692	832,299	-	855,464	25,233,455	-	-	87,536	\$ 87,536	25,320,991	3.94%	1,021

¹ These ratios are calculated using personal income and population for the prior calendar year

CITY OF BARSTOW, CALIFORNIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Percent of Assessed Value ¹	Per Capita
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-
2020	-	0.00%	-
2021	-	0.00%	-
2022	-	0.00%	-
2023	-	0.00%	-
2024	-	0.00%	-
2025	-	0.00%	-

Source: Barstow Finance Department

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California. 2025 Net Assessed Value is \$1,977,739,250.

² The 2024 population of the City of Barstow is **24,811**

CITY OF BARSTOW, CALIFORNIA
Direct & Overlapping Governmental Activities Debt
As of June 30, 2025

2024-25 Assessed Valuation: \$1,977,739,250

	Total Debt <u>6/30/2025</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/25</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Barstow Unified School District	\$ 36,638,776	65.923%	\$ 24,153,380
City of Barstow	-	100	-
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 24,153,380
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Bernardino County General Fund Obligations	\$ 100,765,000	0.579%	583,429
San Bernardino County Flood Control District General Fund Obligations	37,295,000	0.579%	215,938
Barstow Unified School District Certificates of Participation	13,440,000	65.923%	8,860,051
City of Barstow Bonds	23,545,692	100.00%	23,545,692
City of Barstow Loans Payable	855,464	100.00%	855,464
City of Barstow Leases Payable	824,184	100.00%	824,184
City of Barstow Subscriptions Payable	8,115	100.00%	8,115
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 34,884,759
TOTAL DIRECT DEBT			\$ 25,233,455
TOTAL OVERLAPPING DEBT			\$ 33,812,799
COMBINED TOTAL DEBT		(2)	\$ 59,046,254

(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) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Total Direct Debt (\$25,233,455)	1.28%
Total Direct and Overlapping Tax and Assessment Debt	1.71%
Combined Total Debt	2.99%

Source: Barstow Unified School District
San Bernardino County
California Municipal Statistics, Inc.

CITY OF BARSTOW, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2023	2024
Assessed valuation	\$1,176,842,092	\$1,273,166,314	\$1,287,235,890	\$1,376,053,917	\$1,461,421,627	\$1,507,229,060	\$1,618,543,664	\$1,724,738,920	\$1,883,748,709	\$1,977,739,250
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	294,210,523	318,291,579	321,808,973	344,013,479	365,355,407	376,807,265	404,635,916	431,184,730	470,937,177	494,434,813
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	44,131,578	47,743,737	48,271,346	51,602,022	54,803,311	56,521,090	60,695,387	64,677,710	70,640,577	74,165,222
Total net debt applicable to limit:										
Legal debt margin	<u>\$ 44,131,578</u>	<u>\$ 47,743,737</u>	<u>\$ 48,271,346</u>	<u>\$ 51,602,022</u>	<u>\$ 54,803,311</u>	<u>\$ 56,521,090</u>	<u>\$ 60,695,387</u>	<u>\$ 64,677,710</u>	<u>\$ 70,640,577</u>	<u>\$ 74,165,222</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Barstow Department of Finance
County Tax Assessor's Office

CITY OF BARSTOW, CALIFORNIA
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds		
	Tax Increment (1)	Debt Service (1)	Coverage
		Principal and Interest	
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-

Source: Barstow Finance Department

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expense

(1) Amounts have been rounded to the nearest thousand.

CITY OF BARSTOW, CALIFORNIA
Demographic and Economic Statistics
Last Ten Calendar Years

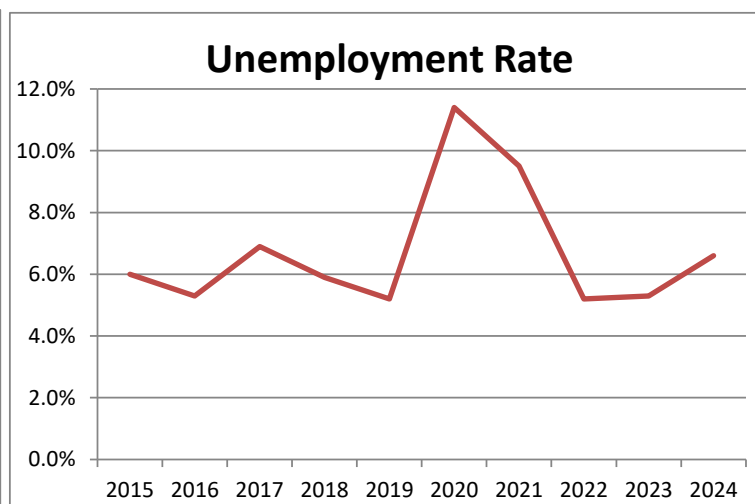
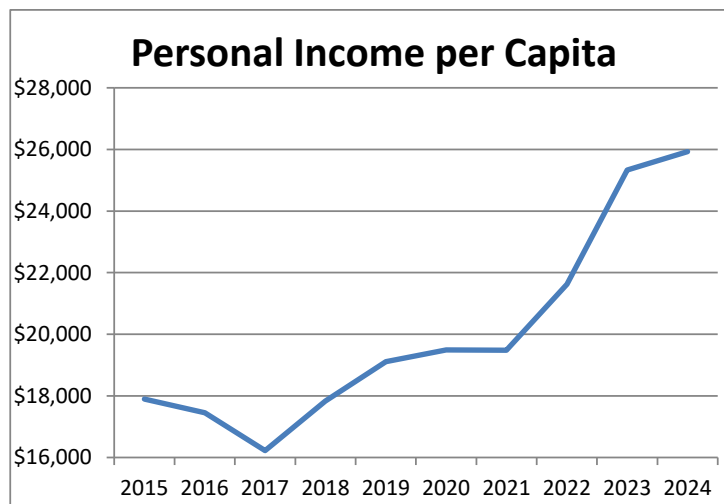
Calendar Year	Population (1)	Personal Income (3) (in thousands)	Per Capita Income (3)	Unemployment Rate (2)	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2015	24,360	435,931	17,895	6.0%	31.2	80.3%	11.8%
2016	24,248	423,134	17,450	5.3%	30.2	79.8%	11.5%
2017	24,411	396,041	16,223	6.9%	29.3	77.3%	11.7%
2018	24,150	430,713	17,834	5.9%	30.0	78.4%	11.7%
2019	24,268	463,700	19,107	5.2%	29.8	79.3%	11.3%
2020	24,205	471,728	19,488	11.4%	30.1	78.2%	9.2%
2021	25,202	490,979	19,481	9.5%	30.3	81.4%	10.5%
2022	24,918	538,926	21,627	5.2%	30.6	83.3%	11.1%
2023	24,669	624,850	25,329	5.3%	31.7	84.0%	10.4%
2024	24,811	643,327	25,929	6.6%	32.9	83.8%	11.1%

Sources: HdL, Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department's Bureau of Labor Statistics

(3) Income Data is provided by the U.S. Census Bureau.



CITY OF BARSTOW, CALIFORNIA
Principal Employers
Last Fiscal Year and Nine Years Ago

Business Name	2025		2016	
	Employees	% of Total Employment	Employees	% of Total Employment
Ft. Irwin National Training Center*	8,451	81.26%	22,700	74.93%
Marine Corps Logistics Base*	1,935	18.61%	2,071	6.84%
BNSF Railroad	1,000	9.62%	1,000	3.30%
Barstow Unified School District	750	7.21%	643	2.12%
Outlets at Barstow	450	4.33%	-	-
Raytheon Technical Services Co, LLC*	393	3.78%	501	1.65%
Barstow Community Hospital	360	3.46%	300	
Barstow Community College	309	2.97%	396	1.31%
Walmart Supercenter	305	2.93%	190	-
Silver Valley School District*	301	2.89%	306	-
Northrup Grumman			467	1.54%
Veterans Home of CA-Barstow			217	-
City of Barstow			167	-
High Desert Support Services			330	1.09%
Tanger Outlet Stores			596	1.97%
San Bernardino County			410	1.35%
Total Top Employers	14,254	137.06%	30,294	96.10%
Total City Labor Force (1)	10,400		30,294	

Source: MuniServices, LLC, / Avenu Insights & Analytics

Source: 2016, previously published ACFR

Results based on direct correspondence with city's local businesses.

***Employers outside of City Limits**

** Business has not responded to Avenu's inquiries, prior year count applied.

(1) Total City Labor Force is provided by EDD Labor Force Data.

CITY OF BARSTOW, CALIFORNIA
Full-Time and Part-Time City Employees
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government*	17	16	16	16	26.5	24.5	24.5	21.3	25.5	26.5
Police Safety										
Sworn	38	38	37	38	46	46	46	47	47	47
Non-Sworn	19	19	18	18	20	20	20	20	20	19
Fire Safety**										
Sworn	28	20	20	20	27	28	28	28	28	28
Non-Sworn	1	1	1	1	1	2	2	2	2	2
Recreation	17	17	17	17	11	2.5	2.5	22	24.5	19.5
Community Service	26	21	21	24	23	29	29	30	28	28
Community Developme	10	16	15	10	11	7	7	12	16	15
Solid Waste	1	1	1	1	1	1	1	1	1	1
Wastewater	11	11	11	10	11	11	11	11	11	11
Transit	-	-	-	-	-	-	-	-	-	-
Total	167	160	157	155	177.5	171	171	194.3	203	197

* Includes 7 Elected Officials

**Fire District added November 17, 2010

Source: City of Barstow Adopted Budget-Authorized Positions

CITY OF BARSTOW, CALIFORNIA
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Arrests	2,762	2,625	2,463	2,410	2,235	2,198	1,937	1,959	1,805	1,896
Parking citations issued	286	501	408	299	1,110	579	1,191	49	481	718
Fire Services:										
Fire Calls	242	311	212	340	576	499	426	397	448	494
Medical Aid Calls	4,597	5,380	4,031	5,165	5,351	5,118	5,112	4,867	5,285	5,509
Parks and recreation:										
Number of recreation classes	14	14	10	10	6	13	19	21	17	10
Number of facility rentals	85	64	52	50	6	27	60	106	72	113
Water:										
New connections	5	4	4	5	8	6	5	7	4	14
Average/Millions of Gallons Sewage Treatment	1.98	2.03	2.06	2.13	2.15	2.19	2.23	2.21	2.2	0.02
Building Department:										
Permits	720	1,106	905	710	657	686	780	861	707	692
Fire Permits										
Fire Permits	-	-	-	-	-	-	-	-	-	-
Construction Fire Permits#	88	99	94	93	97	78	73	77	91	59
Annual Permit to Operate#	323	347	335	323	287	313	323	330	321	293

Source: City of Barstow

* Data not available

**The City of Barstow assumed dispatching services from County of San Bernardino. Incident tracking has changed due to enhanced software.

Permits now processed and tracked through the Building & Planning Department of the City of Barstow.

CITY OF BARSTOW, CALIFORNIA
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire District										
Stations	3	3	3	3	3	3	3	3	3	3
Public Works:										
Streets (miles)	91	91	91	91	91	104.4	104.4	104.4	104.4	104.4
Streetlights	1,081	1,081	1,081	1,081	1,053	1,053	1,053	1,053	1,053	1,053
Traffic signals	22	22	22	22	22	22	22	22	22	22
Parks and Recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community pools	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary sewers (miles)	113	113	113	113	123	123	123	123	123	123
Storm sewers (miles)	16	16	16	16	16	16	16	16	16	16
Maximum daily treatment capacity (millions of gallons per day)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5

Source: City of Barstow

* Data not available

APPENDIX F

**CITY OF BARSTOW
MEASURE I COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 2025**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND**

FINANCIAL STATEMENTS

June 30, 2025

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
San Bernardino, California

FINANCIAL STATEMENTS
June 30, 2025

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE	5
NOTES TO FINANCIAL STATEMENTS	6
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL	10
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	11
ADDITIONAL INFORMATION	
PROGRAM STATUS: COMPARISON OF 5-YEAR PLAN PROJECT BUDGET TO CURRENT YEAR EXPENDITURES	12
MAINTENANCE OF EFFORT: COMPARISON OF BASE LEVEL AMOUNT TO ANNUAL EXPENDITURES	13
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 <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	14
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MEASURE I COMPLIANCE REQUIREMENTS AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Measure I Fund of the City of Barstow, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure I Fund of the City, as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I Fund, a governmental fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

(Continued)

Additional Information

Management is responsible for the accompanying Program Status: Comparison of 5-Year Plan Project Budget to Current Year Expenditures and the Maintenance of Effort: Comparison of Base Level Amount to Annual Expenditures (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the City's internal control over financial reporting of the Measure I Fund 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 solely 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 the effectiveness of the City's 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, as it relates to the Measure I Fund.



Crowe LLP

Costa Mesa, California
December 18, 2025

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
BALANCE SHEET
June 30, 2025

ASSETS

Cash and investments	\$ 3,369,727
Receivables	
Taxes	300,390
Due from other governments	1,201,594
Interest	<u>20,541</u>
 Total assets	 <u><u>\$ 4,892,252</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND
FUND BALANCE**

Liabilities

Accounts payable	\$ 758,685
Due to SBCTA	46,255
Due to other City funds	<u>1,700,000</u>
 Total liabilities	 2,504,940

Deferred inflows of resources

Unavailable revenue	1,201,594

Fund balance

Restricted for transportation	<u>1,185,718</u>

Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 4,892,252</u></u>

See notes to financial statements.

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
Year ended June 30, 2025

Revenues

Measure I sales tax	\$ 1,712,468
Investment income	93,651
Total revenues	<u>1,806,119</u>

Expenditures

Construction, maintenance, and engineering	40,298
Total expenditures	<u>40,298</u>

Excess of revenues over expenditures 1,765,821

Other financing source (uses)

Transfers to other City funds	<u>(1,080,597)</u>

Net change in fund balance 685,224

Fund balance, beginning of year 500,494

Fund balance, end of year \$ 1,185,718

See notes to financial statements.

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – GENERAL INFORMATION

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Measure I Fund of the City of Barstow, California (City) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Measure I: Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. In 2004, San Bernardino County voters approved the extension of the Measure I sales tax through 2040. See Note 7 for a detailed description of the Measure.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the Measure I activities within its Measure I Special Revenue Fund.

Special revenue funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 90 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, are based on the primary characteristic from which the revenues are received by the City. For the City, funds received under Measure I possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under Measure I are recognized in the period when all eligibility requirements have been met.

(Continued)

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the Measure I Fund based upon the average cash balance. The investment policies and the risks applicable to the Measure I Fund are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The Measure I Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Measure I Fund's deposits and withdrawals in the City Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the Measure I Fund's investment in the City Investment Pool is measured with inputs that are uncategorized and not defined as Level 1, Level 2, or Level 3.

Maintenance of Effort: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority (SBCTA), Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes. The maintenance of effort (MOE) base year level was determined based upon the discretionary General Fund expenditures for transportation-related construction and maintenance activities in fiscal year 2008/2009. The MOE base year level as approved by the SBCTA Board of Directors shall remain in effect until the expiration of Measure I 2010-2040. General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. The City's determined MOE base level is \$601,014.

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represents revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

NOTE 3 – TAXES RECEIVABLE

The taxes receivable of \$300,390 represents Measure I sales tax revenues for the fiscal year received from SBCTA after June 30, 2025.

(Continued)

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Due from other governments in the amount of \$1,201,594 represents amounts owed to the Measure I fund for projects funded with revenues other than Measure I Local Streets and Roads funds, pending reimbursement from Measure I – Regional Bridge Project. This amount is also included in unavailable revenue.

NOTE 5 – DUE TO SBCTA

At June 30, 2025, the Measure I 2010-2040 Fund owed SBCTA in the amount of \$46,255. The \$46,255 represents the amount that was refunded for the excess of condemnation deposits required as part of the First Avenue Bridge over BNSF project in relation to obtaining the necessary right-of-way for the project. The full condemnation deposit had been previously reimbursed to the City of Barstow by Caltrans and SBCTA; therefore, the refund received for the condemnation deposits are due to Caltrans and SBCTA.

NOTE 6 – DUE TO OTHER CITY FUNDS

At June 30, 2025, the Measure I 2010-2040 Fund owed the City \$1,700,000. The \$1,700,000 represents the remaining balance of a \$2,000,000 advance from the City's General Fund in order to fund the completion of the Henderson/Cameron Area Road Project. The advance does not accrue interest and will be repaid over five years as funds are available. The first payment was made during fiscal year 2017-18. Payments of \$250,000 are due on or before June 30 each of the first four years with a \$1,000,000 payment due in the fifth year. The City did not make a payment in the current fiscal year due to a shortfall in available funds. It is anticipated that the City will continue making payments during fiscal year 2025-2026. If necessary, the City may revise the payment plan. However, at this time, no additional revision to the initial plan of repayment is proposed.

NOTE 7 – MEASURE I FUND

The California State Legislature authorized county transportation authorities to enact local option sales tax measures for transportation improvements in the late 1980s, under provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code. In November 1989, San Bernardino County voters approved passage of Measure I, authorizing SBCTA to impose a half-cent retail transactions and use tax applicable in the incorporated and unincorporated areas of the County of San Bernardino for the 20-year period between April 1, 1990 and March 31, 2010. SBCTA is authorized to administer the programs described in the Measure.

Early in the second decade of Measure I, it became apparent that continuation of the half cent sales tax would be critical to maintaining funding for transportation in San Bernardino County. SBCTA member jurisdictions and transportation stakeholders worked to identify transportation needs, and an expenditure plan was developed to serve as a basis for the renewal of Measure I.

Ordinance No. 04-01 was placed before voters in November 2004, and Measure I was renewed. The new Measure I extends the half cent sales tax for 30 years, from April 1, 2010 through March 31, 2040. The new Measure is referred to as Measure I 2010-2040 to distinguish it from the first Measure I.

Revenue from the tax can only be used for transportation improvement and traffic management programs authorized in the Expenditure Plan.

(Continued)

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – MEASURE I FUND (Continued)

Measure I 2010-2040 has a return-to-source provision that states that funds shall be allocated to subareas in accordance with the actual revenue collected in each subarea. After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated in each subarea are to be expended on projects of direct benefit to that subarea. Revenues are accounted for separately for each subarea and then allocated to specified project categories in each subarea. These project categories are termed “programs” in the Strategic Plan. Decisions on how revenues are expended within the subareas are made by the SBCTA Board of Directors based upon recommendations of local subarea representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea can be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea. A proportional share of projected state and federal transportation funds is to be reserved for use solely within the Valley subarea and individual Mountain/Desert (Colorado River, Morongo Basin, Mountains, North Desert and Victor Valley) subareas.

In the San Bernardino Valley subarea, Measure I 2010-2040 contains the following programs:

- Freeway Program
- Freeway Interchange Program
- Major Street Program
- Local Street Program
- Metrolink/Rail Program
- Express Bus/Bus Rapid Transit Program
- Senior and Disabled Transit Program
- Traffic Management Systems Program

In each of the Mountain/Desert subareas, Measure I 2010-2040 contains the following programs:

- Local Street Program
- Major Local Highway Program
- Senior and Disabled Transit Program

NOTE 8 – TRANSFERS TO OTHER CITY FUNDS

Transfers were made to the City's Capital Improvement Fund in the amount of \$1,064,297 to supplement costs incurred for bridge projects approved by Barstow City Council and SBCTA through independent agreements with SBCTA. Transfers were made to the City's General Fund in the amount of \$16,300 to supplement costs incurred for street improvement activities as approved in the City's Measure I Five-Year Plan.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
Year ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	Variance From Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Measure I sales tax	\$ 2,000,000	\$ 2,000,000	\$ 1,712,468	\$ (287,532)
Investment income	<u>-</u>	<u>-</u>	<u>93,651</u>	<u>93,651</u>
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,806,119</u>	<u>(193,881)</u>
Expenditures				
Construction, maintenance, and engineering	<u>52,000</u>	<u>52,000</u>	<u>40,298</u>	<u>11,702</u>
Total expenditures	<u>52,000</u>	<u>52,000</u>	<u>40,298</u>	<u>11,702</u>
Excess (deficiency) of revenues over expenditures	1,948,000	1,948,000	1,765,821	(182,179)
Other financing sources (uses)				
Transfers to other City funds	<u>(4,514,420)</u>	<u>(4,514,420)</u>	<u>(1,080,597)</u>	<u>3,433,823</u>
Net changes in fund balance	(2,566,420)	(2,566,420)	685,224	3,251,644
Fund balance, beginning of year	<u>500,494</u>	<u>500,494</u>	<u>500,494</u>	<u>-</u>
Fund balance, end of year	<u>\$ (2,065,926)</u>	<u>\$ (2,065,926)</u>	<u>\$ 1,185,718</u>	<u>\$ 3,251,644</u>

See Note to Required Supplementary Information.

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2025

NOTE 1 – BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF BARSTOW, CALIFORNIA
MEASURE I FUND
PROGRAM STATUS: COMPARISON OF 5-YEAR PLAN PROJECT BUDGET
TO CURRENT YEAR EXPENDITURES
Year ended June 30, 2025

The Measure I Five-Year Capital Improvement Plan for local streets was adopted by Council Resolution No. 5182-2024 adopted August 19, 2024. Of the funds allocated under the Measure I Five-Year Capital Improvement Plan, the following programs were affected during the current fiscal year:

<u>Local Projects</u>	5-Year Plan Project <u>Estimate</u>	Current Fiscal Year <u>Expenditures</u>	Under/(Over) <u>Estimate</u>
Pavement Maintenance	\$ 81,500	\$ 56,598	\$ 24,902
First Avenue Bridge BNSF	1,050,000	890,287	159,713
Pedestrian & Bicycle Corridors (ATP)	496,000	1,323	494,677
Rimrock Rd Recon - Barstow Rd to Ave H	500,000	72	499,928
First Avenue over Mojave River - Project Management	250,000	<u>172,615</u>	77,385
Total expenditures at June 30, 2025		<u>\$ 1,120,895</u>	

CITY OF BARSTOW, CALIFORNIA
 MEASURE I FUND
 MAINTENANCE OF EFFORT: COMPARISON OF BASE LEVEL AMOUNT
 TO ANNUAL EXPENDITURES
 Year ended June 30, 2025

The maintenance of effort base level amount was determined based upon fiscal year 2008/09 spending levels. Excess/(deficient) amounts are carried forward in accordance with the Measure I Strategic Plan. Actual amounts expended in relation to the base level amount in each year subsequent to the base year are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Fund Street and Highway Funds Utilized</u>	<u>Base Level Amount</u>	<u>Excess/ (Deficiency)</u>	<u>Cumulative Excess/ (Deficiency)</u>
2010	\$ 1,458,719	\$ (601,014)	\$ 857,705	\$ 857,705
2011	1,991,867	(601,014)	1,390,853	2,248,558
2012	2,292,244	(601,014)	1,691,230	3,939,788
2013	1,495,321	(601,014)	894,307	4,834,095
2014	811,872	(601,014)	210,858	5,044,953
2015	489,166	(601,014)	(111,848)	4,933,105
2016	1,161,186	(601,014)	560,172	5,493,277
2017	1,008,724	(601,014)	407,710	5,900,987
2018	961,000	(601,014)	359,986	6,260,973
2019	1,120,922	(601,014)	519,908	6,780,881
2020	1,032,242	(601,014)	431,228	7,212,109
2021	788,319	(601,014)	187,305	7,399,414
2022	770,863	(601,014)	169,849	7,569,263
2023	1,334,092	(601,014)	733,078	8,302,341
2024	1,545,358	(601,014)	944,344	9,246,685

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 Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

We have audited, 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, the financial statements of the Measure I Fund 209 (Measure I Fund) of the City of Barstow, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Measure I Fund's basic financial statements and have issued our report thereon dated December 18, 2025.

Report on 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 of the Measure I Fund (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Measure I Fund of the City 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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being more compact.

Crowe LLP

Costa Mesa, California
December 18, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MEASURE I COMPLIANCE
REQUIREMENTS AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on Compliance with the Measure I Ordinance

We have audited City of Barstow's (City), compliance with the types of compliance requirements described in Measure I Ordinance (the "Ordinance"), that could have a direct and material effect on the City's compliance with the Ordinance for the year ended June 30, 2025.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Ordinance for the year ended June 30, 2025.

Basis for Opinion on the Ordinance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Ordinance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Ordinance.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Ordinance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Ordinance.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Ordinance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Ordinance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Ordinance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Ordinance will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Ordinance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Ordinance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being more compact.

Crowe LLP

Costa Mesa, California
December 18, 2025

APPENDIX G

BOOK ENTRY PROVISIONS

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Bonds (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “**Agent**”) take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption of or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the bonds (the “**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 Security certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has 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 and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. 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 Security ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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.

4. 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 affect 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.

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

6. Prepayment notices shall be sent to DTC. If less than all of the Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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).

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

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. 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.

11. The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

FORM OF MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

