

# PRELIMINARY OFFICIAL STATEMENT DATED JUNE 7, 2024

## NEW ISSUE—FULL BOOK-ENTRY

**RATINGS:**  
S&P: “AA” (\_\_\_-Insured)  
S&P: “\_\_\_” (Underlying)  
(See “RATINGS” herein)

In the opinion of Quint & Thimmig LLP, Larkspur, California, Special Counsel, subject to compliance by the Town with certain covenants, under present law, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest with respect to the Certificates may affect the corporate alternative minimum tax for certain corporations. In addition, in the opinion of Special Counsel, interest with respect to the Certificates is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS” herein.



\$ \_\_\_\_\_ \*

**CERTIFICATES OF PARTICIPATION**  
**(2024 Capital Improvement Financing Project)**  
**Evidencing the Direct, Undivided Fractional Interests**  
**of the Owners Thereof in Lease Payments to be Made by the**  
**TOWN OF MAMMOTH LAKES**  
**(Mono County, California),**  
**As the Rental for Certain Property Pursuant to a Lease Agreement**  
**with the Mammoth Lakes Municipal Service Corporation**

### **Dated: Date of Delivery**

**Due: June 1, as shown on the inside cover**

The \$ \_\_\_\_\_ \* Certificates of Participation (2024 Capital Improvement Financing Project) (the “Certificates”), are being sold to provide funds, together with other available moneys, to (a) finance the costs of (i) constructing and equipping a new Town Hall facility and (ii) acquiring certain land and improvements, and (b) pay costs incurred in connection with the execution, delivery and sale of the Certificates, including purchasing a municipal bond insurance policy for the Certificates and a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund.

The Certificates will evidence direct, undivided fractional interests of the owners thereof in Lease Payments (as defined herein) to be made by the Town of Mammoth Lakes (the “Town”) to the Mammoth Lakes Municipal Service Corporation (the “Corporation”) for the use and occupancy of certain existing property of the Town under and pursuant to a Lease Agreement, dated as of July 1, 2024, by and between the Corporation and the Town (the “Lease Agreement”). See “THE PROPERTY” hereon. The Corporation will assign its right to receive Lease Payments from the Town under the Lease Agreement and its right to enforce payment of the Lease Payments when due or otherwise protect its interest in the event of a default by the Town thereunder to U.S. Bank Trust Company, National Association, San Francisco, California, as trustee (the “Trustee”), for the benefit of the registered owners of the Certificates.

The Certificates will be executed and delivered in book-entry form only, and will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (referred to herein as “DTC”). Purchasers of the Certificates (the “Beneficial Owners”) will not receive physical certificates representing their interest in the Certificates. Interest with respect to the Certificates accrues from their date of delivery and is payable semiannually by check mailed on each June 1 and December 1, commencing December 1, 2024. The Certificates may be executed and delivered in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest with respect to the Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates. See “THE CERTIFICATES—Book-Entry-Only System.”

**The Certificates are subject to optional and mandatory redemption, as described herein. See “THE CERTIFICATES—Redemption.”**

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE TOWN TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE TOWN OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION FOR WHICH THE TOWN IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE TOWN HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

### **MATURITY SCHEDULE**

SEE THE INSIDE COVER

The cover page contains certain information for general reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

The scheduled payment of principal and interest with respect to all or a portion of the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by \_\_\_\_\_. See “MUNICIPAL BOND INSURANCE” herein.

[INSURER LOGO]

The Certificates will be offered when, as and if delivered and received by the Underwriter subject to approval by Quint & Thimmig LLP, Larkspur, California, as Special Counsel. Certain matters will be passed upon for the Town by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by the Town Attorney, and for the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about July 2, 2024.

**Piper Sandler & Co.**

Dated: June \_\_, 2024

\*Preliminary, subject to change.

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

\$ \_\_\_\_\_ \*

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**MATURITY SCHEDULE\***

\$ \_\_\_\_\_ **Serial Certificates**

CUSIP Prefix: \_\_\_\_\_ †

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
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\$ \_\_\_\_\_ % **Term Certificates maturing June 1, \_\_\_\_\_**; **Price: \_\_\_\_\_ % to Yield \_\_\_\_\_ %—CUSIP: \_\_\_\_\_ †**

\$ \_\_\_\_\_ % **Term Certificates maturing June 1, \_\_\_\_\_**; **Price: \_\_\_\_\_ % to Yield \_\_\_\_\_ %—CUSIP: \_\_\_\_\_ †**

\*Preliminary, subject to change.

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*For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the Town with respect to the Certificates that has been deemed “final” by the Town as of its date except for the omission of no more than the information permitted by Rule 15c2-12.*

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

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

The information set forth herein has been obtained from the Town and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. 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, unless authorized in writing by the Town. All summaries of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease (each as defined herein), or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Director of Finance for further information. See “INTRODUCTION—Other Information.”

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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Town’s forecasts in any way. Neither the Town nor the Corporation is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or do not occur.

The execution, sale and delivery of the Certificates has not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

\_\_\_\_\_ (the “Municipal Bond Insurer”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, the Municipal Bond 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 Municipal Bond Insurer supplied by the Municipal Bond Insurer and presented under the heading “MUNICIPAL BOND INSURANCE” and “APPENDIX H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The Town maintains a website. Unless specifically indicated otherwise, the information presented on such website is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Certificates.

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# **TOWN OF MAMMOTH LAKES**

437 Old Mammoth Road, Suite 230  
Mammoth Lakes, CA 93546  
(760) 965-3600  
<https://www.townofmammothlakes.ca.gov/>

## **TOWN COUNCIL MEMBERS**

Bill Sauser, *Mayor*  
Chris Bubser, *Mayor Pro Tem*  
Sarah Rea, *Councilmember*  
Amanda Rice, *Councilmember*  
John Wentworth, *Councilmember*

## **TOWN OFFICIALS**

Daniel C. Holler, *Town Manager*  
Rob Patterson, *Administrative Services/Finance Director*  
Haislip Hayes, *Public Works Director*  
Jamie Gray, *Town Clerk*  
Andrew Morris, Esq., *Town Attorney*

## **PROFESSIONAL SERVICES**

JNA Consulting Group LLC  
Boulder City, Nevada  
*Municipal Advisor*

Quint & Thimmig LLP  
Larkspur, California  
*Special Counsel and Disclosure Counsel*

U.S. Bank Trust Company, National Association  
Portland, Oregon  
*Trustee*

\$ \_\_\_\_\_ \*

**CERTIFICATES OF PARTICIPATION**  
**(2024 Capital Improvement Financing Project)**  
**Evidencing the Direct, Undivided Fractional Interests**  
**of the Owners Thereof in Lease Payments to be Made by the**  
**TOWN OF MAMMOTH LAKES**  
**(Mono County, California),**  
**As the Rental for Certain Property Pursuant to a Lease Agreement**  
**with the Mammoth Lakes Municipal Service Corporation**

**INTRODUCTION**

This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the captioned Certificates. Potential investors are encouraged to read this entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement and in APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS.

**General**

This Official Statement, including the cover page, the inside cover page and appendices hereto, is provided to furnish information in connection with the execution, sale and delivery of \$ \_\_\_\_\_\* Town of Mammoth Lakes Certificates of Participation (2024 Capital Improvement Financing Project) (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2024 (the “Trust Agreement”), by and among the Town of Mammoth Lakes, California (the “Town”), the Mammoth Lakes Municipal Service Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

**The Town**

The Town is a general law city that was initially incorporated on August 20, 1984. The Town is located in Mono County, California (the “County”), and is the County’s only incorporated city. The Town is located in California’s Eastern Sierra Range approximately 100 mi (160 km) south of the Nevada state line and 50 minutes by car from the Eastern Gate of Yosemite National Park. The Town is home to approximately 7,300 residents. The Town provides municipal services to its citizens including police, public works, airport facilities, community development, parks and recreation and general administrative support.

The Town’s economy is primarily tourism-based. The Town is located immediately to the east of Mammoth Mountain, home to the Mammoth Mountain Ski Area, a 25-lift ski resort owned and operated by the Alterra Mountain Company (the “Ski Area”). The Ski Area is frequented during the winter season by skiers and snowboarders from southern California as the Town is an approximately five-hour drive from Los Angeles via U.S. 395. The Ski Area is much closer to Los Angeles County and Orange County than the Lake Tahoe area resorts. The Town also has significant tourism in the summer season from people who visit the Town and the Ski Area to camp, hike, mountain bike and fish.

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\* Preliminary, subject to change.

The Town operates under a council-manager form of government. The five-member Town Council (the “Town Council”) is elected on an at large basis by the Town’s voters. Town Council members serve four-year terms, with two members elected every two years. The Mayor and Mayor Pro Tem are elected by the Town Council Members to one-year terms. The Town Council appoints the Town Manager and the Town Attorney. The Town Manager is responsible for directing, coordinating and carrying out Town Council policies.

For additional information about the Town, see “THE TOWN,” “TOWN FINANCIAL INFORMATION,” APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE TOWN AND THE COUNTY and APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE YEAR ENDED JUNE 30, 2023.

### **Purpose**

The proceeds of the Certificates will provide funds to (a) finance the costs of (i) constructing and equipping a new Town Hall facility and (ii) acquiring certain land and improvements, and (b) pay costs incurred in connection with the execution, delivery and sale of the Certificates, including purchasing a municipal bond insurance policy for the Certificates and a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund. See “THE PROJECT.”

The Town will lease certain existing property and the improvements thereon (the “Property”) to the Corporation pursuant to a Site and Facility Lease, dated as of July 1, 2024 (the “Site and Facility Lease”). The Corporation will lease the Property back to the Town pursuant to a Lease Agreement, dated as of July 1, 2024 (the “Lease Agreement”). The Certificates are payable solely from and secured by the lease payments (the “Lease Payments”) to be made by the Town to the Corporation pursuant to the Lease Agreement. See “SOURCE OF PAYMENT FOR THE CERTIFICATES” and “THE PROPERTY.”

Interest with respect to the Certificates is payable on June 1 and December 1 of each year, commencing December 1, 2024. The Certificates will mature in the amounts and on the dates and be payable at the interest rates shown on the inside cover of this Official Statement. See “THE CERTIFICATES.”

The Certificates will be delivered in fully registered form only, in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the Certificates and all payments due with respect to the Certificates will be made to Cede & Co., DTC’s nominee. Ownership interests in the Certificates may be purchased only in book-entry form. See “THE CERTIFICATES—Book-Entry System” and APPENDIX F—DTC’S BOOK-ENTRY ONLY SYSTEM.

### **Source of Payment for the Certificates**

The Certificates represent direct, undivided interests of the Owners thereof in the Lease Payments to be paid by the Town to the Corporation pursuant to the Lease Agreement. The Lease Payments are payable by the Town from its General Fund for the right to use and possess the Property. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction there is substantial interference with the use and occupancy by the Town of the Property or any portion thereof.



The Town will covenant under the Lease Agreement to take such action as necessary to include the Lease Payments in its annual budget and to make all necessary appropriations therefor (subject to abatement under certain circumstances described in the Lease Agreement). Pursuant to an Assignment Agreement, dated as of July 1, 2024 (the “Assignment Agreement”), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, certain of its rights under the Lease Agreement, including its right to receive Lease Payments from the Town. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Lease Payments; Covenant to Appropriate and “RISK FACTORS.”

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE TOWN TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE TOWN OR THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION FOR WHICH THE TOWN IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE TOWN HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

### **Municipal Bond Insurance Policies; Reserve Policy**

The scheduled payment of the principal and interest with respect to all or a portion of the Certificates when due will be guaranteed under a municipal bond insurance policy (the “Municipal Bond Insurance Policy”) to be issued by \_\_\_\_\_ (the “Municipal Bond Insurer”) simultaneously with the delivery of the Certificates. See “MUNICIPAL BOND INSURANCE.”

In addition, the Municipal Bond Insurer has made a commitment to issue a municipal bond insurance policy for the Reserve Fund established for the Certificates (the “Reserve Policy”) in an amount equal to the Reserve Requirement. See “SOURCES OF PAYMENT FOR THE CERTIFICATES—Reserve Fund.”

### **Redemption**

The Certificates are subject to optional and mandatory redemption. See “THE CERTIFICATES—Redemption.”

### **Continuing Disclosure**

The Town will covenant in a continuing disclosure certificate to prepare and deliver annual reports to the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system. See “CONTINUING DISCLOSURE” and APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

### **Summaries of Documents**

This Official Statement contains descriptions of the Certificates, the Trust Agreement, the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and various other agreements and documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect

to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally.

**Other Information**

This Official Statement speaks only as of its date and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Certificates are available for inspection at the office of the Town Clerk, Town of Mammoth Lakes, 437 Old Mammoth Road, Suite 230, Mammoth Lakes, CA 93546, Telephone: (760) 965-3600. The Town may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from sources which are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. 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.

**ESTIMATED SOURCES AND USES OF FUNDS**

The following table shows the estimated sources and uses of the proceeds from the sale of the Certificates and other moneys:

<b>Sources</b>	
Par Amount of the Certificates	
Plus: Original Issue Premium	
Total Sources	_____
	=====
<b>Uses</b>	
Deposit to the Project Fund <sup>(1)</sup>	
Deliver Costs <sup>(2)</sup>	
Total Uses	_____
	=====

<sup>(1)</sup> Amounts deposited in the Project Fund will be used to finance a portion of the cost of the Project. See "THE PROJECT."  
<sup>(2)</sup> Delivery Costs include the Underwriter's discount, fees and expenses of the municipal advisor, special counsel, disclosure counsel and the Trustee, printing expenses, rating fees, title insurance, the premiums for the Municipal Bond Insurance Policy and the Reserve Policy and other costs.

## THE PROJECT

A portion of the proceeds of the Certificates will be deposited into a project fund and applied to finance the Project which includes but is not limited to:

*New Town Hall.* The Town Office Building will be located near the Police Station, County Administrative building, Courts, and Mammoth Hospital as part of an overall planned Civic Center. The site to be occupied by the new Town Offices, parking and associated sidewalks and landscaping is approximately 1.3 acres of an approximate 2.36 acres site parcel owned by the Town. The new Town Office / Town Hall will include staff offices, Council Chambers, open areas to accommodate public use as allowed and all supporting spaces. The site will include construction of approximately 50 additional parking spaces. This facility will replace existing leased space currently being utilized. Construction is anticipated to start in July 2024. Occupancy of the building is planned prior to October 1, 2026.

*Land Acquisition.* The land purchase is approximately 8 acres. The site currently has an approximately 7,000 square foot building known as Edison Hall, which has an 90+ seat theater, meeting rooms, kitchen, and offices. The Town currently leases the facility from the Mammoth Lakes Foundation (“MLF”) to support the continued theater operation. The facility will be remodeled to support a planned 250± seat new performing arts auditorium, which is being done with private funding. ~~MLF is preparing to go out to bid this winter, with work~~ Work is expected to take 4-6 months. The seating will be reduced to 50 or less, with expanded restrooms, green room, storage, ticket office, keeping meeting space and administrative offices. As part of the purchase of the land the Town will have the right to purchase the building for a nominal amount. The site has an existing 45+/- space parking lot. The new theater is being funded by the Town, use of a bond issued by the Kern County Community College District – Cerro Coso Eastern Sierra Campus – Mammoth Campus, and private donors. A majority of the funds paid to purchase the property will also be used to fund the new theater – Total cost estimated at \$17,500,000, with \$11,000,000-\$12,000,000 currently committed. A new 40 space parking lot, outdoor restroom and dog park are under construction by the Town. These are located on the other side of the parcel from the current building. The new building will be owned and operated by the Town. The Town is preparing to go out to bid on a child care facility located generally adjacent to the current parking area.

## THE PROPERTY

Pursuant to the Site and Facility Lease, the Town will lease the Property to the Corporation. Pursuant to the Lease Agreement, the Corporation will, in turn, lease the Property back to the Town. See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Site and Facility Lease and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.

The Property consists of:

*Community Recreation Center.* (686 Old Mammoth Road, Mammoth Lakes). The Community Recreation Center is a 40,300 square foot Sprung Performance Arena located on the southwest corner of the Mammoth Creek Park site, completed in 2023. The approximate 56-foot tall and 140-foot wide facility will provide year-round programming for the community and ~~our thousands of~~ visitors. The 40, facility includes locker rooms, public/community space, seating, additional “use areas” (recreational activities, food/beverage sales, rentals, back of house, etc.) restrooms, and administrative areas.

*Police Station.* (58 Thompsons Way, Mammoth Lakes). The Police Station is a 5,790 square foot facility, completed in 2017, located on a 2.36 acre site, that provides for Town Police services – sworn and non-sworn activities. The facility includes an armory, a covered entrance, reception area, a sally port, holding cells, a training room and a locker room.

*Corporation Yard.* (299 Commerce Drive, Mammoth Lakes). The Corporation Yard includes a building with asphalt paved maintenance yard and two support buildings. The yard is served by an access road and has been improved for drainage. It is also equipped with sewer, water, power, telephone, television and propane gas, as well as a fueling system including card reader, pumps and tanks.

*Transit Center.* (210 Commerce Drive, Mammoth Lakes). The Transit Center is jointly operated by the Town and Eastern Sierra Transit Authority (ESTA). The facility is partially leased by ESTA for administrative staff for dispatch, meetings and general office work. ESTA is a joint powers agency that is supported by the Town for transit services. Drivers and operators use the facility as the main transit yard and begin and end their routes at this facility. Drivers complete their prechecks and some minor maintenance such as installing chains and deicing at the facility. The Town uses a portion of the building to support the Parks and Recreation Department operations. Trackless snow blowers and other seasonal equipment and materials are stored at this facility. The Town maintains offices for parks staff in the conditioned portion of the building.

The current insured value of the Property is approximately \$ \_\_\_\_\_.

For a description of certain terms of the Lease Agreement see “SOURCE OF PAYMENT FOR THE CERTIFICATES” and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

Pursuant to the Lease Agreement, the Town may substitute the Property, in whole or in part, with other properties, upon the satisfaction of certain conditions. For more information regarding the substitution of property see “SOURCE OF PAYMENT FOR THE CERTIFICATES—Substitution or Removal of Property” and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

The town has not granted any security interest in the Property for the benefit of the Certificates and there is no remedy of foreclosure on the Property upon the occurrence of an Event of Default under the Lease Agreement. For a discussion of remedies upon an Event of Default under the Lease Agreement, see “RISK FACTORS—Limitations on Remedies.”

**DEBT SERVICE SCHEDULE**

The following table shows the scheduled annual debt service for the Certificates:

Principal Payment Date (June 1)	Principal* (1)	Interest (2)	Total
Total			

\*Preliminary, subject to change.

- (1) Principal payments with respect to the Certificates on each June 1 are derived from Lease Payments made by the Town on the preceding May 15. Includes sinking fund payments.
- (2) Interest payments with respect to the Certificates on each June 1 and December 1 are derived from Lease Payments made by the Town on the preceding May 15 and November 15, respectively.

**THE CERTIFICATES**

**General**

The Certificates will be executed and delivered in the aggregate principal amount and will mature on the dates and interest with respect thereto will be payable at the rates per annum as set forth on the cover page of this Official Statement. The Certificates will be delivered in the form of fully registered Certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. Interest with respect to the Certificates will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on June 1 and December 1 of each year, commencing December 1, 2024 (each an “Interest Payment Date”),

until maturity or earlier redemption thereof. The Certificates will be initially executed, delivered and registered in the name of “Cede & Co.” as nominee of DTC and will be evidenced by one Certificate maturing on each of the maturity dates in a denomination corresponding to the total principal therein designated to mature on such date. See “THE CERTIFICATES—Book-Entry System” and APPENDIX F—DTC’S BOOK-ENTRY ONLY SYSTEM.

Interest with respect to the Certificates will be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Record Date (i.e., the close of business on the 15<sup>th</sup> day of the month preceding each Interest Payment Date, whether or not such 15<sup>th</sup> day is a Business Day) and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before November 15, 2024, in which event interest with respect thereto will be payable from its dated date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) days prior to such special record date.

Payment of interest due with respect to any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his or her address as it appears on the Registration Books as of such Record Date or, upon written request filed with the Trustee prior to the Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

## **Redemption**

*Optional Redemption.* The Certificates maturing on or before June 1, \_\_\_\_\_, are not subject to optional redemption. Certificates maturing on and after June 1, \_\_\_\_\_, are subject to redemption prior to their respective stated maturity dates, from the proceeds of optional prepayments of Lease Payments made by the Town pursuant to the Lease Agreement, in whole or in part, on any date on or after June 1, \_\_\_\_\_, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, without a premium, from the proceeds of the optional prepayment of Lease Payments made by the Town pursuant to the Lease Agreement.

*Mandatory Sinking Fund Redemption.* The Certificates maturing on June 1, \_\_\_\_\_, are subject to mandatory redemption in part on June 1, \_\_\_\_\_, and on each June 1 thereafter, to and including June 1, \_\_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the Town pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (June 1)	Principal Amount of Certificates to be Redeemed
------------------	--

†Maturity.

*Redemption from Net Proceeds of Insurance and Condemnation.* The Certificates are subject to mandatory redemption in whole or in part on any date from the Net Proceeds of an insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Lease Payments by the Town pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Prepayment from Net Proceeds.”

*Selection of Certificates for Redemption.* Whenever provision is made for the redemption of Certificates and less than all Outstanding Certificates are called for redemption, the Trustee shall select Certificates for redemption in any order of maturity selected by the Town (and if not selected by the Town, *pro rata* among maturities) and by lot within a maturity. The Trustee shall promptly notify the Town and the Corporation in writing of the Certificates so selected for redemption. Upon the occurrence of a redemption in part, the maturities to be redeemed shall be subject to the approval of the Municipal Bond Insurer.

*Notice of Redemption.* The Town shall be required to give the Trustee written notice of its intention to redeem Certificates at least thirty (30) days prior to the date fixed for redemption unless the Trustee otherwise agrees to a shorter period for such notice. Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption shall be given by the Trustee on behalf and at the expense of the Town, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least twenty (20) days and not more than sixty (60) days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Registration Books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; *provided, however,* that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Certificates.

All notices of redemption shall be dated and shall state: (i) the redemption date; (ii) the redemption price; (iii) if less than all Outstanding Certificates of a maturity are to be redeemed, the Certificate numbers (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption and that interest with respect thereto shall cease to accrue from and after said date; (v) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Corporate Trust Office; (vi) the CUSIP numbers of all Certificates being redeemed; (vii) the original date of execution and delivery of the Certificates; (viii) the rate of interest payable with respect to each maturity of Certificates being redeemed; (ix) the maturity date of each Certificate being redeemed; and (x) any other descriptive information needed to identify accurately the Certificates being redeemed.

Notwithstanding the foregoing, in the case of any optional redemption of the Certificates, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Certificates on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Certificates have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Certificates to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Certificates for which notice of optional redemption was given shall remain Outstanding for all purposes of the Trust Agreement.

Notice of redemption having been given as aforesaid and the deposit of the redemption price having been made by the Town, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trustee at the redemption price. Upon the payment of the redemption price of Certificates being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer, to the extent possible. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Certificates which have been redeemed shall be canceled by the Trustee, shall not be redelivered and shall be destroyed pursuant to the Trust Agreement.

In addition to the foregoing notice to the Owners, notice shall also be given by the Trustee, by telecopy or other electronic transmission, registered, certified or overnight mail, to all Securities Depositories and to an Information Service which shall state the information set forth above, but no defect in said notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

The Trustee shall have no responsibility for a defect in the CUSIP number that appears on any Certificate or in the redemption notice. The redemption notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Certificate Owners and that the Trustee and the Town shall not be liable in any way for inaccuracies in said numbers.

*Partial Redemption of Certificate.* Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Town, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

*Purchase of Certificates.* In lieu of redemption of Certificates, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a Town Representative, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the Town may in its discretion direct. Such purchases may be effected through the investment department of the Trustee or of an affiliate of the Trustee. The aggregate principal amount of Certificates of the same maturity purchased in lieu of redemption shall not exceed the aggregate



principal amount of Certificates of such maturity which would otherwise be subject to such redemption. Remaining moneys, if any, shall be deposited in the Lease Payment Fund. All Certificates purchased in lieu of redemption shall be canceled by the Trustee.

### **Transfer and Exchange of Certificates**

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same maturity and aggregate principal amount, in any authorized denominations.

Certificates may be exchanged at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The Town shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

### **Book-Entry System**

The Certificates will be initially executed, delivered and registered as one fully registered certificate for each maturity, without coupons, in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Certificates. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive physical certificates representing their interest in the Certificates purchased. Principal and interest will be paid to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein. So long as DTC's book-entry system is in effect with respect to the Certificates, notices to Owners of the Certificates by the Town or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Certificates, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. See APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

In the event that such book-entry system is discontinued with respect to the Certificates, the Town will cause the Trustee to execute and deliver replacements in the form of registered certificates and, thereafter, the Certificates will be transferable and exchangeable on the terms and conditions provided in the Trust Agreement.

## **SOURCE OF PAYMENT FOR THE CERTIFICATES**

### **General**

Each Certificate represents a direct, undivided fractional interest in the Lease Payments. Pursuant to the Lease Agreement, the Town will lease the Property from the Corporation and agree to make Lease Payments. See "THE PROPERTY." Upon satisfaction of certain conditions set forth in the Lease

Agreement, the Town may substitute the Property with other properties. See “Substitution or Removal of Property” and “Abatement” below.

As security for the Certificates, the Corporation will assign to the Trustee for the payment of principal and interest with respect to the Certificates, the Corporation’s rights, title and interest in the Lease Agreement (with certain exceptions), including the right to receive Lease Payments to be made by the Town under the Lease Agreement. The Lease Payments are designed to be sufficient, in both time and amount, to pay when due, the principal and interest with respect to the Certificates. The Lease Payments are payable by the Town from any source of legally available funds.

THE OBLIGATION OF THE TOWN TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE TOWN FOR WHICH THE TOWN IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE TOWN HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE TOWN TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE TOWN OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

#### **Lease Payments; Covenant to Appropriate**

Pursuant to the Lease Agreement, the Town has agreed to make Lease Payments for the lease of the Property. Lease Payments will be made by the Town to the Trustee on May 15 and November 15 in each year, in advance of the corresponding June 1 and December 1 Interest Payment Dates. The Town will also pay as additional payments (“Additional Payments”), amounts required for the payment of all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement or in connection with the execution and delivery of the Certificates. The Town has covenanted under the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budget and to make the necessary annual appropriations for all such payments. Under certain circumstances described under the Lease Agreement, however, Lease Payments are subject to abatement during periods of substantial interference with the Town’s use and occupancy of the Property or any portion thereof. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Abatement.”

#### **Reserve Fund**

The Trust Agreement provides that the Trustee will establish and maintain the Reserve Fund equal to the Reserve Requirement. On the date of delivery of the Certificates, an amount of Certificate proceeds equal to the Reserve Requirement will be deposited in the Reserve Fund. “Reserve Requirement” means an amount equal to the least of maximum annual Lease Payments, 125% of average annual Lease Payments and 10% of the principal amount of the Certificates, which amount shall be \$ \_\_\_\_\_ on the Closing Date. Amounts in the Reserve Fund are to be used only for the payment of the principal and interest with respect to the Certificates to the extent amounts in the Lease Payment Fund are insufficient therefor.

On the date of delivery of the Certificates, in lieu of a cash deposit to the Reserve Fund, the Municipal Bond Insurer will issue the Reserve Policy, in an amount equal to the Reserve Requirement. There is no obligation for the Town to replace the Reserve Policy or to cash fund the Reserve Fund if the rating of the Municipal Bond Insurer is downgraded or withdrawn.

## **Insurance**

The Town is required to keep or cause to be kept casualty insurance against loss or damage by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, in an amount at least equal to the lesser of (i) 100% of the replacement cost (without deducting for depreciation) of the Property and (ii) the aggregate principal amount of Certificates at the time outstanding. Such insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

To insure against loss of rental income caused by perils mentioned above, the Town is required to maintain, or cause to be maintained throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property as a result of any of the hazards described above in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive fiscal years during the remaining term of the Lease Agreement.

Public liability and property damage insurance coverage is required in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$150,000 (subject to a deductible clause of not to exceed \$5,000, or such higher amount as the Town shall determine, provided that such higher deductible shall be considered a self-insured retention) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the Town and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the Town. The net proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

The Town shall provide, from moneys in the Costs of Issuance Fund or at its own expense, on the Closing Date, a CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the Town's leasehold estate in the Property, subject only to Permitted Encumbrances.

See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT—Insurance.

## **Abatement**

Pursuant to the Lease Agreement, Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the Town of the Property or any portion thereof (other than any modified portions of the Property as described in the Lease Agreement) to the extent to be agreed upon by the Town and the Corporation and communicated by a Town Representative to the Trustee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed), based upon any appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a Town Representative to the Trustee. In the event of any

such damage or destruction, the Lease Agreement shall continue in full force and effect and the Town waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments. If an abatement event has occurred but remedied, the Town shall be required to extend the Term of the Lease Agreement for up to 10 years, as described in the Lease Agreement, until such time as the amounts abated are recouped. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance,” APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Insurance and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Abatement of Rental Payments in the Event of Damage or Destruction.

### **Eminent Domain**

Pursuant to the Lease Agreement, if all of the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property is taken permanently, or if the Property or any part thereof shall be taken temporarily, under the power of eminent domain, (1) the Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the Town and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

### **Optional Prepayment**

Pursuant to the Lease Agreement, the Town has an option to prepay the principal components of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, in whole or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, with a premium as described above for the redemption of Certificates. See “THE CERTIFICATES—Prepayment—Optional Prepayment.”

Said option may be exercised by the Town on any date on or after May 15, \_\_\_\_\_. In the event of prepayment in part, the partial prepayment will be applied against Lease Payments in such order of payment date as will be selected by the Town. Lease Payments due after any such partial prepayment will be in the amounts set forth in a revised Lease Payment schedule which will be provided by, or caused to be provided by, the Town to the Trustee and which will represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment.

### **Prepayment from Net Proceeds of Insurance and Condemnation**

The Town shall be obligated to prepay the Lease Payments for the Property, in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or condemnation award with respect to the Property that have been deposited with the Trustee in the Lease Payment Fund for such purpose. Such proceeds shall be applied to the prepayment of the principal component of the Lease

Payments and the prepayment of the Certificates. See “THE CERTIFICATES—Prepayment—Prepayment from Net Proceeds of Insurance and Condemnation.”

### **Substitution of Property**

*Substitution of Property.* The Town shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land and facilities (“Substitute Property”) for the Property, provided that the Town shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) The Town shall file with the Corporation, the Trustee and the Municipal Bond Insurer amended exhibits to the Site and Facility Lease which adds thereto a description of such Property and deletes therefrom the description of the Property;

(ii) The Town shall file with the Corporation, the Trustee and the Municipal Bond Insurer amended exhibits to the Lease Agreement which adds thereto a description of such Substitute Property and deletes therefrom the description of the Property;

(iii) The Town shall certify in writing to the Corporation, the Trustee and the Municipal Bond Insurer that such Substitute Property serve the purposes of the Town, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the Town is permitted to lease under the laws of the State;

(iv) The Town delivers to the Corporation, the Trustee and the Municipal Bond Insurer an Officer’s Certificate of the Town based on insurance values or any other reasonable basis of valuation received by the Town (which need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Property;

(v) The Substitute Property shall not cause the Town to violate any of its covenants, representations and warranties made in the Lease Agreement and in the Trust Agreement, as evidenced by an officer’s certificate delivered to the Corporation, the Trustee and the Municipal Bond Insurer;

(vi) The Town shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the site of the Substitute Property and deletes therefrom the description of the Site;

(vii) The Town shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the Town; and

(viii) The Town shall furnish the Corporation, the Trustee and the Municipal Bond Insurer with a written opinion of Special Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

*Release of Site.* The Town shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the Town shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The Town shall file with the Corporation, the Trustee and the Municipal Bond Insurer an amended exhibit to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The Town shall file with the Corporation, the Trustee and the Municipal Bond Insurer an amended exhibit to the Lease Agreement which describes the Site, as revised by such release;

(iii) The Town delivers to the Corporation, the Trustee and the Municipal Bond Insurer an Officer's Certificate of the Town based on insurance values or any other reasonable basis of valuation received by the Town (which need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iv) Such release shall not cause the Town to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee;

(v) The Town shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which describes the Site, as revised by such release; and

(vi) The Town shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the Town or the Corporation.

### **Events of Default and Remedies**

The following shall be "events of default" under the Lease Agreement:

(a) Failure by the Town to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the Town to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement (including failure to request appropriation pursuant thereunder) or under the Trust Agreement, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Town by the Corporation, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee (as directed by such Owners of not less than 5% in aggregate principal amount of Certificates then Outstanding) and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Town within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the Town of a voluntary petition in bankruptcy, or failure by the Town promptly to lift any execution, garnishment or attachment, or adjudication of the Town as a bankrupt, or assignment

by the Town for the benefit of creditors, or the entry by the Town into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Town in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Whenever any event of default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant to be kept and performed by the Town under the Lease Agreement is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement. In the event of such default and notwithstanding any re-entry by the Corporation, the Town shall, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event, such rent and/or damages shall be payable to the Corporation at the time and in the manner as provided in the Lease Agreement.

#### **Amendment of Lease Agreement**

Except as provided below, without the prior written consent of the Trustee, the Town will not alter, modify or cancel, or agree or consent to alter, modify or cancel the Lease Agreement, excepting only such alteration or modification as may be permitted by the Trust Agreement.

### **MUNICIPAL BOND INSURANCE**

[TO COME]

### **THE TOWN**

The Town is a general law city that was initially incorporated on August 20, 1984. The Town is located in the County is the County's only incorporated city. The Town is located in California's Eastern Sierra Range approximately 100 mi (160 km) south of the Nevada state line and 50 minutes by car from the Eastern Gate of Yosemite National Park. The Town is home to approximately 7,300 residents. The Town provides municipal services to its citizens including police, public works, airport facilities, community development, parks and recreation and general administrative support.

The Town is located immediately to the east of Mammoth Mountain, home to the Mammoth Mountain Ski Area, a 25-lift ski resort owned and operated by the Alterra Mountain Company. The Ski Area is frequented during the ski season by skiers and snowboarders from southern California as the Town

is an approximately five-hour drive from Los Angeles via U.S. 395. The Ski Area is much closer to Los Angeles County and Orange County than the Lake Tahoe area resorts. The Town also has significant tourism in the summer season from visitors to the Town and the Ski Area who visit to camp, hike, mountain bike and fish.

The Town operates under a council-manager form of government. The five-member Town Council (the “Town Council”) is elected on an at large basis by the Town’s voters. Town Council members serve staggered four-year terms, ~~with two members elected every two years~~. The Mayor and Mayor Pro Tem are elected by the Town Council Members to one-year terms. The Town Council appoints the Town Manager and the Town Attorney. The Town Manager is responsible for directing, coordinating and carrying out Town Council policies.

The current members of the Town Council are as follows:

Name and Office	Current Term Expires
Bill Sauser, <i>Mayor</i>	November 2024
Chris Bubser, <i>Mayor Pro Tem</i>	November 2026
Sarah Rea, <i>Councilmember</i>	November 2024
Amanda Rice, <i>Councilmember</i>	November 2026
John Wentworth, <i>Councilmember</i>	November 2026

The Town is economically dependent on tourism-generated tax dollars for providing revenue to its General Fund. A significant portion of the Town’s General Fund Revenues are derived from transient occupancy taxes on tourism to the Ski Area and the surrounding region. The Ski Area has been in continuous operation since the opening of its first ski lift in 1955. The Ski Area features year-round activities, including skiing and snowboarding in the winter season and hiking, fishing and mountain biking in the summer season. The owner of the Ski Area, the Alterra Mountain Company, is a privately held hospitality company headquartered in Denver, Colorado. Other ski resorts operated by the Alterra Mountain Company in California include nearby June Mountain, Big Bear Mountain, and Palisades Tahoe/Alpine Meadows. The Alterra Mountain Company also operates ski resorts in areas including Park City, Utah, Vermont, Colorado, and Canada. Purchasers of an annual pass called an “Ikon Pass” are able to visit any resort owned by the Alterra Mountain Company. For additional discussion of the Town’s General Fund, see “TOWN FINANCIAL INFORMATION” and “RISK FACTORS – Dependence on Tourism.”

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE TOWN AND THE COUNTY for an additional description of the Town, a summary of recent development activity within the Town, and certain demographic and statistical information.

## TOWN FINANCIAL INFORMATION

### Financial Statements and Budgetary Process

The Town’s accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board.



*Basis of Accounting and Financial Statement Presentation.* The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

*Audited Financial Statements.* The Town retained Price Paige & Company, Clovis, California (the “Town’s Auditor”), to examine the general-purpose financial statements of the Town as of and for the year ended June 30, 2023. The audited financial statements for fiscal year ended June 30, 2023, are included in APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2023. The Town has not requested, and the Town’s Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

*Budget Process.* The Town Council adopts a budget for the fiscal year by June 30 preceding the beginning of the fiscal year on July 1. The Town has adopted an annual budget process that is the foundation for the Town’s financial planning and control. The Town’s budgets are prepared by fund, function (e.g., public safety), and department (e.g., police). The Town’s proposed budgets must be balanced, with balanced being defined as the anticipated annual fiscal expenditures not exceeding the annual fiscal revenues less non-recurring fund transfers. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The Town’s budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon Town Council approval. The Town makes mid-cycle budget adjustments as necessary throughout the fiscal year.

The Town has adopted certain reserve policies with respect to its General Fund, including a reserve for economic uncertainty, an operating reserve, and a debt reserve. For additional discussion of the Town’s General Fund reserve policies, see “Town Financial Management.”

Certain of the Town’s revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on Town finances. See “STATE BUDGET INFORMATION.”

## General Fund Balance Sheet

The following table shows the Town's audited General Fund balance sheets for the five most recent fiscal years.

**Table 1**  
**TOWN OF MAMMOTH LAKES**  
**GENERAL FUND BALANCE SHEET**  
**Fiscal Years 2018-19 through 2022-23**

	Fiscal Year Ending June 30,				
	2019 Audited	2020 Audited	2021 Audited	2022 Audited	2023 Audited
<b>ASSETS</b>					
Cash and investments	\$14,791,696	\$16,224,913	\$17,982,578	\$17,720,531	<u>\$13,267,717</u>
Receivables	2,406,291	1,518,729	2,820,273	3,525,195	<u>4,540,947</u>
Due from other funds	—	—	—	7,229	—
<b>Total Assets</b>	<u>17,197,987</u>	<u>17,743,642</u>	<u>20,802,851</u>	<u>21,252,955</u>	<u>17,808,664</u>
<b>LIABILITIES</b>					
Accounts payable	985,281	2,434,937	3,719,408	2,174,067	<u>2,083,233</u>
Accrued payroll and benefits	—	—	—	503,301	<u>56,040</u>
Deposits and other liabilities	—	—	—	77,043	—
Unearned revenue	—	—	—	1,221,357	<u>1,152,366</u>
Advances from other funds	2,831,207	2,491,207	2,491,207	1,671,207	<u>851,207</u>
<b>Total Liabilities</b>	<u>3,816,488</u>	<u>4,926,144</u>	<u>6,210,615</u>	<u>5,646,975</u>	<u>4,142,846</u>
<b>DEFERRED INFLOWS</b>					
Unavailable revenues	—	—	—	126,813	<u>126,813</u>
<b>FUND BALANCES</b>					
Restricted	—	—	—	1,812,196	—
Committed	7,451,936	1,205,002	10,794,758	6,712,136	<u>10,896,376</u>
Assigned	—	—	534,041	—	<u>0</u>
Unassigned	5,929,563	11,612,496	3,263,437	6,954,835	<u>2,642,630</u>
<b>Total Fund Balances</b>	<u>13,381,499</u>	<u>12,817,498</u>	<u>14,592,236</u>	<u>15,479,167</u>	<u>13,539,005</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	17,197,987	17,743,642	20,802,851	21,126,142	<u>17,681,851</u>

Sources: Town of Mammoth Lakes Annual Comprehensive Financial Reports for Fiscal Years 2018-19 through 2022-23.

## General Fund Revenues, Expenditures, and Changes in Fund Balances

The following table shows the Town's audited results for General Fund revenues and expenditures for the four most recent fiscal years and budgeted projections for fiscal year 2023-24.

**Table 2**  
**TOWN OF MAMMOTH LAKES**  
**GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Fiscal Years 2019-20 through 2023-24**

	Fiscal Year Ending June 30,				
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Budgeted <sup>(1)</sup>
<b>REVENUES</b>					
Taxes and assessments <sup>(2)</sup>	\$24,133,152	\$25,543,395	\$36,700,248	<u>\$40,847,571</u>	<u>\$27,454,000</u>
Licenses and permits	643,579	957,809	1,254,841	<u>908,286</u>	<u>824,000</u>
Intergovernmental	509,791	546,939	2,361,848	<u>205,769</u>	<u>233,800</u>
Charges for services	812,721	683,693	1,323,448	<u>1,744,169</u>	<u>1,351,365</u>
Fines and forfeitures	48,585	146,028	212,114	<u>149,707</u>	<u>112,000</u>
Use of money and property	353,569	140,474	129,617	<u>924,642</u>	<u>12,000</u>
Other revenues	97,616	31,466	168,884	<u>206,430</u>	<u>30,000</u>
<b>Total Revenues</b>	<u>26,599,013</u>	<u>28,049,804</u>	<u>45,121,000</u>	<u>45,016,572</u>	<u>30,017,165</u>
<b>EXPENDITURES</b>					
General government	4,846,082	4,629,269	5,146,090	<u>7,191,662</u>	<u>6,006,941</u>
Public safety	4,896,287	5,070,267	4,527,653	<u>5,096,686</u>	<u>5,716,289</u>
Tourism, parks, and recreation	4,289,549	3,616,240	4,904,993	<u>6,580,318</u>	<u>5,551,684</u>
Community development	3,236,549	3,021,455	2,688,356	<u>1,521,413</u>	<u>2,887,556</u>
Public works/streets	789,335	-	924,665	<u>1,308,986</u>	<u>1,182,628</u>
Transportation and transit	897,869	954,723	787,091	<u>784,605</u>	<u>1,080,020</u>
Community support	-	1,301,238	129,451	=	=
Capital outlay	-	-	-	=	=
Debt Service - Principal	-	-	-	=	=
Debt Service - Interest	-	-	-	=	=
<b>Total Expenditures</b>	<u>18,955,671</u>	<u>18,593,192</u>	<u>19,108,299</u>	<u>22,483,671</u>	<u>22,425,119</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>7,643,342</u>	<u>9,456,612</u>	<u>23,042,701</u>	<u>22,532,902</u>	<u>7,592,046</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	2,582,555	1,705,807	10,027	<u>1,492,229</u>	<u>440,000</u>
Transfers out <sup>(3)</sup>	<u>(10,789,898)</u>	<u>(9,387,681)</u>	<u>(22,992,279)</u>	<u>(22,815,500)</u>	<u>(12,208,747)</u>
<b>Total Other Financing Sources</b>	<u>(8,207,343)</u>	<u>(7,681,874)</u>	<u>(22,832,252)</u>	<u>(24,307,730)</u>	<u>(12,648,747)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(564,001)</u>	<u>1,774,738</u>	<u>210,449</u>	<u>1,774,828</u>	<u>(5,056,701)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>13,381,499</u>	<u>12,817,498</u>	<u>15,268,718</u>	<u>15,313,833</u>	<u>13,539,005</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>12,817,498</u>	<u>14,592,236</u>	<u>15,479,167</u>	<u>13,539,005</u>	<u>8,482,304</u>

Source: Town of Mammoth Lakes Annual Comprehensive Financial Report for Fiscal Years 2019-20 through 2022-23 data and Town of Mammoth Lakes for Fiscal Year 2023-24 data.

- (1) FY2023-24 budgeted data was provided by the Town and is based on the Town's FY2023-24 Budget, as originally adopted on June 21, 2023, and as most recently revised on December 6, 2023.
- (2) For additional detail see "Primary Sources of General Fund Revenues."
- (3) For additional detail see "General Fund Transfers."

## General Fund Budget

The following table shows the Town's General Fund budget figures for the two most recent fiscal years, including a comparison of the Town's initial budget, final budget, audited actual for each year.

**Table 3**  
**TOWN OF MAMMOTH LAKES**  
**GENERAL FUND BUDGET COMPARISON**  
**Fiscal Years ~~2021-22~~ and ~~2022-23~~**

	Fiscal Year Ending June 30, 2022			Fiscal Year Ending June 30, 2023		
	Adopted Budget	Final Budget	Audited Actuals	Adopted Budget	Final Budget	Audited Actuals
<b>REVENUES</b>						
Taxes and assessments	\$22,859,850	\$36,178,950	\$36,700,248	<u>\$25,041,000</u>	<u>\$39,729,775</u>	<u>\$40,847,570</u>
Licenses and permits	718,980	1,168,980	1,254,841	<u>785,600</u>	<u>903,600</u>	<u>908,285</u>
Intergovernmental	141,000	321,624	2,361,848	<u>111,000</u>	<u>142,000</u>	<u>205,769</u>
Charges for services	858,049	1,368,049	1,323,448	<u>987,490</u>	<u>1,429,490</u>	<u>1,774,168</u>
Fines and forfeitures	67,200	212,000	212,114	<u>112,000</u>	<u>137,000</u>	<u>149,706</u>
Use of money and property	49,670	61,370	129,617	<u>85,000</u>	<u>235,000</u>	<u>924,641</u>
Other revenues	146,000	286,000	168,884	<u>30,000</u>	<u>91,400</u>	<u>206,429</u>
Total Revenues	<u>24,840,749</u>	<u>39,596,973</u>	<u>42,151,000</u>	<u>27,152,090</u>	<u>42,668,265</u>	<u>45,016,752</u>
<b>EXPENDITURES</b>						
General government	4,873,330	5,073,426	5,146,090	<u>7,092,842</u>	<u>6,960,644</u>	<u>7,191,662</u>
Public safety	4,778,579	4,535,971	4,527,653	<u>4,984,809</u>	<u>5,107,009</u>	<u>5,096,686</u>
Tourism, parks, and recreation	4,479,225	4,516,132	4,904,993	<u>6,765,447</u>	<u>9,351,526</u>	<u>6,580,318</u>
Community development	2,105,326	2,535,024	2,688,356	<u>1,995,739</u>	<u>2,737,039</u>	<u>1,521,412</u>
Public works/streets	1,157,421	1,019,461	924,665	<u>1,051,104</u>	<u>1,281,304</u>	<u>1,308,986</u>
Transportation and transit	1,132,918	1,133,958	787,091	<u>1,171,200</u>	<u>1,571,200</u>	<u>784,604</u>
Community support	—	—	129,451	<u>—</u>	<u>—</u>	<u>—</u>
Capital outlay	—	—	—	<u>—</u>	<u>—</u>	<u>—</u>
Debt Service - Principal	—	—	—	<u>—</u>	<u>—</u>	<u>—</u>
Debt Service - Interest	—	—	—	<u>—</u>	<u>—</u>	<u>—</u>
Total Expenditures	<u>18,526,799</u>	<u>18,813,972</u>	<u>19,108,299</u>	<u>23,061,141</u>	<u>27,008,722</u>	<u>22,483,668</u>
REVENUES OVER EXPENDITURES	6,313,950	20,783,001	23,042,701	<u>4,090,949</u>	<u>15,659,543</u>	<u>22,533,084</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	150,000	150,000	160,027	<u>375,000</u>	<u>375,000</u>	<u>1,492,229</u>
Transfers out	(5,954,085)	(22,587,279)	(22,992,279)	<u>(65,093,349)</u>	<u>(18,892,499)</u>	<u>(18,588,667)</u>
Total Other Financing Sources	<u>(5,804,085)</u>	<u>(22,437,279)</u>	<u>(22,832,252)</u>	<u>(64,718,349)</u>	<u>(18,517,499)</u>	<u>(17,096,438)</u>
NET CHANGE IN FUND BALANCES	509,865	(1,654,278)	210,449	<u>(60,627,400)</u>	<u>(2,857,956)</u>	<u>5,436,646</u>
FUND BALANCES - BEGINNING OF YEAR			15,268,718			<u>15,313,833</u>
FUND BALANCES - END OF YEAR			15,479,167			<u>20,750,479</u>

Source: Town of Mammoth Lakes Annual Comprehensive Financial Reports for Fiscal Year 2021-22 and Fiscal Year 2022-23.

## General Fund Transfers

The Town makes significant annual transfers out from its General Fund to its other operating funds. In recent years the largest sources of Transfers Out have included transfers for debt service, contributions to the gas tax fund for costs including snow removal, and transfers for capital projects including housing and community development. The following table shows a five-year summary of the transfers out from the Town's General Fund.

**Table 4**  
**TOWN OF MAMMOTH LAKES**  
**GENERAL FUND TRANSFERS OUT DETAIL**  
**Fiscal Years 2018-19 through 2022-23**

Transfer Out From the General Fund To:	Fiscal Year Ending June 30,				
	2019	2020	2021	2022	2023
Debt Service - MLLA Settlement	\$1,869,440	\$2,000,000	\$1,867,288	\$1,867,037	<u>\$2,000,000</u>
Debt Service - Lease Rev. Bond 2015 - Police Facility	315,616	314,192	314,540	314,608	<u>314,394</u>
Debt Service - SWRCB	78,915	—	—	—	<u>—</u>
Debt Service - Garage Service Loan	340,000	340,000	—	340,000	<u>—</u>
Debt Service - Loan Fees	4,880	5,000	3,660	3,750	<u>5,000</u>
Support of COVID-19 Emergency Response	—	1,300,000	882,308	—	<u>—</u>
Capital Projects - Set Aside for Future Capital	—	—	550,000	1,288,554	<u>2,713,900</u>
Capital Projects - In Progress	695,360	—	315,640	2,425,000	<u>—</u>
LTC	5,524	—	—	—	<u>—</u>
Housing & Community Development	—	—	1,400,000	4,800,000	<u>3,842,000</u>
Gas Tax - General Fund Contribution	2,704,761	2,062,932	-	2,953,428	<u>3,431,086</u>
Airport Operations - General Fund Contribution	677,311	291,274	100,000	493,089	<u>—</u>
Transit Contribution to Bus Shelter Capital Project	—	330,000	—	—	<u>400,000</u>
Transit Contribution to Transit Building CIP	—	350,000	—	—	<u>—</u>
Transit Contribution to Vehicle Replacement	—	400,000	—	—	<u>250,000</u>
Transit Contribution to Winter Animation Project	—	100,000	—	—	<u>—</u>
Housing RLF - General Fund Contribution	—	45,000	—	—	<u>—</u>
Garage Replacement Fund	602,600	—	—	50,000	<u>—</u>
Capital Projects	—	—	—	3,206,813	<u>—</u>
CRC Support	—	—	—	—	<u>50,000</u>
Emergency Support	—	—	—	—	<u>1,627,250</u>
Tourism Contribution to Housing	—	—	—	—	<u>1,465,400</u>
Tourism Contribution to Trails Host	—	—	—	—	<u>100,000</u>
Tourism Contribution to Fish Stocking	—	—	—	—	<u>50,000</u>
Tourism Contribution to Air Subsidy	—	—	—	—	<u>500,000</u>
Tourism Contribution to Capital Projects	—	—	—	—	<u>450,000</u>
Housing Contribution to Housing Programs	—	—	—	—	<u>1,261,432</u>
Measure R	—	45,000	—	20,000	<u>55,038</u>
<b>TOTAL TRANSFERS OUT</b>	<u><u>\$7,294,367</u></u>	<u><u>\$7,583,398</u></u>	<u><u>\$5,433,436</u></u>	<u><u>\$17,762,279</u></u>	<u><u>\$22,815,500</u></u>

Source: Town of Mammoth Lakes.

## Town Financial Management

The Town Council has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted General Fund reserves; (ii) the prudent investment of Town funds, and (iii) management of debt. The Town's practice is to incur debt only after deliberation over the effect of such debt on the Town's General Fund and other resources of the Town, and in those circumstances where the use of debt would be appropriate to the scale and economic life of the asset being financed and the

accumulation or availability of reserves to fund the capital requirement.

*General Fund Reserve Policies.* The Town's Reserve Policy was most recently updated in 2022 and is reviewed annually based on the growth of General Fund revenues. The Town's General Fund reserves consists of three separate elements, a Reserve for Economic Uncertainty ("REU"), an Operating Reserve ("OR"), and a debt reserve ("DR").

The Reserve for Economic Uncertainty (REU) was established to minimize the impact to town services in the event of a long-term revenue shortfall from an economic downturn or other localized event that negatively affects the Town's revenue sources. These localized events could be in the form of a natural disaster that affects the Town itself or access to the Town. The funding target is 20% of General Fund revenue, or \$6,000,000 for FY2023-24. The REU is currently fully funded and in compliance with the policy.

The Operating Reserve (OR) is engaged to weather short-term economic impacts or to take advantage of unanticipated funding needs such as grant opportunities, response to damaged facilities, unanticipated short-term declines in revenue or new state and federal cost mandates. The funding target is 5% of General Fund revenue or roughly \$1,500,000 for FY2023-24. The OR is fully funded and in compliance with the policy.

The Debt Reserve (DR) provides funding to cover the Town's debts in the event of a long-term revenue shortfall from an economic downturn or other localized event that negatively affects the Town's revenue sources. The funding target is 50% of the annual debt service paid by the General Fund. The two bonds that qualify are the Lease Revenue Bond for the Police Facility (2015) and the Taxable Judgement Obligation bond for MLLA settlement refinancing (2017). The target funding based on these two obligations is \$1,100,000 for FY2023-24. The DR is fully funded and in compliance with the policy.

The Town also funds a \$100,000 contingency fund designed to meet smaller unanticipated costs within the operating budget. It may also be used to meet other shortfalls in funding for capital projects. The contingency fund is fully funded for FY23-24 and is in compliance with the policy.

*Investment Policy.* The investment of funds of the Town (except pension and retirement funds) is made in accordance with the Town's Investment Policy, most recently approved on January 18, 2023 (the "Investment Policy"), prepared by the Town Treasurer as authorized by section 53601 of the Government Code of California. The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made. Invested funds are managed to ensure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years.

*Debt Management Policy.* In accordance with section 8855(i) of the California Government Code the Town adopted a debt management policy effective as of January 1, 2017, to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the Town's interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the Town.

## Primary Sources of General Fund Revenues

The Town’s largest General Fund revenue source is transient occupancy taxes, which typically account for approximately 60% of the Town’s General Fund revenues. The second largest General Fund revenue source is property taxes, which typically account for approximately 13% of the Town’s General Fund revenues. Sales and use taxes, the General Fund’s third largest revenue source, typically account for 9% of the Town’s General Fund revenues. Together these three primary sources of General Fund revenues have constituted over 80% of the Town’s General Fund revenues in recent years.

The Town is economically dependent on tourism-generated tax dollars for providing a significant portion of revenue to its General Fund. Tourism to the Town, driven primarily by year-round activity at the Ski Area, accounts for essentially all the transient occupancy taxes collected and a significant portion of all sales taxes collected. Property tax revenue, driven in part by vacation properties and tourism infrastructure, is also a main contributor to the General Fund. A downturn in the operations of the Ski Area or of the tourism industry generally for the Town would result in a substantial reduction in General Fund revenue.

The table below shows the Town’s primary General Fund revenue sources for the four most recent fiscal years and budgeted projections for Fiscal Year 2023-24. Following the table is a brief discussion of each of the Town’s primary sources of General Fund revenues.

**Table 5**  
**TOWN OF MAMMOTH LAKES**  
**PRIMARY SOURCES OF GENERAL FUND REVENUES**

	Fiscal Year Ending June 30,				
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Budgeted <sup>(2)</sup>
Transient Occupancy Taxes	\$16,298,944	\$16,945,645	\$27,127,887	<u>\$30,116,306</u>	<u>\$18,287,000</u>
Property Taxes	4,054,115	4,572,245	4,736,931	<u>5,374,261</u>	<u>4,705,000</u>
Sales and Use Taxes <sup>(1)</sup>	2,372,657	2,513,299	3,358,773	<u>3,766,418</u>	<u>3,000,000</u>
Total Primary Sources	22,725,716	24,031,189	35,223,591	<u>39,256,985</u>	<u>25,992,000</u>
All Other General Fund Revenues	3,873,297	4,018,615	9,897,409	<u>5,759,587</u>	<u>4,025,165</u>
Total General Fund Revenues	<u>\$26,599,013</u>	<u>\$28,049,804</u>	<u>\$45,121,000</u>	<u>\$45,016,572</u>	<u>\$30,017,165</u>

Source: Town of Mammoth Lakes 2019-20 through 2022-23 Annual Comprehensive Financial Reports and Town of Mammoth Lakes.

- (1) Amounts do not include Measure R Sales Taxes. Measure R Sales Tax receipts are a restricted revenue source accounted for in a separate fund and are not available to the General Fund for General Fund purposes. For additional discussion, see “Sales and Use Taxes.”
- (2) FY2023-24 budgeted data was provided by the Town and is based on the Town’s FY2023-24 Budget, as originally adopted on June 21, 2023, and as most recently revised on December 6, 2023.

*Transient Occupancy Taxes.* The Town currently imposes a voter-approved general transient occupancy tax upon any unit in the Town that is occupied for the purposes of sleeping, lodging, or similar reasons for a period of 30 consecutive days or less, charged to the transient (or guest) who is entitled to such occupancy. Transient occupancy tax revenues are the Town’s largest source of General Fund revenues. The current rate of the Town’s transient occupancy tax is 13% of the taxable revenue charged by the unit operator for the use of the unit. The current transient occupancy tax rate was approved in an election held on June 6, 2006, by the voters of the Town. As the Town’s transient occupancy tax is a general tax, transient occupancy tax proceeds are deposited into the Town’s General Fund and may be used for any and all municipal purposes. In each of Fiscal Year 2021-22 and 2022-23, transient occupancy taxes generated

approximately \$27.1 million and \$30.1 million, representing a significant recovery from lows experienced in fiscal year 2019-20 and 2020-21 due to disruptions to tourism resulting from the COVID-19 Pandemic. The Town has estimated that transient occupancy tax revenues will generate \$18.2 million in Fiscal Years 2023-24, continuing the recovery trend from fiscal year 2021-22. For additional discussion and detail, see “Transient Occupancy Taxes.”

*Property Taxes.* Property taxes are the General Fund’s second largest revenue source. The County levies a tax of 1% on the assessed valuation of property within the County. The Town receives a share of this 1% levy on the assessed value of property located within the Town limits. In each of Fiscal Year 2021-22 and 2022-23, property taxes generated approximately \$4.7 million and \$5.3 million. The Town has estimated that property tax revenues will generate \$4.7 million in Fiscal Years 2023-24. See “Property Taxes” below for additional information relating to the property taxes and the assessed valuation of property located in the Town.

*Sales and Use Taxes.* Sales and use taxes are the General Fund’s third largest revenue source. The Town receives a 1% share of all taxable sales generated within its borders from the State. While the Town also receives sales and use taxes from a voter-approved 0.5% transaction and use tax (“Measure R”) on all taxable sales generated within its borders, Measure R is a special tax accounted for in a separate fund the proceeds of which are not available to the Town’s General Fund for General Purposes. In each of Fiscal Year 2021-22 and 2022-23, sales and use taxes (excluding Measure R taxes) generated approximately \$3.3 million and \$3.7 million, representing a recovery from lows in sales and use tax collections experienced in fiscal years 2019-20 and 2020-21 due to disruptions to tourism resulting from the COVID-19 Pandemic. The Town has estimated that sales and use tax revenues (excluding Measure R taxes) will generate \$3.0 million in fiscal year 2023-24. For additional discussion of the Town’s General Fund sales tax revenues, see “Sales and Use Taxes.”

### **Transient Occupancy Taxes**

Tourism in the Town is driven in large part by activity at or around the Ski Area. As described under “THE TOWN” and summarized here, the Ski Area is a 25-lift ski resort owned and operated by the Alterra Mountain Company that is frequented during the winter season by skiers and snowboarders primarily from southern California. The Town also has significant tourism in the summer season in and around the Ski Area from visitors who come to the Town and the Ski Area to camp, hike, mountain bike and fish.

The Town levies a transient occupancy tax (“TOT”) rate of 13% upon the taxable revenues generated by visitors to any unit in the Town that is occupied for the purposes of sleeping, lodging, or similar reasons for a period of 30 consecutive days or less. The current rate of the transient occupancy tax was approved by the voters of the Town voting in an election occurring on June 6, 2006.

While the Town’s transient occupancy tax is a general tax, the Town Council by policy has voluntarily committed to use funding from transient occupancy taxes for certain purposes. The allocation for fiscal year 2023-24 includes 4.05% of the 13% TOT tax comprised of the following: Tourism (2.35%), Workforce Housing (.85%) and Transit Services (.85%). These commitments are a significant portion of the transfers out from the General Fund. For additional discussion, see “General Fund Transfers Out.” While the Town Council has consistently met its voluntary commitment regarding these amounts, these funds may be used for any general government purpose including the payment of principal of and interest on the Certificates.



The Town is economically dependent on tourism-generated tax dollars for providing revenue to its General Fund. Tourism to the Town and to the Ski Area accounts for essentially all the transient occupancy taxes collected. The Town also benefits from recreational opportunities in the Inyo National Forest, especially in the summer months. Consequently, a downturn in the tourism industry for the Town would result in a substantial reduction in General Fund revenue. In the event of such a downturn, the Town may have insufficient resources in its General Fund to pay all of its obligations or provide services to its citizens at the current level.

*TOT Tax Collection Procedures.* The Town's Finance Department collects the TOT revenues generated in the Town. The TOT revenue is collected and accounted for from hotel and motel operators, rental agents who rent condominiums and/or homes, homeowners who rent their own condominiums and/or homes, campgrounds and trailer parks. Each TOT operator is responsible to remit on a monthly basis, based on gross receipts from revenues earned in the month previous. The Town provides a Monthly Return Form on which each TOT operator reports gross rents, deductions as allowable by ordinance, its taxable rents and the amount of tax that is due and payable. All TOT operators are required to submit the form, along with full applicable payment by the due date. If the monthly return and full applicable payment are delinquent, a 15% penalty is assessed for the first month along with an 18% annual interest charge. If the monthly return is delinquent a second month, an additional 15% penalty is assessed. Delinquent TOT revenues historically have had only a nominal impact on collections of TOT revenues.

The Town has an auditing system where the top 20 remitters, approximately \_\_\_\_\_% of total TOT, are tracked on an annual basis for the purposes of looking for consistency year-after-year and for consistency among the group. This allows the Town to look for trends and track differences in performance of one individual compared to others. The purpose of this approach is to pre-screen the business and identify who needs to be audited first to provide the most efficient process of auditing.

The Town's Municipal Code provides a series of security measures to ensure that operators of lodging facilities pay the TOT revenue. Such security measures include delinquency notices to all operators who fail to remit monthly returns or fail to pay balances in full, authorization to issue administrative citations for illegal operation, and sanction of legal action against uncertified or delinquent operators; including tax liens on real property for delinquent TOT.

*Town Rental Inventory.* The following table shows a four-year history of the unit counts of the types and quantities of available rental property in the Town subject to the TOT for the most recent fiscal years.

**Table 6**  
**TOWN OF MAMMOTH LAKES**  
**AVAILABLE RENTAL UNITS**  
**Fiscal Years 2019-20 through 2022-23**

Unit Type	Count of Units Subject to TOT in Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Condominium	3,147	3,061	3,311	
Hotel/Motel/Lodge	1,086	999	1,090	
Bed & Breakfast	16	11	29	
Campground/RV Site	611	634	615	
Chalet, Cabin, Hostel or Other	123	121	228	
Single Family Home	7	4	4	
Long Term Rental	715	941	1,093	
<b>TOTAL AVIALABLE UNITS</b>	<b>5,705</b>	<b>5,771</b>	<b>6,370</b>	

Source: Town of Mammoth Lakes.

*Historical TOT Revenues.* The Town experiences two tourist seasons, winter and summer. The Town typically has seen more visitors in the winter season than the summer season, though that trend was briefly reversed in the COVID-19 Pandemic when significant declines in winter tourism were experienced in fiscal years 2019-20 and 2020-21. Winter tourism has rebounded from COVID-19 Pandemic lows in fiscal year 2021-22 and fiscal year 2022-23. The following table highlights historical seasonal differences in TOT revenues for the ten most recent fiscal years.

**Table 7**  
**TOWN OF MAMMOTH LAKES**  
**HISTORICAL SEASONAL TOT REVENUE**  
**Fiscal Years 2012-13 through 2022-23**

Fiscal Year Ending June 30,	Winter ( <i>Dec-Mar</i> )	% Winter	Summer ( <i>Apr-Nov</i> )	% Summer	Total TOT Revenues
2013	\$ 7,428,834	63.4%	\$ 4,286,189	36.6%	\$11,715,023
2014	5,947,501	57.4	4,415,758	42.6	10,363,259
2015	6,401,920	56.6	4,907,077	43.4	11,308,997
2016	9,620,717	61.1	6,112,789	38.9	15,733,506
2017	11,132,927	61.5	6,958,537	38.5	18,091,464
2018	10,639,802	59.5	7,227,599	40.5	17,867,401
2019	12,825,531	63.5	7,385,530	36.5	20,211,061
2020 <sup>(1)</sup>	9,474,191	59.3	6,500,058	40.7	15,974,249
2021 <sup>(1)</sup>	6,205,440	37.6	10,304,904	62.4	16,510,344
2022	15,198,096	57.0	11,470,432	43.0	26,668,528
2023					

Source: Town of Mammoth Lakes

(1) TOT revenues were affected in fiscal years 2020 and 2021 by the COIVID 19 pandemic.

Note: Totals do not include Violation, Penalties or Interest.

*Top TOT Generators.* The following table shows the top twenty major generators of TOT Revenue for fiscal year 2022-23, accounting for approximately \_\_\_\_\_% of total TOT Revenue as indicated. Village Lodging, Intrawest Hospitality, Mammoth Reservations and Mammoth Mountain Inn each generate more than 5% of the total TOT revenues and are all further described below.

**Table 8**  
**TOWN OF MAMMOTH LAKES**  
**TOP 20 TOT REVENUE GENERATORS**  
**Fiscal Year 2022-23**

	Business Name	TOT Revenues	% of Total TOT Revenues
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
	Total Top 20	_____	_____
		=====	=====

Source: Town of Mammoth Lakes

*Village Lodging.* The Village Lodging is operated by Mammoth Hospitality Management, LLC, which is made up of the partnership between Intrawest Hospitality Management, LLC and MMSA, LLC with MMSA, LLC acting as the managing partner. The Village Lodge was constructed from 2003-2005 and has 204 total rooms, all of which are under a rental agency agreement with Mammoth Hospitality Management, LLC. The units consist of 8 studios, 91 one bedrooms, 89 two bedrooms and 16 three bedrooms.

*Westin Monache Intrawest, Intrawest Hospitality Management, Inc.* The Westin Monache is a franchise property with licensing through Marriott Hotels that was built from 2006-2007. The property is co-owned by partners, Mammoth Mountain Ski Area (MMSA) and Intrawest Hospitality Management, LLC. Intrawest Ski Company conducts the Westin’s daily operations. The 315,000 square foot property boasts 230 suites, 208 of which are on the in-house rental program. The units consist of 100 studios, 69 one bedrooms, 38 two bedrooms, 4 one bedrooms with dens, 16 two bedrooms with dens and 3 luxury 2 bedrooms.

*Mammoth Hospitality Management, LLC.* Mammoth Hospitality Management, LLC is a partnership between Intrawest Hospitality Management, LLC and MMSA, LLC with MMSA acting as the managing partner. Mammoth Hospitality Management remits revenues for Juniper Springs Resort, which consists of three complexes, Juniper Springs Lodge, Sunstone Lodge and Eagle Run Townhomes. The complexes were constructed from 1999-2003. Juniper Springs Lodge has 171 total units, with 12 studios, 83 one bedrooms, 73 two bedrooms and 3 three bedrooms. Sunstone is made up of 77 units with 24 one bedrooms, 46 two bedrooms and 7 three bedrooms. Eagle Run Townhomes has 36 units, with 22 two bedrooms, and 14 three bedrooms. All units are under a rental agency agreement with Mammoth Hospitality Management, LLC.

*Mammoth Mountain Inn.* The Mammoth Mountain Inn was originally constructed in 1957. The property operates 217 units with, 95 standard, 68 deluxe, 6 studio, 19 one bedrooms, 13 two bedrooms, 13 two bedrooms with loft, 3 three bedrooms. The property is owned and operated by MMSA, LLC.

## **Property Taxes**

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIII A of the California Constitution, the county assessor's valuation of real property is established as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Taxes are levied by the County Assessor for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

The Town receives a share of property tax revenues for real property located within the Town but may receive a lower portion of revenues within former redevelopment project areas. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the SBE is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes beginning the second month after the delinquent date, and on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

### **Teeter Plan**

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the Town, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30<sup>th</sup> to the respective taxing entities.

The County cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the County's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. If the Teeter Plan is discontinued in the future, only those secured property taxes actually collected would be

allocated to political subdivisions (including the Town) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The Town is not aware of any petitions for the discontinuance of the Teeter Plan in the County.

### Assessed Value

The assessed valuation of property in the Town is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Property taxes allocated to the Town are collected by the County at the same time and on the same tax rolls as are county and special district taxes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

*History of Assessed Values.* The table below shows the assessed valuation of taxable property in the Town for the ten most recent fiscal years.

**Table 9**  
**TOWN OF MAMMOTH LAKES**  
**HISTORIC ASSESSED VALUATIONS**  
**Fiscal Years 2014-15 to 2023-24**

Fiscal Year Ending June 30,	Local Secured	Utility	Unsecured	Total Assessed Valuation	% Change
2015	\$3,597,792,689	—	\$325,213,769	\$3,923,006,458	n/a
2016	3,677,609,277	—	321,015,524	3,998,624,801	1.93%
2017	3,773,190,823	—	325,654,039	4,098,844,862	2.51
2018	3,865,694,546	—	330,508,988	4,196,203,534	2.38
2019	4,035,492,722	—	340,905,641	4,376,398,363	4.29
2020	4,309,704,357	—	351,674,469	4,661,378,826	6.51
2021	4,513,085,176	—	386,844,390	4,899,929,566	5.12
2022	4,836,705,547	—	339,448,555	5,176,154,102	5.64
2023	5,346,672,950	—	356,154,389	5,702,827,339	10.17
2024	5,806,808,936	—	382,745,719	6,189,554,655	8.53

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the Town’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When

necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values.* There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must apply to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

*Risk of Decline in Property Values; Fire; Earthquake Risk.* Property values could be reduced by factors beyond the Town's control, including fire, earthquake or a depressed real estate market due to general economic conditions in the Town, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by

ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the Town in the future.

*Assembly Bill 102.* On June 27, 2017, the Governor of the State (the “Governor”) signed into law Assembly Bill 102 (“AB 102”). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the Town.

*State-Assessed Property.* Under the Constitution, the SBE assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the Town to non-utility companies will increase the assessed value of property in the Town, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the Town to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the Town as the value is shared among the other jurisdictions in the County. The Town is unable to predict future transfers of State-assessed property in the Town and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the Town.



*Assessed Valuation by Land Use.* The following table gives a distribution of taxable real property located in the Town by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**Table 10**  
**TOWN OF MAMMOTH LAKES**  
**ASSESSED VALUATION AND PARCELS BY LAND USE**

	FY2023-24 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b><u>Non-Residential:</u></b>				
Commercial	\$269,863,214	4.65%	233	2.28%
Resort/Hotel/Motel	195,305,556	3.36	24	0.23
Industrial	15,201,963	0.26	25	0.24
Recreational	16,350,214	0.28	11	0.11
Government/Social/Institutional	16,001,792	0.28	31	0.30
Miscellaneous	111,256,478	1.92	460	4.50
Subtotal Non-Residential	<u>\$623,979,217</u>	<u>10.75%</u>	<u>784</u>	<u>7.67%</u>
<b><u>Residential:</u></b>				
Single Family Residence	\$2,330,473,909	40.13%	2,836	27.74%
Condominium	2,567,323,778	44.21	5,612	54.90
Mobile Home	3,149,413	0.05	123	1.20
Mobile Home Park	11,794,976	0.20	2	0.02
2+ Residential Units	10,578,925	0.18	159	1.56
Timeshare	1,910,623	0.03	195	1.91
Subtotal Residential	<u>\$4,925,231,624</u>	<u>84.82%</u>	<u>8,927</u>	<u>87.33%</u>
Vacant Parcels	<u>257,598,095</u>	<u>4.44%</u>	<u>511</u>	<u>5.00%</u>
Total	<u>\$5,806,808,936</u>	<u>100.00%</u>	<u>10,222</u>	<u>100.00%</u>

Source: California Municipal Statistics, Inc.

(1) Total secured assessed valuation, excluding tax-exempt property.

*Assessed Valuation of Single-Family Homes.* The following table focuses on single-family residential properties only, which comprise approximately 40.13% of the assessed value of taxable property in the Town.

**Table 11  
TOWN OF MAMMOTH LAKES  
PER PARCEL - ASSESSED VALUATION OF SINGLE-FAMILY HOMES**

	No. of Parcels	FY2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	2,836	\$2,330,473,909	\$821,747	\$643,515

  

FY2023-24 Assessed Valuation	No. of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	85	2.997%	2.997%	\$ 6,302,053	0.270%	0.270%
\$100,000 - \$199,999	199	7.017	10.014	29,506,336	1.266	1.537
\$200,000 - \$299,999	243	8.568	18.583	61,134,686	2.623	4.160
\$300,000 - \$399,999	296	10.437	29.020	103,550,842	4.443	8.603
\$400,000 - \$499,999	248	8.745	37.764	112,181,139	4.814	13.417
\$500,000 - \$599,999	254	8.956	46.721	139,884,089	6.002	19.419
\$600,000 - \$699,999	220	7.757	54.478	142,804,187	6.128	25.547
\$700,000 - \$799,999	244	8.604	63.082	182,313,448	7.823	33.370
\$800,000 - \$899,999	162	5.712	68.794	136,771,324	5.869	39.239
\$900,000 - \$999,999	132	4.654	73.449	125,059,276	5.366	44.605
\$1,000,000 - \$1,099,999	113	3.984	77.433	118,481,456	5.084	49.689
\$1,100,000 - \$1,199,999	85	2.997	80.430	97,494,833	4.183	53.872
\$1,200,000 - \$1,299,999	85	2.997	83.427	106,161,987	4.555	58.428
\$1,300,000 - \$1,399,999	80	2.821	86.248	108,169,989	4.642	63.069
\$1,400,000 - \$1,499,999	46	1.622	87.870	66,730,951	2.863	65.933
\$1,500,000 - \$1,599,999	48	1.693	89.563	74,302,650	3.188	69.121
\$1,600,000 - \$1,699,999	46	1.622	91.185	75,649,933	3.246	72.367
\$1,700,000 - \$1,799,999	29	1.023	92.207	50,767,497	2.178	74.546
\$1,800,000 - \$1,899,999	40	1.410	93.618	73,992,430	3.175	77.721
\$1,900,000 - \$1,999,999	18	0.635	94.252	34,918,684	1.498	79.219
\$2,000,000 and greater	163	5.748	100.000	484,296,119	20.781	100.000
<b>Total</b>	<b>2,836</b>	<b>100.000%</b>		<b>\$2,330,473,909</b>	<b>100.000%</b>	

Source: California Municipal Statistics, Inc.

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.

*Principal Property Taxpayers.* Based on fiscal year 2023-24 locally assessed taxable valuations, the top twenty taxable property owners in the Town represent approximately 7.09% of the total fiscal year 2023-24 taxable value. The following table shows the 20 largest owners of taxable property in the Town as determined by secured assessed valuation in fiscal year 2023-24. The Town is not aware of any plans by the top twenty largest local secured taxpayers to leave the Town or terminate operations.

**Table 12**  
**TOWN OF MAMMOTH LAKES**  
**LARGEST LOCAL SECURED PROPERTY TAXPAYERS**  
**Fiscal Year 2023-24**

	Property Owner	Primary Land Use	FY2023-24 Assessed Valuation	% of Total <sup>(1)</sup>
1.	Mammoth Main Lodge Redevelopment LLC	Hotel/Motel	\$ 57,871,359	1.00%
2.	IW Mammoth Holdings LLC	Ski Resort	42,678,529	0.73
3.	SFI Mammoth Crossing LLC	Brewery/Undeveloped	39,576,270	0.68
4.	JPK Mammoth Village Owner LLC	Resort	30,343,279	0.52
5.	WH SN Mammoth LLC	Resort/Restaurants	28,621,210	0.49
6.	Snowcreek Investment Company II LLC	Resort	24,113,598	0.42
7.	Mammoth View LLC	Commercial	20,822,787	0.36
8.	Snowcreek Hilltop Development Co. LLC	Residential Development	20,327,401	0.35
9.	PI Mammoth Lakes LLC	Hotel/Motel	17,114,860	0.29
10.	Beacon Mammoth Inc.	Commercial Land	16,083,022	0.28
11.	Limelight Mammoth LLC	Hotel/Motel	15,884,161	0.27
12.	Scripps Family Trust	Residential	15,476,003	0.27
13.	Vons Company Inc.	Shopping Center	14,404,888	0.25
14.	Ormat Nevada Inc.	Power Generation	12,710,711	0.22
15.	Sierra Holiday MHP LLC	RV Park	11,219,173	0.19
16.	452 Om Rd Investors LLC	Shopping Center	10,559,018	0.18
17.	YSD Park Corporation	Shopping Center	9,396,470	0.16
18.	Mammoth Mountain Development Company	Residential Development	8,448,948	0.15
19.	Tcherkoyan Family Trust 2008	Residential	8,210,753	0.14
20.	Mammoth Rock Holdings LLC	Bowling Alley/Restaurant	7,872,128	0.14
	Total Top 20		\$411,734,568	7.09%

Source: California Municipal Statistics, Inc.

(1) FY2023-24 Local Secured Assessed Valuation: \$5,806,808,936.

### Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in the State. The State does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the Town) (the “State Sales Tax”). In addition, many of the State’s cities, counties, districts and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. While more than one district tax may be in effect for a particular location, counties, municipalities, and districts are allowed to increase the sales tax in specific jurisdictions up to a total of 10.25%.

*Measure R.* On June 3, 2008, the voters of the Town passed Measure R, a ½% special sales and use tax, the proceeds of which are dedicated to planning, construction, operation, maintenance, programming

and administration of all trails, parks and recreation facilities managed by the Town. Measure R taxes will be collected indefinitely unless Measure R is repealed by the voters of the Town. As a special tax, Measure R taxes are available only for the purposes described above and are not available to the General Fund for General Fund purposes.

The Town’s sales and use tax revenues are dependent in part on economic activity generated by tourism.

The following table shows a breakdown of the composition of the current sales and use tax rate applicable to transactions in the Town:

**Table 11**  
**TOWN OF MAMMOTH LAKES**  
**CURRENT SALES AND USE TAX RATES**

Component	Tax Rate
State Sales Tax	7.250%
Measure R- <sup>(+)</sup>	0.500
Total	7.750%

Source: Town of Mammoth Lakes

The State’s Department of Tax and Fee Administration actual administrative costs with respect to the portion of sales taxes allocable to the Town are deducted before distribution and are determined on a quarterly basis.

Many categories of transactions are exempt for the State Sales Tax. The most important of these exemptions are the 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 and electricity and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller during activities for which he or she is required to hold a seller’s permit) are generally exempt from both 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.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on revenues produced by sales taxes. The Town is not currently aware of any proposed legislative change that would have a material adverse effect on the State Sales Tax.

## Other Sources of General Fund Revenues

In addition, the Town receives approximately 20% of its annual General Fund revenues from the following sources:

*Charges for Services.* The Town’s ability to set charges for services is limited under California law. Generally, a fee or charge may not exceed the estimated reasonable cost of providing the particular service or product for which the fee is charged, plus overhead.

*Licenses and Permits.* The Town charges certain permits, licenses and fees for the cost recovery of providing current planning, building inspection, recreation and other municipal services.

*Fines, Forfeitures and Penalties.* These revenues include parking citations and other fines for municipal code violations.

## No Material Reliance on State Revenues

The Town does not rely on the State for a material amount of revenues. There can be no assurance that future State budget difficulties will not adversely affect the Town’s revenues or its ability to make the Lease Payments when due. See “STATE BUDGET INFORMATION.”

## OTHER FINANCIAL INFORMATION

### Labor Relations

Currently 81 permanent Town employees are covered by negotiated agreements as detailed in the table below. The Town also employs eight additional employees unrepresented by a collective bargaining unit for a total of 89 employees in total.

**Table 12**  
**TOWN OF MAMMOTH LAKES**  
**NEGOTIATED EMPLOYEE AGREEMENTS**

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>	<u>Number of Employees</u>
<u>General Employee Association</u>	<u>June 30, 2026</u>	<u>26</u>
<u>Management Employee Association</u>	<u>June 30, 2026</u>	<u>16</u>
<u>Public Works Employee Association</u>	<u>June 30, 2026</u>	<u>24</u>
<u>Police Officers Association</u>	<u>June 30, 2025</u>	<u>11</u>
<u>Police Supervisory Association</u>	<u>June 30, 2025</u>	<u>4</u>
<u>Total</u>		<u>81</u>

Source: Town of Mammoth Lakes

## **Risk Management**

The Town is a member of the California Joint Powers Insurance Authority (the “Authority”). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool. Liability claims are pooled separately between police and general government exposures. Workers Compensation claims are pooled separately between public safety (police and fire) and general government exposures.

The Town participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the Town. The Town participates in the all-risk property insurance protection program of the Authority. This insurance protection is underwritten by several insurance companies. The Town purchases earthquake and flood insurance on a portion of its property. Earthquake insurance is part of the property protection insurance program of the Authority. The Town purchases crime insurance coverage and fidelity coverage through the Authority. The Town further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on Town property. The insurance premium is paid by the tenant user and is paid to the Town according to a schedule. The Town then pays for the insurance. The insurance is facilitated by the Authority.

For additional information about the Town’s Risk Management, see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2023, Note 14.

## **Employee Retirement Plans**

*The information set forth below regarding the California Public Employees’ Retirement System (“CalPERS”) program, other than the information provided by the Town regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the Town or the Underwriter.*

*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 Town sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Town 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 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

*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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

*PARS Plan.* All eligible full-time public safety employees are eligible to participate in the Town's Retirement Enhancement Plan (the "PARS Plan"), administered through the Public Agency Retirement Services (PARS), which provides additional retirement benefits to public safety employees above that provided from the cost-sharing multiple-employer defined benefit pension plan. Eligibility requirements are based upon years of employment, date of hire, and date of birth which meets the requirements of a pension trust under California Government Code.

The PARS Plan provides service retirement benefits equal to the "3.5% at 55" plan factor less the CalPERS "3.0% at 50" plan factor for all years of Town Safety service as of July 1, 2012. Benefits are frozen effective as of July 1, 2012. Benefits in payment status will increase by 2% per annum on the anniversary of the participant's date of retirement. The plan does not provide a withdrawal benefit, death benefit, or a disability benefit.

*Historical Pension Contributions.* The Town’s combined contributions to its Miscellaneous and Safety CalPERS Plans and its contributions to the PARS Plan for the most recent is summarized in the following table.

**Table 13**  
**TOWN OF MAMMOTH LAKES**  
**HISTORICAL PENSION CONTRIBUTIONS**

Fiscal Year Ending June 30,	Total CalPERS Combined Contributions	PARS Plan Contributions
2019	\$ 2,125,168	\$ 35,084
2020	2,294,971	38,821
2021	2,698,794	43,006
2022	2,736,606	39,928
2023	<u>3,001,098</u>	<u>22,240</u>

Source: Town of Mammoth Lakes fiscal year 2022-23 Annual Comprehensive Financial Report.

*Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions.* For the fiscal year ended June 30, 2023, the Town recognized pension expense of \$ \_\_\_\_\_ for the combined CalPERS Plans. On June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Table 14**  
**TOWN OF MAMMOTH LAKES**  
**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**  
**Fiscal Year 2022-23**

<u>Miscellaneous Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Changes in assumptions</u>	<u>\$ 479,484,592</u>	<u>=</u>
<u>Differences between Expected and Actual Experience</u>	<u>93,968,044</u>	<u>(\$62,935,700)</u>
<u>Differences between Projected and Actual earnings on Pension Plan investments</u>	<u>857,110,099</u>	<u>=</u>
<u>Total</u>	<u>\$1,430,562,735</u>	<u>(\$62,935,700)</u>

Source: Town of Mammoth Lakes fiscal year 2022-23 Annual Comprehensive Financial Report.

<u>Safety Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Changes in assumptions</u>	<u>\$ 692,863,075</u>	<u>=</u>
<u>Differences between Expected and Actual Experience</u>	<u>284,389,647</u>	<u>(\$74,619,914)</u>
<u>Differences between Projected and Actual earnings on Pension Plan investments</u>	<u>1,085,118,205</u>	<u>=</u>
<u>Total</u>	<u>\$1,430,562,735</u>	<u>(\$74,619,914)</u>

Source: Town of Mammoth Lakes fiscal year 2022-23 Annual Comprehensive Financial Report.



For information concerning the Town’s pension obligations, including descriptions of the actuarial methods and assumptions, and an explanation of the discount rate used, please see APPENDIX B— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2023, Notes 12 and 13.

*Funded Status.* The following table sets forth a summary of the funding progress for the Town’s combined CalPERS Plans and PARS Plan for the most recent actuarial valuation dates.

**Table 15**  
**TOWN OF MAMMOTH LAKES**  
**HISTORICAL PENSION FUNDING PROGRESS**

Fiscal Year Ended June 30,	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll
<u>CalPERS Plans</u>			
2019	\$ 20,842,273	75.26%	\$ 5,296,220
2020	21,932,805	75.26	5,620,984
2021	23,071,697	75.10	5,862,517
2022	15,421,438	79.59	6,701,933
2023	<u>25,394,761</u>	<u>68.93</u>	<u>6,495,446</u>
<u>PARS Plan</u>			
2019	\$ 90,208	95.76%	\$ 297,013
2020	131,611	93.83	274,724
2021	(135,859)	106.08	250,623
2022	246,452	88.98	146,487
2023	<u>121,456</u>	<u>94.31</u>	<u>102,885</u>

Source: Town of Mammoth Lakes fiscal year 2022-23 Annual Comprehensive Financial Report.

*CalPERS Amortization Period Reform.* On February 13, 2018, the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period began with new gains or losses accrued starting with the June 30, 2019 actuarial valuations. The first payments on the new 20-year amortization schedule took place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability (“UAL”) contributions for cities that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Cities that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The announcement on July 12, 2021 that CalPERS achieved an investment return of 21.3% for the period from July 1, 2020 through June 30, 2023 caused the CalPERS Board of Administration to lower CalPERS’ discount rate from 7.00% to 6.80% on November 15, 2021 in accordance with a risk mitigation

policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points.

The Town cannot currently estimate the impact the shorter amortization period or lower discount rate will have on its required contributions for its Miscellaneous and Safety Plans. For information concerning the Plans, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2023, Note 8.

**Other Post-Employment Benefits**

*Plan Description.* The Town provides retiree medical benefits to employees who retire from the Town at age 50 or later with at least 5 years of service and are eligible for a California Public Employees’ Retirement System (CalPERS) pension. Eligible retirees are entitled to the minimum CalPERS medical benefit. The retiree pays the balance of the premium for the option and tier of coverage, which the retiree elects. The Plan does not include a special disability benefit prior to the employee becoming eligible for the regular retirement benefit. Benefit and vesting service is credited from date of hire. The Plan does not include a death benefit or withdrawal benefit. This benefit expires when the employee/retiree qualifies for Medicare.

*Employees Covered.* Membership of the plan consisted of 72 active employees and 29 retirees and beneficiaries receiving benefits at June 30, 2023.

*Changes In Net OPEB Liability.* The following table shows the changes in the Town’s net OPEB obligation to the Plan:

**Table 16**  
**TOWN OF MAMMOTH LAKES**  
**CHANGE IN NET OPEB LIABILITY**  
**Fiscal Year 2022-23**

Service cost	
Interest on OPEB liability	
Dif. btw. actual and expected experience	
Changes in assumptions	
Net investment income	
Administrative expenses	
Employer contributions	
Net changes	
Net OPEB obligation, beginning of the year	
Net OPEB obligation, end of the year	

Source: Town of Mammoth Lakes fiscal year 2022-23 Annual Comprehensive Financial Report.

The following table shows a four-year history of the Town’s outstanding OPEB obligation and covered payroll.

**Table 17**  
**TOWN OF MAMMOTH LAKES**  
**HISTORIC OPEB LIABILITY**

Fiscal Year Ending June 30,	Net OPEB Obligation (UAAL)	Funded Ratio
2019	\$ 3,780,962	9.11%
2020	1,937,287	17.09
2021	2,198,663	15.82
2022	2,365,452	17.12
2023		

Source: Town of Mammoth Lakes fiscal year 2022-23 Annual Comprehensive Financial Report.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

For information concerning the Town’s OPEB obligations, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2023, Note 11.

### **Debt Obligations**

In 2015, the Town entered into a private placement lease financing with Compass Mortgage Corporation to refinance its then outstanding Town of Mammoth Lakes Certificates of Participation (2000 Land Acquisition Project) and to fund, in part, a new Town Police Station (the “2015 Lease”). The Town is obligated to make annual payments of approximately \$315,000 from its general fund. In connection with the execution and delivery of the Certificates, the Town has determined to prepay the 2015 Lease.

In 2017, the Town issued its 2017 Taxable Judgment Obligation Bonds (the “Judgment Bonds”) to (a) refinance outstanding obligations of the Town under that certain Settlement Agreement, dated as of September 20, 2012, by and among (a) the Town, (b) Mammoth Lakes Land Acquisition, LLC, (c) Terrence E. Ballas, (d) Hot Creek Aviation Management, LLC, (e) Hot Creek Hanger Group, LLC, and (f) Hot Creek Water Management Company, LLC, and (b) pay the costs of issuance of the Judgment Bonds. The Town is obligated to make annual payments of approximately \$1,900,000 from its general fund. The Judgment Bonds mature on October 1, 2035.

The Town has certain other debt obligations that are not payable from the Town’s general fund.

## **Overlapping Debt**

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. and effective February 1, 2024. The Debt Report is included for general information purposes only. Neither the Town nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither the Town nor the Underwriter makes any representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the Town; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the Town; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the Town, as determined by multiplying the total outstanding debt of each agency by the percentage of the Town’s assessed valuation represented in column 2.

**Table 18**  
**TOWN OF MAMMOTH LAKES**  
**DIRECT AND OVERLAPPING BONDED DEBT**  
**as of February 1, 2024**

TOWN OF MAMMOTH LAKES

2023-24 Assessed Valuation: \$6,189,554,655

<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>	<u>% Applicable</u>	<u>Debt 1/1/24</u>
Kern Community College School Facilities Improvement District – Mammoth Campus	100.000%	\$ 1,751,307
Mammoth Unified School District	90.377	50,461,153
Southern Mono Hospital District	90.342	7,005,620
Town of Mammoth Lakes Community Facilities District No. 2001-1	100.000	<u>4,353,460</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>63,571,540</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>		
Mono County Certificates of Participation	74.526%	18,331,160
Kern Community College District Certificates of Participation	4.808	1,099,926
Kern Community College District Benefit Obligations	4.808	3,455,510
<b>Town of Mammoth Lakes 2015 Lease</b>	<b>100.000</b>	<b>1,816,000</b>
<b>Town of Mammoth Lakes Judgment Bonds</b>	<b>100.000</b>	<b><u>17,585,000</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$42,287,596</b>
<b>COMBINED TOTAL DEBT</b>		<b>\$105,859,136 <sup>(1)</sup></b>

Ratios to 2023-24 Assessed Valuation:

<b>Direct Debt (\$19,401,000)</b> .....	<b>0.31%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	1.03%
Combined Total Debt .....	1.71%

Source: California Municipal Statistics, Inc.

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**INVESTMENT OF TOWN FUNDS**

Revenues collected by the Town will be held and invested by the Town in accordance with the provisions of the Indenture.

Funds held by the Town are invested in accordance with the Town’s Statement of Investment Policy (the “Investment Policy”) prepared by the Finance Director as authorized by section 53601 of the Government Code of California. The Investment Policy is submitted to the Town Council annually. The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made. Invested funds are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, operating funds may not be invested in any investment with a maturity greater than five years. The Town has never invested in derivatives or reverse repurchase agreements and such investments and instruments are not allowed by Town policy.

For more information about the Town’s investment policy, see APPENDIX D—TOWN INVESTMENT POLICY.

## THE CORPORATION

The Corporation is a nonprofit, public benefit corporation duly organized and existing under the laws of the State and is entitled to purchase personal and real property and to sell or lease such property, to contract for construction and improvements and to execute operating agreements regarding such property. The Corporation was formed for the purpose of providing financial assistance to public entities by acquiring, constructing, developing and refinancing certain facilities for the use and benefit of the public. The Corporation has no liability to the Owners of the Certificates.

## STATE BUDGET INFORMATION

*Information regarding the State Budget is regularly available at various State-maintained websites. The fiscal year 2023-24 State Budget and fiscal year 2024-25 Proposed State Budget described below can be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the Town, and neither the Town nor the Underwriter takes responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.*

*State Budget Process.* Through the State budget process, the State enacts legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the Town. As in recent years, State budget deficits can result in legislation that adversely impacts local agency budgets.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures more than projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

*Recent State Budgets.* Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State’s website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the Town and is not incorporated herein by reference.

The State Treasurer’s Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading “Financial Information,” posts the State’s audited financial statements. In addition, the “Financial Information” section includes the State’s Rule 15c2-12 filings for State bond issues. The “Financial Information” section also includes the “Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation” from the State’s most current Official Statement, which discusses the State budget and the state budget process in greater detail.

The State Legislative Analyst’s Office (“LAO”) prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst’s Internet home page at [www.lao.ca.gov](http://www.lao.ca.gov).

### **2023-24 State Budget**

On June 27, 2023, the Governor signed the fiscal year 2023-24 State Budget, which was amended through a series of legislative bills, many of which were signed by the Governor on July 10, 2023 (as amended, the “2023-24 State Budget”). The 2023-24 State Budget reflects downturns in revenues driven by a declining stock market, persistently high inflation, rising interest rates, and job losses in high-wage sectors. The 2023-24 State Budget also reflects the fact that most Californians were granted until October, instead of April, to file income tax returns because of storm-related disaster declarations, leading to delays in revenue collections.

The 2023-24 State Budget projects a budget shortfall of approximately \$31.7 billion for the 2023-24 fiscal year, down from a budget surplus of \$7.8 billion in the 2022-23 State Budget. The 2023-24 State Budget addresses the \$31.7 billion shortfall through a variety of solutions, including \$9.3 billion in funding shifts of spending commitments from the General Fund to other funds, \$8.1 billion in General Fund spending reductions or pullbacks of previously approved spending, \$7.9 billion in delayed spending across multiple years, \$6.1 billion in new revenues, primarily from the Managed Care Organization tax, internal borrowing from special fund balances not projected for programmatic purposes, and \$340 million in reductions that will be restored in the State’s 2024-25 Budget if there are sufficient resources to do so at that time.

The 2023-24 State Budget projects a \$3 billion increase in general fund revenues as compared to the 2022-23 State Budget (from \$205.6 billion to \$208.7 billion) despite a projected \$4.6 billion decline in projected revenues from personal income taxes. The 2023-24 State Budget reduces General Fund expenditure levels by \$8.7 billion as compared to the 2022-23 State Budget (from \$234.6 billion to \$225.9 billion) with the largest reductions in expenditures occurring in expenditures for legislative, judicial, and executive operations, natural resources, government operations, and environmental protections. The largest areas of increased expenditures in the 2023-24 State Budget are expenditures related to health and human services and K-12 education.

While the 2023-24 State Budget projects a \$17 billion draw-down of the State General Fund’s fund balance (from \$26.3 billion in 2022-23 to \$9.1 billion in 2023-24), the 2023-24 State Budget maintains the

funding levels of budget stabilization account/rainy day fund (at \$22.2 billion) and safety net reserve (at \$900 million) while increasing the balance of the State’s public school system stabilization account by \$900 million (from \$9.9 billion to \$10.8 billion).

## **2024-25 Proposed State Budget**

On January 10, 2024, Governor Newsom released his proposed budget for fiscal 2025 (the “2024-25 Proposed State Budget”). The 2024-25 Proposed State Budget proposes total expenditures of \$291.5 billion in total across all State funds (approximately \$19 billion less than the 2023-24 State Budget), consisting of approximately \$208.7 billion from the State’s General Fund (approximately \$22 billion less than the 2023-24 State Budget), \$80.8 billion from special funds, and \$2 billion from bond funds. The 2024-25 Proposed State Budget revenues for the General Fund include a one-time draw down of reserves from the Budget Stabilization/Rainy-Day Fund of \$12 billion.

Governor Newsom attributes a total budget shortfall projected in the 2024-25 Proposed State Budget (estimated at \$37.9 billion) to two separate but related developments during the past two years, first, the substantial decline in the stock market that drove down revenues in 2022-23, and second, the unprecedented delay in critical income tax collections caused by natural disasters that resulted in the State pushing back its filing deadline until October. The combination of reduced revenues from personal income taxes and a later income tax filing deadline meant that the Governor and the State legislature lacked the data normally available during the 2023-24 State budget process. As a result, the 2023-24 State Budget committed money that was not actually available to spending programs underway now. As such, the correction that would have come as part of last year’s May Revision is instead being made in the 2024-25 Proposed State Budget.

Governor Newsom’s plan to close the deficit in the 2024-25 Proposed State Budget includes: withdrawing \$13.1 billion from the budget stabilization/rainy-day and safety net reserve accounts, cutting \$8.5 billion from existing programs and services, delaying \$5.1 billion worth of spending and deferring another \$2.1 billion to 2025-26, and \$5.7 billion in internal borrowing from special funds. Due to the State’s high reserves levels, the State would have \$18.4 billion of reserves remaining even after the drawdowns in the 2024-25 Proposed State Budget.

The 2024-25 Proposed State Budget reduces General Fund expenditures by \$22.2 billion compared to 2023-24 levels. The largest areas in General Fund spending reductions in the 2024-25 Proposed State Budget include reductions of \$5.8 billion for legislative, judicial and executive expenditures, reductions of \$6.8 billion in expenditures for natural resources, and reductions of \$2.7 billion in expenditures for business, consumer services, and housing. General Fund revenue sources in the 2024-25 Proposed State Budget are projected to remain relatively similar to 2023-24 levels with only a modest 2.2% increase. The remaining revenues used to balance the General Fund’s budget come primarily from drawdowns of the budget stabilization/rainy day fund.

*LAO’s Analysis of the 2024-25 Proposed State Budget.* On January 13, 2024, the Legislative Analyst’s Office released its analysis of the 2024-25 Proposed State Budget, which found certain revenue projections contained in the 2024-25 Proposed State Budget to be “optimistic.” The main difference between the estimates in the 2024-25 Proposed State Budget and the LAO’s analysis is that the 2024-25 Proposed State Budget estimates the State will see an 8% increase in income tax collections compared to 2023-24, resulting in \$15 billion more in revenues than the LAO’s estimate. While the LAO’s analysis agrees the rebound in



stock prices that occurred in 2023 is one reason for optimism it also notes that “stock market rallies can reverse as quickly as they start.”

On the spending side, the LAO’s analysis notes strengths and weaknesses. Plans to withdraw \$13 billion from reserves are viewed as reasonable, as are the 2024-25 Proposed State Budget’s spending solutions, though some spending-related solutions pose challenges. The reserve drawdown would still leave \$11 billion in the State’s budget stabilization/rainy-day fund, which the LAO report called “prudent” since the 2024-25 Proposed State Budget projects operating deficits ranging from \$4 billion to \$9 billion every year through 2026-27.

The LAO’s analysis recommends that the State legislature be mindful of future deficits by developing a final 2024-25 State budget that plans for lower revenues over the next three years, maintains a similar reserve withdrawal, develops a plan for school and community college funding, maximizes reductions in one-time spending and applies a higher bar for any discretionary proposals and contains ongoing service levels.

For additional information regarding the 2023-24 State Budget or the 2024-25 Proposed State Budget, please see the Department of Finance website at [ebudget.ca.gov](http://ebudget.ca.gov) and the LAO’s website at [lao.ca.gov](http://lao.ca.gov). The Town can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

### **Future State Budgets**

Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the Town and other local agencies in the State.

The Town cannot predict the extent of the budgetary problems the State will encounter in this fiscal year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Town cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Future State budgets will be affected by national and State economic conditions and other factors over which the Town has no control.

## **CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS**

*The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the Town to levy taxes and spend tax proceeds for operating and other purposes.*

### **Article XIII A of the California Constitution**

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation

of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are “severely disabled,” to transfer the old residence’s assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property.

Section 4 of Article XIII A also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

### **Article XIII B of the California Constitution**

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is Fiscal Year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by the Town over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the Town in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the Town’s option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth and change in attendance at local school and community college (“K-14”) districts.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

## Articles XIII C and XIII D (Proposition 218) of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the Town, to levy and collect both existing and future taxes and assessments, fees and charges.

Section 2 of Article XIII C requires majority voter approval for the imposition, extension or increase of general taxes and requires two thirds voter approval for the imposition, extension or increase of special taxes. These voter approval requirements of Article XIII C reduce the flexibility of the Town to raise revenues by the levy of general or special taxes and, given such voter approval requirements, no assurance can be given that the Town will be able to enact, impose, extend or increase any such taxes in the future to meet increased expenditure requirements.

Although a portion of the Town’s General Fund revenues are derived from general taxes purported to be governed by Proposition 218, all of such taxes were either imposed, extended or increased prior to the effective date of Proposition 218 or in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the Town will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges, such as the TOT, Proposition 172 revenues, or storm water fees which support the Town’s General Fund. TOT and other local taxes, assessments, fees and charges, could be subject to reduction or repeal by initiative under Proposition 218.

Section 3 of Article XIII C expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges that 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, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments or fees and charges imposed prior to November 6, 1996.

“Fees” and “charges” are not expressly defined in Article XIII C or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIII C and Article XIII D (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil* (Kelley) (the “Bighorn Decision”) that charges for ongoing water delivery are fees and charges within the meaning Section 3 of Article XIII C. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIII C. The Bighorn Decision has been interpreted to mean that ongoing water delivery charges are also property-related fees and charges within the meaning of Article XIII D.

In the Bighorn Decision, the Supreme Court stated that nothing in Section 3 of Article XIII C authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water and wastewater service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution.

Article XIII C also removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the Town will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the Town’s General Fund. “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 not received from or imposed by the federal or State government or derived from investment income.

If the Town is unable to continue to collect assessment revenues for a particular program, the program might have to be curtailed and/or funded by the Town’s General Fund. Given the approval requirements imposed by Article XIII D, the Town is unable to predict whether it will be able to continue to collect assessment revenues for these programs. If the Town chose to fund any such programs from the General Fund instead, the General Fund budget would be affected.

Article XIII D defines a “fee” or “charge” as any levy other than an ad valorem tax, special tax, or assessment imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership” herein. Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership. In the Bighorn Decision, the Supreme Court stated that ongoing water delivery charges are also property-related fees and charges within the meaning of Article XIII D.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for water service is ultimately determined to be a “fee” or “charge” as defined in Article XIII D, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIII D also includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the

service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Depending on the interpretation of what constitutes a “property-related fee” under Article XIII D, there could be future restrictions on the ability of the Town’s General Fund to charge its enterprise funds for various services provided. In the event that fees and charges of enterprise funds cannot be appropriately increased or are reduced pursuant to exercise of the initiative power, the Town may have to decide whether to supplement any deficiencies in these enterprise funds with moneys from the General Fund or to curtail service, or both.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters described above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

Both Articles XIII A and XIII B, as well as Articles XIII C and XIII D described above, were adopted as measures that qualified for the ballot pursuant to California’s constitutional initiative process. From time-to-time other initiative measures could be adopted, affecting the ability of the Town to increase revenues and to increase appropriations.

#### **Proposition 1A of 2004**

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State “mandates” a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has “suspended” mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

The 2004 Budget Act, related legislation and the enactment of Proposition 1A of 2004 (described below) dramatically changed the State-local fiscal relationship. These constitutional and statutory changes implemented an agreement negotiated between the Governor and local government officials (the “State-local agreement”) in connection with the 2004 Budget Act.

One change related to the reduction of the VLF rate from 2% to 0.65% of the market value of the vehicle. In order to protect local governments, which had previously received all VLF revenues, the 1.35 percent reduction in VLF revenue to cities and counties from this rate change was backfilled by an increase in the amount of property tax revenues they receive. This worked to the benefit of local governments, because the backfill amount annually increases in proportion to the growth in secured roll property tax revenues, which has historically grown at a higher rate than VLF revenues. Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues.

On November 3, 2004, the voters of the State approved Proposition 1A (“Proposition 1A of 2004”). Proposition 1A of 2004 amended the State Constitution to, among other things, reduce the Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local governments’ property tax, sales tax, and VLF revenues as of November 3, 2004. Pursuant to Proposition 1A of 2004, the State is able to borrow up to 8% of local property tax revenues but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approve the borrowing. Any amounts borrowed are required to be repaid within three years. Proposition 1A of 2004 also permits the State to borrow from local property tax revenues for no more than two fiscal years within a period of 10 fiscal years, and only if previous borrowings have been repaid. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Pursuant to statutory changes made in conjunction with amendments to the fiscal year 2008-09 State Budget Act, the Fiscal Year 2009-10 State Budget Act and related budget legislation adopted by the State Legislature and signed by the Governor in February 2012 (collectively, the “February 2012 Budget Package”), the VLF rate increased from 0.65% to 1.15% effective May 19, 2012. Of this 0.50% increase, 0.35% will flow to the State General Fund, and 0.15% will support various law enforcement programs previously funded by the State General Fund.

## **Proposition 22**

Proposition 22 (“Proposition 22”), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State’s ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See “ – Proposition 1 A of 2004” herein. In addition, Proposition 22 generally eliminates the State’s authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase schools’ and community college districts’ share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipated that Proposition 22 would require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The Town does not believe that Proposition 22 will have a significant impact on its revenues and expenditures.

### **Proposition 26**

Proposition 26 (“Proposition 26”), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of “taxes.” Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the Town’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.



If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

### **Proposition 19**

On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“Proposition 19”), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The Town cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the Town.

### **Taxpayer Protection and Government Accountability Act Initiative**

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and known as the “Taxpayer Protection and Government Accountability Act,” had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

The Town cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the Town cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the Town, the County, or the State.

### **Future Initiatives**

Articles XIII A, XIII B, XIII C and XIII D, Propositions 1A, 22, 26 and 19 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the Town or local districts to increase revenues or to increase appropriations which may affect the Town’s revenues or its ability to expend its revenues.

## **RISK FACTORS**

*This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Certificates. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Certificates, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Certificates are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.*

### **Lease Payments Are Not Debt**

The obligation of the Town to make the Lease Payments under the Lease Agreement does not constitute an obligation of the Town for which the Town is obligated to levy or pledge any form of taxation or for which the Town has levied or pledged any form of taxation. The obligation of the Town to make Lease Payments does not constitute a debt of the Town, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the Town, the Town is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the Town has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments. The Town is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the Town, in its discretion, may determine to pay prior to the Lease Payments.

The Town has the capacity to enter into other obligations payable from the Town's General Fund ~~or from Measure X Receipts~~, without the consent of or prior notice to the Owners of the Certificates. To the extent that additional obligations are incurred by the Town, the funds available to make Lease Payments may be decreased. In the event the Town's revenue sources are less than its total obligations, the Town could choose to fund other municipal services before making Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the Town is not permitted to appropriate and spend all of its available revenues. The Town's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the Town's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII B of the California Constitution."

### **Valid and Binding Covenant to Budget and Appropriate**

Pursuant to the Lease Agreement, the Town covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the Town to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Town to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon delivery of the Certificates, Special Counsel will render its opinion (substantially in the form of APPENDIX D—FORM OF SPECIAL COUNSEL

OPINION) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the Town.

### **Additional Obligations of the Town**

The Lease Agreement does not prohibit the Town from incurring additional lease and other obligations payable from the Town's General Fund. In that regard, the Town may, from time to time, incur General Fund obligations to finance public improvements (see "OTHER TOWN FINANCIAL INFORMATION—Long-Term General Fund-Secured Obligations"), which may also include lease obligations payable from its General Fund.

### **Cash Management**

The Town has numerous internal or external means to manage its cash flow, including but not limited to interfund borrowing, intrafund borrowing and tax and revenue anticipation notes which may be employed to the extent the Town Council is required to make budget adjustments in order to maintain a balanced budget. If the Town does not take required actions and the budget remains out of balance, the cash requirements of the Town may exceed available cash flow. The ability of the Town to borrow on an interim basis to meet any cash shortfalls also may be limited if the budget remains out of balance for a sustained period of time. See "TOWN FINANCIAL INFORMATION."

### **Abatement**

In the event of loss or substantial interference in the use and possession by the Town of all or any portion of the Property caused by material damage, title defect, destruction to or condemnation of the Property, Lease Payments will be subject to abatement. In the event that such component of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the Town's rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Property or prepayment of the Certificates, there could be insufficient funds to make payments to Owners in full. Reduction in Lease Payments due to abatement as provided in the Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

### **No Acceleration Upon Default**

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to foreclose or sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Certificates or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the

State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below. See “—Limitations on Remedies.”

### **Risk of Uninsured Loss**

The Town covenants under the Lease Agreement to maintain certain insurance policies on the Property. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance.” The Town does not insure its facilities against the risk of earthquake. Additionally, the Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the Town’s casualty and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to prepay the Certificates.

Under the Lease Agreement the Town is required to obtain casualty insurance which provides for a deductible up to \$250,000. Should the Town be required to meet such deductible expenses, the availability of General Fund revenues to make Lease Payments may be correspondingly affected.

### **Eminent Domain**

If the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the Town and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property. The Town covenants in the Lease Agreement to contest any eminent domain award which is insufficient to either: (i) prepay the Lease Payments in whole, if all the Property is condemned; or (ii) prepay a pro rata share of Lease Payments, in the event that less than all of the Property is condemned.

### **Concentration of Revenue Sources**

The Town’s tax and revenue base are highly concentrated and dependent on taxation of tourism activity to the Town and the Ski Area. In a typical year approximately 80% of the Town’s General Fund Revenues come from three sources, transient occupancy taxes, property taxes, and sales and use taxes. Each of these revenue sources is significantly dependent on tourism activity in the Town and in the Ski Area. As a result, the Town’s General Fund Revenues available to pay principal and interest on the Certificates depend in significant part on the success or continued success of the Ski Area and other tourism related businesses and projects.

The revenue sources discussed above are discussed throughout this official statement, including “TOWN FINANCIAL INFORMATION - Primary Sources of General Fund Revenues,” “-Property Taxes,” “-Sales and Use Taxes,” and “-Transient Occupancy Taxes” herein. Such sections should be read in their entirety. The Town is not aware of any plans by the Alterra Mountain Company to terminate or

curtail operations at the Ski Area and expects operations at the Ski Area to continue. The Town is not currently aware of any plans by its largest transient occupancy tax generators to cease operations in the Town.

### **Dependence on Tourism Industry**

As discussed throughout this Official Statement, the Town's economy is dependent on tourism. Virtually every aspect of Town life is directly or indirectly linked to tourism, including the attraction of the area and the Ski Area, the diversity of outdoor recreational activities, marketing/PR/branding, the flows of people to and from the Town, and support for basic business activity (dining, gear, ticket sales, support services, shopping, etc.).

The Town is a year-round tourist destination. However, weather can be a significant factor in the level of tourism that takes place within a given year. In the past, the Town's revenues from tourism during the winter seasons has declined during drought conditions. Excessive rain or snowfall can cause road closures which also affect the level of tourism. The Town derives a significant amount of its General Fund revenues from summer recreation travelers. Changes in climate (including unusually severe or mild winters or drought) or some other event or condition could have a material impact upon the tourism industry in the Town, and result in a significant impact upon the Town's General Fund revenue sources and the Town's ability to make payments on the Certificates.

The construction, completion and occupancy of new hotels, motels and time resorts within the Town are essential to ensuring the stability and growth future General Fund Revenues. Continued investment of revenues by the Town and by the Town's TBID may also work to stabilize and potentially increase tourism derived General Fund Revenues.

While the Town is dependent on tourism, the Town has certain strengths that portend continued tourism into the future. Such strengths include the Town's, natural setting and abundant outdoor recreational activities, the Town's favorable climate that can experience 300 days of sun and average of 400 inches of snow each year, the Town's proximity to the Southern California market, the existence of a diversified business partner in the Alterra Mountain Company who markets, operates, and owns the Ski Area, the size and variety of terrain for all skill levels at the Ski Area, and the ability to make artificial snow at the Ski Area that has reduced the impact of low, natural snow years.

The Town's tourism industry also faces certain challenges, including natural disasters and earthquakes, a highly weather dependent tourism-based economy, limited access roads, softer shoulder season (spring and fall) visitation, and a shortage of available workforce housing and trained labor. The Town also faces significant competition for its tourist visits from other resorts and ski areas including Big Bear and the Lake Tahoe area ski resorts.

Due to the Town's location, economic diversification is difficult as access is limited, materials, shipping, and construction and development costs are high, the cost of doing business is relatively higher than other communities, the Town is limited in size and surrounded by public lands, and year-round visitation levels may not be sufficient to sustain local businesses investment.

Should tourism to the Town decline in the future, the ability of the Town to make payments on the Certificates could be threatened.

## **Public Health Emergencies**

The COVID-19 Pandemic commenced in approximately March 2020 and resulted in a global public health crisis that was fluid and unpredictable with unknown financial and economic impacts. While the health emergency and related declarations have ceased, the Town continues to assess the full impacts that the COVID-19 Pandemic has had either directly or indirectly on its operations and finances.

The impact on the Town's tourism-based economy was significant and created a sense of uncertainty. Tourism to the Town was rebounding in summer 2020 only to be impacted by wildfire season in the fall with heavy smoke and forest closures. This scenario again repeated itself in the summer of 2021 as California continues to catastrophic wildfires and related smoke impacts. The Town implemented several proactive actions to support the community, to limit financial impacts on the Town, and to meet the demands of the pandemic.

There could be future outbreaks of other COVID-19 variants or other public health emergencies that could have material adverse effects on tourism to the Town and the Town's operations and finances.

## **Hazardous Substances**

One of the most serious risks in terms of the potential reduction in the value or use of a parcel of property is a claim with regard to a hazardous substance. In general, the owners, lessors and/or lessees of a parcel of real property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in application. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has contributed to or caused contamination with the hazardous substances. The effect, therefore, should property in the Town be affected by a hazardous substance, is to reduce both marketability and the value of property by the costs of remedying the condition. While the Town is not currently aware of any such condition, it is possible that such hazardous substance conditions do currently exist and that the Town has not been made aware of their existence.

## **Natural Calamities**

*General.* From time to time, the Town has been and could be subject to natural calamities, including, but not limited to, earthquakes, severe weather, wildfire, or volcanic activity, that may adversely affect economic activity in the Town, and which could have a negative impact on Town finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to persons, property and structures in the Town and could have a substantial negative effect on the Town's General Fund. The following is a summary of certain natural calamities that have affected the Town and the County and are likely to continue to occur in the future.

*Avalanche.* Avalanches occur in the mountainous areas of the County, affecting portions of the Town, several unincorporated communities, and several important access roads. Avalanches are a concern from November through April in the County. Avalanches threatening developed community areas in the County originate on public lands managed by the USFS. The Ski Area and June Mountain Ski Area use explosives and other means to control avalanches within ski area boundaries; however, these active mitigation measures are not possible on public lands above communities and roads. The County uses passive

mitigation, mostly road closures, to manage the avalanche hazard. The most recent major avalanche in the Town occurred on March 3, 2018 at the Ski Area. There were no missing persons or injuries, and the Ski Area was reopened the next day.

*Invasive Pests and Disease.* Invasive pests have the potential to damage trees; mosquitoes have the potential to spread disease. Due to the rural nature of the County, diseases that impact forests and those that are carried by wildlife are of particular concern, in addition to those affecting human health. Cases of disease outbreak in the County have mostly been limited to small numbers of infections. In 2015, there was a single case of plague, with no additional infected humans or rodents found. Two cases of hantavirus also occurred in 2015, and infections in a single person occurred in 2006 and another single person in 2010.

Beetle infestations have also been prevalent in the Sierra Nevada due to drought conditions, killing tens of millions of trees since 2010. These infestations are not uncommon during drought conditions but have been significantly worse in the last several years.

*Dam Failure.* The County is susceptible to inundation caused by failure of dams owned by SCE, LADWP, and other private entities, and have experienced warnings of potential dam failure in the recent past. There are 22 dams in unincorporated portions of County. In addition, Rock Creek Lake Dam, in Inyo County, is located upstream of properties located in the County. There are eight dam inundation areas in the County: Agnew Lake, Bridgeport Lake, Gem Lake, Grant Lake, Rhinedollar, Rush Creek Meadows, Saddlebag Lake, and Twin Lakes. There are no dam inundation hazard areas identified by existing inundation mapping in the Town. While there have been no previous dam failures in the County, significant snowpack and melt runoff can cause stress to the dams.

*Drought.* The County and the Town both depend on groundwater and surface water, which are susceptible to drought. Droughts are a regular feature in California and are almost certain to continue to occur, with varying severity and duration. Any local drought conditions may impact the water supply systems in the County and the Town, as there is no infrastructure to import water from elsewhere in California and, due to the location of the County in the upper portion of the watershed, there is little possibility to divert water from other areas without the cost of pipelines and pumping.

*Earthquakes.* Like most regions in California, the Town is in an area of significant seismic activity. Soils in lowland areas away from major faults may be unable to support buildings during major earthquakes. Landslides are likely on hillsides during major earthquakes. Damage resulting from such an event could have a material adverse effect on the Property as well as the Town's financial condition, through unexpected recovery costs and reduced tax and other revenues.

California began extensive mapping of earthquake faults with the Alquist-Priolo Earthquake Fault Zoning Act of 1972. Mapping associated with the act has identified 11 named fault zones in the County. These are the Fish Slough, Hartley Springs, Hilton Creek, Mono Lake, and Round Valley fault zones, as well as numerous unnamed faults in the Volcanic Tableland, within the Long Valley Caldera- Mono Lake area; the Antelope Valley and West Walker River fault zones in the northern portion of the County; the Robinson Creek fault zone in the Bridgeport area; the Silver Lake fault zone near June Lake; the White Mountains fault zone in the Tri-Valley area; and the Fish Lake Valley fault zone in the Oasis area. Additional faults, located outside the County, could still have impacts in the County. Taken together, these faults are capable of producing strong to severe ground shaking in virtually every populated area of the County.

The County and the Town are susceptible to earthquake ground shaking, and certain areas may also experience liquefaction, fault rupture, and tectonic subsidence. While seismologists do not know when a large earthquake will hit the Eastern Sierra again it is likely that one will occur in the future. The County's location on and near numerous faults, including several capable of causing significant earthquakes, means that the County and the Town will continue to face threats from earthquakes and related hazards.

*Severe Weather.* Severe winter storms and heavy snow frequently block roads, lead to dangerously low temperatures, and can affect utility services. These are frequent impacts for both the County and the Town. The most significant flooding in the County tends to occur with rain-on-snow events, when snowmelt is compounded by rain. Rain runoff gets channelized through the snow instead of being directed into the proper runoff infrastructure. As drains are blocked by snow, roads become the primary pathway of water. The County and Town are also subject to high wind events, especially on exposed and high- altitude roadways, making travel hazardous, as well as downing power lines and causing electricity outages.

A flood in January 1997, discussed in greater detail below, caused damage in the Town and the unincorporated communities of Coleville, Walker, Topaz, and Bridgeport. The flooding followed a rain-on-snow event, with 8 inches of rain over a 36-hour period reported in the Town. The floods destroyed 111 homes and four businesses, at a cost of \$25 million. Other damages included \$5 million to public facilities and \$48 million to the federal highway system, including a 12-mile stretch of US-395.

*Volcano.* The County and the Town are located in volcano hazard areas. The County contains the most significant volcanic center in California outside of the Cascade Range. The Long Valley-Mono Basin Region is dominated by two distinct but interrelated systems that have produced volcanic and seismic activity for millions of years. The region includes the Long Valley Caldera, a 20-mile-by-10-mile, oval-shaped depression formed about 760,000 years ago. This was one of the largest eruptions in the earth's history, ejecting more than 70 times as much material as the famous Krakatoa explosion in 1883. A younger system, the Mono-Inyo Craters, runs from Mono Lake to Mammoth Mountain near the rim of the caldera. The chain has seen small to moderate eruptions, as recently as 250 to 350 years ago.

The impact of an eruption in the Long Valley area would depend on its location, size, and type as well as the wind direction. An eruption during the winter months could melt heavy snowpacks, generating mudflows and locally destructive flooding. An explosion from volcanic vents could result in pyroclastic flows or surges traveling miles to the east. To the west, those flows would be blocked by the high Sierra Nevada. Downwind deposits of ash produced by an explosive eruption could reach thicknesses of at least 8 inches at a distance of 22 miles from the eruption, 2 inches at 53 miles, and 0.5 inches at 185 miles. Significant ash fall could affect large portions of the County and surrounding areas, depending on the wind direction and size of the eruption.

*Wildfire.* Wildfire hazards are a significant issue in this part of California. Wildland fires in the County have ranged from fires that burned less than 1 acre in size to the Cannon Fire in Walker in 2002, which burned 22,750 acres. With its sloped geography, vegetation, and climate, the County has many fire-prone landscapes, on both public and private lands. Wildfire burns indiscriminately across property boundaries, which means that the way potential fuels are managed on one piece of property can affect wildfire risk on neighboring lands. Public lands surrounding communities in the County contain highly flammable vegetation that in many cases has not been thinned in years. The area experiences high temperatures and high winds over mountainous terrain that makes firefighting difficult. Highway and air access to the area is limited, further increasing the difficulty of fighting wildland fires. Continued population



growth into WUI areas, but unchanging relative isolation from resources, and an increasing frequency of elevated fire weather conditions present major challenges to county residents.

Wildfire is a concern for the entire Town. Certain portions of the Town have higher hazard exposure, including areas close to the Valentine Reserve Ecological Study Area and neighborhoods south of Old Mammoth Road (typically referred to as Old Mammoth and Lake Mary). Overall, roughly 3 percent of the incorporated town is in a very high fire severity zone and close to 34 percent is in a high fire severity zone, based on Cal Fire Hazard Severity Zone Mapping. The Town has identified additional areas for which it enforces very high severity zone regulations and requirements. The major threats to the Town are fires that start on adjacent public lands and spread communities. As a result, most fire mitigation and prevention projects in the area focus on fuel breaks.

In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smoke from wildfires has negatively impacted the quality of life in the Town and may have short-term and future impacts on residential and commercial activity in the Town.

*Climate Change.* Climate change caused by human activities may have adverse effects on the Town and its finances. Projections of the impacts of global climate change on the Town are complex and depend on many factors that are outside the Town's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Town is unable to forecast with certainty when and where the adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the Town's past and future investment in adaptation strategies, the Town can give no assurance about the net effects of those strategies and whether the Town will be required to take additional adaptive mitigation measures.

*Hazard Mitigation Plan.* The Town and the County have adopted a regularly updated multi-jurisdictional hazard mitigation plan (the "Hazard Mitigation Plan") that analyzes and discusses the above-mentioned natural calamities and lays out mitigation measures. Reference should be made to the complete Hazard Mitigation Plan, which is available from the County's website at [monocounty.ca.gov/planning/page/local-hazard-mitigation-plan-2017-update](http://monocounty.ca.gov/planning/page/local-hazard-mitigation-plan-2017-update). The Hazard Mitigation Plan is not incorporated herein by this reference.

### **Potential Impact of State Financial Condition on the Town**

During the 2008-09 recession, the State faced a structural deficit that resulted in substantial annual deficits and reductions in expenditures. Although the State has had a budget surplus in the more recent fiscal years, according to the State there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and unfunded long-term liabilities of more than \$200 billion related to pensions and other post-retirement benefits. These risks and financial pressures could result in future reductions or deferrals in amounts payable to the Town. The State's financial condition and budget policies affect local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the Town, the Town will be required to adjust its budget. State budget policies can also impact conditions in the local economy and could have an adverse effect on the local economy and the Town's major revenue sources.

No prediction can be made by the Town as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Town cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on Town finances and operations or what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the Town. Current and future State budgets will be affected by national and State economic conditions and other factors over which the Town has no control (see “STATE BUDGET INFORMATION”). The ability of the State to divert funds from the Town has been limited by Proposition 1A and Proposition 22, which are discussed herein. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS.”

### **Risk of Changing Economic Conditions**

While the Town has historically enjoyed strong economic and financial performance, the Town faces several long-term financial challenges including climate change and natural disasters, public health emergencies, changes to the economy of the region and the nation, and the management of pension and post-employment retirement obligations. While the Town has adopted measures and policies to better position its operating budgets for future risks and future economic downturns, such measures may not be sufficient.

### **Pension Benefit Liability**

Many factors influence the amount of the Town’s pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the Town, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), mortality rates, and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the Town to its pension plans as a result of which the Town would be obligated to make additional payments to its pension plans in order to fully fund the Town’s obligations to its pension plans.

### **Risks Related to Cyber Security**

The Town relies on computers and technology to conduct its operations. The Town and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The Town owns and operates its own enterprise class data network serving the municipal Town government and its operations. The Town has retained information technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the Town’s own administrative regulations. Within the Town’s operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the Town exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the Town’s computers and technologies.

The Town has cyber-insurance. Additionally, the Town conducts employee training programs for cybersecurity related matters and has a continuity plan which is regularly tested. The Town's servers are backed up offsite each day and the Town's systems have insider protection to protect against deletion.

While the Town routinely maintains its technology systems and continuously implements new information security controls, no assurances can be given that the Town's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the Town's computer and technology could negatively impact the Town's operations, and the costs related to such attacks could be substantial.

## **Bankruptcy**

The Town is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the Town may seek voluntary protection from its creditors for purposes of adjusting its debts. A Town bankruptcy petition could have a material adverse effect on the payment of the Certificates. The following paragraphs present a discussion of certain potential consequences surrounding a potential Town bankruptcy. It is not intended to be an exhaustive discussion of all potential adverse consequences or potential outcomes.

In the event the Town were to become a debtor under the Bankruptcy Code, the Town would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Town or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Town; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Certificates; and (iv) the possibility of the adoption of a plan for the adjustment of the Town's debt (a "Plan") without the consent of the Trustee or all of the Owners of Certificates, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the Town could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the Town an event of default thereunder. In the event the Town rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Certificates. Moreover, such rejection would terminate the Lease Agreement and the Town's obligations to make payments thereunder.

The Town entered into voluntary bankruptcy proceedings in July 2012 due to an adverse ruling regarding litigation over the impairment of the Development Agreement which required the Town to pay \$42,186,032.42. The bankruptcy filing resulted in the Town and the other parties entering into a settlement agreement in September 2012, providing for the payment of the judgment over time and other requirements. Following the execution of the settlement agreement, the Town exited the bankruptcy proceedings. The Town has met all the requirements of the settlement agreement. The Town has been and continues to be solvent in meeting all of its obligations.

## **Early Redemption Risk**

Early redemption of the Certificates may occur in whole or in part without premium, on any date if the Property or a portion thereof is lost, destroyed or damaged beyond repair or taken by eminent domain or from the proceeds of title insurance (see “THE CERTIFICATES—Redemption”).

## **Limitations on Remedies**

The enforcement of any remedies provided in the Lease Agreement and the Trust Agreement could prove both expensive and time consuming. Although the Lease Agreement provides that if the Town defaults the Trustee may enter the Property and re-let the Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property’s specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal of and interest with respect to the Certificates so as to preserve the tax-exempt nature of interest with respect to the Certificates. Furthermore, due to the governmental nature of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the Town to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Certificates are subject to certain limitations on legal remedies against cities, redevelopment agencies and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Certificates may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors’ rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) 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. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the Town were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the Town under the Lease Agreement.

Special Counsel has limited its opinion as to the enforceability of the Lease Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor’s rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Certificates are not subject to acceleration in the event of the breach of any covenant or duty under the Lease Agreement. The lack of

availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

### **Secondary Market Risk**

There can be no assurance that there will be a secondary market for purchase or sale of the Certificates, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the Town.

### **Changes in Law**

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the General Fund revenues of the Town and consequently, having an adverse effect on the security for the Certificates.

### **Risks Relating to the Municipal Bond Insurance Policy**

In the event of default of the payment of principal and interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Municipal Bond Insurance Policy for such payments. The Municipal Bond Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory sinking fund or optional redemption of the Certificates by the Town which is recovered by the Town from the Owner as a voidable preference under applicable bankruptcy law is covered by the Municipal Bond Insurance Policy, however, such payments will be made by the Municipal Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Town unless the Municipal Bond Insurer chooses to pay such amounts at an earlier date.

The Municipal Bond Insurer may direct and must consent to any remedies and the Municipal Bond Insurer's consent may be required in connection with amendments to any applicable legal documents.

In the event the Municipal Bond Insurer is unable to make payment of principal and interest as such payments become due under the Municipal Bond Insurance Policy, the Certificates are payable solely from the moneys received pursuant to the applicable legal documents. In the event the Municipal Bond Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

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

The obligations of the Municipal Bond Insurer are general obligations of the Municipal Bond Insurer and in an event of default by the Municipal Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Town nor the Underwriter has made independent investigation into the claims paying ability of the Municipal Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Municipal Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Town to make the Lease Payments and the claims paying ability of the Municipal Bond Insurer, particularly over the life of the investment.

### **ABSENCE OF LITIGATION**

At the time of delivery of and payment for the Certificates, the Town and the Corporation will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the Town or the Corporation affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates, any agreement entered into between the Town and any purchaser of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease or any other applicable agreements or any action of the Town or the Corporation contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Town or the Corporation or their authority with respect to the Certificates or any action of the Town or the Corporation contemplated by any of said documents, nor, to the knowledge of the Town or the Corporation, is there any basis therefor. There is no litigation pending or threatened against the Town that could affect the Town's ability to make the Lease Payments.

### **CONTINUING DISCLOSURE**

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Town has agreed, for the benefit of holders of the Certificates, to provide certain financial information and operating data relating to the Town relating to the Certificates (the "Annual Reports") and its audited financial statements, by not later than March 31 of each year commencing with the report for the 2021-22 fiscal year (the "Annual Information"), and to provide notices of the occurrence of certain events. The Annual Reports, audited financial statements and notices of events will be filed by the Town with the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access ("EMMA") system. The nature of the information to be provided in the Annual Reports and the notices of events is set forth in APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

[INSERT CONTINUING DISCLOSURE COMPLIANCE]

### **MUNICIPAL ADVISOR**

JNA Consulting Group LLC, Boulder City, Nevada (the "Municipal Advisor"), is an independent financial advisory firm registered as a "Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor does not underwrite, trade or distribute municipal or other public securities. The Municipal Advisor has assisted the Town in connection with the

planning, structuring, sale, and delivery of the Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness, or fairness of the information contained in this Official Statement not provided by the Municipal Advisor. The fees of the Municipal Advisor in respect to the Certificates are contingent upon their sale and delivery.

## **LEGAL MATTERS**

All legal matters in connection with the execution and delivery of the Certificates are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Special Counsel. Special Counsel's opinion with respect to the Certificates will be substantially in the form set forth in APPENDIX D—FORM OF SPECIAL COUNSEL OPINION. Certain legal matters will also be passed on for the Town by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Andrew Morris, Esq., the Town Attorney. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. The fees and expenses of Special Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the delivery of the Certificates.

## **TAX MATTERS**

Federal tax law contains a number of requirements and restrictions which apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Town has covenanted to comply with all requirements that must be satisfied in order for the interest with respect to the Certificates to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

Subject to compliance by the Town with certain covenants, in the opinion of Special Counsel, under present law, interest with respect to the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code"). Interest with respect to the Certificates may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Special Counsel will rely upon certifications of the Town with respect to certain material facts within the Town's knowledge. Special Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “OID Issue Price”) for each maturity of the Certificates is the price at which a substantial amount of such maturity of the Certificates is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Certificates is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Certificates (the “OID Certificates”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Certificate in the initial public offering at the OID Issue Price for such maturity and who holds such OID Certificate to its stated maturity, subject to the condition that the Town complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Certificates should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Certificates.

Owners of Certificates who dispose of Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Certificates in the initial public offering, but at a price different from the OID Issue Price or purchase Certificates subsequent to the initial public offering should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate’s stated redemption price at maturity or, in the case of an OID Certificate, its OID Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the “Revised Issue Price”), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Certificate for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Certificates.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Certificate. Investors who



purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Certificates delivered prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Special Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Certificates. If an audit is commenced, under current procedures the Service may treat the Town as a taxpayer and the Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Certificates, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Special Counsel, interest with respect to the Certificates is exempt from California personal income taxes.

Ownership of the Certificates may result in other State and local tax consequences to certain taxpayers. Special Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their tax advisors regarding the applicability of any such State and local taxes.

The complete text of the final opinion that Special Counsel expects to deliver upon the delivery of the Certificates is set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL.

## UNDERWRITING

The Certificates are being purchased by Piper Sandler & Co. (the "Underwriter") at a price of \$ \_\_\_\_\_ (being \$ \_\_\_\_\_ aggregate principal amount of the Certificates, plus a net original premium of \$ \_\_\_\_\_, and less \$ \_\_\_\_\_ of Underwriter's discount). The Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase agreement for the Certificates, the approval of certain

legal matters by counsel and certain other conditions. The Underwriter may offer and sell Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

## **RATINGS**

S&P is expected to assign the rating of “AA” (stable outlook) to the Certificates based on the issuance of the Municipal Bond Insurance Policy by the Municipal Bond Insurer at the time of delivery of the Certificates. See “MUNICIPAL BOND INSURANCE.” In addition, S&P has assigned the underlying rating of “\_\_\_” to the Certificates without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P if, in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

## **FINANCIAL STATEMENTS**

The Town’s financial statements for the Fiscal Year ended June 30, 2023, included in APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2023, have been audited by the Town’s Auditor, as stated in its reports appearing in such appendix. The Town’s Auditor has not undertaken to update its reports 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 Town’s Auditor with respect to any event subsequent to its report.

## **ADDITIONAL INFORMATION**

All of the preceding summaries of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Town for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Certificates.

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

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.

The Town will furnish a certificate dated the date of delivery of the Certificates, from an appropriate officer of the Town, to the effect that to the best of such officer's knowledge and belief, and after reasonable investigation, (i) neither the Official Statement or any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement, and the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the Town has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under the Trust Agreement at and prior to the date of the issuance of the Certificates.

The execution and delivery of the Official Statement by the Town have been duly authorized by the Town Council on behalf of the Town.

TOWN OF MAMMOTH LAKES

By \_\_\_\_\_  
Daniel C. Holler,  
*Town Manager*

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## APPENDIX A

### GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE TOWN AND THE COUNTY

*The following information concerning the Town of Mammoth Lakes and Mono County is included only for the purpose of supplying general information regarding the Town and the County. The Certificates are not a debt of the County, the State or any of its political subdivisions, and none of the County, the State nor any of their political subdivisions, except for the Town, are liable therefor.*

*Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.*

#### **Introduction**

*The Town.* The Town of Mammoth Lakes (the “Town”) is a general law city that was initially incorporated on August 20, 1984. The Town is located in Mono County, California (the “County”), and is the County’s only incorporated community. The Town is located in California’s Eastern Sierra Range approximately 100 mi (160 km) south of the Nevada state line and 50 minutes by car from the Eastern Gate of Yosemite National Park. The Town is home to approximately 7,300 residents. The Town provides municipal services to its citizens including police, public works, airport facilities, community development, parks and recreation and general administrative support.

The Town’s economy is primarily tourism-based. The Town is located immediately to the east of Mammoth Mountain, home to the Mammoth Mountain Ski Area, a 25-lift ski resort owned and operated by the Alterra Mountain Company (the “Ski Area”). The Ski Area is frequented during the winter season by skiers and snowboarders from southern California as the Town is an approximately five-hour drive from Los Angeles via U.S. 395. The Ski Area is much closer to Los Angeles County and Orange County than the Lake Tahoe area resorts. The Town also has significant tourism in the summer season from people who visit the Town and the Ski Area to camp, hike, mountain bike and fish.

*The County.* The County is located in the east central portion of California. The County is the fifth-least populous county in California. The County seat is Bridgeport. The County is a long, narrow strip of land—108 miles at its greatest length and 38 miles in average width—bounded to the west by the Sierra crest and to the east by the Nevada state line. In total, the County comprises 3,132 square miles of land area. Nearly 94 percent of the County’s 3,132 square miles are publicly owned and used mostly for resource conservation or open space. Several mountain ranges, most notably the Sierra Nevada, as well as Mono Lake, the largest and oldest natural lake entirely within California, are located in the County. The ranges generally run north–south along the western side of the County and drop sharply off into the Long Valley Caldera and arid flatter stretches known as the Great Basin. Although dominated by a largely arid landscape, the County has numerous water sources, including hundreds of streams that drain into Mono Lake, the Walker River, or the Owens River.

The Town is the only incorporated town in the County. Mammoth Mountain and June Lake are popular skiing and fishing resorts located in the County. Mono Lake is located in the middle of the County and is a vital habitat for millions of migratory and nesting birds.

Despite its isolation, the County also attracts over three million visitors annually to places such as the Town and the Mammoth Mountain and June Lake Ski Areas. Access remains limited to one main transportation route, US 395, which runs through the County along the foot of the Sierra for approximately 120 miles. US 6 also serves as main access to the Tri-Valley region of the County, which includes the communities of Chalfant Valley and Benton.

## Recent Development Within the Town

Significant development and infill activity within the Town includes the following:

### Commercial Projects

Mammoth Main Lodge Base Redevelopment - The Mammoth Main Lodge Base project is a complete redevelopment of the Mammoth Mountain Ski Area Main Lodge facility and combines diverse overnight accommodations, resort residences, retail, entertainment, food and beverage options and facilities for skiers and summer visitors. The proposed development consists of 35-acres split between two parcels at the base of the Main Lodge ski area that was acquired from the United States Forest Service in 2020 through a land exchange. Parcel A includes two hotels, a range of resort residences and resort residential amenities. Parcel B includes a range of low to medium density resort residential with a small amount of community-serving commercial uses. In total, new and existing development on Parcels A and B, will include up to 209 resort residential units (up to 560,000 square feet of sellable space), up to 250 lodging keys distributed between several locations, up to 100,000 square feet of commercial space, and up to 105,000 square feet of skier services and support areas. The project is currently going through the entitlement review process with an estimated completion date of late 2024/early 2025. No estimated construction date has been set.

Limelight Hotel - The Limelight Hotel is a new condominium hotel project that consists of six levels of hotel guest rooms and managed residences located above one level of subterranean/understructure parking. The project includes 149 hotel rooms and 15 residential units and amenities oriented to guests of the hotel including hotel lounge and meeting rooms, a fitness center, “grab-n-go” food options, Ski Club, childcare, equipment rental, and an outdoor pool and jacuzzi terrace. The entitlements were approved in summer 2022 and construction began in fall 2022. Occupancy is anticipated in late 2024.

Residence Inn - The Residence Inn boutique hotel by Marriott project is a new four-story, 101 guestroom, condominium hotel with two levels of understructure parking, a bar/lounge area, outdoor patio seating area, as well as an indoor pool and fitness center. The entitlements were approved in spring 2022. Construction is anticipated to begin in late 2024.

Sierra Nevada Resort Expansion and Renovation - The project includes interior and exterior improvements to the existing 149-unit hotel and Rafters restaurant, the construction of 30 new resort cabin units, an expanded event/meeting space and added amenities for both guests and the community. Construction is anticipated to be completed in Spring 2024.

Mammoth Outpost - The proposed project consists of a complete renovation of the existing two-story Mammoth Mall building to improve the existing commercial building consisting of restaurant, retail and office uses as well as the addition of a new feature restaurant, ground floor patio and two second floor outdoor decks. The project is currently going through the entitlement review process with an estimated construction date of spring 2024.

Mammoth Hotel - The Mammoth Hotel project is a complete renovation and remodel of the existing 3-story Sierra Center Mall building to create a new 4-story, 164-room boutique luxury hotel. The project will demolish the current three-story building to the foundation and construct a four-story hotel with accessory office and restaurant uses as well as a partially open fourth story featuring an open-air roof top deck and pool. The total floor area of the project with the proposed revisions would be 125,240 square feet, which equates to an FAR of approximately 1.48. Entitlements were approved in Fall 2019 with construction to tentatively begin summer 2024.

Five-Forty - The Five-Forty project includes a two-story vertical mixed-use commercial and residential building fronting Old Mammoth Road with six residential buildings behind, for a total of 13 residential units. The residential buildings are three stories and consist of two single unit buildings, two duplexes, and two triplexes. The project is located adjacent to the Sierra Center Mall on a 0.67-acre infill site in the Old Mammoth Road (OMR) zoning district. Construction is anticipated to be completed in 2024.

## Residential Projects

Villas III -The Villas III project, located on 4.07 acres within Development Area 2 of the Lodestar at Mammoth Master Plan area, includes three single-family residential structures and 15 duplex residential structures, for a total of 33 units. The entitlements were approved in spring 2022 and construction began in summer 2023.

TerraBlanca -The proposed twelve-unit multi-family residential townhome development features four three-story tri-plex structures ranging in size from 10,571 square feet to 10,765 square feet. Each tri-plex structure provides three separate two-car garages on the first floor, and includes three levels of living space with an overall building height of forty-feet. Entitlements were approved in fall 2022. No estimated construction date has been set.

Innsbruck Lodge -The Innsbruck Lodge project is an adaptive reuse project that will convert the existing Innsbruck Lodge hotel into a 16-unit rental residential project of which 15 units will be affordable to households earning up to 80% of the area median income (AMI). The project is a partnership project between the Town and Mammoth Lakes Housing, Inc (MLH) with funding coming from the State Homekey program, the Town, and the County. Construction began in winter 2022 with an anticipated occupancy date of 2024.

Lakeview Townhomes -The Lakeview Townhomes project is a six-unit multi-family planned unit development (PUD) located in the Specialty Lodging (SL) zone of the North Village Specific Plan area. The six units are arranged in three duplex structures that are located along the north side of the property. The duplex structures are three stories in height, and each unit features three bedrooms and a two-car garage. The project was approved in summer 2020 and construction was completed in 2022.

Snowcreek VII - The Snowcreek VII project consists of 118 condominium units with four approved building designs. There will be a total of 39 buildings consisting of (4) duplexes, (26) triplexes, and (5) four-plexes. The project was developed in three phases beginning in 2006. Two additional floor plan designs were approved by the Town in January 2019 along with some other minor amendments to the project design to allow an additional three buildings. The project is anticipated to be completed in 2024.

Obsidian - The Obsidian project is a subdivision of the remaining project area within the Tallus project to allow for 24 townhome lots (12 duplexes). There are two approved building designs, and each unit is three-stories tall with approximately 2,300 square feet of habitable area. Construction was completed in 2023.

Gray Bear I, II, III - The Gray Bear residential subdivision includes 45 single-family residential lots located adjacent to the Sierra Star Golf Course. The homes are located in the Resort zoning district meaning they can be used as nightly vacation rentals. Approval of the entitlements for the various phases occurred between 2014-2017, and construction was completed in 2023.

Access Apartments - The Access Apartments project is an adaptive reuse project that will convert two existing commercial buildings into an 11-unit affordable rental residential project that will be affordable to households earning up to 80% AMI. The project will be owned and operated by MLH with construction funding coming from the State CDBG and HOME programs and the Town. Construction is tentatively scheduled to begin in 2024.

60 Joaquin Townhomes - The 60 Joaquin Townhomes project is a four-unit, multi-family planned unit development that is being developed by the Town. The two duplex structures are proposed to be three stories in height, and each unit features two bedrooms and a two-car garage. The units are proposed to be sold as deed-restricted units targeted to households earning up to 150% AMI. Entitlements were approved in summer 2023 with construction tentatively scheduled to begin in 2024.

## Community Oriented Projects

*Civic Center* - The project site is located at 1344 Tavern Road in the Public and Quasi-Public (P-QP) zoning district. The project site is 2.1 acres in size and is a part of the larger 11-acre Civic Center Plaza property. The 19,337 square foot Town Civic Center is conceptually segmented into three elements: public, semi-private, and business operations. The public elements include a main lobby, public restrooms, large conference rooms, and a resiliency center that will be used for Town emergency operations. The semi-private elements include Town Council chambers, storage, meeting rooms, and private restrooms. The business operation element includes a two-story administrative office for various Town departments. The project is currently going through the entitlement review process with an estimated completion date of 2024.

*Mammoth Disposal Transfer Station* - The project site comprises two separate sites at 59 Commerce Drive (1.87 acres) and 264 Commerce Drive (0.55 acres). The project expands the existing transfer station at the 59 Commerce Drive Site, relocates the buy-back/recycling center (currently at the 59 Commerce Drive Site) to the 264 Commerce Drive Site, and 3) and relocates the fleet maintenance operations (currently at the 264 Commerce Drive Site) to the 59 Commerce Drive Site. Construction was completed in spring 2023.

*The Parcel* - The Parcel is a 24.5-acre vacant property located adjacent to the Downtown zoning district and several residential zoning districts. The Parcel is envisioned to be developed with up to 450 permanently affordable housing units, to be constructed over multiple phases. The Town Council approved the Parcel Master Plan in January 2021.

**Parcel Phase I:** Phase 1 of the Parcel Master Plan was approved in February 2021 and includes 80 affordable housing units and one manager's unit. Phase I is located on 2.7 acres in the north central portion of the site. Also included within Phase 1 is a childcare facility for 34 children, community center and a 0.8 acre public park. Construction is anticipated to be completed in spring 2024.

**Parcel Phase II:** Phase 2 of The Parcel includes infrastructure improvements and the construction of one four-story building and four three-story buildings for a total of 148 rental units (146-147 deed restricted affordable housing units and 1-2 manager's units). Parking for the development is provided within an understructure parking garage that accommodates 72 vehicles, as well as 44 tuck-under carport stalls and 105 surface parking spaces. The project is located on a 4.8-acre site in the northeast portion of the Parcel site.

*Community Recreation Center* -The approved Multi-Use Facility project includes a roughly 40,000 square foot, prefabricated tensile structure housing a new recreational facility at the Mammoth Creek Park site. Construction was completed in 2023.

*Aircraft Rescue and Firefighting (ARFF)/Snow Removal Equipment (SRE) Facility* - The project includes the construction of a new 14,580 square foot, seven-bay ARFF/SRE facility including new pavement areas for a parking lot, access apron, and access roads. The proposed structure is two stories and features a 10,350 square foot building footprint with 9,740 square feet of usable area on the first floor and 4,840 square feet on the second floor. The facility is designed to house the Airport's existing snow removal equipment, ARFF vehicle, and ARFF support rooms. Entitlements were approved in winter 2023. No estimated construction date has been set.



**Population**

The table below summarizes population of the Town, the County, and the State for the last five years.

**TOWN OF MAMMOTH LAKES, MONO COUNTY, and CALIFORNIA  
Population**

<u>Year</u>	<u>Town of Mammoth Lakes</u>	<u>Mono County</u>	<u>State of California</u>
2019	7,889	13,524	39,605,361
2020	7,853	13,449	39,648,938
2021	7,282	13,179	39,286,510
2022	7,267	13,160	39,078,674
2023	7,273	13,156	38,940,231

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-23, with 2020 Census Benchmark.

## Employment

The following table summarizes historical employment and unemployment for the County, the State and the United States:

**MONO COUNTY, CALIFORNIA, and UNITED STATES  
Civilian Labor Force, Employment, and Unemployment  
(Annual Averages)**

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate <sup>(1)</sup>
2018	Mono County	8,520	8,200	330	3.8%
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	Mono County	8,510	8,190	310	3.7
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	Mono County	7,850	6,920	930	11.8
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	Mono County	8,340	7,770	570	6.8
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022 <sup>(2)</sup>	Mono County	8,670	8,350	320	3.7
	California	19,252,000	18,440,900	811,100	4.2
	United States	164,287,000	158,291,000	5,996,000	3.6

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-22, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

## Major Employers in the County

The table below sets forth a list of major employers in the County in 2023.

### MONO COUNTY 2023 Major Employers

Employer Name	Location	Industry
Annett's Mono Village	Bridgeport	Resorts
Coleville High School	Coleville	Schools
County of Mono	Mammoth Lakes	Government Offices-County
Double Eagle Resort & Spa	June Lake	Resorts
Footloose Sports	Mammoth Lakes	Sporting Goods-Retail
Hermosa Hospitality Group	Mammoth Lakes	Hotel & Motel Management
June Meadows Chalet	June Lake	Skiing Centers & Resorts
Juniper Springs Resort	Mammoth Lakes	Resorts
Mammoth Elementary School	Mammoth Lakes	Schools
Mammoth Mountain Ski Area	Mammoth Lakes	Resorts
Mammoth Ranger District Ctr	Mammoth Lakes	Government Offices-Federal
Mammoth Reservations Inc	Mammoth Lakes	Vacation Rentals
Mammoth Resorts	Mammoth Lakes	Resorts
Mammoth Unified School Dist	Mammoth Lakes	Schools
Mammoth Pacific LP	Mammoth Lakes	Geothermal Exploration
Mono County Office-Emergency	Bridgeport	Government Offices-County
Mono County Public Works Dept	Bridgeport	Utility Contractors
Sheriff Office-Finance	Bridgeport	Sheriff
Sierra Nevada Resort	Mammoth Lakes	Swimming Pools-Public
Sierra Star Golf Course	Mammoth Lakes	Golf Courses
Tamarack Lodge Resort	Mammoth Lakes	Resorts
TOOMEY'S	Mammoth Lakes	Restaurants
Village Lodge Mammoth	Mammoth Lakes	Resorts
Vons	Mammoth Lakes	Grocers-Retail
Westin Monache Resort Mammoth	Mammoth Lakes	Hotels & Motels

Source: America's Labor Market Information System (ALMIS) Employer Database, 2024 1st Edition.

## Construction Activity

The following table reflects the five-year history of building permit valuation for the Town and the County:

### TOWN OF MAMMOTH LAKES Building Permits and Valuation (Dollars in Thousands)

	2018	2019	2020	2021	2022 <sup>(1)</sup>
<u>Permit Valuation:</u>					
New Single-family	\$ 5,749	\$ 3,851	\$ 4,891	\$11,175	\$ 8,147
New Multi-family	1,451	5,469	6,891	4,945	20,387
Res. Alterations/Additions	3,841	3,642	2,197	2,618	5,475
Total Residential	11,043	12,964	13,980	18,740	34,011
Total Nonresidential	5,518	1,226	955	7,402	6,197
Total All Building	<u>\$16,561</u>	<u>\$14,191</u>	<u>\$14,935</u>	<u>\$26,142</u>	<u>\$40,208</u>
<u>New Dwelling Units:</u>					
Single Family	15	12	14	27	18
Multiple Family	7	23	21	17	103
Total	<u>22</u>	<u>35</u>	<u>35</u>	<u>44</u>	<u>121</u>

### MONO COUNTY Building Permits and Valuation (Dollars in Thousands)

	2018	2019	2020	2021	2022 <sup>(2)</sup>
<u>Permit Valuation:</u>					
New Single-family	\$10,025	\$ 4,234	\$ 5,876	\$15,883	\$13,702
New Multi-family	1,451	5,469	6,891	4,945	20,387
Res. Alterations/Additions	5,001	3,977	2,579	2,852	6,339
Total Residential	16,478	13,681	15,347	23,681	40,429
Total Nonresidential	6,285	1,496	1,713	8,593	6,699
Total All Building	<u>\$22,764</u>	<u>\$15,178</u>	<u>\$17,061</u>	<u>\$32,274</u>	<u>\$47,128</u>
<u>New Dwelling Units:</u>					
Single Family	32	17	17	46	41
Multiple Family	7	23	21	17	103
Total	<u>39</u>	<u>40</u>	<u>38</u>	<u>63</u>	<u>144</u>

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Columns may not sum to totals due to independent rounding.

(1) Latest available full year data.

## Household Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, State and local), nontax payments (fines, fees, penalties, etc.) and personal

contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the Town, the County, the State and the nation for the past five years.

**TOWN OF MAMMOTH LAKES, MONO COUNTY,  
STATE OF CALIFORNIA AND UNITED STATES  
Median Household Effective Buying Income**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Mammoth Lakes	\$61,834	\$62,974	\$65,609	\$64,222	\$69,967
Mono County	59,222	60,705	63,288	63,466	68,308
California	62,637	65,870	67,956	77,058	77,175
United States	52,841	55,303	56,790	64,448	65,326

Source: Nielsen, Inc.

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**APPENDIX B**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE TOWN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Auditor was not requested to consent to the inclusion of its report in this Appendix B and it has not undertaken to update financial statements included in this Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

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**APPENDIX C**  
**INVESTMENT POLICY OF THE TOWN**

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**APPENDIX D**

**FORM OF SPECIAL COUNSEL OPINION**

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Town Council of the  
Town of Mammoth Lakes  
437 Old Mammoth Road, Suite 230  
Mammoth Lakes, California 93546

OPINION:       \$ \_\_\_\_\_ \* Certificates of Participation (2024 Capital Improvement Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the Town of Mammoth Lakes, as the Rental for Certain Property Pursuant to a Lease Agreement with the Mammoth Lakes Municipal Service Corporation

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Members of the Town Council:

We have acted as special counsel in connection with the delivery by the Town of Mammoth Lakes (the “Town”), of its \$ \_\_\_\_\_ \* Lease Agreement, dated as of July 1, 2024, by and between the Mammoth Lakes Municipal Service Corporation (the “Corporation”) and the Town (the “Lease Agreement”), pursuant to the California Government Code. The Corporation has, pursuant to the Assignment Agreement, dated as of July 1, 2024 (the “Assignment Agreement”), by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), assigned certain of its rights under the Lease Agreement, including its right to receive a portion of the lease payments made by the Town thereunder (the “Lease Payments”), to the Trustee. Pursuant to the Trust Agreement, dated as of July 1, 2024, by and among the Trustee, the Corporation and the Town (the “Trust Agreement”), the Trustee has executed and delivered certificates of participation (the “Certificates”) evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Town contained in the Lease Agreement and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The Town is duly created and validly existing as a municipal corporation and general law city organized and existing under the laws of the State of California with the power to enter into the Site and Facility Lease (as defined in the Trust Agreement), the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Site and Facility Lease, the Lease Agreement and the Trust Agreement have been duly authorized, executed and delivered by the Town and are obligations of the Town valid, binding and enforceable against the Town in accordance with their respective terms.

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\* Preliminary, subject to change.

3. The Assignment Agreement is valid, binding and enforceable in accordance with their terms.

4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments to be made by the Town are payable from general funds of the Town lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. Subject to the Town's compliance with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest with respect to the Certificates may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

Ownership of the Certificates may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

The rights of the owners of the Certificates and the enforceability of the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement may be subject to the Bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**APPENDIX E**

**SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS**

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## APPENDIX F

### DTC'S BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the Town takes no responsibility for the completeness or accuracy thereof. The Town cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, 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 F. 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. Information Furnished by DTC Regarding its Book-Entry Only System*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (as used in this Appendix FE, the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for each maturity of the Securities, 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 is rated AA+ by Standard & Poor's. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Town or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.



## APPENDIX G

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the TOWN OF MAMMOTH LAKES (the “Town”) in connection with the execution and delivery of \$\_\_\_\_\_ \* Certificates of Participation (2024 Capital Improvement Financing Project) (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2024, by and among U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), the Town and the Mammoth Lakes Municipal Service Corporation (the “Trust Agreement”). Pursuant to Section 11.08 of the Trust Agreement, the Town covenants and agree as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Trust Agreement which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Town’s fiscal year (currently March 31 based on the Town’s fiscal year end of June 30).

“*Dissemination Agent*” shall mean, initially, JNA Consulting Group LLC, doing business as Applied Best Practices, or any successor Dissemination Agent designed in writing by the Town and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Town as its official fiscal year period under a Certificate of the Town filed with the Trustee.

“*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 final official statement executed by the Town in connection with the issuance of the Certificates.

“*Participating Underwriter*” means Piper Sandler & Co., the original underwriter of the Certificates.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

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\* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for fiscal year 2023-24 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Town shall provide the Annual Report to the Dissemination Agent (if other than the Town). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Town) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Town to determine if the Town is in compliance with the previous sentence. 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; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Town's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The Town 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 Town hereunder.

(b) If the Town does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Town in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice 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 Town, file a report with the Town 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. The Town's Annual Report shall contain or incorporate by reference the following:

(a) The Town'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 Town'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) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Town for preceding fiscal year, as follows:

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Town shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 Town or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Town shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) The Town shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Certificates:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Town or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Town or an obligated person, or the sale of all or substantially all of the assets of the Town or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the Town or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town or other obligated person, any of which affect security holders, if material; and

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town or other obligated person, any of which reflect financial difficulties.

(b) The Town shall or shall cause the Dissemination Agent (if not the Town) 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 Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The Town acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The Town 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 the Town determines the event’s occurrence is material for purposes of U.S. federal securities law. The Town intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in the Rule.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town or an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town or an obligated person, 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 authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Town’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the

Certificates. If such termination occurs prior to the final maturity of the Certificates, the Town shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The Town 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the Town.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town 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, 5(a), 5(b) or 5(c), 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 considering 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 Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 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 financial information 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 the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Town to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town 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 Significant Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the Town 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 Significant Event.

Section 11. Default. If the Town fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Town agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of 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 Dissemination Agent shall have no duty or obligation to review any information provided to it by the Town hereunder and shall not be deemed to be acting in any fiduciary capacity for the Town, the Bond holders or any other party. The obligations of the Town under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the Town for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates and shall create no rights in any other person or entity.

Section 14. 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.

Date: [Closing Date]

TOWN OF MAMMOTH LAKES

By \_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGED:

JNA CONSULTING GROUP LLC, as  
Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Town of Mammoth Lakes

Name of Issue: Certificates of Participation (2024 Capital Improvement Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the Town of Mammoth Lakes, as the Rental for Certain Property Pursuant to a Lease Agreement with the Mammoth Lakes Municipal Service Corporation

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

JNA CONSULTING GROUP LLC, as  
Dissemination Agent

By \_\_\_\_\_  
Authorized Officer



**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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