

NEW ISSUE – BOOK-ENTRY

RATINGS

Series A Bonds: S&P: “__”

Series B Bonds Insured Rating: “__”

Series B Bonds Underlying Rating: S&P: “__”

(See “CONCLUDING INFORMATION - Ratings on the Bonds” herein)

In the opinion of Aleshire & Wynder, LLP, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series B Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for the purpose of computing the federal alternative minimum tax. Interest payable on the Series A Bonds is subject to all applicable Federal income taxation. Interest on the Series A Bonds and the Series B Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY

\$25,720,000*

**TAX ALLOCATION
HOUSING REFUNDING BONDS,
2020 SERIES A
(Taxable)**

\$12,370,000*

**SUBORDINATE TAX
ALLOCATION BONDS,
2020 SERIES B
(Tax-Exempt)**

Dated: Date of Delivery

Due: As shown on the inside front cover pages

Proceeds from the sale of the Successor Agency to the Carson Redevelopment Agency (the “Successor Agency”) Subordinate Tax Allocation Bonds, 2020 Series A (Taxable) (the “Series A Bonds”), and Subordinate Tax Allocation Bonds, 2020 Series B (Tax-Exempt) (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”), will be used to refinance certain outstanding obligations of the former Carson Redevelopment Agency (the “Former Agency”).

The Series A Bonds will be issued under an Indenture of Trust dated as of March 1, 2020 (the “Series A Indenture”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Series A Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Consolidated Project Area and a pledge of amounts in certain funds and accounts established under the Series A Indenture (see “SECURITY FOR THE SERIES BONDS” and “RISK FACTORS”).

The Series B Bonds will be issued under an Indenture of Trust dated as of August 1, 2015 as amended and supplemented by a First Supplement to Indenture of Trust dated as of March 1, 2020 (collectively, the “Series B Indenture”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Series B Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Consolidated Project Area and a pledge of amounts in certain funds and accounts established under the Series B Indenture (see “SECURITY FOR THE SERIES BONDS” and “RISK FACTORS”).

Interest on the Bonds is payable semiannually on each August 1 and February 1, commencing August 1, 2020, until maturity (see “THE BONDS - General Provisions” herein). The Bonds are subject to optional redemption prior to maturity.

The Bonds do not constitute a debt or liability of the City of Carson, the County of Los Angeles, the State of California or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Carson, the County of Los Angeles, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The cover page contains certain information for quick reference only. It is not a summary of the issues. Potential 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 evaluating the investment quality of the Series A Bonds and the Series B Bonds.

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Aleshire & Wynder, LLP, Irvine, California. Certain legal matters will also be passed on for the Successor Agency by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, and by Aleshire & Wynder, LLP as Successor Agency Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2020 (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein).

The date of the Official Statement is _____, 2020.

PIPER | SANDLER

Cabrera Capital Markets, LLC

* Preliminary, subject to change.

**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
\$25,720,000 SUBORDINATE TAX ALLOCATION BONDS, 2020 SERIES A (Taxable)**

MATURITY SCHEDULE

Maturity Date	Principal	Interest		CUSIP®†
	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u> (____)

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
\$12,370,000 SUBORDINATE TAX ALLOCATION BONDS, 2020 SERIES B (Tax-Exempt)

MATURITY SCHEDULE

Maturity Date	Principal	Interest		CUSIP®†
	Amount	Rate	Yield	Price <u>(_____)</u>

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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 Authority and the City with respect to the Bonds that has been deemed “final” by the Authority and the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No Offering May Be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Area since the date of this Official Statement.

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

Preparation of This Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information 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 Successor Agency since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Successor Agency. All summaries of the Bonds, the Indenture and 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 Successor Agency for further information. See “INTRODUCTION - Summary Not Definitive.”

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.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover pages of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt From Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “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. THE SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City of Carson maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY
CARSON, CALIFORNIA**

CITY COUNCIL AND SUCCESSOR AGENCY GOVERNING BOARD

Albert Robles, *Mayor*
Jim Dear, *Mayor Pro Tem*
Lula Davis-Holmes, *Council Member*
Cedric L. Hicks, Sr., *Council Member*
Jawane Hilton, *Council Member*

CITY STAFF

Sharon L. Landers, *City Manager*
John Raymond, *Assistant City Manager – Economic Development*
David Roberts, *Assistant City Manager – Administrative Services*
Dr. Maria Slaughter, *Director of Public Works*
Tarik Rahmani, *Director of Finance*
Said Naaseh, *Director of Community Development*
Donesia L. Gause-Aldana, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel
Aleshire & Wynder, LLP
Irvine, California

Disclosure Counsel
Nixon Peabody LLP
Los Angeles, California

Municipal Advisor
Harrell & Company Advisors, LLC
Orange, California

Fiscal Consultant
DHA Consulting, LLC
Long Beach, California

Trustee and Escrow Bank
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent
Robert Thomas CPA, LLC
Overland Park, Kansas

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OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY	
\$25,720,000*	\$12,370,000*
TAX ALLOCATION	SUBORDINATE TAX
HOUSING REFUNDING BONDS,	ALLOCATION BONDS,
2020 SERIES A	2020 SERIES B
(Taxable)	(Tax-Exempt)

This Official Statement, which includes the cover page, inside front cover pages and appendices (the “Official Statement”), is provided to furnish certain information concerning the sale of the Successor Agency to the Carson Redevelopment Agency Subordinate Tax Allocation Bonds, 2020 Series A (Taxable) (“Series A Bonds”) and Subordinate Tax Allocation Bonds, 2020 Series B (Tax-Exempt) (“Series B Bonds,” and together with the Series A Bonds, the “Bonds”).

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see “RISK FACTORS” herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

The Successor Agency and the Former Agency

The Former Agency was established in 1971 by the City Council (the “City Council”) of the City of Carson (the “City”) pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “State”). On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011. As a result of AB X1 26 and the decision of the California Supreme Court in *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill No. 107 (“SB 107”) enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85 as amended by AB 1484 and SB 107 are referred to in this Official Statement as the “Dissolution Act.” The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the “Law.”

* Preliminary, subject to change.

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency. Since the February 1, 2012 dissolution of the Former Agency, the City has served as the Successor Agency to the Carson Redevelopment Agency (the “Successor Agency”). The City Manager acts as the Successor Agency’s chief administrative officer (see “THE SUCCESSOR AGENCY” herein).

Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City (see “THE SUCCESSOR AGENCY” herein).

The City

The City was incorporated in 1968. The City encompasses approximately 19.2 square miles in the southern Los Angeles County area known as South Bay. The City is located approximately 13 miles south of downtown Los Angeles. Neighboring communities include the cities of Long Beach, Compton and Lakewood (see “APPENDIX C - CITY OF CARSON INFORMATION STATEMENT” herein).

Authority and Purpose

The Series A Bonds are being issued pursuant to the Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Refunding Law”), the Law and an Indenture of Trust dated as of March 1, 2020 (the “Indenture”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Series B Bonds are being issued pursuant to Refunding Law, the Law and an Indenture of Trust dated as of August 1, 2015 as amended and supplemented by a First Supplement to Indenture of Trust dated as of March 1, 2020 (collectively the “Series B Indenture”), by and between the Successor Agency and the Trustee.

The Series A Bonds are being issued to refinance the Former Agency’s outstanding Tax Taxable Allocation Housing Bonds 2010 Series A-T and Tax Allocation Housing Bonds 2010 Series A (collectively, the “2010 Bonds”). The Series B Bonds are being issued to refinance the Former Agency’s outstanding Merged and Amended Project Area Subordinate Lien Tax Allocation Refunding Bonds, Series 2007A (the “2007 Bonds”). The 2010 Bonds and the 2007 Bonds are sometimes collectively referred to herein as the “Prior Bonds.” See “THE FINANCING PLAN” herein.

Tax Allocation Financing Under the Dissolution Act

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never dropped below the base year level, the Taxing Agencies, as defined herein, thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the “Redevelopment Property Tax Trust Fund” or “RPTTF”) held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the

Redevelopment Law to be used for the financing of redevelopment projects. See “THE DISSOLUTION ACT” herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Pledged Tax Revenues, as defined herein, pledged to pay the Bonds consist of a portion of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act (see “Security for the Bonds” below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions” and “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules”).

The Project Area

The Carson Consolidated Project Area (the “Project Area”) is comprised of four “Constituent Projects”: Project No. 1, including the Project No. 1 Amendment Areas, the Merged and Amended Project consisting of Project No. 2, including the Project No. 2 Amendment Area, Project No. 3 and the Merged Project Amendment Area, and Project No. 4. The Constituent Projects were merged together for financing purposes on October 11, 2011 pursuant to Ordinance No. 1459. See “THE PROJECT AREA” for additional information on the Project Area and “THE SUCCESSOR AGENCY” herein for additional information on the Redevelopment Plan.

Bonded Debt of the Former Agency and Successor Agency

In addition to the 2010 Bonds being refunded with the proceeds of the Series A Bonds and the 2007 Bonds being refunded with the proceeds of the Series B Bonds, the Former Agency and the Successor Agency have the following outstanding bonds:

- Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2003B (“Project No. 1 2003 Bonds”);
- Successor Agency to the Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2014A (Project No. 1 2014 Bonds”);
- Successor Agency to the Carson Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable) (“Project No. 1 2016 Bonds”);
- Successor Agency to the Carson Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable) (“Project No. 1 2017 Bonds”);
- Successor Agency to the Carson Redevelopment Agency Carson Merged and Amended Project Area Tax Allocation Refunding Bonds, Series 2014A (“Merged Project 2014 Bonds”);
- Successor Agency to the Carson Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, 2015 Series B (Taxable) (“2015B Bonds”); and
- Successor Agency to the Carson Redevelopment Agency Tax Allocation Refunding Bonds Series 2018 (Project Area No. 4) (“Project No. 4 2018 Bonds”).

The Project No. 1 2003 Bonds, the Project No. 1 2014 Bonds, the Project No. 1 2016 Bonds, and the Project No. 1 2017 Bonds are sometimes collectively referred to herein as the “Project No. 1 Bonds.” The Project No. 1 Bonds, the Merged Project No. 4 Bonds and the Project No. 4 2018 Bonds are sometimes collectively referred to herein as the “Senior Bonds.” The Senior Bonds, together with the 2015B Bonds are sometimes collectively referred to herein as the “Existing Bonds.”

In addition, concurrent with the issuance of the Bonds, the Successor Agency will issue its Successor Agency to the Carson Redevelopment Agency Taxable Tax Allocation Bonds, Series 2020C (Final Lien) (“the Series C Bonds”).

Security for the Bonds

For the security of the Series A Bonds, the Successor Agency grants a pledge of and lien on all of the Housing Tax Revenues. “Housing Tax Revenues” are defined under the Series A Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund (the “Tax Revenues”) in an amount otherwise required to be deposited in the Former Agency’s Low and Moderate Income Housing Fund (the “20% Housing Set-Aside”). While the Dissolution Act eliminated the 20% Housing Set-Aside requirement, the 2010 Bonds were to increase or improve the supply of low- and moderate-income housing within or of benefit to the Project Area. As noted above, the Dissolution Act permits the Series A Bonds to be considered indebtedness incurred by the Former Agency with the same lien, priority and legal effect as if the Series A Bonds had been issued prior to the effective date of AB X1 26. Therefore, the Series A Bonds will be secured by and have a first lien on the Housing Tax Revenues, senior in priority to the lien of the Existing Bonds or the Series C Bonds.

For the security of the Series B Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues. “Pledged Tax Revenues” are defined under the Series B Indenture as the Tax Revenues, net of the same amounts that were payable by the Former Agency pursuant to any existing Contractual Tax Sharing Agreements and amounts that were payable by the Former Agency as Statutory Tax Sharing as well as the County’s administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code, less the debt service on the Existing Bonds and the Series A Bonds. See “FINANCIAL INFORMATION - Property Taxation in California” and “Tax Sharing Agreements and Tax Sharing Statutes” herein.

The Successor Agency may issue refunding bonds payable from Pledged Tax Revenues on a parity with the Series B Bonds (“Parity Debt”) to refinance the existing debt on the Series B Bonds. See “SECURITY FOR THE BONDS - No Additional Debt Other Than Refunding Bonds” herein.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of each Constituent Project of the Project Area, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund, as defined herein, on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency’s Redevelopment Obligation Retirement Fund amounts required for payment of debt service on the Bonds and will be transferred by the Successor Agency to the Trustee for deposit in the funds established under the indentures for the Senior Bonds, the Series A Indenture and the Series B Indenture and the indenture of the Series C Bonds. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules” herein.

The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Reserve Account Surety Policies

In order to further secure the payment of the principal of and interest on each series of the Bonds, a separate Reserve Account has been established by the Trustee under the Series A Indenture and the Series B Indenture. Each Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) issued by _____ in an amount equal to the Reserve Requirement for each series of Bonds as defined in the Series A and Series B Indenture. See “SECURITY FOR THE BONDS - Reserve Accounts.”

Municipal Bond Insurance with Respect to the Series B Bonds

Concurrently with the issuance of the Series Bonds, _____ will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series B Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series B Bonds when due as set forth in the form of the Policy included as “APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Aleshire & Wynder, LLP, Irvine, California, as Bond Counsel (“Bond Counsel”). Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading “TAX MATTERS” herein. Certain legal matters will be passed on for the Successor Agency by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel, by the Aleshire & Wynder, as General Counsel to the Successor Agency, and for the Underwriter by their Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Offering of the Bonds

Authority for Issuance. The Series A Bonds are to be issued and secured pursuant to the Series A Indenture, as authorized by Resolution No. _____ of the Successor Agency adopted on January 28, 2020 (the “Resolution”), the Refunding Law and the Law. The Series B Bonds are to be issued and secured pursuant to the Series B Indenture, as authorized by the Resolution, the Refunding Law and the Law. The Countywide Oversight Board (the “Oversight Board”) approved the action taken by the Successor Agency to refinance the Prior Bonds on _____, 2020. The State Department of Finance approved the Oversight Board action by letter dated _____, 2020.

Offering and Delivery of the Bonds. The Bonds are being sold to Piper Sandler Companies and Cabrera Capital Markets, LLC (the “Underwriters”). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2020.

Summary Not Definitive

The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such

document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 701 E. Carson Street, Carson, California 90745.

THE BONDS

General Provisions

Repayment of the Bonds. Interest on the Bonds is payable at the rates per annum set forth on the inside front cover pages hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on August 1 and February 1 (each an “Interest Payment Date”), commencing August 1, 2020, and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the close of business on the 15th calendar day of the month preceding such Interest Payment Date (each, a “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the date of delivery; *provided, however,* that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Principal on the Series A Bonds is payable on August 1 and principal on the Series B Bonds is payable on February 1 in the years and amounts set forth on the inside front cover pages hereof.

The Bonds are authorized to be issued in denominations of \$5,000 or any integral multiple of \$5,000, and will be dated as of the date of their original delivery.

Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the Office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount and of like maturity. The Trustee may require the payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The foregoing provisions regarding the transfer and exchange of the Bonds apply only if the book-entry system is discontinued. So long as the Bonds are in the book-entry system of The Depository Trust Company (“DTC”) as described below, the rules of DTC will apply for the transfer and exchange of Bonds.

Book-Entry System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

Redemption

Optional Redemption of Series A Bonds. The Series A Bonds maturing on or before August 1, 2029 are not subject to redemption prior to their respective stated maturities. The Series A Bonds maturing on or after August 1, 2030 shall be subject to redemption in whole, or in part among maturities on such basis as shall be designated in a Request of the Successor Agency filed with the Trustee, and in any case by lot within a maturity, on any date on or after August 1, 2029, at the option of the Successor Agency from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Optional Redemption of Series B Bonds. The Series B Bonds maturing on or before February 1, 2030 are not subject to redemption prior to their respective stated maturities. The Series B Bonds maturing on or after February 1, 2030 shall be subject to redemption in whole, or in part among maturities on such basis as shall be designated in a Request of the Successor Agency filed with the Trustee, and in any case by lot within a maturity, on any date on or after February 1, 2030, at the option of the Successor Agency from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption of Series A Bonds. The Series A Bonds that are Term Bonds maturing August 1, ____ and August 1, ____ shall also be subject to mandatory redemption in whole, or in part by lot, on August 1 in each year, commencing August 1, ____ and August 1, ____, respectively, as set forth below, from sinking fund payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of redemption thereof such Series A Term Bonds may be purchased by the Successor Agency pursuant to the Series A Indenture, and (z) if some but not all of such Series A Term Bonds have been redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Series A Term Bonds of ____

August 1	Principal Amount
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* Maturity

* Preliminary, subject to change.

Series A Term Bonds of ____

August 1

Principal Amount

* Maturity

Mandatory Sinking Fund Redemption of Series B Bonds. The Series B Bonds that are Term Bonds maturing February 1, ____ and February 1, ____ shall also be subject to mandatory redemption in whole, or in part by lot, on February 1 in each year, commencing February 1, ____ and February 1, ___, respectively, as set forth below, from sinking fund payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on February 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of redemption thereof such Series B Term Bonds may be purchased by the Successor Agency pursuant to the Series B Indenture, and (z) if some but not all of such Series B Term Bonds have been redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Series B Term Bonds of ____

February 1

Principal Amount

* Maturity

* Preliminary, subject to change.

Series B Term Bonds of ____

February 1

Principal Amount

* Maturity

Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

So long as the book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by such Participant.

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

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Series A Bond or Series A Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

* Preliminary, subject to change.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series A Bonds, the Trustee shall select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, each Bond will be deemed to consist of individual bonds of \$5,000 denominations each which may be separately redeemed.

Scheduled Debt Service on the Series A Bonds

The following is the scheduled semi-annual and annual debt service on the Series A Bonds (assuming no early redemption).

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
August 1, 2020				
February 1, 2020				
August 1, 2021				
February 1, 2021				
August 1, 2022				
February 1, 2022				
August 1, 2023				
February 1, 2023				
August 1, 2024				
February 1, 2024				
August 1, 2025				
February 1, 2025				
August 1, 2026				
February 1, 2026				
August 1, 2027				
February 1, 2027				
August 1, 2028				
February 1, 2028				
August 1, 2029				
February 1, 2029				
August 1, 2030				
February 1, 2030				
August 1, 2031				
February 1, 2031				
August 1, 2032				
February 1, 2032				
August 1, 2033				
February 1, 2033				
August 1, 2034				
February 1, 2034				
August 1, 2035				
February 1, 2035				
August 1, 2036				
Total				

Scheduled Debt Service on the Series B Bonds

The following is the scheduled semi-annual and annual debt service on the Series B Bonds (assuming no early redemption).

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
February 1, 2021				
August 1, 2021				
February 1, 2022				
August 1, 2022				
February 1, 2023				
August 1, 2023				
February 1, 2024				
August 1, 2024				
February 1, 2025				
August 1, 2025				
February 1, 2026				
August 1, 2026				
February 1, 2027				
August 1, 2027				
February 1, 2028				
August 1, 2028				
February 1, 2029				
August 1, 2029				
February 1, 2030				
August 1, 2030				
February 1, 2031				
August 1, 2031				
February 1, 2032				
August 1, 2032				
February 1, 2033				
August 1, 2033				
February 1, 2034				
August 1, 2034				
February 1, 2035				
August 1, 2035				
February 1, 2036				
Total				

THE FINANCING PLAN

The Refunding Plan

Redemption of Prior Bonds. On the Closing Date, a portion of the proceeds of the Series A Bonds will be transferred to the Trustee as escrow bank (“Escrow Bank”) for deposit pursuant to an Escrow Agreement dated as of March 1, 2020 (the “2010 Bonds Escrow Agreement”) between the Successor Agency and the Escrow Bank. The amount deposited under the 2010 Bonds Escrow Agreement, together with other available moneys, will be invested in Federal Securities or held uninvested and irrevocably pledged for the payment of the related 2010 Bonds as follows:

- to the payment of the principal and interest of the \$2,395,000 outstanding 2010 Series A-T Bonds will be paid when due, through and including their maturity of October 1, 2021 and
- to the payment of interest due on the outstanding 2010 Series A Bonds on October 1, 2020 and to the redemption in full on October 1, 2020 of the outstanding \$25,620,000 2010 Series A Bonds at a redemption price equal to 100% of the principal amount of the 2010 Series A Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

On the Closing Date, a portion of the proceeds of the Series B Bonds will be transferred to the Escrow Bank for deposit pursuant to an Escrow Agreement dated as of March 1, 2020 (the “2007 Bonds Escrow Agreement”) between the Successor Agency and the Escrow Bank. The amount deposited under the 2007 Bonds Escrow Agreement, together with other available moneys, will be invested in Federal Securities or held uninvested and irrevocably pledged to the redemption in full on May 1, 2020 of the outstanding \$15,550,000 2007 Bonds, at a redemption price equal to 100% of the principal amount of the 2007 Bonds to be redeemed, plus accrued interest thereon to the redemption date, without premium.

Amounts so deposited under the 2010 Bonds Escrow Agreement and the 2007 Bonds Escrow Agreement will be pledged respectively to the payment of principal and interest when due or to the payment of the redemption price of the Prior Bonds on the respective redemption dates and the sufficiency of the amounts deposited under the 2010 Bonds Escrow Agreement and the 2007 Bonds Escrow Agreement for such purpose will be verified by the Verification Agent as described below. The lien of the Prior Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the 2010 Bonds Escrow Agreement and the 2007 Bonds Escrow Agreement.

The amounts held by the Escrow Bank for the respective Prior Bonds under the 2010 Bonds Escrow Agreement and the 2007 Bonds Escrow Agreement are pledged solely to the payment of amounts due and payable by the Successor Agency under the Escrow Agreement. The funds deposited under the 2010 Bonds Escrow Agreement and the 2007 Bonds Escrow Agreement will not be available for the payment of debt service on the Series A Bonds or the Series B Bonds.

Verifications of Mathematical Computations. Robert Thomas CPA, LLC will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash listed in the schedules prepared by the Municipal Advisor, to be held under the 2010 Bonds Escrow Agreement and the 2007 Bonds listed in the schedules prepared by the Municipal Advisor, to be held under the 2010 Bonds Escrow, will be sufficient to pay, when due, the principal, and interest requirements or redemption price of the Prior Bonds, and (2) the computation of yield on the Series B Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Series B Bonds is exempt from federal taxation.

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

	<u>Series A Bonds</u>	<u>Series B Bonds</u>
<u>Sources of Funds</u>		
Par Amount of Bonds		
Original Issue Premium		
Funds Held for the Prior Bonds		
Total Source of Funds		
<u>Uses of Funds</u>		
Transfer to Escrow Bank		
Underwriter's Discount		
Costs of Issuance Fund ⁽¹⁾		
Total Use of Funds		

⁽¹⁾ Costs of issuance include fees and expenses of Bond Counsel, the Municipal Advisor, Disclosure Counsel, Verification Agent, Trustee and Escrow Bank, costs of printing the Official Statement, rating fee, premium for each Reserve Policy, premium for the bond insurance policy and other costs of issuance of the Bonds.

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules").

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving the related Redevelopment Plan, or the respective effective dates of ordinances

approving amendments to the Redevelopment Plan that added territory to the Project Area, if any, are to be divided as follows:

- (a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan (the “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- (b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above. Pursuant to SB 107, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects, and programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. Within the Project Area, voters within the Metropolitan Water District (“MET”) approved debt service override tax rates, the revenues from which were pledged as security for the payment of debt service on the Prior Bonds. However, neither such overrides levied by MET nor any other overrides levied within the Project Area, are pledged to the payment of debt service on the Bonds.

SECURITY FOR THE BONDS

Tax Revenues

Series A Bonds Housing Tax Revenues. For the security of the Series A Bonds, the Successor Agency grants a pledge of and lien on all of the Housing Tax Revenues. Housing Tax Revenues are defined under the Series A Indenture as amounts required to be deposited from time to time in the Redevelopment Property Tax Trust Fund in accordance with Section 34183(a)(2) of the Redevelopment Law, which amounts are derived from property tax revenues (formerly, tax increment) allocated with respect to the Project Area under Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California and as provided in the Redevelopment Plan including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (the “Tax Revenues”), in an amount otherwise required to be deposited in the Former Agency’s Low and Moderate Income Housing Fund (the “20% Housing Set-Aside”).

Series B Pledged Tax Revenues. For the security of the Series B Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues on a parity with the pledge of Pledged Tax Revenues to the 2015B Bonds. “Pledged Tax Revenues” are defined under the Series B Indenture as the Tax Revenues, net of the same amounts that were payable by the Former Agency pursuant to any existing Contractual Tax Sharing Agreements and amounts that were payable by the Former Agency as Statutory Tax Sharing as well as the County’s administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code, less the debt service on the Existing Bonds and the Series A Bonds.

See “Pledge of Tax Revenues” below and “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” herein.

Elimination of the 20% Housing Set-Aside. The 20% Housing Set-Aside was pledged to the 2010 Bonds while the Dissolution Act eliminated the 20% Housing Set-Aside requirement, an amount equal to debt service on the 2010 Bonds, and therefore, the Series B Bonds, of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund is designated as 20% Housing Set-Aside.

Redevelopment Property Tax Trust Fund

Deposits to the Redevelopment Property Tax Trust Fund. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

Disbursements From the Redevelopment Property Tax Trust Fund. The Redevelopment Law authorized redevelopment agencies to make payments to Taxing Agencies to alleviate any financial burden or detriments to such Taxing Agencies caused by a redevelopment project. The Former Agency entered into a number of agreements with the Taxing Agencies for this purpose (“Contractual Tax Sharing Agreements”). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted on or after January 1, 1994 or amended after January 1, 1994 in a manner specified in such section (the “Statutory Tax Sharing”). The Successor Agency is also obligated to make certain Statutory Tax Sharing payments. See “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” herein).

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

- (i) first, subject to certain adjustments (as described below) for subordinations to the extent permitted under the Dissolution Act (if any, as described below under “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes”) and no later than each January 2 and June 1, to each local taxing agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including the Contractual Tax Sharing Agreements and the Statutory Tax Sharing Amounts;
- (ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;
- (iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and
- (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under any Tax Sharing Agreements and Statutory Tax Sharing to the Taxing Agencies on each January 2 and June 1 before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance for the applicable Recognized Obligation Payment Schedule period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable Recognized Obligation Payment Schedule period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated Contractual

Tax Sharing Agreements, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make the payment of Statutory Tax Sharing Amounts subordinate to the Series B Bonds. The Successor Agency had not previously undertaken proceedings to subordinate such payments to the Prior Bonds. The Successor Agency will not undertake any procedure to subordinate the Statutory Tax Sharing Amounts to the Series B Bonds, and therefore, Statutory Tax Sharing Amounts are not subordinate to the Series B Bonds. See “FINANCIAL INFORMATION” for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the Project Area.

Recognized Obligation Payment Schedules

Enforceable Obligations. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency’s oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency”). The Successor Agency has covenanted to request such reserves as described below.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the former low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

Required Approvals. As provided in SB 107, the Recognized Obligation Payment Schedule, with respect to each fiscal year, and segregated into each six-month period beginning July 1 and January 1, must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Auditor-Controller, the State Department of Finance, and the State Controller by each February 1. For information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see “RISK FACTORS - Recognized Obligation Payment Schedule.”

Commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the Department of Finance as to the items that qualify for payment, among other

conditions, may at their option, file a “Last and Final” Recognized Obligation Payment Schedule. If approved by the Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the Department of Finance or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid.

A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the Department of Finance and the County Auditor-Controller. The Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule but may do so in the future without the consent of any Bond Owner. However, ___, as the provider of the Reserve Policies and the Series B Insurance Policy, may require consent to the final amendment to any Last and Final Recognized Obligation Payment Schedule in the event the Successor Agency requests the Department of Finance to approve a Last and Final Recognized Obligation Payment Schedule.

Determination of Available Funding. In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed, and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than April 1 and October 1 of each year, as applicable.

If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, the Successor Agency’s enforceable obligations listed on the Recognized Obligation Payment Schedule, and the Successor Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under “Redevelopment Property Tax Trust Fund” above.

Debt Service. The Successor Agency has covenanted to comply with all of the requirements of the Dissolution Act, including taking all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules for each fiscal year so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all Housing Tax Revenues or Pledged Tax Revenues, as the case may be, as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in the related Bond Year, including any amounts due and owing to the Insurer in respect of the Reserve Policies or required to replenish the Reserve Account.

Without limiting the generality of the foregoing covenant, the Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2021, in accordance with Section 34177(o) of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- 100% of the debt service due on the Series A Bonds coming due and payable on the next succeeding February 1 and August 1;

- 100% of the debt service due on the Project No. 1 2003 Bonds, Project No. 1 2014 Bonds, the Merged Project 2014 Bonds and the Project No. 4 2018 Bonds coming due and payable on the next succeeding April 1 and October 1; and
- 100% debt service coming due and payable on the next succeeding February 1 on the Series C Bonds.

In addition, the Successor Agency will request any amount then required to:

- replenish the full amount of any reserve requirement for the Series A Bonds, the Project No. 1 2014 Bonds, the Merged Project 2014 Bonds and the Project No. 4 2018 Bonds; or
- required to make payments due to any bond insurer in respect of any draw on a reserve fund policy or bond insurance policy for the Series A Bonds, the Project No. 1 2014 Bonds, the Merged Project 2014 Bonds or the Project No. 4 2018 Bonds.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

- 100% of the debt service due on the Project No. 1 2016 Bonds, the Project No. 1 2017 Bonds coming due and payable on the next succeeding August 1 and February 1;
- 100% of the debt service due on the 2015B Bonds and the Series B Bonds coming due and payable on the next succeeding August 1 and February 1; and
- 100% debt service coming due and payable on the next succeeding August 1 on the Series C Bonds.

In addition, the Successor Agency will request any amount then required to:

- replenish the full amount of any reserve requirement for the Series A Bonds, the Project No. 1 2014 Bonds, the Merged Project 2014 Bonds and the Project No. 4 2018 Bonds and not funded in the period ending June 30;
- make payments due to any bond insurer in respect of any draw on a reserve fund policy or bond insurance policy for the Series A Bonds, the Project No. 1 2014 Bonds, the Merged Project 2014 Bonds or the Project No. 4 2018 Bonds and not funded in the period ending June 30;
- replenish the full amount of any reserve requirement for the Project No. 1 2016 Bonds, the Project No. 1 2017 Bonds 2015B Bonds, the Series B Bonds and the Series C Bonds; or
- make payments due to any bond insurer in respect of any draw on a reserve fund policy or bond insurance policy for the Project No. 1 2016 Bonds, the Project No. 1 2017 Bonds 2015B Bonds, the Series B Bonds and the Series C Bonds.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds coming due in the succeeding fiscal year. See “Recognized Obligation Payment Schedules” above and “RISK FACTORS - Recognized Obligation Payment Schedule.”

The Successor Agency further agrees (a) to the extent permitted by law, to amend any Recognized Obligation Payment Schedule filing for any period during which amounts owed to the Insurer are not included on such Recognized Obligation Payment Schedule filing, and (b) not to submit the final

amendment permitted for its Last and Final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of the Insurer.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period (or otherwise) to pay the principal of and interest on the Bonds. See “RISK FACTORS.”

Pledge of Tax Revenues

Series A Bonds. The Series A Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the 20% Housing Set-Aside deposited in the Redevelopment Property Tax Trust Fund, and a first and exclusive pledge of, security interest in and lien upon all of Housing Tax Revenues in the Successor Agency’s Recognized Obligation Retirement Fund and the Series A Debt Service Fund and accounts therein held under the Series A Indenture, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Series A Reserve Account. Except for the Housing Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Series A Bonds.

Series B Bonds. Subject to the prior pledge, security interest and lien of the Series A Bonds and the Senior Bonds, the Series B Bonds, the 2015B Bonds and any Parity Debt are secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and all of the moneys in the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to the Dissolution Act, except for a portion of the Tax Revenues distributed on January 2 in each year as described under the caption “Tax Revenues - Pledged Tax Revenues” above. In addition, the Series B Bonds, the 2015B Bonds and any Parity Debt shall be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the 2015B Debt Service Fund, and accounts therein held under the Series B Indenture without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Series B Bonds (exclusive of the 2015B Bonds or any Parity Debt) are also secured by an exclusive pledge of, security interest in and lien on the Series B Reserve Account. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Series B Bonds.

The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding.

The Successor Agency shall deposit all of the Tax Revenues received into the Redevelopment Obligation Retirement Fund immediately upon receipt thereof. In addition to the transfers required with respect to payments of the principal of and interest on Parity Debt, the Successor Agency shall within ____ Business Days thereafter transfer such Tax Revenues from the Redevelopment Obligation Retirement Fund to the Trustee to pay debt service on the Bonds coming due in the then current Bond Year. All Tax Revenues received by the Successor Agency in excess of the amount needed to pay debt service on the Bonds and any Parity Debt in the then current Bond Year and except as may be provided to the contrary in the Indenture or indenture relating to any Parity Debt, shall be released from the pledge and lien of the Indenture and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any subordinate debt. Prior to the payment in full of the principal of and interest on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any supplemental indenture.

Also see “No Additional Debt Other Than Refunding Bonds” below.

The Housing Tax Revenues are pledged to the payment of principal of and interest on the Series A Bonds pursuant to the Series A Indenture until the Series A Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Housing Tax Revenues when due under the Series A Indenture, and otherwise to protect the interests of the Series A Bondholders in the event of default by the Successor Agency.

The Pledged Tax Revenues are pledged to the payment of principal of and interest on the Series B Bonds pursuant to the Series B Indenture until the Series B Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Pledged Tax Revenues when due under the Series B Indenture, and otherwise to protect the interests of the Series B Bondholders in the event of default by the Successor Agency.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The State Legislature has amended the Dissolution Act several times. The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Successor Agency has established a Redevelopment Obligation Retirement Fund in accordance with the Dissolution Act. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit equal the aggregate amounts required to be transferred to the Trustee in such Bond Year pursuant to the Indenture (generally being the amount required to pay debt service in such Bond Year on the Bonds, and Parity Debt, if any).

If the amount of Tax Revenues available in such Bond Year is insufficient to deposit the full amount required to be deposited, the Trustee shall apply such amounts to debt service, ratably based on the full amounts required to be deposited without preference or priority for series as further described in "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default and Remedies."

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be transferred to the Trustee during such Bond Year shall be released from the pledge and lien of the Indenture for the security of the Bonds and shall be applied by the Successor Agency for any lawful purposes of the Successor Agency. However, Tax Revenues shall not be released from the pledge and lien which secures the Bonds unless no amounts are then due and owing to the Insurer in respect of the Reserve Policy.

Series A Reserve Account

A Series A Reserve Account has been established under the Series A Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Series A Bonds. The Successor Agency must maintain a balance in the Series A Reserve Account equal to the "Series A Reserve Requirement," being the lesser of maximum annual debt service, 10% of the par amount of the Series A Bonds or 125% of

average annual debt service, determined as of the Closing Date. The Series A Indenture provides that in lieu of a cash deposit, the Successor Agency will satisfy of the Series A Reserve Requirement by deposit of the Series A Reserve Policy in the Series A Reserve Account. The Series A Reserve Policy will be issued by _____ in the face amount of \$_____. The Series A Reserve Policy secures only the Series A Bonds, and will not secure any other series of Parity Debt that may be issued under the Series A Indenture (see “No Additional Debt Other Than Refunding Bonds” below). If the Successor Agency fails to deposit with the Trustee the full amount required by the Series A Indenture to pay principal and interest due on the Series A Bonds when due on any date, the Trustee will draw on the Series A Reserve Policy the difference between the amount required to be on deposit and the amount available on such date, subject to the Series A Reserve Policy limit.

The Successor Agency is not required under the Series A Indenture to replace the Series A Reserve Policy with cash or a replacement instrument in the event the ratings of _____ decline or are withdrawn, or in the event _____ experiences financial difficulties of any nature or fails to make a payment under the Series A Reserve Policy when due.

Series B Reserve Account

A 2020 Series B Reserve Account has been established under the Series B Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Series B Bonds. The Successor Agency must maintain a balance in the 2020 Series B Reserve Account equal to the “Series B Reserve Requirement,” being the lesser of maximum annual debt service, 10% of the par amount of the Series B Bonds or 125% of average annual debt service, determined as of the Closing Date. The Series B Indenture provides that in lieu of a cash deposit, the Successor Agency will satisfy of the Series B Reserve Requirement by deposit of the Series B Reserve Policy in the 2020 Series B Reserve Account. The Series B Reserve Policy will be issued by _____ in the face amount of \$_____. The Series B Reserve Policy secures only the Series B Bonds, and will not secure the 2015B Bonds or any other series of Parity Debt that may be issued under the Series B Indenture (see “No Additional Debt Other Than Refunding Bonds” below). If the Successor Agency fails to deposit with the Trustee the full amount required by the Series B Indenture to pay principal and interest due on the Series B Bonds when due on any date, the Trustee will draw on the Series B Reserve Policy the difference between the amount required to be on deposit and the amount available on such date, subject to the Series B Reserve Policy limit.

The Successor Agency is not required under the Series B Indenture to replace the Series B Reserve Policy with cash or a replacement instrument in the event the ratings of _____ decline or are withdrawn, or in the event _____ experiences financial difficulties of any nature or fails to make a payment under the Series B Reserve Policy when due.

No Additional Debt Other Than Refunding Bonds

Series A Bonds. So long as the Series A Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Housing Tax Revenues, excepting only as provided in the Series A Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Housing Tax Revenues or other amounts pledged to the Series A Bonds superior to the pledge and lien created for the benefit of the Series A Bonds; provided, that the Successor Agency (a) may issue and sell refunding bonds as Parity Debt payable from Housing Tax Revenues on a parity with Outstanding Series A Bonds (as determined by the Successor Agency, in its sole discretion) to refund a portion of the Outstanding Series A Bonds, provided further that, with respect to any such refunding (i) annual debt service on such Parity Debt is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded.

Series B Bonds. So long as the Series B Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues, excepting only as provided in the Series B Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the 2015B Bonds and the Series B Bonds superior to the pledge and lien created for the benefit of the 2015B Bonds and the Series B Bonds; provided, that the Successor Agency (a) may issue and sell refunding bonds as Parity Debt payable from Pledged Tax Revenues on a parity with Outstanding 2015B Bonds and the Series B Bonds (as determined by the Successor Agency, in its sole discretion) to refund a portion of the Outstanding 2015B Bonds, Series B Bonds, Existing Bonds or Series A Bonds provided further that, with respect to any such refunding (i) annual debt service on such Parity Debt is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded.

THE SUCCESSOR AGENCY

As described in “INTRODUCTION,” the Former Agency was dissolved as of February 1, 2012 pursuant to the Dissolution Act. Thereafter, the City became the Successor Agency and the City Council serves as the governing board of the Successor Agency.

Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency’s chief administrative officer, the City Clerk serves as the Successor Agency secretary and the City’s Treasurer serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in its members, who are the elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance.

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected Taxing Agencies within project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. On April 26, 2013, the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency was required to submit a Long Range Property Management Plan (a “Long Range Property Management Plan”) detailing what it intends to do

with its inventory of properties. Successor agencies were not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The State Department of Finance approved the Successor Agency's Long Range Property Management Plan on April 23, 2015. The Successor Agency has disposed of all property held at the time of dissolution.

Redevelopment Plan

The Constituent Projects were merged together for financing purposes on October 11, 2011 pursuant to Ordinance No. 1459.

SB 107 Effects on Plan Limits

Under prior law, a redevelopment plan was required to specify certain limits (commonly referred to as "Plan Limits") with respect to the relevant project area (or component of the project area). Such Plan Limits specify, among other matters, the maximum amount of dollars that the redevelopment agency may receive as tax increment. For reference, the table below sets forth some of the original Plan Limits for the Constituent Projects.

<u>Constituent Project</u>	Last Date		Maximum		Last Date	
	Last Date	Plan	To Collect	Tax	Receipt of	Maximum
	To Incur	Expiration	Tax	Increment	Tax Increment	Bonded
Project No. 1						
Original	Eliminated	12/20/14	12/20/24	\$352,188,117	\$117,364,171	None
1985 Amdmt ⁽²⁾	Eliminated	7/16/26	7/16/36	500,000,000	107,873,484	\$160,000,000
1997 Amdmt	8/16/16	8/16/27	8/16/37	None	3,893,595	50,000,000
Merged and Amended						
Project No. 2 - Original	Eliminated	2/19/17	2/19/27	534,307,874	158,045,241	None
Project No. 2 - 1983 Amdmt ⁽³⁾	Eliminated	12/22/25	12/22/35	24,000,000	6,473,765	8,000,000
Project No. 3 - Original ⁽²⁾	Eliminated	7/16/26	7/16/36	250,000,000	73,813,495	80,000,000
Project No. 2/3 - 1997 Amdmt	8/16/16	8/16/27	8/16/37	None	28,535,710	35,000,000
Project No. 4	7/16/22	7/16/33	7/16/48	None	39,093,463	85,000,000

⁽¹⁾ Dates shown are deadlines following adoption of ordinances where applicable, in November 2003 and May 2007.

⁽²⁾ These dollar limits are to be adjusted for changes in the consumer price index. The amounts shown above represent the original, unadjusted limits. See Tables ____ and ____ of the Fiscal Consultant's Report, attached as Appendix B, for estimates of the adjusted limits.

⁽³⁾ A tax sharing agreement with Los Angeles County provides that all tax increment in excess of \$200,000 annually or \$8 million in aggregate, be used to repay amounts due the County which were previously deferred. See "Agency Obligations" in "APPENDIX B - FISCAL CONSULTANT'S REPORT" for additional information on this obligation.

Source: DHA Consulting, LLC.

SB 107, which was enacted in September 2015, contains provisions (the "SB 107 Plan Limits Provisions") which generally provide that, for the purpose of paying enforceable obligations (as such term is defined by

the Dissolution Act), such as the Bonds, the Successor Agency is no longer subject to the Plan Limits. In contrast, for all other purposes, including pass-through payments to taxing entities (which are not “enforceable obligations” because they are now paid not by the Successor Agency but by the County Auditor-Controller directly from Redevelopment Property Tax Trust Fund disbursements), the County Auditor-Controller has confirmed that it will continue to recognize the Plan Limits (whether they apply to a Constituent Project). As a matter of practical implementation of the SB 107 Plan Limits Provisions, the County Auditor-Controller will deposit into the Redevelopment Property Tax Trust Fund an amount of property tax revenues derived from a Constituent Project above the Plan Limits only in a situation where there would not be sufficient moneys in the Redevelopment Property Tax Trust Fund to make payments on outstanding enforceable obligations.

Based on the current projections, the Successor Agency expects that none of the Plan Limits on Tax Increment Revenues will be reached prior to the maturity date of the Bonds. However, certain of the original time limits on the collections of Tax Increment will be exceeded while the Bonds are outstanding. Because the remaining Redevelopment Property Tax Trust Fund deposits from Project Area No. 3 and Project No. 4 are anticipated to be greater than total payments for enforceable obligations (including the debt service payments the Bonds, Existing Bonds and the Series C Bonds), the Successor Agency expects the County Auditor Controller will not need to make deposits into the Redevelopment Property Tax Trust Fund from Project No. 1, and Project No. 2 once the original Plan Limits for those Constituent Projects have been reached. The projections of Tax Revenues take these limitations into account.

THE PROJECT AREA

Description of the Project Area

The Project Area is comprised of four Constituent Projects: Project No. 1, including the Project No. 1 Amendment Areas, the Merged and Amended Project consisting of Project No. 2, including the Project No. 2 Amendment Area, Project No. 3 and the Merged Project Amendment Area, and Project No. 4.

CONSTITUENT PROJECT INFORMATION

Constituent Project	Year Adopted	Acreage
Project No. 1		
Original	1971	762
1985 Amendment	1984	967
1997 Amendment	1996	534
Merged and Amended		
Project No. 2 - Original	1974	700
Project No. 2 - 1983 Amendment	1982	50
Project No. 3 - Original ⁽²⁾	1984	650
Project No. 2/3 - 1997 Amendment	1996	65
Project No. 4	2002	<u>942</u> 4,670

[Project description to be completed]

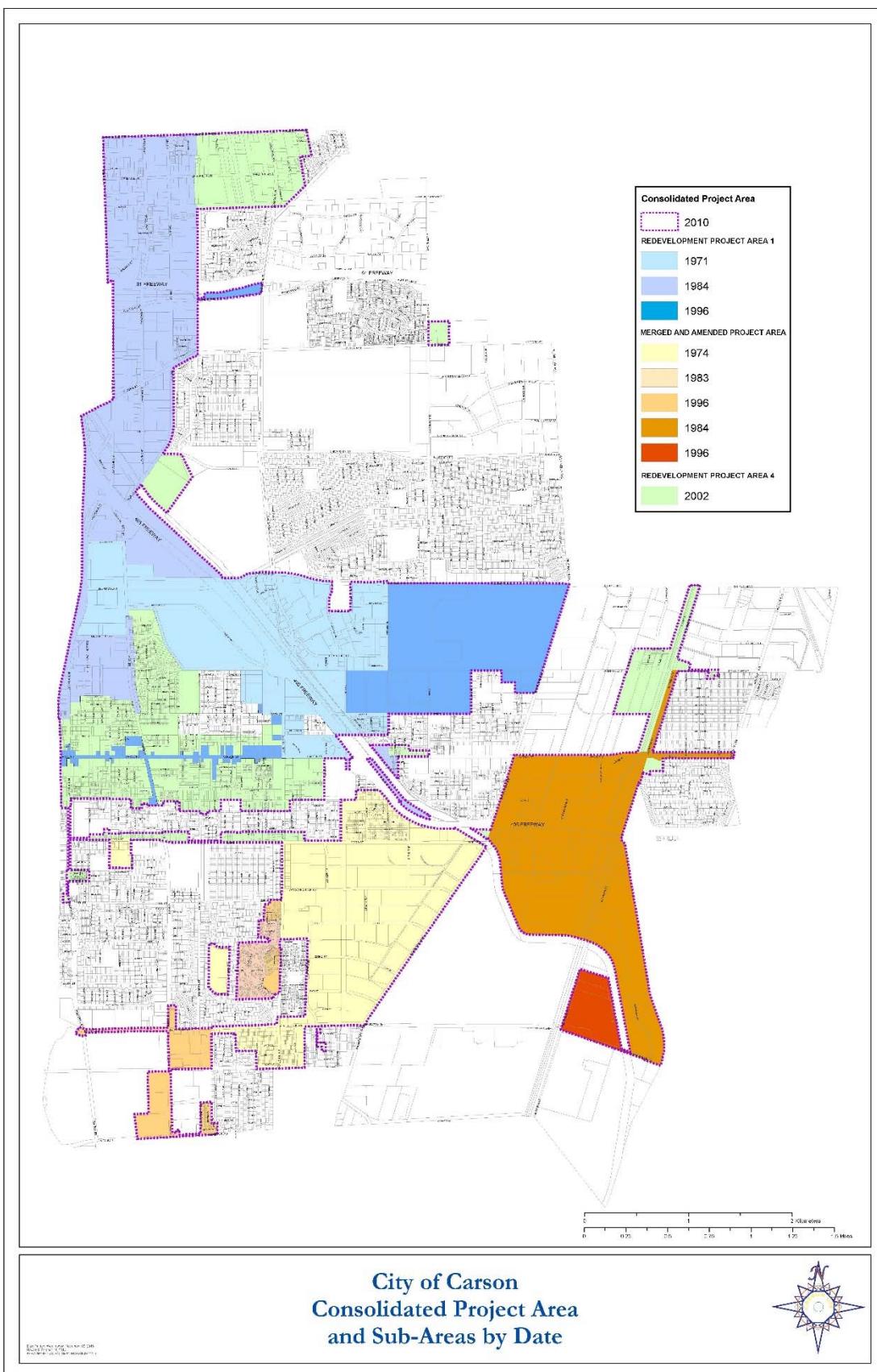
TABLE NO. 1
ASSESSED VALUE BY LAND USE
Assessed Value

Category	Merged Project				% of Total
	Project 1	(2 and 3)	Project 4	Combined	
Residential	\$ 87,227,443	\$ 376,366,783	\$ 946,557,376	\$1,410,151,602	25.6%
Commercial	671,943,030	138,328,518	151,815,509	962,087,057	17.4%
Industrial	969,324,948	729,689,275	240,237,467	1,939,251,690	35.3%
Recreational	65,138,436	1,134,166	441,011	66,713,613	1.2%
Institutional	2,172,902	117,617	15,347,843	17,638,362	0.3%
Vacant Land	117,602,538	49,930,688	20,222,494	187,755,720	3.4%
SBE Non-Unitary	-	2,136,034	-	2,136,034	0.0%
Unsecured	229,754,504	325,831,382	74,814,962	630,400,848	11.4%
Cross Reference ⁽¹⁾	5,259,045	263,511,358	11,763,788	280,534,191	5.1%
Other	<u>317,727</u>	<u>9,433,063</u>	<u>7,755,078</u>	<u>17,505,868</u>	<u>0.3%</u>
Total	\$2,148,740,573	\$1,896,478,88	\$1,468,955,528	\$5,514,174,985	100.0%

(1)

The map on the following page depicts the location and boundaries of the Constituent Projects.

PROJECT AREA MAP



Larger developments in the Project Area include:

[To be completed]

Assessed Valuations and Tax Revenues

A history of total assessed value for the Project Area since 2008-09 is shown in Table No. 2 below.

TABLE NO. 2
THE PROJECT AREA
HISTORICAL ASSESSED VALUATIONS

Tax Year	Assessed Value⁽¹⁾	Change
2008-09	\$4,029,064,000	
2009-10	4,086,035,000	1.4%
2010-11	4,037,643,000	(1.2%)
2011-12	4,014,510,000	(0.6%)
2012-13	4,075,014,000	1.5%
2013-14	4,220,742,000	3.6%
2014-15	4,319,840,386	2.3%
2015-16	4,426,227,784	2.5%
2016-17	4,619,481,204	4.4%
2017-18	4,875,067,443	5.5%
2018-19	5,155,988,905	5.8%
2019-20	5,514,174,985	6.9%

⁽¹⁾ Based on the August 20 equalized roll.

Source: Los Angeles County Auditor-Controller.

Base year assessed value and total assessed value of the Constituent Projects between Fiscal Years 2015-16 and 2019-20 are shown in the tables below.

TABLE NO. 3
PROJECT NO. 1 - ORIGINAL
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$517,845,881	\$547,786,200	\$596,118,520	\$621,698,419	\$656,075,134
Unsecured Value ⁽¹⁾	<u>52,683,074</u>	<u>60,756,209</u>	<u>60,742,871</u>	<u>56,670,416</u>	<u>62,088,229</u>
Total Value	570,528,955	608,542,409	656,861,391	678,368,835	718,163,363
Base Year Value ⁽²⁾	<u>(14,428,460)</u>	<u>(14,428,460)</u>	<u>(14,428,460)</u>	<u>(14,428,460)</u>	<u>(14,428,460)</u>
Incremental Value	\$556,100,495	\$594,113,949	\$642,432,931	\$663,940,375	\$703,734,903
Change in Total		6.7%	7.9%	3.3%	5.9%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 4
PROJECT NO. 1 – AMENDMENT AREAS
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$1,021,207,823	\$1,083,252,755	\$1,123,928,611	\$1,158,299,501	\$1,262,910,935
Unsecured Value ⁽¹⁾	<u>167,024,228</u>	<u>157,279,631</u>	<u>164,187,413</u>	<u>166,489,636</u>	<u>167,666,275</u>
Total Value	1,188,232,051	1,240,532,386	1,288,116,024	1,324,789,137	1,430,577,210
Base Year Value ⁽²⁾	<u>(376,555,981)</u>	<u>(376,555,981)</u>	<u>(376,555,981)</u>	<u>(376,555,981)</u>	<u>(376,555,981)</u>
Incremental Value	\$ 811,676,070	\$ 863,976,405	\$ 911,560,043	\$ 948,233,156	\$ 1,054,021,229
Change in Total			4.4%	3.8%	2.8%
					8.0%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 5
PROJECT NO. 1 TOTAL
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$1,539,053,704	\$1,631,038,955	\$1,720,047,131	\$1,779,997,920	\$1,918,986,069
Unsecured Value ⁽¹⁾	<u>219,707,302</u>	<u>218,035,840</u>	<u>224,930,284</u>	<u>223,160,052</u>	<u>229,754,504</u>
Total Value	1,758,761,006	1,849,074,795	1,944,977,415	2,003,157,972	2,148,740,573
Base Year Value ⁽²⁾	<u>(390,984,441)</u>	<u>(390,984,441)</u>	<u>(390,984,441)</u>	<u>(390,984,441)</u>	<u>(390,984,441)</u>
Incremental Value	\$1,367,776,565	\$1,458,090,354	\$1,553,992,974	\$1,612,173,531	\$1,757,756,132
Change in Total			5.1%	5.2%	3.0%
					7.3%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 6
PROJECT 2 - ORIGINAL AND AMENDMENT AREA
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$705,072,133	\$733,896,451	\$771,212,555	\$794,733,241	\$819,890,273
Unsecured Value ⁽¹⁾	<u>125,498,072</u>	<u>132,238,821</u>	<u>138,730,860</u>	<u>134,102,831</u>	<u>125,784,997</u>
Total Value	830,570,205	866,135,272	909,943,415	928,836,072	945,675,270
Base Year Value ⁽²⁾	<u>(100,819,821)</u>	<u>(100,819,821)</u>	<u>(100,819,821)</u>	<u>(100,819,821)</u>	<u>(100,819,821)</u>
Incremental Value	\$729,750,384	\$765,315,451	\$809,123,594	\$828,016,251	\$844,855,449
Change in Total		4.3%	5.1%	2.1%	1.8%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 7
PROJECT 3 - ORIGINAL
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$403,531,807	\$418,059,658	\$393,278,643	\$452,952,094	\$535,555,806
Unsecured Value ⁽¹⁾	<u>103,889,823</u>	<u>97,568,113</u>	<u>94,436,481</u>	<u>94,558,046</u>	<u>110,693,976</u>
Total Value	507,421,630	515,627,771	487,715,124	547,510,140	646,249,782
Base Year Value ⁽²⁾	<u>(99,470,467)</u>	<u>(99,470,467)</u>	<u>(99,470,467)</u>	<u>(102,420,037)</u>	<u>(102,420,037)</u>
Incremental Value	\$407,951,163	\$416,157,304	\$388,244,657	\$445,090,103	\$543,829,745
Change in Total		1.6%	(5.4)%	12.3%	18.0%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 8
PROJECT NO. 2/PROJECT NO. 3 AMENDMENT AREA
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$183,597,235	\$188,141,469	\$194,767,761	\$207,406,018	\$215,201,423
Unsecured Value ⁽¹⁾	<u>92,984,429</u>	<u>87,611,576</u>	<u>74,794,706</u>	<u>89,470,312</u>	<u>89,352,409</u>
Total Value	276,581,664	275,753,045	269,562,467	296,876,330	304,553,832
Base Year Value ⁽²⁾	<u>(40,009,213)</u>	<u>(40,009,213)</u>	<u>(40,009,213)</u>	<u>(40,009,213)</u>	<u>(40,009,213)</u>
Incremental Value	\$236,572,451	\$235,743,832	\$229,553,254	\$256,867,117	\$264,544,619
Change in Total		(0.3)%	(2.2)%	10.1%	2.6%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 9
MERGED PROJECT TOTAL
HISTORICAL ASSESSED VALUATIONS

	2015-16	2016-17	2017-18	2018-19	2019-20
Secured Value ⁽¹⁾	\$1,292,201,175	\$1,340,097,578	\$1,359,258,959	\$1,455,091,353	\$1,570,647,502
Unsecured Value ⁽¹⁾	<u>322,372,324</u>	<u>317,418,510</u>	<u>307,962,047</u>	<u>318,131,189</u>	<u>325,831,382</u>
Total Value	1,614,573,499	1,657,516,088	1,667,221,006	1,773,222,542	1,896,478,884
Base Year Value ⁽²⁾	<u>(240,299,501)</u>	<u>(240,299,501)</u>	<u>(240,299,501)</u>	<u>(243,249,071)</u>	<u>(243,249,071)</u>
Incremental Value	\$1,374,273,998	\$1,417,216,587	\$1,426,921,505	\$1,529,973,471	\$1,653,229,813
Change in Total		2.7%	0.6%	6.4%	7.0%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 10
PROJECT NO. 4
HISTORICAL ASSESSED VALUATIONS

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured Value ⁽¹⁾	\$1,004,545,860	\$1,070,278,855	\$1,222,002,752	\$1,310,221,881	\$1,394,140,566
Unsecured Value ⁽¹⁾	<u>48,347,419</u>	<u>42,611,466</u>	<u>40,866,270</u>	<u>69,386,510</u>	<u>74,814,962</u>
Total Value	1,052,893,279	1,112,890,321	1,262,869,022	1,379,608,391	1,468,955,528
Base Year Value ⁽²⁾	<u>(505,881,873)</u>	<u>(505,881,873)</u>	<u>(505,881,872)</u>	<u>(505,881,872)</u>	<u>(505,881,872)</u>
Incremental Value	\$ 547,011,406	\$ 607,008,448	\$ 756,987,150	\$ 873,726,519	\$ 963,073,656
Change in Total		5.7%	13.5%	9.2%	6.5%

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Los Angeles County Auditor-Controller.

TABLE NO. 11
CONSOLIDATED PROJECT AREA
HISTORICAL ASSESSED VALUATIONS

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Total Value	\$4,426,227,784	\$4,619,481,204	\$4,875,067,443	\$5,155,988,905	\$5,514,174,985
Base Year Value ⁽²⁾	<u>(1,137,165,815)</u>	<u>(1,137,165,815)</u>	<u>(1,137,165,814)</u>	<u>(1,140,115,384)</u>	<u>(1,140,115,384)</u>
Incremental Value	\$3,289,061,969	\$3,482,315,389	\$3,737,901,629	\$4,015,873,521	\$4,374,059,601
Change in Total		4.4%	5.5%	5.8%	6.9%

Original Tax Levy ⁽³⁾

⁽¹⁾ Based on the August 20 equalized roll.

⁽²⁾ Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

⁽³⁾ Based on the August 20 equalized roll, and includes unitary revenue, but not supplemental assessments, refunds and other adjustments. See Table No. 12 below for tax levy as adjusted.

⁽⁴⁾ Estimated.

Source: Los Angeles County Auditor-Controller.

Actual Tax Increment Revenues and deposits to the Redevelopment Property Tax Trust Fund (“RPTTF”) available to the Successor Agency from the Project Area are shown below.

TABLE NO. 12
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS

By ROPS Period:	2014-15	2015-16	2016-17	2017-18	2018-19
January RPTTF Deposit	\$14,424,169	\$15,603,311	\$17,458,700	\$18,439,111	\$21,058,967
June RPTTF Deposit	<u>17,403,712</u>	<u>17,940,315</u>	<u>19,828,560</u>	<u>18,205,359</u>	<u>24,347,991</u>
Gross RPTTF Deposits	\$31,827,881	\$33,543,626	\$37,287,260	\$36,644,470	\$45,406,958
County Administrative Fees	(561,392)	(555,819)	(606,476)	(679,905)	(757,065)
Tax Sharing	<u>(4,083,136)</u>	<u>(4,279,203)</u>	<u>(5,074,807)</u>	<u>(6,066,625)</u>	<u>(7,001,411)</u>
RPTTF Available ⁽¹⁾	\$27,183,353	\$28,708,604	\$31,605,977	\$29,897,940	\$37,648,482

By Constituent Project:	2014-15	2015-16	2016-17	2017-18	2018-19
Project No. 1	\$12,228,106	\$11,929,031	\$14,196,976	\$13,492,982	\$15,694,141
Project No. 2	6,100,223	6,575,436	6,199,251	5,352,029	8,657,683
Project No. 3	4,960,326	5,841,522	5,972,995	4,619,839	6,740,632
Project No. 4	<u>3,894,698</u>	<u>4,362,615</u>	<u>5,236,755</u>	<u>6,443,090</u>	<u>6,556,026</u>
Net RPTTF	\$27,183,353	\$28,708,604	\$31,605,977	\$29,907,940	\$37,648,482

⁽¹⁾ This is the amount of the former Tax Increment that was received by the County and available to the Successor Agency for the distributions made on January 2 and on June 1 each year.

Source: Los Angeles County Auditor-Controller.

The estimated gross Tax Increment Revenues for 2019-20, based on the 2019-20 assessed value for the Project Area is as follows:

Gross Assessed Value	\$5,514,174,985
Base Year Value	(1,140,115,384)
Incremental Value	\$4,374,059,601
Tax Rate	<u>1.00%</u>
Tax Increment Revenue	43,740,596
Unitary Revenue	<u>368,838</u>
Total Tax Revenue	\$ 44,109,434

Source: Fiscal Consultant.

Major Taxpayers

The ten largest property taxpayers represent 22.1% of the 2019-20 total assessed value of the Project Area and 27.9% of the incremental assessed value of the Project Area.

TABLE NO. 13
TEN LARGEST TAXPAYERS AS A PERCENT OF 2019-20 TOTAL
AND INCREMENTAL ASSESSED VALUE

<u>Taxpayer</u>	<u>2019-20 Total AV</u>	<u>% of Total</u>	<u>% of Incremental</u>	<u>Location</u>	<u>% of Constituent Project Assessed Value</u>
Watson Land Co.	\$ 444,147,736	8.1%	10.2%	Project No. 2 Original & Project No. 3 Original	23.4%
Ineos Polypropylene LLC	195,801,761	3.6%	4.5%	Project No. 3 Original	10.3%
Tesoro Refining and Marketing	111,891,343	2.0%	2.6%	Project No. 3 & 1997 Annex	5.9%
Equilon Enterprises LLC	90,393,090	1.6%	2.1%	Project No. 1 1997 Annex	4.7%
CRVI SBP LLC	81,099,516	1.5%	1.9%	Project No. 1 Original	4.2%
Air Products & Chemical Inc.	75,984,792	1.4%	1.7%	Project No. 3 1997 Annex	4.0%
Avalon Carson LLC	56,704,696	1.0%	1.3%	Project No. 4	3.9%
RAR2 Carson Industrial Center	53,909,356	1.0%	1.2%	Project No. 1 Original	2.8%
Watson Land Company	53,510,545	1.0%	1.2%	Project No. 1 Original	2.8%
Prime ii/Prime Wheel Corp.	<u>50,422,880</u>	<u>0.9%</u>	<u>1.2%</u>	Project No. 1 1985 Annex	2.6%
	\$1,213,865,715	22.1	27.9%		

Source: Successor Agency.

The following provides a description of the five largest property owners in the Project Area.

[To be completed]

Assessment Appeals

In the last five years, ____% of properties for which appeals were filed and heard (not withdrawn) were successful in obtaining a reduction in value and that reduction has averaged approximately ____% of the original assessment. A summary of appeals as of _____ 2020 is shown below.

<u>Lien Year</u>	<u>Appeals Filed</u>	<u>Resolved Appeals</u>	<u>Pending Appeals</u>	<u>Successful Appeals</u>	<u>Success Rate</u>	<u>Successful Appeals</u>		
						<u>Original Value</u>	<u>Value Reduction</u>	<u>Loss Rate</u>

Source: Fiscal Consultant.

[Description of significant appeals to be completed]

Reductions for pending appeals in the Project Area has been incorporated in the projections. Reductions in revenue for refunds resulting from successful appeals or current or prior year appeals have not been incorporated into the projections. The success rate of appeals, reductions granted and refunds may vary from historical averages. See “APPENDIX B - FISCAL CONSULTANT’S REPORT.”

Tax Collections

The County of Los Angeles does not participate in the Teeter Plan, which would guarantee 100% of tax collections to the Successor Agency. As a result, the Successor Agency bears the risk of delinquent tax payments, although the Successor Agency does receive all interest and penalties levied and collected due to delinquencies. Substantial delinquencies in the payment of property taxes could then impair the timely receipt by the Successor Agency of Tax Revenues, and therefore Housing Tax Revenues and Pledged Tax Revenues for the payment of debt service.

See “APPENDIX B - FISCAL CONSULTANT’S REPORT” for a comparison on taxes levied based on the equalized roll and taxes collected for each tax year.

FINANCIAL INFORMATION

Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's basic financial statements. The Successor Agency does not prepare separate financial statements.

The City's financial statements for the Fiscal Year ended June 30, 2019, attached hereto as "APPENDIX D" have been audited by White Nelson Diehl Evans LLP, Certified Public Accountants, Irvine, California. The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. White Nelson Diehl Evans LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. White Nelson Diehl Evans LLP also has not performed any procedures relating to this Official Statement.

Property Taxation in California

Manner in Which Property Valuations and Assessments are Determined (Article XIII A). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the State Constitution, redevelopment agencies were prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions and SB 107 further states that pre-1989 tax override rates are no longer distributed to successor agencies except in limited circumstances (see "SECURITY FOR THE BONDS - Tax Revenues," "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters in the State approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following

lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the last recession, the City saw some Proposition 8 reductions in property values between 2009 and 2010, reducing assessed value in the Project Area by slightly more than 1%. After remaining level in Fiscal Year 2011-12, assessed values increased in 2013-14 back to their pre-recession levels, and are now 13% higher than the pre-recession value in 2008.

Unsecured and Secured Property. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Los Angeles County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding fiscal year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the “Supplemental Assessments”). To determine the amount of the Supplemental Assessment the County Auditor applies the current year’s tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988-89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988-89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property (“Unitary Revenues”).

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction’s Unitary Revenues received in the prior year to the total Unitary Revenues county-wide. The Unitary Revenues allocated to the Project Area in Fiscal Year 2018-19 were [_____].

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007-08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain Taxing Agencies with such county.

Property Tax Rate. The difference between the \$1.00 general tax levy provided under Article XIII A tax rate and those actually levied (referred to as the “tax override rate”) represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by applying a tax rate of \$1.00 per \$100 of taxable value general levy to incremental taxable values.

Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2018-19, the County administrative fees charged to the Project Area including administration of the Redevelopment Property Tax Trust Fund were \$757,065. In total, the fees represent approximately 1.67% of gross Tax Increment Revenues deposited in the Redevelopment Property Tax Trust Fund.

Tax Sharing Agreements and Tax Sharing Statutes

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as “tax sharing agreements” or “pass-through agreements.”

The tax sharing agreements (“Contractual Tax Sharing Agreements”) entered into with respect to each Constituent Project are described in “APPENDIX B - FISCAL CONSULTANT’S REPORT.”

Since dissolution, the County Auditor-Controller calculates and pays the Contractual Tax Sharing Agreement amounts. These amounts are payable from tax increment revenue deposited in the Redevelopment Property Tax Trust Fund senior to the Series B Bonds.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. If new territory was added to a redevelopment project, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the tax increment revenues generated by such added area pursuant to a statutory formula (“Statutory Tax Sharing”).

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Former Agency deleted the time limit to incur indebtedness in a redevelopment project (as amended pursuant to SB 211) or increased the total amount of tax increment revenues to be allocated to the project area or increased the duration of the redevelopment plan and the period for receipt of tax increment revenues, Statutory Tax Sharing is required under Section 33607.7 of the Redevelopment Law with all affected taxing entities not already a party to a tax sharing agreement, once the original limitations have been reached.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing amounts subordinate to the Bonds. The Former Agency had not previously undertaken proceedings to subordinate such payments to the 2007 Bonds. The Successor Agency will not undertake such procedure to subordinate such payments (including the City’s share of such payments) with respect to the Series B Bonds.

The Statutory Tax Sharing calculations with respect to each Constituent Project are described in “APPENDIX B - FISCAL CONSULTANT’S REPORT.” Since dissolution, the County Auditor-Controller calculates and pays the Statutory Tax Sharing amounts. These amounts are payable from tax increment revenue deposited in the Redevelopment Property Tax Trust Fund senior to the Series B Bonds.

Outstanding Indebtedness and Enforceable Obligations

The Successor Agency has the following outstanding obligations as of March 1, 2020:

<u>Description</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>	<u>Lien</u>
(1) Project No. 1 2003 Bonds			2032	Project No. 1 Only
(2) 2007 Bonds (a)			2036	N/A
(3) 2010 Series A-T Bonds (b)			2021	N/A
(4) 2010 Series A Bonds (b)			2036	N/A
(5) Project No. 1 2014 Bonds				Project No. 1 Only
(6) Merged Project 2014 Bonds				Merged Project Only
(7) Project No. 1 2016 Bonds				Project No. 1; Net RPTTF
(8) Project No. 1 2017 Bonds				Project No. 1; Net RPTTF
(9) 2015B Bonds				RPTTF
(10) Project No. 4 2018 Bonds				Project No. 4; Net RPTTF
Total				

- (a) To be refunded with proceeds of the Series B Bonds.
- (b) To be refunded with proceeds of the Series A Bonds.

In addition, concurrent with the issuance of the Bonds, the Successor Agency will issue the \$88,000,000* Successor Agency to the Carson Redevelopment Agency Taxable Tax Allocation Bonds, Series 2020C (Final Lien) (“the Series C Bonds”).

The Successor Agency has other enforceable obligations payable from amounts deposited in the Redevelopment Obligation Retirement Fund on a basis subordinate to the Bonds, the Existing Bonds and the Series C Bonds.

* Preliminary, subject to change.

Flow of Funds

In each Recognized Obligation Payment Schedule period, the Successor Agency is required to request funding of the principal and interest on the Bonds, the Existing Bonds and the Series C Bonds as follows:

ROPS Period Ending June 30 (“ROPS B”)

<u>Series</u>	<u>Debt Service Payments</u>
Series A Bonds	February 1 and Reserve for August 1
Project No. 1 2003 Bonds	Reserve for October 1
Project No. 1 2014 Bonds	April 1 and Reserve for October 1
Merged Project 2014 Bonds	April 1 and Reserve for October 1
Series C Bonds	February 1

ROPS Period Ending December 31 (“ROPS A”)

<u>Series</u>	<u>Debt Service Payments</u>
Project No. 1 2016 Bonds	August 1 and Reserve for following February 1
Project No. 1 2017 Bonds	August 1 and Reserve for following February 1
Project No. 4 2018 Bonds	August 1 and Reserve for following February 1
2015B Bonds	August 1 and Reserve for following February 1
Series B Bonds	August 1 and Reserve for following February 1
Series C Bonds	August 1

Projected Housing Tax Revenues and Debt Service Coverage on the Series A Bonds

Receipt of projected Housing Tax Revenues shown in Table No. 14 in the amounts and at the times projected depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Fiscal Consultant has projected taxable valuation and Tax Increment Revenues in the Project Area. The Successor Agency believes the assumptions set forth in “APPENDIX B - FISCAL CONSULTANT’S REPORT” upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Tax Increment Revenues received during the forecast period may vary from the projections and the variations may be material, affecting the Successor Agency’s ability to timely pay principal of and interest on the Bonds.

TABLE NO. 14
PROJECTED HOUSING TAX REVENUES AND DEBT SERVICE COVERAGE

Bond Year	Gross Tax Increment Revenues⁽¹⁾	Housing Tax Revenues	Debt Service*	Coverage Ratio*
2020	\$44,109,434	\$8,821,887	\$3,150,000	280.1% ⁽²⁾
2021	44,961,781	8,992,356	2,608,000	344.8%
2022	45,831,174	9,166,235	2,594,000	353.4%
2023	46,717,956	9,343,591	2,592,000	360.5%
2024	47,622,473	9,524,495	2,592,000	367.5%
2025	40,717,377	8,143,475	2,070,000	393.4%
2026	41,508,781	8,301,756	2,108,000	1279.2%
2027	33,525,680	6,705,136	1,517,000	442.0%
2028	34,173,338	6,834,668	1,515,000	451.1%
2029	34,833,949	6,966,790	1,511,000	461.1%
2030	35,507,773	7,101,555	1,515,000	468.7%
2031	36,195,073	7,239,015	1,516,000	477.5%
2032	36,896,119	7,379,224	1,517,000	486.4%
2033	36,393,026	7,278,605	1,515,000	480.4%
2034	37,095,567	7,419,113	1,512,000	490.7%
2035	37,812,159	7,562,432	1,513,000	499.8%
2036	38,543,083	7,708,617	1,456,000	529.4%

⁽¹⁾ See “APPENDIX B - FISCAL CONSULTANT’S REPORT” for all assumptions relating to the projected Tax Revenues.

⁽²⁾ Includes \$718,000 paid on the 2010 Bonds in February 2020.

Source: Fiscal Consultant and Municipal Advisor.

* Preliminary, subject to change.

The projected Tax Revenues shown above are subject to several variables described herein. See “RISK FACTORS” herein. The Successor Agency provides no assurance that the projected Tax Revenues will be achieved.

Projected Pledged Tax Revenues and Debt Service Coverage on the Series B Bonds

Receipt of projected Pledged Tax Revenues shown in Table No. 15 in the amounts and at the times projected depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Fiscal Consultant has projected taxable valuation and Tax Increment Revenues in the Project Area. The Successor Agency believes the assumptions set forth in “APPENDIX B - FISCAL CONSULTANT’S REPORT” upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Tax Increment Revenues received during the forecast period may vary from the projections and the variations may be material, affecting the Successor Agency’s ability to timely pay principal of and interest on the Series B Bonds.

TABLE NO. 15
PROJECTED PLEDGED TAX REVENUES AND DEBT SERVICE COVERAGE

Bond Year	Tax		Debt Service			Coverage Ratio*
	Revenues⁽¹⁾	Series A Bonds*	Existing Bonds	Series B Bonds*	Total*	
2020	\$34,839,197	\$3,150,000	\$15,256,482	\$ 663,000	\$19,069,482	182.7% ⁽²⁾
2021	35,411,354	2,608,000	15,255,795	673,000	18,536,795	191.0%
2022	35,933,980	2,594,000	15,240,824	670,000	18,504,824	194.2%
2023	36,467,062	2,592,000	15,254,378	671,000	18,517,378	196.9%
2024	37,010,803	2,592,000	15,253,141	671,000	18,516,141	199.9%
2025	31,136,111	2,070,000	12,061,695	1,332,000	15,463,695	201.3%
2026	31,609,856	2,108,000	11,203,689	1,328,000	14,639,689	215.9%
2027	24,663,439	1,517,000	7,449,934	1,327,000	10,293,934	239.6%
2028	25,048,345	1,515,000	7,444,540	1,329,000	10,288,540	243.5%
2029	25,434,103	1,511,000	7,447,647	1,324,000	10,282,647	247.3%
2030	25,827,579	1,515,000	7,453,592	1,327,000	10,295,592	250.9%
2031	26,231,923	1,516,000	7,442,655	1,328,000	10,286,655	255.0%
2032	26,638,295	1,517,000	7,433,854	1,326,000	10,276,854	259.2%
2033	26,917,824	1,515,000	7,446,159	1,331,000	10,292,159	261.5%
2034	27,300,964	1,512,000	7,444,615	1,329,000	10,285,615	265.4%
2035	27,660,336	1,513,000	7,439,516	1,328,000	10,280,516	269.1%
2036	28,026,894	1,456,000	4,686,288	-	6,142,288	456.3%
2037	13,231,885	-	1,410,100	-	1,410,100	938.4%
2038	10,118,919	-	1,409,938	-	1,409,938	717.7%
2039	10,319,739	-	1,413,425	-	1,413,425	730.1%
2040	10,524,576	-	1,408,800	-	1,408,800	747.1%
2041	10,733,509	-	1,412,775	-	1,412,775	759.7%

⁽¹⁾ See “APPENDIX B - FISCAL CONSULTANT’S REPORT” for all assumptions relating to the projected Tax Revenues.

⁽²⁾ Includes \$718,000 paid on the 2010 Bonds in February 2020.

Source: Fiscal Consultant and Municipal Advisor.

* Preliminary, subject to change.

The projected Tax Revenues shown above are subject to several variables described herein. See “RISK FACTORS” herein. The Successor Agency provides no assurance that the projected Tax Revenues will be achieved.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Tax Revenues as projected herein (see “FINANCIAL INFORMATION - Projected Housing Tax Revenues and Debt Service Coverage on the Series A Bonds” and “- Projected Pledged Tax Revenues and Debt Service Coverage on the Series B Bonds” herein). Projections of Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of the Project Area. Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, taxed at a rate of \$1.00 per \$100 of assessed value (1%) and the percentage of taxes collected in the Project Area, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Tax Revenues, are outlined below.

Reductions in Assessed Value. Tax Increment Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area taxed at a rate of \$1.00 per \$100 of assessed value (1%). The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency’s control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the Bonds.

Article XIII A. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIII A to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975-76 assessment year, upon change in ownership (acquisition) or when newly constructed (see “FINANCIAL INFORMATION - Property Taxation in California” herein for a more complete discussion of Article XIII A). Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009-10 – applied to the 2010-11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978-79 Fiscal Year), the annual increase for inflation has been at least 2% except in ten fiscal years as shown below:

Tax Roll	Percentage	Tax Roll	Percentage
1981-82	1.000%	2010-11	(0.237)%
1995-96	1.190%	2011-12	0.753%
1996-97	1.110%	2014-15	0.454%
1998-99	1.853%	2015-16	1.998%
2004-05	1.867%	2016-17	1.525%

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See “FINANCIAL INFORMATION - Property Taxation in California - Proposition 8 Adjustments” herein.

If Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally or other economic factors, Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County’s Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds. As of ___, 2020, there were ___ pending appeals within the Project Area relating to \$___ million of 2018-19 or prior years’ assessed value. This amount includes, in some cases, appeals filed by owners for multiple years for the same property. See “THE PROJECT AREA - Assessment Appeals” herein. To the extent these appeals are resolved in favor of any property owner, Tax Revenues will be reduced.

Natural Hazards. Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Area.

(Discuss seismic and flood risks)

The occurrence of one or more natural disasters could occur and could result in damage to improvements and property within the Project Area of varying seriousness. Such damage may significantly reduce Tax Increment Revenues received by the Successor Agency and may adversely impact the Successor Agency’s ability to pay debt service on the Bonds.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a

hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Levy and Collection of Taxes. The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Housing Tax Revenues and Pledged Tax Revenues that would otherwise be available to pay the principal of, and interest on the respective series of the Bonds.

The County has not implemented the Teeter Plan. The amount of the levy of property tax revenue that could be allocated to the Successor Agency depends upon the actual collections of taxes within the Project Area. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues.

Interpretation of and Future Changes in the Law; Voter Initiatives. The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plan and the Project Area may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, Taxing Agencies and other interested parties, including with respect to Tax Sharing Agreements and Statutory Tax Sharing obligations and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted to preserve and protect the security of the Bonds and the rights of the Bondholders (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on either series of the Bonds. Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondholders.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under "FINANCIAL INFORMATION - Property Taxation in California," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

Real Estate and General Economic Risks

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2019-20 Fiscal Year. Redevelopment of real property within the Project Area by the City, as well as private development in the Project Area, may

be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Area encounters significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Area could be adversely affected, causing reduced taxable valuation of property in the Project Area a reduction of the Tax Increment Revenues and a consequent reduction in Housing Tax Revenues or Pledged Tax Revenues available to repay the respective series of Bonds. Due to the future decline in the general economy of the region, owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or reduction of Tax Increment Revenues and consequently a reduction in Housing Tax Revenues or Pledged Tax Revenues available to repay the respective series of Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to any fiscal year, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period of a fiscal year and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period of a fiscal year, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency").

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a fiscal year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Auditor-Controller, the State Department of Finance, and the State Controller no later than February 1 of each year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 10th day after the February 1 deadline with respect to a Recognized Obligation Payment Schedule for the subsequent annual period.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

Cybersecurity

As a recipient and provider of personal, private and sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the Successor Agency, or the administration of the Bonds. The Successor Agency is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County Tax Collector for the levy and collection of Tax Revenues, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the City, the Successor Agency and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Series B Bonds Loss of Tax Exemption

As discussed under the caption "TAX MATTERS" herein, interest on the Series B Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series B Bonds were executed and delivered as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Series B Indenture. Should such an event of taxability occur, the Series B Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service ("IRS") has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series B Bonds is commenced, under current procedures, the IRS is likely to treat the Successor Agency as the "taxpayer," and the owners of the Series B Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series B Bonds, the Successor Agency may have different or conflicting interests from the owners of the Series B Bonds. Public awareness of any future audit of the Series B Bonds could adversely affect the value and liquidity of the Series B Bonds during the pendency of the audit, regardless of its ultimate outcome.

Risks Related to Insurer

The Insurer's obligation under the Series A Reserve Policy and the Series B Reserve Policy is a general obligation of the Insurer. Default by the Insurer may result in insufficient funds being available to pay the principal of and interest on the respective series of the Bonds from amounts expected to be available under the respective Reserve Policy. In such event, the remedies available to the Trustee may be limited by, among other things, certain risks related to bankruptcy proceedings, and may also have been altered prior to a default by the Insurer, which has the right, acting with the Trustee, without Owner consent, and upon the occurrence of an Event of Default, to waive the applicable provisions of the Series B Indenture governing defaults and remedies and to direct the Trustee to enforce rights and remedies with respect to such Series B Bonds.

No review of the business or affairs of the Insurer has been conducted by the Successor Agency in connection with the offering of the Bonds. No assurance can be given by the Successor Agency as to the Insurer's ability to pay claims under the Series A Reserve Policy and the Series B Reserve Policy.

Secondary Market

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

TAX MATTERS

(To be provided by Bond Counsel)

Future Legislation

Future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Series A Bonds upon an event of default under the Series A Indenture and available to the Trustee and the Owners of the Series B Bonds upon an event of default under the Series B Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Aleshire & Wynder, LLP, Irvine, California, as Bond Counsel, will render opinions with respect to the Bonds which state that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinions of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX F" for the proposed forms of Bond Counsel's opinions with respect to the Bonds.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by the Aleshire & Wynder, as General Counsel to the Successor Agency. Nixon Peabody LLP, Los Angeles, California, will also pass on certain

legal matters for the Successor Agency as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

No Litigation

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

CONCLUDING INFORMATION

Ratings on the Bonds

S&P Global Ratings ("S&P") has assigned a rating of "___" to the Series A Bonds. S&P has assigned a rating of "___" to the Series B Bonds. S&P is expected to assign the Series B Bonds its municipal bond rating of "___" with the understanding that the Policy insuring the payment when due of the principal of and interest on the Series B Bonds will be issued by ___ concurrently with the delivery of the Series B Bonds. Such ratings reflect only the views of S&P, and any desired explanation of the significance of such ratings may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except as otherwise required in the Continuing Disclosure Agreements, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Successor Agency with the assistance of Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, which advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

The Successor Agency will provide annually certain financial information and data relating to the Bonds by not later than February 1 in each year commencing February 1, 2021 (the "Annual Report"), and to provide notices of the occurrence of certain other listed events. Digital Assurance Certification LLC will act as Dissemination Agent. The specific nature of the information to be contained in the Annual Report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Successor Agency's Disclosure Agreements attached in "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENTS."

The City and certain other entities related to the City, including the Successor Agency, assessment districts and joint powers authorities (together, the “City Entities”), have entered into previous undertakings pursuant to the Rule. Within the last five years, the City and certain of the City Entities have failed to comply with their respective prior undertakings in the following respects: with respect to the City’s 2017-2018 audited financial statements, which were required to be filed by February 15, 2019, on June 3, 2019 the City filed unaudited financial statements and the City filed audited financial statements on July 1, 2019, as soon as they were available.

The City has advised that its delay in filing 2017-18 audited financial statements is primarily due to changes to its financial accounting software and turnover in personnel, and expects that it will be able to timely comply with its obligations under the Disclosure Agreements. [Describe if the 2018-19 audit will be timely filed or if unaudited statements will be filed].

Underwriting

The Series A Bonds are being sold at an aggregate purchase price of \$_____ (representing the aggregate principal amount of the Series A Bonds plus an original issue premium of \$_____ and less an underwriting discount of \$_____) pursuant to a bond purchase contract (“Series A Bond Purchase Contract”) entered into between the Successor Agency and Piper Sandler Companies and Cabrera Capital Markets, LLC (the “Underwriters”). The Series B Bonds are being sold at an aggregate purchase price of \$_____ (representing the aggregate principal amount of the Series B Bonds plus an original issue premium of \$_____ and less an underwriting discount of \$_____) pursuant to a bond purchase contract (“Series B Bond Purchase Contract”) entered into between the Authority and the Underwriters.

The expenses associated with the issuance of the Bonds are being paid by the Successor Agency from proceeds of the Bonds. The right of the Underwriters to receive compensation in connection with the Bonds is contingent upon the issuance and delivery by the Successor Agency, and the purchase by the Underwriters, of the Bonds. The Series A Bond Purchase Contract and the Series B Bond Purchase Contract each provides that the Underwriters will purchase all of the respective series of Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The Underwriters will initially offer the Bonds for sale at the prices and yields set forth on the inside cover pages of this Official Statement. Such prices or yields may subsequently change. The Underwriters reserve the right to join with dealers and other investment banking firms in offering the Bonds for sale and may offer to sell Bonds to dealers at prices lower than the initial offering prices.

Additional Information

The summaries and references contained herein with respect to the Series A Indenture, the Series B Indenture, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Series A Indenture or the Series B Indenture, respectively. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 701 E. Carson Street, Carson, California 90745.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

Execution

The execution and delivery of this Official Statement by the City Manager acting as the chief administrative officer of the Successor Agency has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY

By: _____
City Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX B
FISCAL CONSULTANT'S REPORT

APPENDIX C

CITY OF CARSON INFORMATION STATEMENT

General Information

The City was incorporated in 1968. The City encompasses approximately 19.2 square miles in the southern Los Angeles County area known as South Bay. The City is located approximately 13 miles south of downtown Los Angeles. Neighboring communities include the cities of Long Beach, Compton and Lakewood.

General Organization

The City originally was incorporated in 1968 as a general law city. In November 2018, the qualified electors within the City voted to convert the City to a charter city.

The City is governed by a five-member council currently consisting of four members each elected at large for four-year alternating terms and a Mayor elected for a 4-year term.

The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City.

Governmental Services

City services include building permit and inspection, landscape and public infrastructure maintenance, weed abatement, municipal code compliance and parks and recreation programs and facilities. Public safety is provided under a contract with the Los Angeles County Sheriff. Fire protection and flood control is provided by the Los Angeles County Fire Protection District and the Los Angeles County Flood Control District.

Students living in the City are served by the Los Angeles Unified School District. There are several junior and state colleges and universities within commuting distance from the City.

Transportation

The City enjoys easy access to the Los Angeles Freeway System. A major north-south freeway, Interstate 405 (San Diego Freeway) bisects the City. The City is also served by Interstate 110 (Harbor Freeway) to the west and Interstate 710 (Long Beach Freeway) to the east, both providing access to downtown Los Angeles and the Port of Los Angeles.

Los Angeles International Airport is located 14 miles north of the City and is served by every major airline.

Population

The following table provides population growth for the City of Carson and Los Angeles County between 2015 and 2019.

TABLE NO. 8
POPULATION
CARSON AND LOS ANGELES COUNTY
2015 – 2019

<u>As of January 1</u>		<u>CARSON</u>	<u>LOS ANGELES COUNTY</u>	
<u>Year</u>	<u>Population</u>	<u>Percentage</u>	<u>Population</u>	<u>Percentage</u>
2015	93,486		10,155,753	
2016	93,458	(0.0%)	10,185,851	0.3%
2017	93,508	0.1%	10,226,920	0.4%
2018	93,609	0.1%	10,254,658	0.3%
2019	93,604	0.0%	10,253,716	0.0%
% Change Between 2015 - 2019		0.1%		1.0%

Source: *State of California, Department of Finance, “E-4 Population Estimates for Cities, Counties and the State, 2011-2019, with 2010 Census Benchmark”* Sacramento, California, May 2019.

Employment

As of June 2019, the civilian labor force for the City was approximately 46,100 of whom 43,700 were employed. The unadjusted unemployment rate as of June 2019 was 5.1% for the City as compared to 4.6% for the County and 4.1% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2014 through 2018 are shown in the following table:

TABLE NO. C-3
CITY OF CARSON
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES

<u>Year</u>	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment</u>
<u>Labor Force</u>	<u>Rate</u>			
<u>2014</u>				
City of Carson	39,400	37,600	1,900	4.7%
Los Angeles County	1,569,000	1,482,900	86,100	5.5%
California	18,714,700	17,310,900	1,403,800	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%
<u>2015</u>				
City of Carson	39,700	38,200	1,500	3.8%
Los Angeles County	1,598,800	1,534,100	64,700	4.0%
California	18,851,100	17,681,800	1,169,200	6.2%
United States	157,130,000	148,834,000	8,296,000	5.3%
<u>2016</u>				
City of Carson	40,300	38,600	1,800	4.4%
Los Angeles County	1,598,800	1,534,100	64,700	4.0%
California	19,044,500	18,002,800	1,041,700	5.5%
United States	159,187,000	151,436,000	7,751,000	4.9%
<u>2017</u>				
City of Carson	40,300	38,800	1,600	3.9%
Los Angeles County	1,609,800	1,553,400	56,400	3.5%
California	19,205,300	18,285,500	919,800	4.8%
United States	160,320,000	153,337,000	6,982,000	4.4%
<u>2018</u>				
City of Carson	40,700	39,400	1,300	3.2%
Los Angeles County	1,625,400	1,577,900	47,500	2.9%
California	19,398,200	18,582,800	815,400	4.2%
United States	162,075,000	155,761,000	6,314,000	3.9%

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

TABLE NO. C-5
CITY OF CARSON
PRINCIPAL EMPLOYERS

The principal employers operating within the City and their respective number of employees as of June 30, 2019 are as follows: (to be completed)

<u>Name of Company</u>	<u>Employment</u>	<u>Type of Business/Service</u>
------------------------	-------------------	---------------------------------

Source: City of Carson.

The City is not aware of any significant changes in its largest employers since June 2019.

Commercial Activity

The following table summarizes the volume of retail sales and taxable transactions for the City of Carson for 2014 through 2018 (the most recent year for which statistics are available from the California Department of Tax and Fee Administration for the full year).

TABLE NO. C-6
CITY OF CARSON
TOTAL TAXABLE TRANSACTIONS
(in thousands)
2014 – 2018

	2015	2016	2017	2018
Motor Vehicle and Parts Dealers	\$ 514,837	\$ 545,106	\$ 545,692	\$ 578,230
Home Furnishings and Appliance Stores	118,252	121,054	110,502	98,239
Building Material and Garden Equipment and Supplies Dealers	80,565	83,349	86,170	90,740
Food and Beverage Stores	34,853	37,026	38,050	40,480
Gasoline Stations	153,029	139,759	169,924	344,276
Clothing and Clothing Accessories Stores	29,023	33,168	34,882	37,172
General Merchandise Stores	129,506	122,950	117,544	119,302
Food Services and Drinking Places	162,941	175,563	193,954	202,802
Other Retail Group	<u>178,128</u>	<u>161,612</u>	<u>149,215</u>	<u>150,261</u>
Total Retail and Food Services	1,401,134	1,419,587	1,445,933	1,661,502
<i>All Other Outlets</i>	<u>641,727</u>	<u>676,960</u>	<u>697,931</u>	<u>712,564</u>
Total All Outlets	<u>\$2,042,861</u>	<u>\$2,096,547</u>	<u>\$2,143,864</u>	<u>\$2,374,066</u>

Note: Detail may not compute to total due to rounding.

Source: California Department of Tax and Fee Administration, "Taxable Sales - Cities by Type of Business".

APPENDIX D

CITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL

YEAR ENDED JUNE 30, 2019

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT

\$_____,000

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY TAX ALLOCATION HOUSING REFUNDING BONDS 2020 SERIES A (Taxable)

This CONTINUING DISCLOSURE AGREEMENT (this “**Disclosure Agreement**”) is executed and delivered by the SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY (the “**Successor Agency**”) in connection with the execution and delivery of the bonds captioned above (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2020 (the “**Indenture**”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means the date that is seven months after the end of the Successor Agency’s fiscal year (currently February 1 based on the Successor Agency’s fiscal year end of June 30).

“*Dissemination Agent*” means Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

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

“*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 Successor Agency in connection with the issuance of the Bonds.

“Participating Underwriter” means Piper Sandler Companies. and Cabrera Capital Markets, LLC, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“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.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing February 1, 2020, with the report for the 2018-19 fiscal year, 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 Agreement. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency 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 Agreement; provided that the audited financial statements of the Successor Agency 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 Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency 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 Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency 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 Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency'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 Successor Agency'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 before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) An update of the information in Table Nos. 3 through 14 of the Official Statement;
- (ii) The principal amount and name of any Parity Debt issued during the preceding fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Agreement, the Successor Agency 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 Successor Agency 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 Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency 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.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Successor Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Successor Agency, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Successor Agency, any of which reflect financial difficulties.

(b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) 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 Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency 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 Successor Agency, 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 Successor Agency.

(e) The term financial obligation means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (e)(1) or (e)(2). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affected its duties or obligations and further provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto

containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Agreement modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

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

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Successor Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency 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 Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency 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 Agreement shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2020

SUCCESSOR AGENCY TO THE CARSON
REDEVELOPMENT AGENCY

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Carson Redevelopment Agency
Name of Issue: Tax Allocation Housing Refunding Bonds 2020 Series A (Taxable)

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated ____, 2020, executed and delivered by the Successor Agency in connection with the execution and delivery of the bonds captioned above. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

CONTINUING DISCLOSURE AGREEMENT

\$_____,000

SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY SUBORDINATE TAX ALLOCATION BONDS 2020 SERIES B (Tax-Exempt)

This CONTINUING DISCLOSURE AGREEMENT (this “**Disclosure Agreement**”) is executed and delivered by the SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY (the “**Successor Agency**”) in connection with the execution and delivery of the bonds captioned above (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2020 (the “**Indenture**”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee.

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

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

“*Annual Report Date*” means the date that is seven months after the end of the Successor Agency’s fiscal year (currently February 1 based on the Successor Agency’s fiscal year end of June 30).

“*Dissemination Agent*” means Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

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

“*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 Successor Agency in connection with the issuance of the Bonds.

“Participating Underwriter” means Piper Sandler Companies. and Cabrera Capital Markets, LLC, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“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.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing February 1, 2020, with the report for the 2018-19 fiscal year, 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 Agreement. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency 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 Agreement; provided that the audited financial statements of the Successor Agency 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 Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency 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 Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency 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 Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency'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 Successor Agency'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 before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) An update of the information in Table Nos. 3 through 13 and 15 of the Official Statement;
- (ii) The principal amount and name of any Parity Debt issued during the preceding fiscal year.
- (c) In addition to any of the information expressly required to be provided under this Disclosure Agreement, the Successor Agency 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 Successor Agency 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 Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency 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.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Successor Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Successor Agency, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Successor Agency, any of which reflect financial difficulties.

(b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) 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 Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency 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 Successor Agency, 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 Successor Agency.

(e) The term financial obligation means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (e)(1) or (e)(2). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affected its duties or obligations and further provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Agreement modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

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

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Successor Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency 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 Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency 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 Agreement shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2020

SUCCESSOR AGENCY TO THE CARSON
REDEVELOPMENT AGENCY

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Carson Redevelopment Agency
Name of Issue: Subordinate Tax Allocation Bonds 2020 Series B (Tax-Exempt)

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated ____, 2020, executed and delivered by the Successor Agency in connection with the execution and delivery of the bonds captioned above. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

APPENDIX F
PROPOSED FORM OF BOND COUNSEL OPINIONS

[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX G

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (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 issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of

AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

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 effect 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 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or

Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer may decide to discontinue use of the system of book-entry 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY