

## NEW ISSUE - FULL BOOK-ENTRY

INSURED BONDS RATING: S&amp;P': "\_\_\_"

UNDERLYING RATING: S&amp;P': "\_\_\_"

See "CONCLUDING INFORMATION - Ratings" herein.

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the Series 2017 Bonds is exempt from State of California personal income taxes but is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series 2017 Bonds.. See "TAX MATTERS" herein.*

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

## SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY

## Tax Allocation Refunding Bonds, Series 2017A

## (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable)

## Dated: Date of Delivery

Due: February 1, as shown on inside front cover

The Successor Agency to the Carson Redevelopment Agency (the "Successor Agency"), as successor to the Carson Redevelopment Agency (the "Former Agency") will issue its Tax Allocation Refunding Bonds, Series 2017A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable) (the "Series 2017 Bonds") under an Indenture of Trust dated as March 1, 2017 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Proceeds of the Series 2017 Bonds will be used to (i) refund and defease certain outstanding indebtedness previously issued by the Former Agency, (ii) establish a reserve account for the Series 2017 Bonds by purchasing and depositing therein a reserve account insurance policy (the "Reserve Policy") to be issued by \_\_\_\_\_ (the "\_\_\_") concurrently with the issuance of the Series 2017 Bonds, and (iii) pay costs incurred in connection with the issuance, sale, and delivery of the Series 2017 Bonds, including the premiums for the Reserve Policy and the Policy (as defined below).

The Series 2017 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as securities depository of the Series 2017 Bonds. Individual purchases of the Series 2017 Bonds may be made in book-entry form only, in multiples of \$5,000. Principal of and interest on the Series 2017 Bonds will be paid directly to DTC by the Trustee. Principal of the Series 2017 Bonds is payable on the dates set forth on the inside cover page hereof. Interest on the Series 2017 Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2017 (each, an "Interest Payment Date").

The Series 2017 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2017 BONDS – Redemption."

The Series 2017 Bonds are limited obligations of the Successor Agency payable primarily from and secured, on a subordinate basis to the Senior Project Area No. 1 Bonds (as defined herein) and on a parity basis to the 2016 Bonds (as defined herein) by Pledged Project Area No. 1 Tax Revenues (as defined herein) allocated to and received by the Successor Agency with respect to its Redevelopment Project Area No. 1. The Series 2017 Bonds are also payable, on a parity with the 2015 Bonds (as defined herein) and the 2016 Bonds, from certain residual revenues available in the Successor Agency's Redevelopment Property Tax Trust Fund ("RPTTF Revenues," as more fully described herein), and the funds and accounts held under the Indenture, as described herein. Subject to certain conditions, additional obligations on a parity with the Series 2017 Bonds may be issued or incurred in the future by the Successor Agency.

THE SERIES 2017 BONDS ARE NOT A DEBT OF THE CITY OF CARSON (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE"), OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE SUCCESSOR AGENCY), AND NEITHER THE CITY, THE STATE, NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE SUCCESSOR AGENCY) IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE SERIES 2017 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE SUCCESSOR AGENCY AS SET FORTH IN THE INDENTURE. NEITHER THE MEMBERS OF THE SUCCESSOR AGENCY NOR ANY PERSONS EXECUTING THE SERIES 2017 BONDS ARE LIABLE PERSONALLY FOR THE SERIES 2017 BONDS. THE SUCCESSOR AGENCY HAS NO TAXING POWER. THE SERIES 2017 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The scheduled payment of principal of and interest on some or all of the maturities of the Series 2017 Bonds (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Series 2017 Bonds by \_\_\_\_\_. The Successor Agency will determine the maturities of the Series 2017 Bonds to be guaranteed under the Policy in connection with the pricing of the Series 2017 Bonds.

***This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.***

The Series 2017 Bonds are offered when, as and if issued, subject to the approval as to their legality by Aleshire & Wynder, LLP, Irvine, California, Bond Counsel. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel, and for the Successor Agency by Aleshire & Wynder LLP, Irvine, California, as Successor Agency Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California, as counsel to the Underwriters. It is anticipated that the Series 2017 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about \_\_\_\_\_, 2017.

Piper Jaffray &amp; Co.

BOK Financial Securities, Inc.

FTN Financial Capital  
Markets

The date of this Official Statement is \_\_\_\_\_, 2017.

# MATURITY SCHEDULE

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

**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Tax Allocation Refunding Bonds, Series 2017A**  
**(Project Area No. 1 Second Lien; RPTTF Secured) (Taxable)**

Maturity Date (February 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP <sup>†</sup> (Base _____)
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\$ \_\_\_\_\_ % Term Bonds due February 1, 20\_\_ – Price: \_\_\_\_\_ % to Yield: \_\_\_\_\_ % CUSIP No.†: \_\_\_\_\_

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\* *Preliminary, subject to change.*

† CUSIP numbers have been assigned to this issue by CUSIP Global Services, managed by Standard & Poor's Services LLC on behalf of The American Bankers Association, and are included solely for the convenience of the owners of the Series 2017 Bonds. Neither the Successor Agency nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 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 the Series 2017 Bonds.

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

**SUCCESSOR AGENCY GOVERNING BODY AND CITY COUNCIL MEMBERS**

Albert Robles, *Chairman and Mayor*  
Lula Davis-Holmes, *Vice Chair and Mayor Pro Tem*  
Cedric L. Hicks, *Board Member and Council Member*  
Jawane Hilton, *Board Member and Council Member*  
Elito M. Santarina, *Board Member and Council Member*

**SUCCESSOR AGENCY STAFF AND CITY STAFF**

Ken Farfsing, *Successor Agency Executive Director and City Manager*  
Donesia Gause, *Successor Agency Secretary and City Clerk*  
Monica Cooper, *Successor Agency Treasurer and City Treasurer*  
Aleshire & Wynder, LLP, *Successor Agency Counsel and City Attorney*

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*Irvine, California*

**Disclosure Counsel**

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*San Francisco, California*

**Fiscal Consultant**

DHA Consulting, LLC  
*Long Beach, California*

**Trustee/Escrow Agent**

The Bank of New York Mellon Trust Company, N.A.  
*Los Angeles, California*

**Verification Agent**

Causey Demgen Moore P.C.  
*Denver, Colorado*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Series 2017 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Successor Agency.

**No Offering Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2017 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Information in Official Statement.** The information set forth in this Official Statement has been furnished by the Successor Agency and other sources which are believed to be reliable.

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

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the Successor Agency in any press release and in any oral statement made with the approval of an authorized officer of the Successor Agency or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced herein since the date hereof.

**Document Summaries.** All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and the law, and do not purport to be complete statements of any or all of such provisions.

**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 Series 2017 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Successor Agency, the County, the California Department of Finance or the other entities described in this Official Statement, or the condition of the property within Project Area No. 1 since the date of this Official Statement.

**Website.** This Official Statement, including any supplement or amendment hereto, is intended to be deposited with Municipal Securities Rule Making Board through the Electronic Municipal Market Access website. The City of Carson maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2017 Bonds.

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**[INSERT LOCATION MAP]**

**[INSERT PROJECT AREA MAP]**



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## OFFICIAL STATEMENT

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**SUCCESSOR AGENCY TO THE  
CARSON REDEVELOPMENT AGENCY  
Tax Allocation Refunding Bonds, Series 2017A  
(Project Area No. 1 Second Lien; RPTTF Secured) (Taxable)**

This Official Statement, including the cover page and appendices, is provided to furnish information in connection with the sale by the Successor Agency to the Carson Redevelopment Agency, as successor to the Carson Redevelopment Agency (the “**Successor Agency**”) of \$ \_\_\_\_\_ \* aggregate principal amount of Tax Allocation Refunding Bonds, Series 2017A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable) (the “**Series 2017 Bonds**”).

### INTRODUCTION

*This introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to the Series 2017 Bonds. Potential investors must read the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.*

### Authority and Purpose

The Series 2017 Bonds are being issued pursuant to the Constitution and the laws of the State of California (the “**State**”), including the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) (the “**Redevelopment Law**”), the Dissolution Act (as defined below) and Article 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Refunding Law**”), a resolution of the Successor Agency adopted on November 14, 2016, and an Indenture of Trust, dated as of March 1, 2017 (the “**Indenture**”) by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as the trustee (the “**Trustee**”). The Redevelopment Law, the Dissolution Act and the Refunding Law are sometimes referred to collectively in this Official Statement as, the “**Law**.”

Proceeds of the Series 2017 Bonds will be used to refund all of the Successor Agency’s obligation to make Debt Service Installment Payments (as defined below) pursuant to the Carson Redevelopment Agency Redevelopment Project Area No. 1 Installment Payment Contract dated as of June 1, 2009 (“**Installment Payment Contract**”), by and among the City of Carson (the “**City**”), the Successor Agency, as successor to the Former Agency, and the Carson Public Financing Authority (“**Authority**”). Pursuant to the Installment Payment Contract, the Successor Agency is required to make certain installment payments (the “**Installment Payments**”) from tax increment revenues from Project Area No. 1 on a subordinate basis to the Senior Project Area No. 1 Bonds (as hereinafter defined). A portion of such Installment Payments are made for the purpose of reimbursing the Authority for debt service payments required to be made by the Authority (“**Debt Service Installment Payments**”) in connection

with the Carson Public Financing Authority Lease Revenue Bonds (Remediation Project, Series 2009) (the “**Refunded Bonds**”), which Refunded Bonds are currently outstanding in the aggregate principal amount of \$11,055,000 and have a final maturity of October 1, 2036.

The remaining proceeds of the Series 2017 Bonds will be used to (i) purchase a municipal bond debt service reserve insurance policy (the “**Reserve Policy**”) for the Series 2017 Bonds to be issued by \_\_\_\_\_ (“\_\_\_\_\_”), and (ii) pay costs incurred in connection with the issuance, sale, and delivery of the Series 2017 Bonds, including the premium for the purchase of the Policy (as hereinafter defined).

### **City and the Successor Agency**

**The City.** The City of Carson (the “**City**”) is located in Los Angeles County (the “**County**”), California. Incorporated in 1968 as a general law city, the City encompasses an area of approximately 19.24 square miles. The City operates according to the Council/Manager form of government. The City Manager is appointed by the City Council to manage the City’s staff and generally implement policies established by the City Council. See “APPENDIX C – GENERAL INFORMATION RELATING TO THE CITY OF CARSON” for a more complete description of the City and the surrounding region.

**Former Agency.** The Carson Redevelopment Agency (the “**Former Agency**”) was established pursuant to the Redevelopment Law and was activated by the City Council in September of 1971 by the adoption of Ordinance No. 71-196. The five members of the City Council served as the governing body of the Former Agency, and exercised all rights, powers, duties and privileges of the Former Agency.

**Dissolution Act.** On June 29, 2011, Assembly Bill No. 26 (“**AB X1 26**”) was enacted together with a companion bill, Assembly Bill No. 27 (“**AB X1 27**”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, 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 (as further amended from time to time, the “**Dissolution Act**”).

**Successor Agency.** Pursuant to Section 34173 of the Dissolution Act, the City acts as the successor agency to the Former Agency. By Resolution No. 12-003, adopted by the City

Council on January 9, 2012, the City elected to be the Successor Agency to the Former Agency, which election was confirmed by Resolution No. 12-018, adopted by the City Council on January 30, 2012, providing for the organization of the Successor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity and legal 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 Redevelopment Plan and Project Area No. 1**

**The Redevelopment Plan.** On December 20, 1971, the City Council of the City (the “**City Council**”), pursuant to Ordinance No. 71-205 of the City, approved and adopted the Redevelopment Plan (the “**Original Project Area No. 1 Redevelopment Plan**”) for Redevelopment Project Area No. 1 (the “**Original Project Area No. 1**”). The Original Project Area No. 1 Redevelopment Plan has been amended several times since adoption including, without limitation, as follows:

- On February 4, 1974, the City Council, pursuant to Ordinance No. 74-288 of the City, approved and adopted an amendment to the Original Project Area No. 1 Redevelopment Plan which deleted certain territory from Original Project Area No. 1 (the resulting area being referred to herein as the “**Original Area**”).
- On July 16, 1984, the City Council, pursuant to Ordinance No. 84-696 of the City, approved and adopted an amendment to the Original Project Area No. 1 Redevelopment Plan (the “**1985 Amendment**”) which added territory to Original Project Area No. 1 (the “**1985 Amendment Area**”). The text of the 1985 Amendment did not affect or make any changes to the Original Project Area No. 1 Redevelopment Plan with respect to the Original Area of Project Area No. 1.
- On January 5, 1987, the City Council, pursuant to Ordinance No. 86-766 of the City, which established limitations in connection with the Original Project Area No. 1 Redevelopment Plan with respect to the Original Area of Project Area No. 1 pursuant to Health and Safety Code Section 33333.4.
- On November 15, 1994, the City Council adopted Ordinance No. 94-1045, which implemented additional limitations required by Assembly Bill 1290, including a time limit to incur debt and receive tax increment revenues from the Original Area and the 1985 Amendment Area.
- On June 4, 1996, the City Council adopted Ordinance No. 96-1090, which approved and adopted an amendment to the Redevelopment Plan (the “**1997 Amendment**”), which, among other things, amended the Redevelopment Plan to once again add territory to Original Project Area No. 1 (the “**1997 Amendment Area**”).

On October 11, 2010, the City Council adopted Ordinance No. 10-1459 (the “**2010 Amendment**”), pursuant to which the Original Redevelopment Plan was amended and restated pursuant to The Carson Consolidated Project Area Redevelopment Plan (the “**Amended and Restated Redevelopment Plan**”). The Amended and Restated Redevelopment Plan consolidated the Original Project Area No. 1 Redevelopment Plan with the redevelopment plans for the Former Agency’s Merged and Amended Project Area and Project Area No. 4 (as

such terms are hereinafter defined) to create the Carson Consolidated Redevelopment Project Area (the “**Carson Consolidated Project Area**”). The Original Project Area No. 1 Redevelopment Plan as amended from time to time, including as amended and restated pursuant to the Amended and Restated Redevelopment Plan is referred to in this Official Statement as, the “**Redevelopment Plan**.” See “THE SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY – Successor Agency’s Other Project Areas” for information regarding the other project areas of the Successor Agency, including the Merged and Amended Project Area and Project Area No. 4.

The Original Area, the 1985 Amendment Area and the 1997 Amendment Area are collectively referred to herein as “**Project Area No. 1**.” See “REDEVELOPMENT PROJECT AREA NO. 1 – The Redevelopment Plan” for further information regarding the Redevelopment Plan.

**Project Area No. 1.** Project Area No. 1 consists of approximately 2,263 acres and includes industrial, commercial office and retail uses. Residential uses are minimal and much of that contained within the boundaries of Project Area No. 1 are apartments as opposed to single-family homes or condominiums. See “PROJECT AREA NO. 1” and “APPENDIX D – FISCAL CONSULTANT’S REPORT” for further information regarding Project Area No. 1. See “THE SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY – Successor Agency’s Other Project Areas” for information regarding the other project area’s formed by the Former Agency, including the Merged and Amended Project Area and Project Area No. 4. Because the payment of debt service on the Series 2017 Bonds is secured primarily by a pledge of Pledged Project Area No. 1 Tax Revenues which consists of tax increment revenues generated in Project Area No. 1 after the payment of debt service on the Senior Project Area No. 1 Bonds (as hereinafter defined), the discussion in this Official Statement regarding assessed values and other characteristics of the Successor Agency’s project areas, including the projections of tax increment revenues available to pay debt service on the Series 2017 Bonds, is limited to assessed values and other characteristics (including projected tax increment revenues available to pay debt service on the Series 2017 Bonds) of Project Area No. 1.

### **Tax Allocation Financing**

Prior to the enactment of AB X1 26 on June 29, 2011, 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 adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only 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 of property taxes 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 redevelopment agency obligations. Section 34182(c)(2) of the Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes (formerly tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to AB X1 26, and to deposit that amount in the Redevelopment Property Tax Trust Fund.

## Authority to Issue Refunding Bonds

Section 34177.5(a)(1) of the Dissolution Act authorizes the issuance of refunding bonds to provide debt service savings, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described below. See “BONDOWNER’S RISKS.”

Section 34177.5(a) of the Dissolution Act authorizes the issuance of refunding bonds, including the Series 2017 Bonds, to be secured by a pledge of, and lien on, Pledged Project Area No. 1 Tax Revenues created by the Indenture. Pursuant to Section 34183 of the Law, tax increment revenues are deposited when received in the Redevelopment Property Tax Trust Fund for the Successor Agency (the “**Redevelopment Property Tax Trust Fund**” or “**RPTTF**”) administered by the Auditor-Controller of Los Angeles County (the “**County Auditor-Controller**”). Provided that the Successor Agency has complied with certain covenants relating to the timely submission of applicable recognized obligation payment schedules (the “**Recognized Obligation Payment Schedules**” or “**ROPS**”) approved by State Department of Finance (“**DOF**”), the County Auditor-Controller is required by Section 34183(a)(2) of the Dissolution Act to remit from amounts constituting Pledged Project Area No. 1 Tax Revenues to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to Section 34170(b) of the Dissolution Act amounts required to pay debt service on the Series 2017 Bonds.

## Security for the Series 2017 Bonds

**General.** The Series 2017 Bonds are secured only by a pledge of (i) Pledged Project Area No. 1 Tax Revenues (as defined below), (ii) RPTTF Revenues (as defined below) and (iii) the moneys in the Second Lien Special Fund (as defined below) held by the Successor Agency, as further described in this Official Statement. See “Limited Obligation” below.

The Dissolution Act requires the County Auditor-Controller to annually determine the amount of property taxes that would have been allocated to the Former Agency from Project Area No. 1 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 of each year, and to deposit that amount in the Redevelopment Property Tax Trust Fund 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 dissolved Former Agency, with the same lien priority and legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedule (see “**SECURITY FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedules or ROPS**”).

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Series 2017 Bonds, are taxes allocated to successor agencies pursuant to the provisions of the Redevelopment Law and the State Constitution.

Under the Dissolution Act, property tax revenues are distributed to the Successor Agency on a semi-annual basis (on January 2 and June 1) based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the “**Oversight Board**”) and the DOF. Pursuant to SB 107, the functions of the Oversight Board will be assumed by an oversight board established for all successor agencies within the County commencing on July 1, 2018. The County Auditor-Controller distributes funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See “SECURITY FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedules or ROPS.”

**Pledged Project Area No. 1 Tax Revenues.** In accordance with the Dissolution Act, the term “**Pledged Project Area No. 1 Tax Revenues**” is defined under the Indenture to mean, for each Bond Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Successor Agency pursuant to the Law in connection with Project Area No. 1, as provided in the Redevelopment Plan (excluding (i) the portion of such taxes required to pay debt service on, and other pledged obligations related to, the Senior Project Area No. 1 Bonds, but only to the extent that such taxes were pledged to the payment of debt service on or pledged obligations related to the Senior Project Area No. 1 Bonds (as hereinafter defined); (ii) amounts, if any, received by the Successor Agency pursuant to Section 16111 of the Government Code; and (iii) amounts payable to taxing agencies pursuant to Section 33607.5 or 33607.7 of the Redevelopment Law, and Section 34183(a) of the Dissolution Act, except to the extent that such payments are subordinated pursuant to Subsection (e) of such Section 33607.5 and Section 34177.5 of the Dissolution Act. See “REDEVELOPMENT PROJECT AREA NO. 1 – No Tax Sharing Agreements,” and “– Tax Sharing Statutes” for information regarding the Successor Agency’s pass-through obligations.

Pledged Project Area No. 1 Tax Revenues additionally includes monies deposited from time to time in the Redevelopment Property Tax Trust Fund with respect to Project Area No. 1, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Project Area No. 1 Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. Pursuant to the Dissolution Act, Pledged Project Area No. 1 Tax Revenues are no longer required to be deposited in to the Former Agency’s Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law (the “**Prior Housing Deposit**”), and accordingly tax increment from Project Area No. 1 shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay the Pro Rata Share of Housing Debt Service (as hereinafter defined).

**RPTTF Revenues.** Additionally, the Series 2017 Bonds are also secured by RPTTF Revenues (as hereinafter defined) which consists of certain residual revenues available in the Redevelopment Property Tax Trust Fund representing monies from all project areas of the Successor Agency deposited from time to time in the Redevelopment Property Tax Trust Fund and not needed to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, including bonds issued for the benefit of other project areas of the Former Agency and bonds secured by the amounts required, prior to the Dissolution Act (as hereinafter more fully described and referred to as below, the “**Existing Bonds**”), to be deposited in the former low and moderate income housing fund of the Former Agency (but only to the extent of amounts necessary to make payments on those bonds), and (ii) amounts due pursuant to tax sharing agreements, statutory pass-through payments, owner participation agreements, development agreements and other similar agreements, if any, and administrative costs that are senior to the payment of the debt service on the Series 2017 Bonds and the bonds described in (i) above. See “SECURITY FOR THE SERIES 2017 BONDS – Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues” and “– Existing Bonds” for the definitions of terms RPTTF Revenues and Existing Bonds, respectively.

Section 34177.5(g) of the Dissolution Act further provides that bonds authorized thereunder 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 under the Law, such as the Series 2017 Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

## **Senior Debt**

**Existing Senior Debt.** The payment of debt service on the Series 2017 Bonds from tax increment revenues from Project Area No. 1 is subordinate to the payment of debt service on the following bonds issued by the Former Agency (collectively, the “**Senior Project Area No. 1 Bonds**”):

- Successor Agency to the Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Series 2014A (the “**Series 2014A Bonds**”), which are currently outstanding in the aggregate principal amount of \$25,505,000 and with a final maturity of October 1, 2034; and
- Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2003B (the “**Series 2003B Bonds**”), issued as capital appreciation bonds in the original aggregate principal amount of \$5,410,863, with a final accreted value of \$20,550,000 and final maturity of October 1, 2032.

**No Future Senior Debt.** After the issuance of the Series 2017 Bonds, no additional debt may be issued with a lien on Pledged Project Area No. 1 Tax Revenues senior to the lien on Pledged Project Area No. 1 Tax Revenues securing the Series 2017 Bonds. In addition, pursuant to the Indenture, the Successor Agency may not issue any bonds secured by RPTTF Revenues on a senior basis to the Series 2017 Bonds and Parity Debt. The prohibition on senior debt secured by RPTTF Revenues is not intended to extend to refunding debt secured by a former project area, to wit, Project Area No. 1, Project Area No. 4 and the Merged and Amended Project Area, which existed prior to the consolidation of such project areas into the

Carson Consolidated Project Area or from the Prior Housing Deposit. See “SECURITY FOR THE SERIES 2017 BONDS – Senior Debt.”

#### **Existing and Future Parity Debt (Pledged Project Area No. 1 Tax Revenues)**

**Existing Parity Debt (Pledged Project Area No. 1 Tax Revenues).** The Series 2017 Bonds are secured by Pledged Project Area No. 1 Tax Revenues on a parity with the Successor Agency’s \$21,350,000 original aggregate principal amount of Tax Allocation Refunding Bonds, Series 2016A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable) (the “**2016 Bonds**”), which are currently outstanding in the aggregate principal amount of \$20,775,000 and have a final maturity of 2037. The proceeds of the 2016 Bonds were used to refund and defease all of the outstanding Carson Redevelopment Agency Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2009A (the “**Series 2009 Bonds**”) and to pay the costs of issuance thereof, including the premiums for a municipal bond debt service reserve insurance policy and bond insurance policy therefor.

**Future Parity Debt (Pledged Project Area No. 1 Tax Revenues).** Pursuant to the Indenture, the Successor Agency may issue additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency secured by Pledged Project Area No. 1 Tax Revenues on a parity with the Series 2017 Bonds and the 2016 Bonds subject to the satisfaction of certain conditions precedent. Such bonds, loans, advances or indebtedness are hereinafter referred to as, “**Parity Debt (Pledged Project Area No. 1 Tax Revenues)**.”

See “SECURITY FOR THE SERIES 2017 BONDS – Existing and Future Parity Debt (Pledged Project Area No. 1 Tax Revenues).”

#### **Existing and Future Parity Debt (RPTTF Revenues)**

**Existing Parity Debt (RPTTF Revenues).** The Series 2017 Bonds are secured by RPTTF Revenues on a parity with the (i) Successor Agency to the Carson Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, 2015 Series B (Taxable) (the “**2015 Bonds**”), which are currently outstanding in the aggregate principal amount of \$52,920,000 and have a final maturity of February 1, 2025 and (ii) the 2016 Bonds.

**Future Parity Debt (RPTTF Revenues).** In addition, pursuant to the Indenture, the Successor Agency may also issue additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency secured by RPTTF Revenues on a parity with the 2015 Bonds, the 2016 Bonds and the Series 2017 Bonds to refund any of the Existing Bonds or Parity Debt (as defined below), subject to the satisfaction of certain conditions precedent. Such bonds, loans, advances or indebtedness hereinafter referred to as, “**Parity Debt (RPTTF Revenues)**.” Parity Debt (Pledged Project Area No. 1 Tax Revenues) and/or Parity Debt (RPTTF Revenues), as applicable, is sometimes referred to herein as “**Parity Debt**.”

See “SECURITY FOR THE SERIES 2017 BONDS – Existing and Future Parity Debt (RPTTF Revenues).”

#### **Limited Obligation**

The Series 2017 Bonds are limited obligations of the Successor Agency and are secured solely by (i) Pledged Project Area No. 1 Tax Revenues, (ii) RPTTF Revenues and (iii) the moneys in the Second Lien Special Fund held by the Successor Agency, as further



described in this Official Statement. The principal of and interest on the Series 2017 Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The principal of and interest on the Series 2017 Bonds are not payable out of any funds other than those set forth in the Indenture. No member, officer, agent or employee of the City, the County, the Successor Agency, the Oversight Board, the City Council, the Board of Supervisors of the County or any person executing the Series 2017 Bonds is liable personally on the Series 2017 Bonds by reason of their issuance.

### **Reserve Account**

In order to further secure the payment of the principal of and interest on the Series 2017 Bonds, the Reserve Account in the Debt Service Fund is established by the Indenture, to be funded by the purchase of the Reserve Policy to be issued by \_\_\_\_ in an amount equal to the Reserve Account Requirement as defined in the Indenture (the “**Reserve Account Requirement**”). \_\_\_\_ has committed to issue, concurrently with the issuance of the Series 2017 Bonds, the Reserve Policy for deposit in the Reserve Account. See “SECURITY FOR THE SERIES 2017 BONDS – Reserve Account.”

### **Bond Insurance Policy**

Concurrently with the issuance of the Series 2017 Bonds, \_\_\_\_ will issue its Municipal Bond Insurance Policy (the “**Policy**”) for some or all of the maturities of the Series 2017 Bonds (the “**Insured Bonds**”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix I to this Official Statement. The Successor Agency will determine the maturities of the Series 2017 Bonds to be guaranteed under the Policy in connection with the pricing of the Series 2017 Bonds. The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **The County and the County Auditor Controller; DOF**

Pursuant to Section 34170.5(a) of the Law, the County Auditor-Controller is required to establish, maintain and administer the Redevelopment Property Tax Trust Fund on behalf of the Successor Agency and on behalf of holders of Successor Agency enforceable obligations (e.g. bondholders). In its capacity as administrator of the Redevelopment Property Tax Trust Fund, the County Auditor-Controller is required to deposit into the Redevelopment Property Tax Trust Fund all of the property taxes (formerly tax increment) that comprise Pledged Project Area No. 1 Tax Revenues, and to disburse from the Redevelopment Property Tax Trust Fund all amounts authorized pursuant to a Recognized Obligation Payment Schedule approved by DOF (including debt service on the Series 2017 Bonds). As such, the County Auditor-Controller plays an important role in ensuring the full and timely payment of debt service on the Series 2017 Bonds. See “BONDOWNERS’ RISKS – Recognized Obligation Payment Schedules.”

In addition to approving the issuance of refunding bonds by successor agencies, all Recognized Obligation Payment Schedules are subject to DOF’s review and approval. Accordingly, DOF also plays an important role in ensuring the full and timely payment of debt service on the Series 2017 Bonds. See “BONDOWNERS’ RISKS – Recognized Obligation Payment Schedules.”

## Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Trustee with respect to the Series 2017 Bonds and as Escrow Agent with respect to the Refunded Bonds.

Causey Demgen Moore P.C. will act as Verification Agent (the “**Verification Agent**”) with respect to the Refunded Bonds.

DHA Consulting, LLC has acted as Fiscal Consultant to the Successor Agency (the “**Fiscal Consultant**”) and has prepared a report on projected taxable values and anticipated Pledged Project Area No. 1 Tax Revenues. The report prepared by the Fiscal Consultant is referred to herein as the “**Fiscal Consultant’s Report**” and is attached as Appendix D.

C.M. de Crinis & Co., Inc., Glendale, California, has served as Municipal Advisor (the “**Municipal Advisor**”) to the Successor Agency in connection with the Series 2017 Bonds and has assisted the Successor Agency in structuring the Series 2017 Bonds.

All proceedings in connection with the issuance of the Series 2017 Bonds are subject to the approval of Aleshire & Wynder, LLP, Irvine, California, Bond Counsel. Aleshire & Wynder currently serves as legal counsel to the Successor Agency, and provides general legal services to the Successor Agency with respect to redevelopment matters. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriters’ Counsel. *The fees and expenses of Bond Counsel, Disclosure Counsel, the Underwriters, Underwriters’ Counsel and the Municipal Advisor are contingent upon the sale and delivery of the Series 2017 Bonds.*

## Summaries of Documents

This Official Statement includes descriptions of the Series 2017 Bonds, the Indenture, the Successor Agency, the City, Project Area No. 1, the Law, and various agreements. The descriptions and summaries of documents do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements are qualified in their entirety by reference to each document and, with respect to certain rights and remedies, to laws and principles of equity relating to creditors’ rights generally. Undefined capitalized terms shall have the meanings set forth in the Indenture. Copies of the Indenture are available for inspection during business hours at the corporate trust office of the Trustee in Los Angeles, California.

This Official Statement speaks only as of its date, as set forth on the cover, and the information and expressions of opinion are subject to change without notice. Neither the delivery of this Official Statement nor any sale of Series 2017 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency or the City or Project Area No. 1 since the date set forth on the cover.

## Continuing Disclosure

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended, the Successor Agency has undertaken for the benefit of holders of the Series 2017 Bonds to

provide financial information and operating data relating to the Successor Agency by not later than February 1 after the end of each fiscal year, commencing with February 1, 2018, and to provide notices of the occurrence of certain enumerated events. See “CONCLUDING INFORMATION – Continuing Disclosure.”

## THE REFINANCING PLAN

### Plan of Refunding

Concurrently, with the issuance of the Series 2017 Bonds, the Successor Agency will enter into an Escrow Agreement dated as of March 1, 2017, with The Bank of New York Mellon Trust Company, N.A., as escrow agent for the Refunded Bonds (the “**Escrow Agreement**”). Amounts deposited in the escrow fund established under the Escrow Agreement will be held uninvested or will be invested solely in full faith and credit obligations of the United States, the principal of and interest on which, together with any available cash to be held uninvested, and will be verified by the Verification Agent, to be sufficient to (i) prepay all Debt Service Installment Payments on \_\_\_\_\_, 2017 and (ii) defease the Refunded Bonds on \_\_\_\_\_, 2017 and thereafter pay the regularly scheduled debt service on the Refunded Bonds through and including October 1, 2019, and to redeem the Refunded Bonds maturing on and after October 1, 2020 on October 1, 2019, at the redemption price of the principal amount of Refunded Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption. As a result of the deposit and application of funds as provided in the Escrow Agreement, all of the Debt Service Installment Payments will be prepaid and the Refunded Bonds will no longer be outstanding, and the lien securing payment of the Debt Service Installment Payments and the Refunded Bonds, assuming the accuracy of the verified computations, will be defeased and all obligations with respect thereto will be discharged.

### Use of Proceeds of Refunded Bonds

The proceeds of the Refunded Bonds were used, in part, to aid in the remediation and maintenance of a 157 acre former landfill site in the City (the “**Site**”), as required by the California Department of Toxic Substances Control, which is also necessary for eventual development of the Site. The Site is owned by the Carson Reclamation Authority and is located in the Successor Agency’s original Project Area No. 1. At the time the Refunded Bonds were issued, the Site was intended to be developed as a regional commercial shopping and entertainment center.

The Successor Agency anticipates the Site to be developed into a mixed-use project. It is expected that the Site will not be developed prior to fiscal year 2017-18.

## Sources and Uses of Funds

The following table shows the estimated sources and uses of funds:

	<u>Amount</u>
<b>Sources:</b>	
Principal Amount of Series 2017 Bonds	\$
<i>Plus:</i> Refunded Bonds Available Funds	
<b>Total Sources</b>	<hr/> \$
<b>Uses:</b>	
Refunding Escrow <sup>(1)</sup>	\$
Underwriters' Discount	
Costs of Issuance Account <sup>(2)</sup>	
<b>Total Uses</b>	<hr/> \$

(1) To be applied to the refunding and defeasance of the Refunded Bonds. See "THE REFINANCING PLAN."

(2) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Verification Agent, Trustee, Successor Agency Counsel, printing expenses, Policy and Reserve Policy premiums, rating agency fees and other costs related to the issuance of the Series 2017 Bonds.

### Series 2017 Bonds Debt Service

The following table shows the scheduled annual debt service for the Series 2017 Bonds.

Period Ending	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
August 1, 2017				
February 1, 2018				
August 1, 2018				
February 1, 2019				
August 1, 2019				
February 1, 2020				
August 1, 2020				
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				
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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				

## THE SERIES 2017 BONDS

### Authority for Issuance

The Series 2017 Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law and the Dissolution Act (together, the “**Law**”) and the Refunding Law. The issuance of the Series 2017 Bonds was approved by the Successor Agency pursuant to Resolution No. \_\_\_\_\_, adopted on November 14, 2016 (the “**Resolution**”), and approved by the Oversight Board pursuant to Resolution No. \_\_\_\_\_, adopted on \_\_\_\_\_, 2016 (the “**Oversight Board Resolution**”). This Official Statement was approved by the Successor Agency on \_\_\_\_\_, 2017.

On \_\_\_\_\_, 2017, the DOF provided a letter to the Successor Agency stating that based on the DOF’s review and application of the law, the Oversight Board Resolution approving the Series 2017 Bonds is approved by the DOF. Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule and are not subject to further review and approval by DOF or the California State Controller. See “APPENDIX H – State Department of Finance Approval Letter.”

The Series 2017 Bonds are special obligations of the Successor Agency and as such are not a debt of the City, the State, or any of their political subdivisions, and neither the City, the State, nor any of their political subdivisions is liable for their payment. In no event shall the Series 2017 Bonds be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Series 2017 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limit or restriction. For a discussion of certain of the risks associated with the purchase of the Series 2017 Bonds, see “BONDOWNERS’ RISKS.” The Successor Agency has no taxing powers.

### Description of the Series 2017 Bonds

The Series 2017 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof and will be dated their date of delivery. The Series 2017 Bonds mature on the respective dates and bear interest at the respective rates per annum set forth on the inside cover page. Interest on the Series 2017 Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2017 (each, an “**Interest Payment Date**”).

Interest on the Series 2017 Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. The Series 2017 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the fifteenth day of the month next preceding an Interest Payment Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before July 15, 2017, in which event it shall bear interest from its Closing Date; provided, however, that if, at the time of authentication of any Series 2017 Bond, interest is then in default on the Outstanding Series 2017 Bonds, such Series 2017 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment thereon.

Interest on the Series 2017 Bonds (including the final interest payment upon maturity or redemption) will be payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Series 2017 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2017 Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

The principal of the Series 2017 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

The Series 2017 Bonds will be issued as one fully registered Series 2017 Bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository of the Series 2017 Bonds. Individual purchases may be made in book-entry form only, in the principal multiples of \$5,000. Purchasers will not receive certificates representing their interest in the Series 2017 Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Series 2017 Bonds as described herein. See "APPENDIX G – BOOK-ENTRY ONLY SYSTEM."

## **Redemption\***

**Optional Redemption.** The Series 2017 Bonds maturing on or prior to February 1, 20\_\_ are not subject to optional redemption. The Series 2017 Bonds maturing on or after February 1, 20\_\_, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after February 1, 20\_\_, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to \_\_% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

**Make-Whole Call Redemption.\*** The Series 2017 Bonds maturing on or before February 1, 20\_\_ are subject to redemption prior to their stated maturities at the option of the Successor Agency, in whole or in part (and if in part on a pro rata basis), on any date, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Series 2017 Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2017 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2017 Bonds are to be redeemed, discounted to the date on which such Series 2017 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below) plus \_\_ basis points;

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\* Preliminary; subject to change.



plus, in each case, accrued interest on such Series 2017 Bonds to be redeemed to the redemption date. For purposes of the foregoing provisions concerning make-whole call redemptions of the Series 2017 Bonds, the following terms shall have the meanings set forth below:

**“Calculation Agent”** means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the Successor Agency (which may be one of the institutions that served as underwriters for the Series 2017 Bonds).

**“Comparable Treasury Issue”** means the United State Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Series 2017 Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2017 Bonds being redeemed.

**“Comparable Treasury Price”** means, with respect to any date on which a Series 2017 Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

**“Comparable Treasury Yield”** means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2017 Bonds being redeemed. The Comparable Treasury Yield will be determined as of the third business day immediately preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2017 Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Series 2017 Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2017 Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

**“Reference Treasury Dealer”** means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as underwriters for the Series 2017 Bonds) appointed by the Successor Agency and reasonably acceptable to the Calculation Agent.

***Mandatory Sinking Fund Redemption.*** The Series 2017 Bonds maturing on February 1, 20\_\_ (the \_\_\_\_ **Term Bonds**”), are subject to mandatory redemption, in part by lot on February 1 in each year, commencing February 1, 20\_\_, and the Series 2017 Term Bonds maturing on February 1, 20\_\_ (the \_\_\_\_ **Term Bonds**”) and together with the \_\_\_\_ Term Bonds, the **“Term Bonds”**) shall be subject to mandatory redemption in part by lot in each year, commencing February 1, 20\_\_, from sinking fund payments made by the Successor Agency to the Principal Account at a redemption price equal to the principal amount thereof to be redeemed, without premium, on February 1 of the years set forth below; provided, however, in lieu of redemption that (a) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency, and (b) if some but not all of such Term Bonds have been redeemed, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such 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 2017  
Term Bonds Maturing February 1, 20\_\_**

Sinking Fund Redemption Date	Principal Amount to be Redeemed
<hr/>	
February 1, 20__	

**Series 2017  
Term Bonds Maturing February 1, 20\_\_**

Sinking Fund Redemption Date	Principal Amount to be Redeemed
<hr/>	
February 1, 20__	

**Additional Redemption Provisions**

***Purchase in Lieu of Redemption.*** In lieu of redemption of any Term Bond, amounts on deposit in the Second Lien Special Fund or in the Principal Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed

pursuant to the mandatory redemption provisions of the Indenture as described above on February 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

**Notice of Redemption and Rescission.** The Trustee will mail notice of any redemption at least 20 but not more than 60 days prior to the redemption date, (i) to any Insurer and to the Owners of any Series 2017 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; 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 state the redemption date and the redemption price, shall state, in the case of an optional redemption, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Series 2017 Bonds to be redeemed, shall state the individual number of each Series 2017 Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Series 2017 Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust 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.

The Successor Agency will have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled 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 Series 2017 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent; provided, however, the notice of rescission shall not be required to be mailed within the time period required for the notice of redemption.

**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 Bond or Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Series 2017 Bond to be redeemed.

**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 Series 2017 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 the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and interest will accrue on such Series 2017 Bonds from and after the redemption date specified in such notice.

**Manner of Redemption.** Whenever any Series 2017 Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the

extent Series 2017 Bonds are no longer held in book-entry form. In the event of redemption by lot of Series 2017 Bonds, the Trustee shall assign to each Series 2017 Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Series 2017 Bond. The Series 2017 Bonds to be redeemed shall be the Series 2017 Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

### **Registration, Transfer and Exchange**

The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Series 2017 Bonds, which shall at all times during normal business hours be open to inspection and copying by the Successor Agency, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books as provided in the Indenture.

Any Series 2017 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Series 2017 Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Series 2017 Bond shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Series 2017 Bond or Series 2017 Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall require the payment by the Owner of any tax or other governmental charge on the transfer of any Series 2017 Bonds pursuant to the Indenture.

Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. The Trustee shall require the payment by the Owner of any tax or other governmental charge on the exchange of any Bonds. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Successor Agency.

The Trustee may refuse to transfer or exchange either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

### **Book-Entry Only System**

DTC will act as securities depository for the Series 2017 Bonds. The ownership of each such separate single fully registered Series 2017 Bond shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. For further information regarding DTC, please refer to "APPENDIX G."

## THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes (formerly tax increment) 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, and to deposit that amount in the Redevelopment Property Tax Trust Fund established and administered by the County Auditor-Controller on behalf of the Successor Agency for the benefit of the holders of enforceable obligations.

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.

The Dissolution Act further provides that bonds authorized thereunder 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 Series 2017 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 Project Area No. 1 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 Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 1, as applicable, 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 Project Area No. 1 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, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 1, as applicable (each, a “**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 the Plan Limit following the Delivery Date, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Law 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 Law 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 Law effectively eliminates the January 1, 1989 date from paragraph (b) above.

## SECURITY FOR THE SERIES 2017 BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Dissolution Act, including *inter alia* Health and Safety Code sections 34183 and 34170.5(b). The Series 2017 Bonds are payable from and secured by the Pledged Project Area No. 1 Tax Revenues to be derived from Project Area No. 1, as well as RPTTF Revenues and moneys in certain funds and accounts established under the Indenture, all as more fully described below.

### Pledge Under the Indenture

Except as may otherwise be required to compensate or indemnify the Trustee or as otherwise provided in the Indenture, the Series 2017 Bonds, the 2016 Bonds and any Parity Debt (Pledged Project Area No. 1 Tax Revenues), as applicable, shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Project Area No. 1 Tax Revenues and the moneys in the Second Lien Special Fund (as hereinafter defined). The Series 2017 Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account (including any subaccounts therein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

Subject to the preceding paragraph, including the pledge of Pledged Project Area No. 1 Tax Revenues, the Series 2017 Bonds shall also be secured by a pledge of and lien on the RPTTF Revenues on a parity with the 2015 Bonds, the 2016 Bonds and all other Parity Debt (RPTTF Revenues). The Series 2017 Bonds shall be payable from RPTTF Revenues if Pledged Project Area No. 1 Tax Revenues are insufficient for the payment of debt service on the Series 2017 Bonds and other pledged obligations under the Indenture.

In consideration of the acceptance of the Series 2017 Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Series 2017 Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2017 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2017 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the Indenture.

### Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues

***Pledged Project Area No. 1 Tax Revenues Defined.*** “Pledged Project Area No. 1 Tax Revenues” are defined in the Indenture to mean, for each Bond Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Successor Agency pursuant to the Law in connection with Project Area No. 1, as provided in the Redevelopment Plan (excluding (i) the portion of such taxes required to pay debt service on, and other pledged obligations related to, the Senior Project Area No. 1 Bonds, but only to the extent that such taxes were pledged to the payment of debt service on or pledged obligations related to the Senior Project Area No. 1 Bonds; (ii) amounts, if any, received by the Successor Agency pursuant to Section 16111 of the Government Code (which amounts

constitute certain subventions payable to cities and counties by the State); and (ii) amounts payable to taxing agencies pursuant to Section 33607.5 or 33607.7 of the Redevelopment Law (which amounts constitute statutory pass-through payments described herein under “REDEVELOPMENT PROJECT AREA NO. 1 – Tax Sharing Statutes”), and Section 34183(a) of the Dissolution Act, except to the extent that such payments are subordinated pursuant to Subsection (e) of such Section 33607.5 and Section 34177.5 of the Dissolution Act.

The term “**Bond Year**” is defined in the Indenture to mean, each twelve (12) month period extending from February 2 in one calendar year to February 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the Series 2017 Bonds shall commence on the Closing Date and end on February 1, 2018.

Pledged Project Area No. 1 Tax Revenues additionally includes monies deposited from time to time in the Redevelopment Property Tax Trust Fund with respect to Project Area No. 1, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Project Area No. 1 Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. Pursuant to the Dissolution Act, Pledged Project Area No. 1 Tax Revenues are no longer required to be deposited into the Former Agency’s Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law (the “**Prior Housing Deposit**”), and accordingly tax increment from Project Area No. 1 shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay the Pro Rata Share of Housing Debt Service. For an analysis of the application of the Pro Rata Share of Housing Debt Service described above, see the column “Pro Rata Housing Debt Service” in Table 9.

The term “**Pro Rata Share of Housing Debt Service**” is defined in the Indenture to equal to the percentage of debt service on the 2010 Housing Bonds (as hereinafter defined) in the current Bond Year, calculated by dividing the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to Project Area No. 1 in the last completed Fiscal Year divided by the sum of (i) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to Project Area No. 1 in the last completed Fiscal Year plus (ii) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to the Merged and Amended Project Area, as described in the 2010 Amendment, plus (iii) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Law and the Redevelopment Plan with respect to Redevelopment Project Area No. 4, as defined in the 2010 Amendment, in the last completed Fiscal Year. For the purpose of this calculation, the gross amount of taxes collected refers to taxes deposited by the County into the Redevelopment Property Tax Trust Fund prior to deducting pass through payment obligations or administrative fees charged by the County or the State.

***RPTTF Revenues Defined.*** “**RPTTF Revenues**” are defined in the Indenture to mean, with respect to any Bond Year, all taxes that were eligible for allocation to the Former Agency with respect to the Carson Consolidated Project Area and are allocated to the Successor



Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Health and Safety Code and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) the portion of such taxes required to pay debt service on and other pledged obligations related to the Existing Bonds (as defined herein), but only to the extent that such taxes were pledged to the payment of debt service on or pledged obligations related to the Existing Bonds, (ii) payments required pursuant to the certain Agreement for Reimbursement of Tax Increment Funds made and entered into as of February 15, 1983 by and between the Former Agency, the City, the County of Los Angeles and the Consolidated Fire Protection District, and (iii) all amounts required to be paid to taxing entities pursuant to Health and Safety Code Sections 33607.5 and 33607.7 unless such payments are subordinate to payments on the Series 2017 Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Health and Safety Code Section 33607.5(e) and 34177.5(c) of the Dissolution Act. RPTTF Revenues shall not include County administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the California Revenue and Taxation Code.

As previously described, the Series 2017 Bonds are also secured by a pledge of and lien on the RPTTF Revenues on a parity with the 2015 Bonds and all other Parity Debt (RPTTF Revenues), but only if Pledged Project Area No. 1 Tax Revenues are insufficient for the payment of debt service on the Series 2017 Bonds and other pledged obligations under the Indenture. Inasmuch as RPTTF Revenues are available to pay debt service on the Series 2017 Bonds only if Pledged Project Area No. 1 Tax Revenues are not sufficient for such purpose, the use of RPTTF Revenues to pay debt service on the Series 2017 Bonds means that tax increment revenue from Project Area No. 1 has already been fully expended to pay debt service on the Series 2017 Bonds and/or the obligations senior thereto with respect to Project Area No. 1, including the Senior Project Area No. 1 Bonds. Accordingly, to the extent RPTTF Revenues become available to pay debt service on the Series 2017 Bonds, such revenues will not include tax increment revenue from Project Area No. 1. Additionally, in the event Pledged Project Area No. 1 Tax Revenues are insufficient for the Successor Agency to pay debt service on the Series 2017 Bonds and it becomes necessary for all or a portion of such debt service to be paid from RPTTF Revenues as a result of a decline in assessed values within Project Area No. 1, it is possible that such decline in assessed values will be experienced generally in the remainder of the Carson Consolidated Project Area. Because the Successor Agency anticipates paying debt service on the Series 2017 Bonds solely from Project Area No. 1 Tax Revenues and due to the difficulty in projecting RPTTF Revenues given the unpredictability in the factors that will determine when, if ever, RPTTF Revenues may be used to pay debt service on the Series 2017 Bonds under the terms of the Indenture, the projections of tax increment revenues anticipated to be available to pay debt service on the Series 2017 Bonds in this Official Statement and the Fiscal Consultant's Report are limited to Project Area No. 1 Pledged Tax Revenues.

See “– Existing Bonds,” “Existing and Future Parity Debt (RPTTF Revenues)” and “ROPS Submission History” for additional information regarding RPTTF Revenues and the availability thereof to pay debt service on the Series 2017 Bonds.

### **Pledge of Former Housing Set Aside**

The Dissolution Act eliminated the requirement that twenty percent of tax increment revenue be set aside and used exclusively for purposes of providing low and moderate income housing. However, because the 2010 Housing Bonds remain outstanding, a portion of the tax increment revenues from Project Area No. 1 representing the former Housing Set-Aside are

required to continued to be set-aside in an amount equal to the Pro Rata Share of Housing Debt Service. The Pro Rata Share of Housing Debt Service represents a pro rata share of the debt service on the 2010 Housing Bonds payable from tax increment revenues from Project Area No. 1. Accordingly, amounts formerly required to be set aside in excess of the Pro Rata Share of Housing Debt Service are included in Pledged Project Area No. 1 Tax Revenues pledged to the payment of debt service on the Series 2017 Bonds.

Currently, the Pro Rata Share of Housing Debt Service with respect to Project Area No. 1 is approximately 39.7% of total debt service on the total debt service on the 2010 Housing Bonds. The Pro Rata Share of Housing Debt Service, based on current fiscal year tax increment projections for all project areas, is set forth in Table 9.

See “– Pledged Project Area No. 1 Tax Revenues an RPTTF Revenues – Pledged Project Area No. 1 Tax Revenues Defined” and “– Existing Bonds” for additional information regarding Pro Rata Share of Housing Debt Service and the 2010 Housing Bonds, respectively.

### **Flow of Funds under the Indenture**

**Second Lien Special Fund; Redevelopment Obligation Retirement Fund.** The Successor Agency has established and will hold a special fund known the “Redevelopment Obligation Retirement Fund” which is held by the Successor Agency pursuant to Section 34170.5(b) of the Law. Moneys deposited within the Redevelopment Obligation Retirement Fund, including the moneys representing Pledged Project Area No. 1 Tax Revenues (which moneys are defined in the Indenture to constitute the “**Second Lien Special Fund**”) will be accounted for by the Successor Agency separate and apart from other funds of the Successor Agency.

Subject to the provisions of the Indenture, the Successor Agency will deposit all of the Pledged Project Area No. 1 Tax Revenues received with respect to any Semiannual Period in accordance with the Indenture into the Second Lien Special Fund promptly upon receipt thereof by the Successor Agency. Any Pledged Project Area No. 1 Tax Revenues shall be deposited in the Second Lien Special Fund for the Series 2017 Bonds and any Parity Debt (Pledged Project Area No. 1 Revenues) on a pro rata basis. All Pledged Project Area No. 1 Tax Revenues received by the Successor Agency in excess of the amount required to make the deposits required herein in order to pay debt service on the Series 2017 Bonds (including amounts due to the Insurer) and any Parity Debt or replenish the Reserve Account (including amounts due to the Insurer with respect to the Reserve Policy) or any reserve fund established pursuant to a Parity Debt Instrument in any Bond Year and to make any other payments due hereunder or required by any Parity Debt Instrument in any Bond Year, and except as may be provided to the contrary in the Indenture or in any Supplemental Indenture or Parity Debt Instrument, shall be released from the pledge and lien of the Indenture, which amounts shall constitute surplus revenues, and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt to the extent such Subordinate Debt is payable from Pledged Project Area No. 1 Tax Revenues.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Series 2017 Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures or other Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Second Lien Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or other Parity Debt Instrument.

If and to the extent Project Area No. 1 Pledged Tax Revenues are insufficient to make the deposits required under the Indenture, the Successor Agency shall deposit from RPTTF Revenues any amounts required to fulfill such requirements, subject to the lien priority and parity requirements set forth in the Indenture.

**Debt Service Fund.** The Indenture establishes a trust fund to be known as the “**Debt Service Fund**” which shall be held by the Trustee. On or before five (5) Business Days preceding each Interest Payment Date, the Successor Agency shall transfer from the Second Lien Special Fund to the Trustee for deposit in the Debt Service Fund an amount equal to the amount required to be transferred by the Trustee from the Debt Service Fund to the Interest Account, Principal Account, Sinking Account(s) and Reserve Account pursuant to the Indenture.

**Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.** All moneys in the Debt Service Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained), in the following order of priority:

- (1) Interest Account;
- (2) Principal Account; and
- (3) Reserve Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Indenture. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **Reserve Account**

On the date of delivery of the Series 2017 Bonds, the Reserve Policy will be deposited in the Reserve Account in an amount equal to the Reserve Account Requirement. Such amount will be available only for payment of the Series 2017 Bonds. “**Reserve Account Requirement**” is defined in the Indenture to mean, as of any calculation date, an amount equal to the least of (i) 125% of Average Annual Debt Service of the Series 2017 Bonds, (ii) Maximum Annual Debt Service of the Series 2017 Bonds or (iii) 10% of the original principal amount of the Series 2017 Bonds. As of the Closing Date, the Reserve Account Requirement will be \$\_\_\_\_\_. See APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The Successor Agency will have no obligation to replenish the Reserve Account or to fund the Reserve Account with cash if, at any time that the Series 2017 Bonds are Outstanding, amounts are not available under the debt service reserve account surety bond or policy with respect to the Series 2017 Bonds delivered to the Trustee on the Closing Date.

See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **Senior Debt**

**Existing Senior Debt.** The payment of debt service on the Series 2017 Bonds from Pledged Project Area No. 1 Tax Revenues is subordinate to the payment of debt service on the

Series 2014A Bonds which bonds are outstanding in the principal amounts of \$25,505,000 and the Series 2003B Bonds which bonds were issued as capital appreciation bonds and have a final accreted value of \$20,550,000 respectively. See Table 10 for a detailed annual debt service breakdown of the Senior Project Area No. 1 Bonds.

**The payment of debt service on the Series 2017 Bonds is subordinate in right to the payment of debt service on each series of the Senior Project Area No. 1 Bonds, but only with respect to tax increment revenue derived from Project Area No. 1.**

**No Future Senior Debt.** Under the Indenture, the Successor Agency may not issue any bonds or incur any loans, advances or other obligations secured by Pledged Project Area No. 1 Tax Revenues on a senior basis to the Series 2017 Bonds and any Parity Debt (Pledged Project Area No. 1 Tax Revenues).

### **Existing Bonds**

As noted above in the definition of RPTTF Revenues, the availability of RPTTF Revenues is subject to the payment of certain obligations, including the Existing Bonds. The Indenture defines “**Existing Bonds**” to include the following outstanding bonds and obligations of the Successor Agency together with any refunding bonds or obligations issued to refund such bonds, or refunding bonds thereof if such refunding bonds are issued on by a particular project area (including, Project Area No. 1, the Merged and Amended Project Area or Project Area No. 4) or the Prior Housing Deposit on a lien senior to the lien of the 2015 Bonds and meet the requirements of Section 34177.5 of the Law:

- the Senior Project Area No. 1 Bonds;
- the Series 2016 Bonds, to the extent secured by Pledged Project Area No. 1 Tax Revenues;
- the Series 2017 Bonds, to the extent secured by Pledged Project Area No. 1 Tax Revenues;
- the Successor Agency to the Carson Redevelopment Agency Carson Merged and Amended Project Area Tax Allocation Refunding Bonds, Series 2014A issued in the original aggregate principal amount of \$17,040,000 and which are outstanding in the aggregate principal amount of \$12,825,000 and have a final maturity of October 1, 2024;
- the Carson Redevelopment Agency Merged and Amended Project Area Subordinate Lien Tax Allocation Refunding Bonds, Series 2007A issued in the original aggregate principal amount of \$16,845,000 and which are outstanding in the aggregate principal amount of \$15,995,000 and have a final maturity of January 1, 2036;
- the Carson Redevelopment Agency Taxable Tax Allocation Housing Bonds 2010 Series A-T issued in the original aggregate principal amount of \$14,940,000 (the “**2010 A-T Housing Bonds**”) and which are outstanding in the aggregate principal amount of \$7,370,000 and have a final maturity of October 1, 2021;

- the Carson Redevelopment Agency Tax Allocation Housing Bonds 2010 Series A issued in the original aggregate principal amount of \$25,620,000 (the “**2010 A Housing Bonds**” and together with the 2010 A-T Housing Bonds, the “**2010 Housing Bonds**”) and which are outstanding in the aggregate principal amount of \$25,620,000 and have a final maturity of October 1, 2036; and
- the Carson Redevelopment Agency Project Area No. 4 Tax Allocation Bonds, Series 2006 issued in the original aggregate principal amount of \$28,000,000 and which are outstanding in the aggregate principal amount of \$23,290,000 and have a final maturity of October 1, 2041;

The Existing Bonds, including the Series 2017 Bonds and the 2016 Bonds, are secured by tax increment revenues generated in a particular project area of the Successor Agency, amounts deposited in the Redevelopment Property Tax Trust Fund or the Prior Housing Deposit. The payment of debt service on the Series 2017 Bonds and the 2016 Bonds from amounts deposited in the Redevelopment Property Tax Trust Fund from project areas of the Successor Agency other than Project Area No. 1 is subordinate in right to the payment of debt service and other amounts payable on the other Existing Bonds, but only to the extent such tax increment revenues are pledged to the payment of debt service and other amounts related to such other Existing Bonds.

See “SECURITY FOR THE SERIES 2017 BONDS – Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues” for a description of the security for the Series 2017 Bonds.

#### **Existing and Future Parity Debt (Pledged Project Area No. 1 Tax Revenues)**

The Series 2017 Bonds are secured by Pledged Project Area No. 1 Tax Revenues on a parity with the 2016 Bonds.

If then authorized by the Law, the Successor Agency may issue or incur additional Parity Debt (Pledged Project Area No. 1 Tax Revenues) in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture or Parity Debt Instrument adopted or entered into by the Successor Agency and Trustee solely for the purpose of refunding the Series 2017 Bonds, the 2016 Bonds, or the Senior Project Area No. 1 Bonds or any refunding bonds of the Series 2017 Bonds, the 2016 Bonds or the Senior Project Area No. 1 Bonds, as permitted under the Law, including without limitation Section 34177.5 thereof, or the Refunding Law, subject to the satisfaction of certain conditions precedent set forth in the Indenture.

For a description of the conditions and provisions applicable to the issuance of additional Parity Debt (Pledged Project Area No. 1 Tax Revenues), see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

#### **Existing and Future Parity Debt (RPTTF Revenues)**

The Series 2017 Bonds are secured by RPTTF Revenues on a parity with the 2015 Bonds and the 2016 Bonds. The 2015 Bonds and the 2016 Bonds are currently outstanding in the aggregate principal amount of \$52,920,000 and \$20,775,000, respectively.

The 2015 Bonds are not secured by the Pledged Project Area No. 1 Tax Revenues; accordingly, the payment of debt service on the 2015 Bonds is subordinate to the payment of

debt service on the Series 2017 Bonds and the 2016 Bonds with respect to Pledged Project Area No. 1 Tax Revenues.

Under the Indenture, the 2015 Bonds, the 2016 Bonds and the Series 2017 Bonds constitute Parity Debt (RPTTF), and additional bonds, loans, advances or indebtedness payable from RPTTF Revenues on a parity with the 2015 Bonds, the 2016 Bonds and the Series 2017 Bonds may be issued or incurred by the Successor Agency to refund any of the Existing Bonds or outstanding Series 2017 Bonds or Parity Debt in such principal amount as shall be determined by the Successor Agency, subject to the satisfaction of certain conditions precedent set forth in the Indenture.

For a description of the conditions and provisions applicable to the issuance of Parity Debt, see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **Subordinate Debt**

The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Project Area No. 1 Tax Revenues, on a subordinate basis to the payment of debt service on the Series 2017 Bonds from Pledged Project Area No. 1 Tax Revenues. The Successor Agency may issue or incur Subordinate Debt from RPTTF Revenues in such principal amount as shall be determined by the Successor Agency. Such Subordinate Debt may be payable on a subordinate basis to the payment of debt service on the Series 2017 Bonds from RPTTF Revenues. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **DOF Settlement Agreement Regarding Installment Payment Contract**

In January 2016, the Successor Agency submitted its Recognized Obligation Payment Schedule for the period commencing July 1, 2016 through June 30, 2017, which included Installment Payments required to be paid by the Successor Agency under the terms of the Installment Payment Contract during such period representing principal and interest due on the PFA Bonds on October 1, 2016 and April 1, 2017, respectively. In April 2017, the DOF informed the Successor Agency that it had denied the requested amounts for such Installment Payments on the basis that they were not “enforceable obligations” within the meaning of the Dissolution Act. Shortly thereafter, the Successor Agency, the Authority and the City, met and conferred with the DOF. After the meet and confer, the DOF refused to reverse its previous conclusion that the Installment Payments were not enforceable obligations. In response, on May 27, 2016, the Successor Agency, the Authority and the City filed a civil action against the DOF, the County and other interested parties seeking a judgment that the Installment Payments are enforceable obligations under the Dissolution Act.

On August 8, 2016, the DOF, the City, the Authority and the Successor Agency entered into a settlement agreement pursuant to which the DOF agreed to recognize the portion of the Installment Payments constituting Debt Service Installment Payments as an enforceable obligation of the Successor Agency. On August 19, 2016, the City, the Authority and the Successor Agency filed for a dismissal of the lawsuit against DOF, the County and other interested parties with prejudice.

## Recognized Obligation Payment Schedules or ROPS

The Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule (the "**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. Prior to 2016, Recognized Obligation Payment Schedules were required to be submitted for such approval not less than 90 days prior to each January 2 and June 1 up to and including 90 days prior to January 2, 2016 (or October 4, 2015 for the period covering January 2, 2016 through June 30, 2016).

Commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies are required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the DOF 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 DOF, 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 DOF 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 DOF and the County Auditor-Controller. The Successor Agency currently does not have any plans to file a Last and Final Recognized Obligation Payment Schedule.

As defined in the Dissolution Act, "**enforceable obligation**" includes bonds, including the required 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 or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor 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, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

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 for subordinations to the extent permitted under the Dissolution Act (not applicable with respect to the Series 2017 Bonds) (and no later than each January 2 and June 1, to each local 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 negotiated pass-through agreements and statutory pass-through obligations (see "REDEVELOPMENT PROJECT AREA NO. 1 – Tax Sharing Agreements-Tax Sharing Statutes");

(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 scheduled to be made for tax allocation bonds, such as the Senior Project Area No. 1 Bonds, the Series 2017 Bonds, the 2016 Bonds, the other Existing Bonds and the 2015 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 Successor Agency covenants in the Indenture that it will punctually pay the principal of and interest and redemption premiums, if any, when due with respect to the Series 2017 Bonds, but only from Pledged Project Area No. 1 Tax Revenues, RPTTF Revenues and other amounts pledged therefor, and will comply with all requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, the Successor Agency will take all actions required under the Dissolution Act to include (i) scheduled debt service on the Existing Bonds and the 2015B Bonds and any amounts required to replenish any of the reserve accounts established with respect to Existing Bonds and the 2015B Bonds, (ii) scheduled debt service on the Series 2017 Bonds and any Parity Debt (Pledged Project Area No. 1 Tax Revenues) and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account established hereunder or the reserve account established under any Parity Debt Instrument, and (iii) amounts due to any Insurer under an insurance or surety bond agreement, and any Qualified Reserve Account Credit Instrument (including the Reserve Policy), in Recognized Obligation Payment Schedules for each period, so as 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 Series 2017 Bonds and other indebtedness coming due. These actions will include, without limitation, placing on the periodic Recognized



Obligation Payment Schedule for approval by the Oversight Board and the DOF, the amounts to be held by the Successor Agency as a reserve until the next such period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture or other indebtedness when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture or indebtedness for the next payment due in the following six-month period.

In particular, with respect to the Series 2017 Bonds and Parity Debt, for so long as the Series 2017 Bonds and any Parity Debt remain outstanding, (a) the Successor Agency will place on the Recognized Obligation Payment Schedules relating to the June 1 disbursement date an amount sufficient, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Series 2017 Bonds and any Parity Debt (Pledged Project Area No. 1 Tax Revenues) on such dates or on deposit in the Second Lien Special Fund or in the similar fund relating to any Parity Debt, to pay debt service on the Bonds and any Parity Debt on the immediately succeeding August 1 and February 1, and (b) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient Pledged Project Area No. 1 Tax Revenues to pay debt service on the Series 2017 Bonds and any Parity Debt, the Successor Agency will place on Recognized Obligation Payment Schedules relating to the January 2 disbursement date amounts required to pay debt service on the Series 2017 Bonds and any Parity Debt on the next succeeding August 1 or February 1, subject to the prior pledge of the Senior Bonds and the portion of the Series 2017 Bonds.

Notwithstanding anything herein to the contrary, the payment of principal and/or interest August 1, 2017 and February 1, 2018, as applicable, with respect to the Series 2017 Bonds shall be paid from the distribution of RPTTF on July 1, 2017 and January 1, 2018, which distribution is currently marked on the Recognized Obligation Payment Schedule 17-18A for the Debt Service Installment Payments/Refunded Bonds.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the Series 2017 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Series 2017 Bonds.

See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule the County Auditor-Controller and the DOF on or before each February 1, then the Successor Agency will be subject to a \$10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF within 10 days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof for the Series 2017 Bonds, see “BONDOWNER’ RISKS – Recognized Obligation Payment Schedules.”

## ROPS Submission History

The Successor Agency has submitted every Recognized Obligation Payment Schedule on time, as follows.

Fiscal Year	Funding Period	ROPS Approved by Oversight Board	Approved ROPS Submitted to DOF	Deadline to Submit ROPS to DOF	ROPS Submitted On Time
ROPS 2013-14A	Jul-Dec 2013	February 27, 2013	February 27, 2013	Mar 1, 2013	Yes
ROPS 2013-14B	Jan-Jun 2014	September 24, 2013	September 24, 2013	Oct 1, 2013	Yes
ROPS 2014-15A	Jul-Dec 2014	February 26, 2014	February 27, 2014	March 3, 2014	Yes
ROPS 2014-15B	Jan-Jun 2015	September 22, 2014	September 23, 2014	October 1, 2014	Yes
ROPS 2015-16A	Jul-Dec 2015	February 23, 2015	February 24, 2015	March 2, 2015	Yes
ROPS 2015-16B	Jan-Jun 2016	September 21, 2015	September 22, 2015	October 1, 2015	Yes
ROPS 2016-17	Jul 2016-June 2017	January 25, 2016	January 27, 2016	February 1, 2016	Yes
ROPS 2017-18	Jul 2017-June 2018			February 1, 2017	

The table below shows deposits to the Redevelopment Property Tax Trust Fund from tax increment revenues generated in all project areas of the Successor Agency in each of the prior five fiscal years, along with a calculation of amounts remaining in the Redevelopment Property Tax Trust Fund in such fiscal years after debt service payments on the Senior Project Area No. 1 Bonds and certain other indebtedness of the Successor Agency. Such remaining amounts do not represent RPTTF Revenues in such fiscal years. Additionally, as previously described, because the Successor Agency anticipates paying debt service on the Series 2017 Bonds solely from Project Area No. 1 Tax Revenues and due to the difficulty in projecting RPTTF Revenues given the unpredictability of the factors that will determine when, if ever, RPTTF Revenues may be used to pay debt service on the Series 2017 Bonds under the terms of the Indenture, the projections of tax increment revenues anticipated to be available to pay debt service on the Series 2017 Bonds in this Official Statement and the Fiscal Consultant's Report are limited to Project Area No. 1 Pledged Tax Revenues. See "SECURITY FOR THE SERIES 2017 BONDS – Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues" for a description of the security for the Series 2017 Bonds and the limited circumstances in which RPTTF Revenues may be available for the payments of such bonds.

Fiscal Year	ROPS Filed	Property Tax Deposits (RPTTF)	County Admin. Fees	Pass Through Payments	Available for Enforceable Obligations	Bond Debt Service <sup>(1)</sup>	Other Enforceable Obligations	Excess Tax Increment Revenues <sup>(2)</sup>
2011-12	ROPS I and II	\$24,310,311	\$450,473	\$2,705,432	\$21,154,407	\$15,126,346	\$478,187	\$5,549,874
2012-13	ROPS III and 13-14A	31,286,629	615,442	2,866,473	27,804,713	15,502,052	--	12,302,661
2013-14	ROPS 13-14B and 14-15A	32,204,166	593,317	3,275,580	28,335,269	15,569,109	--	12,766,160
2014-15	ROPS 14-15B and 15-16A	31,827,883	561,394	4,083,135	27,183,354	16,047,872	--	11,135,482
2015-16	ROPS 15-16B and 2016-17A	33,543,626	555,819	4,279,203	28,708,605	19,912,159	--	8,796,445

(1) Scheduled debt service payments payable from amounts allocated within the fiscal year; amounts actually paid could be different.

(2) Represent amounts remaining in the Redevelopment Property Tax Trust Fund in each of the prior five fiscal years after the payments of debt service on the Senior Project Area No. 1 Bonds and certain other indebtedness of the Successor Agency; amounts paid for administrative costs and enforceable obligations that are or would have been subordinate to the debt service on the Senior Project Area No. 1 Bonds, the other Existing Bonds and the 2015 Bonds have not been deducted.

Source: County of Los Angeles and City of Carson.

As noted above, in August 2015, the Successor Agency issued its 2015 Bonds in the original principal amount of \$52,920,000. Debt service on the 2015 Bonds is payable from RPTTF Revenues on a parity with the 2016 Bonds and the Series 2017 Bonds. Scheduled debt service on the 2015 Bonds is \$5,058,771 in Fiscal Year 2016-17, \$5,348,063 in Fiscal

Year 2017-18 and \$5,334,661 in Fiscal Year 2018-19. The maximum annual debt service on the 2015 Bonds, being \$6,523,647.70, occurs in Fiscal Year 2025-26.

The Fiscal Consultant also aggregated deposits to the Redevelopment Property Tax Trust Fund from tax increment revenues generated in all project areas of the Successor Agency except Project Area No. 1 in each of the prior five fiscal years, along with a calculation of amounts remaining in the Redevelopment Property Tax Trust Fund with respect to such deposits in such fiscal years after payments of debt service and certain other indebtedness of the Successor Agency. Such deposits and payments are shown in the Fiscal Consultant's Report in Table A-1.2. Such remaining amounts do not represent RPTTF Revenues in such fiscal years and are included in the Fiscal Consultant's Report solely for informational purposes and shall not be construed to be an indication by the Successor Agency or the Underwriter of RPTTF Revenues in the future. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

### **Order of Priority of Outstanding Obligations**

The order of payment priority from Project Area No. 1 property tax revenue deposited into the RPTTF, after deductions for payment to other taxing entities, county administrative charges, and pro rata debt service payments from housing set aside is outlined below:

*First* – payment of (i) Pro Rata Share of Housing Debt Service and (ii) debt service on the Senior Project Area No. 1 Bonds consisting of debt service due on \$25,505,000 outstanding Series 2014A Bonds and \$20,550,000 final accreted value of Series 2003B Bonds.

*Second* – payment of debt service due on Series 2017 Bonds and the 2016 Bonds; and

*Third* – payment on debt service due on the 2015 Bonds (which 2015 Bonds are on a parity with the Series 2017 Bonds and the 2016 Bonds with respect to RPTTF Revenues) and any other obligation of the Successor Agency which may be secured by amounts deposited in the RPTTF.

If sufficient net property tax revenues are not available in any bond year to pay debt service on the Series 2017 Bonds, the 2016 Bonds and any other Parity Debt (RPTTF Revenues) issued in the future, property tax revenues deposited into the RPTTF from the Merged and Amended Project Area and Project Area No. 4, after deductions for (i) payment to other taxing entities and county administrative charges, (ii) the Pro Rata Share of Housing Debt Service payable with respect to the Merged and Amended Project Area and Project Area No. 4 and (iii) debt service on the Existing Bonds secured specifically by tax increment revenues from the Merged and Amended Project Area or Project Area No. 4, will be available to pay debt service on the Series 2017 Bonds, the 2016 Bonds and any other Parity Debt (RPTTF Revenues) issued in the future. However, such obligation will be parity with the obligation to pay debt service due on 2015 Bonds.

## THE SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY

The Former Agency was activated on September 20, 1971, by the City Council of the City with the adoption of Ordinance No. 71-196, pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, 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.

Pursuant to Section 34173 of the Law, the City Council of the City became the successor agency to the Former Agency. By Resolution No. 12-003, adopted by the City Council on January 9, 2012, the City elected to be the Carson Successor Agency, which election was confirmed by Resolution No. 12-018, adopted by the City Council on January 30, 2012, providing for the organization of the Successor Agency. Subdivision (g) of Section 34173 of the Law, added by AB 1484, 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.

### Members and Officers

The members of the Successor Agency governing body are the elected Mayor and elected members of the Carson City Council. There is currently a vacant seat on the Council.

The members of the Successor Agency Board and the expiration dates of their terms are as follows:

<b>Name and Office</b>	<b>Term Expires</b>
Albert Robles, Mayor	March 2017
Elito M. Santarina, Mayor Pro Tem	March 2019
Lula Davis-Holmes, Council Member	March 2019
Jawane Hilton, Council Member	March 2017
Donesia Gause, Council Member	March 2017

At the General Election held on November 8, 2016, Mayor Albert Robles and Council Member Jawane Hilton were each elected to serve additional two-year terms as Mayor and Council Member, respectively, of the City, commencing in March 2017. In addition, at that election, Mr. Cedric L. Hicks, Sr. was elected to serve as a Council Member of the City for a two-year term commencing in March 2017, replacing Council Member Donesia Gause.

The Secretary and Treasurer of the Successor Agency are the elected City Clerk and the elected City Treasurer of the City. The City Manager and his/her authorized designees constitute the staff of the Successor Agency.

### **Successor Agency Powers**

All powers of the Successor Agency are vested in the five members who are 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 DOF and, in some cases, by the State Controller. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

### **Status of Compliance with Dissolution Act**

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain certain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency completed the due diligence process and received its Finding of Completion from DOF by letter dated August 9, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are 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 fill 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 within six months of receiving a finding of completion, and Finance will review these plans as submitted on a rolling basis.

The Successor Agency submitted its Long Range Property Management Plan and received DOF approval by letter dated October 23, 2013. A first amendment to the Long Range Property Management Plan was approved by DOF in July of 2014 and a second amendment was approved by DOF in September 2015.

### **Successor Agency Fiduciary Fund**

Set forth in APPENDIX B is the fiscal year 2015-16 financial statement with respect to the Successor Agency Fiduciary Fund which is excerpted from the audited City of Carson,

California, Year End June 30, 2016 Comprehensive Annual Financial Report (the “CAFR”). The City has not attempted to obtain consent to include any portion of the CAFR in the Official Statement, and no such consent has been given.

### **Successor Agency’s Other Project Areas**

In June of 1996, the City Council approved Ordinance No. 96-1091, which adopted the Merged and Amended Redevelopment Plan, bringing together the redevelopment plans for Project Area No. 2 (“**Project Area No. 2**”) and Project Area No. 3 (“**Project Area No. 3**”), and adding the northeast corner of Sepulveda Boulevard and Alameda Street consisting of approximately 65 acres (herein referred as, the “**Sepulveda/Alameda Sub-Area**”) to that Merged and Amended Redevelopment Plan and thereby creating the Merged and Amended Project Area (the “**Merged and Amended Project Area**”) consisting of three sub-areas, Project Area No. 2, Project Area No. 3 and the Sepulveda/Alameda Sub-Area. The Merged and Amended Project Area contains an estimated 1,430 acres and covers portions of east and south Carson along Carson Street, Alameda Street, 223rd Street, Avalon Boulevard, Sepulveda Boulevard, Lomita Boulevard, Wilmington Avenue, and Main Street. Project Area No. 2 was originally adopted in 1974, and later amended to add territory in 1975, 1982 and 1996. Project Area No. 2 contains approximately 730 acres and includes a 500-acre business park, residential neighborhoods, and various commercial, industrial and public properties. Project Area No. 3, which was originally adopted in 1984, and amended in 1996 to add territory to the project. Project Area No. 3 covers approximately 700 acres, focusing mainly on heavy industrial land uses along the corridors of Carson and Alameda Streets. The Sepulveda/Alameda Sub-Area consists of industrial and retail uses at the northeast corner of Sepulveda Boulevard and Alameda Street.

The City Council of the City adopted Ordinance 02-1254 on July 16, 2002 officially establishing Redevelopment Project Area No. 4 (“**Project Area No. 4**”). Project Area No. 4 is generally 11 non-contiguous areas totaling 1,231 acres located mostly in the center of the City. Project Area No. 4, when combined with Project Area No. 1, puts the entire Carson Street corridor into a redevelopment project area. In June of 2006 the Successor Agency adopted the Carson Street Master Plan (“**CSMP**”) for Carson Street between the I-405 freeway to the east and the I-110 freeway to the west. The CSMP, among other things, established design guidelines for this area with the aim of facilitating and stimulating both private and public sector investment along the Carson Street corridor. In 2014, the City began construction of public improvements within the public right-of-way along the corridor. These improvements will include: street widening, directional monuments, street signals, curb and gutter, center median improvements, landscaping, etc., and are part of the CSMP.

### **Consolidation of all Project Areas into a Single Project Area**

Pursuant to the 2010 Amendment, the City Council, among other things, approved amendments to the redevelopment plans for Project Area No. 1, together with the Merged and Amended Project Area and Project Area No. 4, to create the Carson Consolidated Project Area.

Pursuant to Ordinance No. 10-1459 the City Council determined, among other things, that consolidation of the various project areas assisted in the elimination of significant blighting conditions that remain in the Carson Consolidated Project Area, assisted in preventing the reoccurrence of such remaining blighting conditions, and enabled the Former Agency to fully achieve the goals and objectives for redevelopment of the Carson Consolidated Project Area

pursuant to the Redevelopment Plan as amended by the 2010 Amendment. The City Council further determined that the adoption and carrying out of the 2010 Amendment was economically sound and feasible because the merger of various project areas into the Carson Consolidated Project Area allowed the Former Agency greater flexibility in the use of its tax-increment revenues and that in the absence of merging the project areas, the Former Agency did not have the financial resources to address blight in each subarea if they remained as separate project areas.

Pursuant to the former Redevelopment Law, the debt of a project area that is merged with one or more other project areas remains an obligation payable solely by the tax increment revenue generated in such original project area.

## **REDEVELOPMENT PROJECT AREA NO. 1**

### **Redevelopment Plan**

Under the Redevelopment Law, once a redevelopment agency was activated by a city council, the city council was authorized to adopt, by ordinance, a redevelopment plan for a redevelopment project. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law rather than a “plan” in the customary sense of the word.

The overall objective of the Redevelopment Plan was to eliminate blighted conditions in Project Area No. 1 by undertaking all appropriate projects pursuant to the Redevelopment Law. The general objective was to encourage investment in Project Area No. 1 by the private sector, to eliminate blighted conditions and to upgrade the quality of the community. The Redevelopment Plan provided for the acquisition of property, the demolition of buildings and improvements, the relocation of any displaced occupants, and the construction of streets, parking facilities, utilities and other public improvements. The Redevelopment Plan also allowed the redevelopment of land by private enterprise, the rehabilitation of structures, the rehabilitation or construction of low and moderate income housing, and participation by owners and the tenants of properties in Project Area No. 1. However, under the Dissolution Act, the Successor Agency is prohibited from undertaking any new redevelopment activities pursuant to the Redevelopment Plan.

The Original Area was adopted in 1971, by the approval of Ordinance No. 71-205 and, as amended in 1974, covers approximately 762 acres primarily in the center of the City. As described below, in 1984 and 1996 Project Area No. 1 was expanded by 967 acres and 534 acres, respectively, to include the Carson Street corridor, refinery operations, and a portion of northwest Carson. Project Area No. 1 is configured generally in the shape of an “L”, with its vertical extension bound by Alondra Boulevard on the north, Figueroa Street on the west, and Main Street on the east, and its horizontal extension bound by Del Amo Boulevard on the north, Carson Street on the south, Figueroa Street on the west, and Wilmington Avenue on the east.

Prior to the City’s incorporation in 1968, the Carson area was developed in an inconsistent pattern of agricultural, residential, commercial and industrial uses. A primary objective for incorporation was to facilitate the establishment and enforcement of zoning ordinances to upgrade and protect the area. The Former Agency was created in 1971, in keeping with this objective, and specifically to serve as a tool by which to eliminate blighted conditions and prevent the further spread of blight through redevelopment as provided for in the Redevelopment Law.

In December 1971, the Former Agency’s first project became a reality with the adoption of a redevelopment plan for Project Area No. 1. Project Area No. 1 is characterized by irregular boundaries and is accessible by the San Diego Freeway (Interstate 405) and several other principal thoroughfares. Prior to redevelopment, Project Area No. 1 consisted mainly of large, unimproved lots with numerous auto salvage users. Since then, the Former Agency’s and the Successor Agency’s redevelopment efforts in Project Area No. 1 have resulted in the development and improvement of numerous private developments adjacent to the South Bay Pavilion and along Avalon Boulevard. The total Fiscal Year 2016-17 assessed value for Project Area No. 1 is over \$1.85 billion.



Table 1 shows a breakdown of the amount of assessed valuation for fiscal year 2016-17 within Project Area No. 1 and within each subarea of Project Area No. 1.

**TABLE 1**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Assessed Values**  
**Redevelopment Project Area No. 1**  
**Fiscal Year 2016-17**

	Project No. 1 Original	Project No. 1 1985 Amendment	Project No. 1 1997 Amendment	Total Project Area No. 1
<b>Reported Assessed Values <sup>(1)</sup></b>				
<b>Secured</b>				
Land	\$259,445,365	\$444,971,121	\$119,690,131	\$824,106,617
Improvements	288,010,945	407,140,812	149,133,146	844,284,903
Personal Property	5,364,193	6,224,617	446,699	12,035,509
Subtotal	552,820,503	858,336,550	269,269,976	1,680,427,029
Other Exemptions	(5,034,303)	(19,551,541)	(24,802,230)	(49,388,074)
Locally Assessed Secured SBE Values	547,786,200	838,785,009	244,467,746	1,631,038,955
<b>Secured Total</b>	547,786,200	838,785,009	244,467,746	1,631,038,955
<b>Unsecured</b>				
Land	--	--	--	--
Improvements	26,062,968	47,193,126	5,274,694	78,530,788
Personal Property	34,782,034	100,266,168	4,645,843	139,694,045
Subtotal	60,845,002	147,459,294	9,920,537	218,224,833
Other Exemptions	(88,793)	-	(100,200)	(188,993)
<b>Unsecured Total</b>	60,756,209	147,459,294	9,820,337	218,413,826
<b>TOTAL VALUE</b>	<b>\$608,542,409</b>	<b>\$986,244,303</b>	<b>\$254,288,083</b>	<b>\$1,849,074,795</b>
<b>Percent of Total</b>	<b>32.9%</b>	<b>53.3%</b>	<b>13.8%</b>	<b>100.00%</b>

(1) Assessed values reported for 2016-17 by the County for the 1985 and 1997 Amendment Areas of Project Area No. 1 have been reduced by \$16.8 million by the Fiscal Consultant to reflect the late processing of exemptions for two properties that qualify for tax exemptions.

Source: DHA Consulting, LLC; Los Angeles County Tax Records.

See "APPENDIX D – FISCAL CONSULTANT'S REPORT" for additional information relating to assessed values in Project Area No. 1.

**TABLE 2**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Land Use Category Summary**  
**Redevelopment Project Area No. 1**  
**Fiscal Year 2016-17**

<b>Category</b>	<b>No. of Assessments <sup>(1)</sup></b>	<b>Assessed Value</b>	<b>Percentage</b>
Residential	207	\$ 74,873,269	4.0%
Commercial	218	620,188,080	33.5
Industrial	459	838,462,192	45.3
Recreational	5	15,264,487	0.8
Institutional	3	6,667,767	0.4
Vacant Land	133	72,047,901	3.9
SBE Non-Unitary		--	--
Unsecured	1,027	218,035,840	11.8
Cross Reference (2)	105	3,287,162	0.2
Other	4	248,097	--
<b>Total</b>	<b>2,161</b>	<b>\$1,849,074,795</b>	<b>100.0%</b>

(1) Includes the number of secured and unsecured assessments, which totals more than the number of parcels in Project Area No. 1.

(2) Includes escaped assessments, possessory interest and other assessments that are cross referenced to secured parcel numbers.

Source: DHA Consulting, LLC; Los Angeles County Tax Records.

See "APPENDIX D – FISCAL CONSULTANT'S REPORT" for further information regarding assessed values by land use in Project Area No. 1.

### **Original Area**

The Redevelopment Plan for the Original Area of Project Area No. 1 was adopted in 1971 by the approval of Ordinance No. 71-205. This area was reduced in size by approval of Ordinance No. 74-288 adopted on February 4, 1974. The Original Area encompasses approximately 762 acres of retail, commercial, office, recreation, and public facilities land uses. Major properties within the Original Area include the South Bay Pavilion, Carson Hotel at the Civic Center, J.C. Penney's and Sears.

In January 1987, the City Council of the City of Carson in response to a change in the Redevelopment Law, adopted Ordinance 86-766 amending the Redevelopment Plan for the Original Area setting the required limitations for the Original Area. Ordinance 86-766 established a 30-year time limit to issue debt. It also limited the total number of tax increment dollars that the Former Agency was allowed to collect from the Original Area to \$352,188,117 (which tax increment limit is no longer effective due to the passage of SB 107, which is described below under "– Plan Limitations").

On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend the life of the plan for the Original Area and the time period to collect tax increment revenues by one year. On October 9, 2006, in accordance with Section 33333.6(e)(2) of the Redevelopment Law (enacted by Senate Bill 211), the City Council adopted Ordinance No. 06-1362 to delete the Redevelopment Plan's limitations on the establishment of loans, advances

and indebtedness and, accordingly, to extend the previously established January 1, 2004 deadline to issue debt to the plan expiration date under the plan for the Original Area. On May 1, 2007, in accordance with Section 33333.6(e)(2)(D) of the Redevelopment Law (enacted by Senate Bill 1096), the City Council adopted Ordinance No. 07-1377 to extend by two years the life of the plan for the Original Area to December 20, 2014 and the time period to collect tax increment revenues to December 20, 2024. The Successor Agency's ability to collect tax increment revenues from the Original Area was scheduled to cease on December 20, 2024, prior to the final maturity of the Series 2017 Bonds. However, this limitation was removed by the passage of SB 107, which is described below under "– Plan Limitations."

### **1985 Amendment Area**

In July of 1984, the City Council approved Ordinance No. 84-696, amending the Redevelopment Plan to add territory to the Original Area. The 1985 Amendment Area added approximately 967 acres of commercial, residential, and industrial uses to the Original Area. Key properties within the 1985 Amendment Area include the Carson Town Center, Prime Wheel Corporation which is a manufacturer of aluminum alloy wheels, a large commercial retail development along the Harbor freeway at Torrance Boulevard, with Super Kmart as the anchor tenant and various retail and restaurants in free standing pads, and various light industrial, commercial and office uses.

The 1985 Amendment set a limitation of \$500,000,000 (expressed in 1984 dollars, adjusted annually according to the Los Angeles-Long Beach Metropolitan Area Consumer Price Index LA-LBMA-CPI) as the amount of tax increment dollars that the Successor Agency may collect from the 1985 Amendment Area. The 1985 Amendment also set the limitation on the amount of outstanding bonded debt for the 1985 Amendment Area at \$160,000,000 (expressed in 1984 dollars, adjusted annually according to the LA-LBMA-CPI).

On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend the life of the plan for the 1985 Amendment Area and the time period to collect tax increment revenues by one year. On October 9, 2006, in accordance with Section 33333.6(e)(2) of the Redevelopment Law (enacted by Senate Bill 211), the City Council adopted Ordinance No. 06-1362 to delete the Redevelopment Plan's limitations on the establishment of loans, advances and indebtedness and, accordingly, to extend the previously established July 16, 2004 deadline to issue debt to the plan expiration date under the plan for the 1985 Amendment Area. On May 1, 2007, in accordance with Section 33333.6(e)(2)(D) of the Redevelopment Law (enacted by Senate Bill 1096), the City Council adopted Ordinance No. 07-1378 to extend by one year the life of the plan for the 1985 Amendment Area to July 16, 2026 and the time period to collect tax increment revenues to July 16, 2036 (which limit is no longer effective due to the passage of SB 107, which is described below under "– Plan Limitations").

### **1997 Amendment Area**

On June 4, 1996, the City Council approved Ordinance No. 96-1090 amending the Redevelopment Plan to once again add territory to the Original Area. The 1997 Amendment added three non-contiguous areas totaling 534 acres to the already existing Project Area. This addition added more than 420 acres of industrial land use (78.6% of the added territory) and a small amount of commercial land use (5.5%).

Key properties within the 1997 Amendment Area include Shell Oil and Equilon sites, both of which are currently used for petroleum storage, and various light industrial and commercial uses.

On November 4, 2003, in accordance with Section 33333.6 of the Redevelopment Law (enacted by Senate Bill 1045), the City Council adopted Ordinance No. 03-1299 to extend by one year the life of the plan for the 1997 Amendment Area to August 16, 2027 and the time period to collect tax increment revenues to August 16, 2037 (which limit is no longer effective due to the passage of SB 107 described below under “– Plan Limitations”).

### Plan Limitations

In accordance with the Redevelopment Law, redevelopment plans, including the Redevelopment Plan, were required to include certain limits on the financing of redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time.

On September 22, 2015, the Governor signed SB 107, which effected amendments to the Dissolution Act. Pursuant to SB 107, solely for the purposes of the payment of enforceable obligations, including the Series 2017 Bonds, and for no other purpose whatsoever, the limitations included in redevelopment plans such as the Redevelopment Plan relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law and included within the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the Series 2017 Bonds. Under this change, the Successor Agency will continue to be allocated revenue from all former project areas to pay enforceable obligations until such time as all enforceable obligations have been repaid.

### Base Year Assessed Valuation

Based upon the County Auditor-Controller reports, the net assessed base year valuation for Project Area No. 1 is as follows:

**TABLE 3**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Base Year Values**  
**Redevelopment Project Area No. 1**

<b>Description</b>	<b>Original Project Area No. 1</b>	<b>1985 Amendment</b>	<b>1997 Amendment</b>	<b>Total Project Area</b>
Base Year Assessed Value	\$14,428,460	\$230,402,799	\$146,153,182	\$390,984,441
% of Total Base Year AV	33.9%	53.1%	13.0%	100.0%

*Source: DHA Consulting, LLC*

### Tax Rates

Property tax revenues allocated to the Successor Agency with respect to Project Area No. 1 are computed based on the incremental assessed values for Project Area No. 1 multiplied by a 1.0% tax rate. Since redevelopment agencies were dissolved on February 1,

2012, actual taxes allocated by the County Auditor-Controller to Project Area No. 1 are based on this 1.0% tax rate. This is a slight reduction in the tax rate utilized prior to dissolution of the Former Agency. The projections by the Fiscal Consultant are based on a 1.0% tax rate. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

### Major Taxpayers

The following table shows the ten largest taxpayers in Project Area No. 1 on the secured and unsecured roll for the 2016-17 assessment year. The information has been gathered by the Successor Agency, but the accuracy or completeness of such information is not guaranteed by the Successor Agency.

**TABLE 4**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Ten Largest Property Taxpayers 2016-17**  
**(Secured and Unsecured)**  
**Redevelopment Project Area No. 1<sup>(1)</sup>**

Assessee	Use	No. of Assessments	Assessed Values	% of Total Assessed Value	% of Total Incremental Value
1. Equilon Enterprises LLC <sup>(1)</sup>	Industrial / Petroleum	12	\$102,211,040	5.5%	7.0%
2. VCG Southbay Pavilion LLC	Retail / South Bay Pavilion	7	91,529,234	5.0	6.3%
3. AMB Mar Carson <sup>(2) (3)</sup>	Light Industrial / Office	15	67,084,083	3.6	4.6%
4. Prime ii/Prime Wheel Corp. <sup>(4)</sup>	Manufacturing	5	47,367,826	2.6	3.2%
5. Shell Oil Company <sup>(1)</sup>	Industrial / Petroleum	4	41,627,814	2.3	2.9%
6. Seacliff Centre Pointe LLC <sup>(2)</sup>	Office / R & D	2	29,672,945	1.6	2.0%
7. Charles J Carlson Trust <sup>(2)</sup>	Retail / Super Kmart	4	27,314,444	1.5	1.9%
8. Eight Street Development Co.	Retail / South Bay Pavilion	1	25,356,731	1.4	1.7%
9. Sears Roebuck	Retail / South Bay Pavilion	4	25,348,921	1.4	1.7%
10. RM 190th LP	Commercial / Industrial	1	25,346,206	1.4	1.7%
		<b>55</b>	<b>\$482,859,244</b>	<b>26.1%</b>	<b>33.1%</b>

**Total FY 2016-17 AV: \$1,849,074,795**

**Total FY 2016-17 Incremental AV: \$1,458,090,354**

(1) Equilon Enterprises property is adjacent to the Shell Oil Company site in Project Area No. 1 and is a wholly-owned subsidiary thereof.

(2) Appeals are currently outstanding for these taxpayers.

(3) Includes property owned by AMB Mar Carson, LLC, AMB Property LP and AMB Institutional Alliance Fund II LLP.

(4) Includes approximately \$14.8 million in secured assessed value owned by Prime ii.

Source: County Assessor; DHA Consulting, LLC

The ten largest taxpayers own properties whose combined assessed value accounts for approximately 26.0% of the fiscal year 2016-17 equalized roll of Project Area No. 1. The reduction in assessed valuation of taxable property in Project Area No. 1 caused by the complete or partial destruction of such properties would likely result in a reduction in Pledged Project Area No. 1 Tax Revenues which secure the Series 2017 Bonds. In such an event, the Successor Agency's ability to timely pay principal and interest on the Series 2017 Bonds may be adversely affected.

## Top Taxpayer Summary

The following is information about the top five largest taxpayers in Project Area No. 1. The City and the Successor Agency have gathered this information from various taxpayers and other sources believed to be reliable, but its accuracy or completeness is not guaranteed by the Successor Agency or the City.

***Equilon Enterprises, LLC.*** As shown in the table above, Equilon Enterprises, LLC, a wholly-owned subsidiary of Shell Oil Company, is the largest taxpayer within Project Area No. 1. Equilon Enterprises, LLC owns certain facilities used primarily for petroleum storage and warehousing. Such facilities were completed around the year 2000 and are located within the 1997 Amendment Area of Project Area No. 1 adjacent to facilities owned by Shell Oil Company.

***VCG South Bay Pavilion.*** The second largest taxpayer within Project Area No. 1, VCG Southbay Pavilion LLC, owns a regional shopping center within Project Area No. 1. According to the Los Angeles Times, Vintage Capital, formed by Fred Sands in 2001, purchased the property from Hopkins Real Estate Group in 2009. The Fiscal Consultant reports that the shopping center has undergone renovations over the last few years, including the installation of new restaurants and movie theaters that opened in May 2015.

***AMB Mar Carson.*** The third largest taxpayer within Project Area No. 1 consists of three related entities, AMB Mar Carson, AMB Institutional Alliance and AMB Property LP, the owners of two multi-user industrial parks within Project Area No. 1.

***Prime ii/Prime Wheel Corp.*** The fourth largest taxpayer within Project Area No. 1 consists of two related entities, Prime ii and Prime Wheel Corp. (collectively, “**Prime Wheel**”), which manufacture chrome and other wheels for automobiles. The property owned by Prime Wheel within Project Area No. 1 consists of a manufacturing facility on a five-acre site in the 1985 Amendment Area with additional warehouse space located across the street. The Fiscal Consultant reports that approximately \$32.5 million of the approximately \$47.3 million in assessed value of such property for fiscal year 2016-17 relates to unsecured property with the remainder of \$14.8 million related to secured property.

***Shell Oil Company.*** The fifth largest assessee, Shell Oil Company, owns real property within Project Area No. 1 adjacent to the Equilon Enterprises Facility described above, which is primarily used for petroleum storage and warehousing. The adjacent site is over 209 acres with about 39 acres of vacant property located nearby.

## Historic Assessed Valuation Growth

The following are the actual assessed valuations and tax increment revenues for Project Area No. 1 from fiscal year 2008-09 through fiscal year 2016-17. See “APPENDIX D – FISCAL CONSULTANT’S REPORT” for a discussion of the trend of taxable values in Project Area No. 1 and detailed information on historical assessed valuation and tax increment receipts for Project Area No. 1. The total tax increment revenues set forth below include only Project Area No. 1 revenues and do not include RPTTF Revenues.

**TABLE 5**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 1**  
**Historical Assessed Valuation and Tax Increment Receipts <sup>(1)</sup>**  
**Redevelopment Project Area No. 1**

Description	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Secured	\$1,216,523,027	\$1,364,430,227	\$1,365,663,735	\$1,382,605,634	\$1,391,437,852	\$1,484,291,158	\$1,523,149,782	\$1,539,053,704	\$1,631,038,955
Unsecured	298,754,711	283,287,182	250,163,851	220,129,188	218,348,595	209,370,670	218,843,836	219,707,302	218,035,840
Total Value	1,515,277,738	1,647,717,409	1,615,827,586	1,602,734,822	1,609,786,447	1,693,661,828	1,741,993,618	1,758,761,006	1,849,074,795
% Change	--	8.7%	-1.9%	-0.8%	0.4%	5.2%	2.9%	1.0%	5.1%
Base Year Valuation	390,984,441	390,984,441	390,984,441	390,984,441	390,984,441	390,984,441	390,984,441	390,984,441	390,984,441
Incremental AV	1,124,293,297	1,256,732,968	1,224,843,145	1,211,750,381	1,218,802,006	1,302,677,387	1,351,009,177	1,367,776,565	1,458,090,354
Estimated Tax Levy	11,255,636	12,785,887	12,457,971	12,188,004	12,249,140	13,110,415	13,599,780	13,780,062	14,683,200
<b>Tax Collections <sup>(2)</sup></b>									
January 2nd Payment	N/A	N/A	N/A	5,929,116	7,495,953	6,388,649	6,195,127	6,297,815	7,991,715
June 1st Payment	N/A	N/A	N/A	4,329,777	6,302,633	7,429,811	7,481,703	7,018,828	N/A <sup>(4)</sup>
<b>Total Gross Collections <sup>(2)</sup></b>	<b>\$13,797,714</b>	<b>\$11,779,627</b>	<b>\$11,753,971</b>	<b>\$10,258,893</b>	<b>\$13,798,587</b>	<b>\$13,818,460</b>	<b>\$13,676,830</b>	<b>\$13,316,643</b>	<b>7,991,715</b>
<b>Percentage of Gross Tax Levy <sup>(3)</sup></b>	<b>122.6%</b>	<b>92.1%</b>	<b>94.3%</b>	<b>84.2%</b>	<b>112.6%</b>	<b>105.4%</b>	<b>100.6%</b>	<b>96.6%</b>	<b>55.3%</b>

(1) Tax collections and deductions therefrom for fiscal years 2008-09 through 2010-11 were prepared by the City Finance Department; amounts for subsequent fiscal years were compiled by DHA Consulting.

(2) Prior to the Dissolution Act, effective February 1, 2012, taxes were paid to the Former Agency in periodic payments throughout the fiscal year. Since then, payments are made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include periodic payments made for the 2010-11 taxes allocated to the Former Agency through January 31, 2011.

(3) As a result of redevelopment dissolution, only about 85 percent of taxes generated in a fiscal year will be received within that same fiscal year. The remaining balance (+/- 15 percent) will be received the following January. For the first year affected by the dissolution, 2011-12, tax collections shown are particularly low because prior year carryover is not included in the January payment.

(4) Anticipated to be distributed to the Successor Agency on June 1, 2017.

Source: DHA Consulting, LLC; Los Angeles County Tax Records; and the City of Carson.

As shown in Table 5 above, assessed values within Project Area No. 1 increased approximately \$333.8 million or 22% from fiscal year 2008-09 to fiscal year 2016-17. The overall increase. This overall increase follows the trend that is typical throughout the State and is characterized by a decrease in assessed values in fiscal year 2010-11 and 2011-12 followed by a period of recovering commencing in fiscal year 2012-13 and each fiscal year thereafter up to and including fiscal year 2016-17. According to the Fiscal Consultant, the increase in assessed values in Project Area No. 1 of approximately \$90 million or 5.1% from fiscal year 2015-16 to fiscal year 2016-17 is due, in part, to construction activity at the SouthBay Pavilion which resulted in an increase of approximately \$16.5 million in assessed value. The Fiscal Consultant further reports that such increase was also due to new development, property sales and the resolution of appeals as well as adjustment for inflation of 1.525% permitted under Article XIII A of the State Constitution. See "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution" for discussion regarding Article XIII A and "APPENDIX D – FISCAL CONSULTANT'S REPORT" for further discussion regarding historical assessed values.

Amounts shown as collected in Table 5 above include all taxes collected by the County for Project Area No. 1; amounts have not been reduced to show the amounts actually paid to the Successor Agency. Actual distributions to the Successor Agency are reduced by the amount of administrative costs and pass through payments administered and paid by the County and, commencing in June 2012, amounts not needed to service debt or meet certain costs for administration in the upcoming period. Prior to the Dissolution Act, which was effective February 1, 2012, taxes were paid to the Successor Agency in periodic payments throughout the fiscal year. Since then, payments are made twice each year: once in January and once in June. Amounts shown above for the January payment in fiscal year 2011-12 include periodic payments made for fiscal year 2010-11 that were allocated to the Successor Agency prior to dissolution. Because of redevelopment dissolution, only about 85% of taxes generated in a fiscal year will be received within that same fiscal year. The remaining balance (+/- 15 percent) will be received the following January. For the first year effected by the dissolution, fiscal year 2011-12, tax collections shown are particularly low because prior year carryover is not included in the January payment.

## **Assessment Appeals**

Taxpayers may dispute, or appeal, their property tax assessments. Depending on the outcome of the appeal, taxes paid in the current year may be either higher or lower than the initial assessment. (An appeal which results in a lower valuation is referred to as a successful appeal.) When an appeal is successfully resolved after the disputed taxes have already been paid, a refund with interest is subsequently issued to the taxpayer by the county.

In California, there are two types of appeals: a Proposition 8 appeal and a base year appeal. A Proposition 8 appeal is based on Section 51 of the Revenue and Taxation Code and allows for temporary reductions in the taxes paid on properties because the assessed value of a property somehow becomes higher than its actual market value. This can be the result of the damage or removal of property, or general reduction in real estate values. Once the property damage is restored, or the real estate market improves, an assessment subject to Proposition 8 reduction can be returned to its pre-appeal value. The second type of appeal is a base year assessment appeal where owners challenge the original or base year, valuation assigned by the Assessor. Any reduction resulting from a base year assessment appeal is permanent and can only increase above the allowable inflationary adjustment if the property is sold or experiences new construction.



There are also two primary methods for achieving a reduction in the valuation of property. One way is for the applicant to file an assessment appeal application; the other way is for the Assessor's office to process an "automatic" assessment reduction. Any automatic reduction would almost always be a Proposition 8 appeal, although filed appeals can be either Proposition 8 or base year appeals.

***Automatic Assessment Appeals.*** Starting in fiscal year 2008-09, Los Angeles County, like many other counties throughout California, began processing temporary assessed value reductions for certain properties (Proposition 8 reductions in response to declining residential real estate values). These reductions were made on properties where the assessed values exceeded the current market value of properties as of the tax lien date (January 1) without prompting from individual taxpayers. (The Fiscal Consultant's Report refers to the Assessor's office processing of assessment reductions without being requested by the taxpayers as automatic reductions.) The County reviewed single family homes and condominiums which transferred ownership from January 1, 2001 through June 30, 2009 and made substantial reductions in fiscal years 2009-10 and 2010-11. Lesser reductions were processed in fiscal years 2008-09 and 2011-12 through 2013-14.

The fiscal year 2016-17 assessed values increased for Project Area No. 1 in part due to the restoration of a portion of the reduced values for the automatic reductions performed by the Assessor over the last five years. As the market values for the reduced properties increase, the law allows the County to restore the assessment up to its prior level. As residential values have been increasing significantly in the Carson area, additional value reductions from automatic reductions have not been assumed in the enclosed estimates of future tax increment revenues. See the "Assessed Values and the Real Estate Market" and "Project Area Value Trends" sections in "APPENDIX D – Fiscal Consultant's Report" for additional information on real estate trends. It should be noted that less than 4% of the assessed value of Project Area No. 1 is attributable to residential properties. Additional increases in value resulting from the restoration of the reduced values to their former market values could occur over the next several years, but the impact of this increase has also not been factored into the Project Area's revenue estimates.

The County does not report which properties received automatic reductions or which filed assessment appeals are Proposition 8 appeals and which are "base year" assessment appeals. As such, the only way to quantify the Proposition 8 reductions which may end up returning value to Project Area No. 1 in future fiscal years is to prepare an estimate based on assessed value changes in prior fiscal years. For residential properties, most properties which either declined or increased in value without changing ownership over this period were probably the result of Proposition 8 reductions or restorations. For other types of property, however, declines in value can occur for a number of reasons besides Proposition 8 reductions. Some common types of reductions with commercial and industrial properties include depreciation or removal of fixtures and personal property, changes in stock ownership and the destruction of some improvements on a larger site. Conversely, values in these properties can increase because of the acquisition of new equipment or personal property, changes in stock ownership or the construction of additional improvements on the site.

***Filed Assessment Appeals.*** When a taxpayer believes that the assessed value of his property is in excess of market value, he may appeal the property tax assessment through the filing of an appeal application. If the Assessor's office believes the taxpayer is correct, it can reduce the value without a formal hearing process. If however, the Assessor's office believes that the assessed value assigned to the property is not above market value, the dispute is heard before an assessment appeals board which determines the appropriate value for the property.

If the taxpayer is successful in getting the value of his property reduced, any previously paid taxes on the higher value are repaid to the taxpayer with interest. Generally, future allocations of taxes to the taxing entities that received the original taxes are then proportionately reduced by the county to reflect the refund and interest paid. In Los Angeles County, assessment appeals are often outstanding for multiple years resulting in the need for large refunds to the taxpayers if and when the appeals finally result in a reduced assessment.

According to County appeal records, appeals remain outstanding on various properties in Project Area No. 1 for fiscal years 2007-08 through 2016-17. Impact estimates have been prepared for outstanding appeals covering the entire ten-year period. See Table 7 below and “APPENDIX D – FISCAL CONSULTANT’S REPORT – Assessment Appeals.”

Outstanding appeals are assumed to impact the Successor Agency’s tax revenues in two ways: tax refunds and assessed value reductions. First, reductions to all outstanding appeals, assuming the average reduction rate of 6.1 percent, were calculated for the purpose of computing tax refunds. If the outstanding appeals are in fact resolved in the taxpayer’s favor, tax refunds may be due for all taxes previously paid. In addition to the tax refunds, assessed values may be reduced in future fiscal years. In order to estimate the impact to assessed values, multi-year appeals by the same taxpayer are assumed to only impact assessed value once.

**Estimated Refunds.** The estimated tax refunds, including estimated interest earnings, are assumed to be disbursed to the taxpayer in fiscal years 2015-16 through 2017-18. The tax refunds deducted from gross tax increment revenues are approximated as follows:

**TABLE 6**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Project Area No. 1**  
**Estimated Refunds From Outstanding Appeals**  
**Redevelopment Project Area No. 1**

<b>Fiscal Year</b>	<b>Refunds</b>
2016-17	\$(147,681)
2017-18	(143,338)
2018-19	(143,338)
<b>Total</b>	<b>\$(434,357)</b>

*Source: DHA Consulting, LLC*

**Estimates of Appeals.** The following table summarizes the estimate of assessment appeal impacts for Project Area No. 1.

**TABLE 7**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Estimated Appeals Impact Estimate**  
**Redevelopment Project Area No. 1**

<b>Description</b>	<b>No. of Appeals</b>	<b>Value of Appeals</b>
Fiscal Years Applicable		2007-08 to 2015-16
Contested Value Pending Appeals	142	\$635,211,975
Less: Multi-Year Appeals <sup>(1)</sup>	34	176,428,317
Value for Appeals Estimated to Impact AV	108	458,783,658
Decline Assumed <sup>(2)</sup>		6.1%
<b>Estimated Assessed Value Reduction</b>		<b>(\$27,930,258)</b>

(1) Appeals eliminated from the estimate of assessed value impact because they represent multi-year appeals for the same properties. These appeals, however, are included in the calculations for computing potential tax refunds.

(2) Based on actual reductions since fiscal year 2004-05.

Source: *DHA Consulting, LLC*

For the purpose of preparing the above estimates, the Fiscal Consultant assumed that at least some of the appeals will be outstanding over several years and that the effect on future assessed values and revenues in Project Area No. 1 will be fairly gradual. However, it is possible that all of the appeals currently outstanding could be resolved during fiscal year 2016-17. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

**Appeals by Major Taxpayers.** The table below shows outstanding appeals by taxpayers within the top 25 of all taxpayers in Project Area No. 1. The number rankings are shown to the left of each assessee's name.

**TABLE 8**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Appeals Information for Select Major Taxpayers**  
**Redevelopment Project Area No. 1**

<b>Rank No. <sup>(1)</sup></b>	<b>Assessee</b>	<b>Years Outstanding</b>	<b>No. of Assmts.</b>	<b>Contested Value <sup>(2)</sup></b>
3	Amb Institutional Alliance Fund III LP	2016	1	\$13,079,916
6	Seacliff Centre Pointe LLC	2015 - 2016	2	29,672,945
7	Charles J Carlson Trust (Kmart Corp.)	2016	4	27,314,444
8	Sears Roebuck and Company	2009	1	18,780,196
10	Rm 190Th LP	2012 -2014	1	25,346,206
11	Carson Hotel LLC	2012 - 2014	1	23,077,805
15	Margaret C. Kott Family Trust	2016	1	8,300,000
17	Brunswig Office Center (One Civic Plaza Dr.)	2013 - 2016	2	20,730,844
22	Watson Land	2013, 2016	1	11,996,060
<b>Total</b>		<b>N/A</b>	<b>16</b>	<b>\$190,075,643</b>

(1) Represents assessee's rank among the top 25 taxpayers within Project Area No. 1.

(2) Represents assessed value under appeal as reported by the County, and will often not match the current assessed value for the property owned by the assessee.

Source: *County Assessor; DHA Consulting, LLC*

## No Tax Sharing Agreements

Pursuant to former Section 33401(b) of the Redevelopment Law, a redevelopment agency was permitted to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through" agreements or "tax sharing" agreements.

The Former Agency did not enter into any negotiated pass-through or tax-sharing agreement with any taxing agency with respect to Project Area No. 1.

## Tax Sharing Statutes

Prior to the adoption of AB 1290, the Redevelopment Law permitted taxing entities affected by the adoption of a redevelopment plan to enter into pass-through agreements whereby a portion of the tax increment revenues otherwise payable to that redevelopment agency under Section 33670 of the Redevelopment Law would be "passed through" to the taxing agency that would have received the tax increment revenues but for the redevelopment agency's right to receive them. AB 1290 repealed the provisions of the Redevelopment Law which permitted pass-through agreements, and replaced it with a system of statutorily mandated pass-throughs or tax sharing payments.

Section 33607.5 was added to the Health and Safety Code by AB 1290 and requires that taxing entities affected by the adoption of a redevelopment plan or the amendment of an existing redevelopment plan after January 1, 1994 (and thus is applicable to the 1997 Amendment Area) receive an additional portion of tax increment revenues otherwise payable to the agency for a project area (the "**Tax Sharing Amounts**"). It requires, with certain exceptions, that commencing with the first fiscal year in which the agency receives tax increment revenues for the affected project areas and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected taxing entities an amount equal to 25% of the tax increment revenues received by the agency after the amount required to be deposited in the low and moderate income housing fund has been deducted. The only amount with respect to Project Area No. 1 that is required to be deposited in the low and moderate income housing fund is the Pro Rata Share of Housing Debt Service with respect to the Carson Redevelopment Agency Taxable Tax Allocation Housing Bonds 2010 Series A-T and the Carson Redevelopment Agency Tax Allocation Housing Bonds 2010 Series A.

Commencing with the 11th fiscal year in which the agency receives tax increment revenues for the affected project areas and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected taxing entities (other than the City), in addition to the amounts paid pursuant to the preceding sentence and after deducting the amount allocated to the low and moderate income housing fund (as described in the preceding paragraph), an amount equal to 21% of the portion of tax increment revenues received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues. Additional amounts are payable commencing with the 31st year.

SB 211 contained a procedure by which any redevelopment plan adopted prior to January 1, 1994 may eliminate the time limit to incur indebtedness of its plan. The statute allows the legislative body the ability to adopt required ordinances without having to follow normal, lengthy procedures to amend its redevelopment plan or amendment. The City adopted an ordinance pursuant to SB 211 to eliminate the time limit to incur indebtedness for the Original Area and the 1985 Amendment Area. Because of that action, the Former Agency was and the Successor Agency is required to pass through certain revenues to the base year taxing entities beginning in fiscal year 2007-08 (AB 1290 Pass-Through Payments). These additional pass-through payments have been calculated and deducted from net tax revenues in the enclosed revenue estimates.

Section 34177.5(c) of the Law permits Tax Sharing Amounts to be subordinated to the payment of debt service on obligations issued by a successor agency. The Successor Agency is not seeking such subordination with respect to Series 2017 Bonds. As noted in the Fiscal Consultant's Report attached hereto as Appendix D, the payments due to taxing agencies under the Tax Sharing Statutes have been deducted from the future tax increment revenue projections.

### **Outstanding Indebtedness of Project Area No. 1**

After the issuance of the Series 2017 Bonds, Project Area No. 1 will have total outstanding indebtedness of \$\_\_\_\_\_,\* including \$21,350,000 aggregate principal amount of the 2016 Bonds and \$46,055,000 aggregate outstanding principal amount and accreted value of the Senior Project Area No. 1 Bonds. Debt service on the Series 2017 Bonds is payable from Project Area No. 1 tax increment revenue on a parity with the 2016 Bonds and on a basis subordinate to the payment of debt service on the Senior Project Area No. 1 Bonds. Additionally, Project Area No. 1 will be responsible for Project Area No. 1's Pro Rata Share of Housing Debt Service with respect to the Carson Redevelopment Agency Taxable Tax Allocation Housing Bonds 2010 Series A-T and the Carson Redevelopment Agency Tax Allocation Housing Bonds 2010 Series A, which are outstanding in the combined principal amount of \$32,990,000.

Additionally, the Successor Agency also issued, in August 2015, the 2015 Bonds in the original principal amount of \$52,920,000. The 2015 Bonds are secured by a pledge of RPTTF Revenues on a parity with the Series 2017 Bonds and the 2016 Bonds and not by the Pledged Project Area No. 1 Tax Revenues; accordingly, the payment of debt service on the 2015 Bonds is subordinate to the payment of debt service on the Series 2017 Bonds and the 2016 Bonds with respect to Pledged Project Area No. 1 Tax Revenues.

Annually, the Successor Agency receives an administrative allowance payable by the County Auditor-Controller from property tax revenues in the Redevelopment Property Tax Trust Fund. The payment of the administrative allowance, is junior to the payment of debt service from property tax revenues in the Redevelopment Property Tax Trust Fund.

### **Projected Taxable Valuation and Pledged Project Area No. 1 Tax Revenues; Debt Service Coverage**

The Fiscal Consultant prepared projections of tax increment revenues from Project Area No. 1 available to pay debt service on Project Area No. 1 debt assuming 0% inflationary growth

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\* Preliminary, subject to change.

and excluding RPTTF Revenues. Such projections are shown on Table 9 below. Other assumptions made by the Fiscal Consultant in calculating such projected tax increment revenues are described in the Fiscal Consultant's Report. Although the Successor Agency believes that such assumptions are reasonable, the Successor Agency provides no assurance that such projections will be realized. To the extent that the projections are not actually realized, the Successor Agency's ability to timely pay principal and interest on the Series 2017 Bonds may be adversely affected. See "APPENDIX D – FISCAL CONSULTANT'S REPORT."

Table 10 below shows the scheduled debt service on the Senior Project Area No. 1 Bonds.

Table 11 below shows projected debt service coverage on (i) the Series 2017 Bonds and the 2016 Bonds based on projected tax increment revenues from Project Area No. 1 available to pay debt service on Project Area No. 1 debt assuming 0% inflationary growth after the payment of the Senior Project Area No. 1 Bonds but excluding RPTTF Revenues, and (ii) the Senior Project Area No. 1 Bonds, the Series 2017 Bonds and the 2016 Bonds based on projected tax increment revenues from Project Area No. 1 available to pay debt service on Project Area No. 1 debt assuming 0% inflationary growth but excluding RPTTF Revenues. For a discussion of RPTTF Revenues, including the order of priority of the use of tax increment revenues deposited in the RPTTF, see "SECURITY FOR THE SERIES 2017 BONDS – ROPS Submission History" and "- Order of Priority" above.

The Fiscal Consultant also reviewed deposits to and distributions related to debt service on bonds secured by a pledge of tax increment revenues from Project Area No. 1 after certain deductions for property tax administration fees, the Pro Rata Share of Housing Debt Service and statutory pass-through payments from the Redevelopment Property Tax Trust Fund with respect to Project Area No. 1 for fiscal year 2015-16 and prepared estimates of such deposits to and distributions for fiscal years 2016-17 and 2017-18 and they are shown on Table 12.

**TABLE 9**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Projected Tax Increment Revenues**  
**(excluding RPTTF Revenues)**  
**Redevelopment Project Area No. 1**

<b>Fiscal Year</b>	<b>Real Property <sup>(1)</sup></b>	<b>Other Property <sup>(1)</sup></b>	<b>Tax Value Changes <sup>(2)</sup></b>	<b>Total Value</b>	<b>Less Base</b>	<b>Tax Refunds <sup>(3)</sup></b>	<b>Gross Tax Revenue</b>	<b>County Admin Charge</b>	<b>Pro Rata Housing Debt Service <sup>(4)</sup></b>	<b>Tax Sharing Payments <sup>(5)</sup></b>	<b>Net Tax Revenue</b>
2016-17 <sup>(6)</sup>	\$1,697,345,241	\$151,729,554	\$(9,496,288)	\$1,839,578,507	\$1,448,594,066	\$(147,681)	\$14,440,555	\$252,710	\$1,297,940	\$1,541,390	\$11,348,517
2017-18	1,687,848,953	151,729,554	9,027,342	1,848,605,849	1,457,621,408	(143,338)	14,535,172	254,366	1,297,404	1,576,209	11,407,195
2018-19	1,696,876,295	151,729,554	(9,216,985)	1,839,388,864	1,448,404,423	(143,338)	14,443,003	252,753	1,298,982	1,543,193	11,348,075
2019-20	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,298,485	1,595,038	11,437,555
2020-21	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,297,900	1,595,038	11,438,141
2021-22	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,298,083	1,595,038	11,437,957
2022-23	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,297,389	1,595,038	11,438,652
2023-24	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,298,679	1,595,038	11,437,362
2024-25	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,037,754	1,595,038	11,698,287
2025-26	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	1,037,754	1,595,038	11,698,287
2026-27	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	746,261	1,595,038	11,989,780
2027-28	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	747,452	1,595,038	11,988,589
2028-29	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	745,467	1,595,038	11,990,574
2029-30	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	746,360	1,595,038	11,989,681
2030-31	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	745,963	1,595,038	11,990,078
2031-32	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	746,871	1,595,038	11,989,170
2032-33	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	746,216	1,595,038	11,989,825
2033-34	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	745,983	1,595,038	11,990,058
2034-35	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	746,067	1,595,038	11,989,974
2035-36	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	716,590	1,595,038	12,019,450
2036-37 <sup>(7)</sup>	1,687,659,310	151,729,554	--	1,839,388,864	1,448,404,423	--	14,586,340	255,261	--	1,595,038	12,736,041

- (1) Assessed values for property (other than personal property) are assumed to increase annually by a Proposition 13 inflation rate of 0.0% in 2017-18 and each fiscal year thereafter. The value for personal property and state assessed property is assumed to remain constant throughout the projection.
- (2) Includes estimated changes to assessed values within Project Area No. 1 due to appeals, new construction projects and property transfers. See "APPENDIX D – Fiscal Consultant's Report."
- (3) Includes estimated property tax refunds due taxpayers as a result of assessment appeals.
- (4) Represents Pro Rata Share of Housing Debt Service. See "SECURITY FOR THE SERIES 2017 BONDS – Pledged Project Area No. 1 Tax Revenues-Pledge of Former Housing Set-Aside."
- (5) The pass through payment obligations for Project Area No. 1 include only AB 1290 pass through requirements. See "THE REDEVELOPMENT PROJECT AREA – Tax Sharing Statutes" and "APPENDIX D – Fiscal Consultant's Report."
- (6) Assessed values reported for fiscal year 2016-17 by the County for the 1985 and 1997 Amendment Areas of Project Area No. 1 have been reduced by \$16.8 million by the Fiscal Consultant to reflect the late processing of exemptions for two properties that qualify for tax exemptions.
- (7) Each subarea had a different length of time during which it can receive tax increment revenue, but such time limitations were eliminated by SB 107 for the purpose of repaying debt. The revenues shown above are based on the assumption that those time limits are no longer applicable.

Source: DHA Consulting, LLC

**TABLE 10**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Senior Project Area No. 1 Bonds Debt Service**

<b>Fiscal Year<sup>(1)</sup></b>	<b>Series 2003B Bonds</b>	<b>Series 2014A Bonds</b>	<b>Total Senior Project Area No. 1 Bonds Debt Service</b>
2016-17	\$ -	\$4,044,288	\$4,044,288
2017-18	-	4,051,088	4,051,088
2018-19	-	4,048,588	4,048,588
2019-20	-	4,043,838	4,043,838
2020-21	-	4,041,588	4,041,588
2021-22	-	4,066,338	4,066,338
2022-23	2,210,000	286,338	2,496,338
2023-24	2,210,000	286,338	2,496,338
2024-25	2,210,000	286,338	2,496,338
2025-26	-	2,311,338	2,311,338
2026-27	2,320,000	185,088	2,505,088
2027-28	2,320,000	185,088	2,505,088
2028-29	2,320,000	185,088	2,505,088
2029-30	2,320,000	185,088	2,505,088
2030-31	2,320,000	185,088	2,505,088
2031-32	2,320,000	185,088	2,505,088
2032-33	-	2,315,088	2,315,088
2033-34	-	2,319,563	2,319,563

(1) Reflects full Fiscal Year's debt service. Debt service is payable on April 1 of the applicable Fiscal Year and on October 1 following the end of such Fiscal Year.

Source: Piper Jaffray & Co.



**TABLE 11**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Projected Tax Increment Revenues and Debt Service Coverage**  
**Based on No Annual Assessed Value Growth Projection**  
**Redevelopment Project Area No. 1**

	A	B	C = A - B	D	E	F = D + E	G = C/F	H = B + F	I = A/H
Fiscal Year	Project Area No. 1 Net Tax Revenue	Total Senior Project Area No. 1 Debt Service	Pledged Project Area No. 1 Tax Revenues	2016 Bonds Debt Service <sup>(1)</sup>	Series 2017 Bonds Debt Service <sup>(1)</sup>	2016 Bonds and Series 2017 Bonds Debt Service	Coverage on 2016 Bonds and Series 2017 Bonds	Total Debt Service	Total Debt Service Coverage
2016-17	\$11,348,517	\$4,044,288	\$ 7,304,229	\$1,559,542	\$990,438	\$2,549,980	2.86	\$6,594,268	1.72
2017-18	11,407,195	4,051,088	7,356,107	1,558,442	989,938	2,548,380	2.89	6,599,468	1.73
2018-19	11,348,075	4,048,588	7,299,487	1,564,992	988,688	2,553,680	2.86	6,602,268	1.72
2019-20	11,437,555	4,043,838	7,393,717	1,563,648	990,838	2,554,486	2.89	6,598,324	1.73
2020-21	11,438,141	4,041,588	7,396,553	1,569,116	986,938	2,556,054	2.89	6,597,642	1.73
2021-22	11,437,957	4,066,338	7,371,619	1,564,504	986,313	2,550,817	2.89	6,617,155	1.73
2022-23	11,438,652	2,496,338	8,942,314	3,507,054	988,600	4,495,654	1.99	6,991,992	1.64
2023-24	11,437,362	2,496,338	8,941,024	3,504,685	989,450	4,494,135	1.99	6,990,473	1.64
2024-25	11,698,287	2,496,338	9,201,949	719,110	988,863	1,707,973	5.39	4,204,311	2.78
2025-26	11,698,287	2,311,338	9,386,949	723,416	989,488	1,712,904	5.48	4,024,242	2.91
2026-27	11,989,780	2,505,088	9,484,692	724,937	988,238	1,713,175	5.54	4,218,263	2.84
2027-28	11,988,589	2,505,088	9,483,501	720,806	990,113	1,710,919	5.54	4,216,007	2.84
2028-29	11,990,574	2,505,088	9,485,486	721,241	989,800	1,711,041	5.54	4,216,129	2.84
2029-30	11,989,681	2,505,088	9,484,593	726,023	987,300	1,713,323	5.54	4,218,411	2.84
2030-31	11,990,078	2,505,088	9,484,990	724,935	986,025	1,710,960	5.54	4,216,048	2.84
2031-32	11,989,170	2,505,088	9,484,082	723,195	987,150	1,710,345	5.55	4,215,433	2.84
2032-33	11,989,825	2,315,088	9,674,737	720,803	990,350	1,711,153	5.65	4,026,241	2.98
2033-34	11,990,058	2,319,563	9,670,495	717,759	990,300	1,708,059	5.66	4,027,622	2.98
2034-35	11,989,974	-	11,989,974	3,279,063	987,000	4,266,063	2.81	4,266,063	2.81
2035-36	12,019,450	-	12,019,450	3,277,375	990,450	4,267,825	2.82	4,267,825	2.82
2036-37	12,736,041	-	12,736,041	-	-	-	-	-	-

(1) Debt service is payable on August 1st and on February 1st following the end of such fiscal year. For FY 2016-17, Series 2017 Bonds debt service is net of amounts approved on 2016-17B ROPs that can be used for Series 2017 Bonds debt service. For gross debt service amounts in FY 2016-17, see Table 12.

Source: DHA Consulting, LLC; Piper Jaffray & Co.

**TABLE 12**  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Semi-Annual Revenues and Debt Service Funding**  
**Redevelopment Project Area No. 1**

<b>ROPS:</b>	<b>2015-16B</b>	<b>2016-17A</b>	<b>Total</b>	<b>2016-17B</b>	<b>2017-18A</b>	<b>Total</b>	<b>2017-18B</b>	<b>2018-19A</b>	<b>Total</b>
<b>Payment Date:</b>	<b>1/2/16</b>	<b>6/1/16</b>	<b>2015-16</b>	<b>1/2/17</b>	<b>6/1/17</b>	<b>2016-17</b>	<b>1/2/18</b>	<b>6/1/18</b>	<b>2017-18</b>
<b>Estimated RPTTF</b>	<b>\$6,297,815</b>	<b>\$7,018,828</b>	<b>\$13,316,643</b>	<b>\$7,973,815</b>	<b>\$6,466,740</b>	<b>\$14,440,555</b>	<b>\$6,686,179</b>	<b>\$7,848,993</b>	<b>\$14,535,172</b>
<b>Estimated Deductions</b>									
Property Tax Administration Fees	214,935	18,704	<b>233,639</b>	228,197	24,513	252,710	228,929	25,437	254,366
Pro Rata Share of Housing Debt Service <sup>(1)</sup>	1,126,287	279,862	1,406,149	1,297,940	-	1,297,940	1,297,404	-	1,297,404
Pass-through Payment Obligations	471,541	682,432	1,153,973	766,764	774,626	1,541,390	725,056	851,153	1,576,209
<b>Total Deductions</b>	<b>1,812,763</b>	<b>980,997</b>	<b>2,793,761</b>	<b>2,292,901</b>	<b>799,139</b>	<b>3,092,040</b>	<b>2,251,389</b>	<b>876,590</b>	<b>3,127,979</b>
<b>Available for Debt Service</b>	<b>4,485,052</b>	<b>6,037,831</b>	<b>10,522,883</b>	<b>5,680,914</b>	<b>5,667,601</b>	<b>11,348,515</b>	<b>4,434,790</b>	<b>6,972,403</b>	<b>11,407,193</b>
<b>Bond Debt Service Funding on ROPS <sup>(2)</sup></b>									
Series 2001 Bonds	1,806,679	1,120,945	2,927,624	-	-	-	-	-	-
Series 2003 Bonds	-	-	-	-	-	-	-	-	-
Series 2009 Bonds	1,365,675	449,213	1,814,888	-	-	-	-	-	-
Series 2014A Bonds	1,119,376	328,912	1,448,288	2,884,115	1,160,173	4,044,288	4,051,088	-	4,051,088
<b>Total Senior Debt Service</b>	<b>4,291,730</b>	<b>1,899,070</b>	<b>6,190,800</b>	<b>2,884,115</b>	<b>1,160,173</b>	<b>4,044,288</b>	<b>4,051,088</b>	<b>-</b>	<b>4,051,088</b>
<b>Remaining Revenue</b>	<b>193,322</b>	<b>4,138,761</b>	<b>4,332,083</b>	<b>2,796,799</b>	<b>4,507,428</b>	<b>7,304,227</b>	<b>383,702</b>	<b>6,972,403</b>	<b>7,356,105</b>
<b>Subordinate Bond Debt Service</b>									
Debt Service Installment Payments <sup>(3)(4)</sup>	346,856	-	346,856	340,219	-	340,219	-	-	-
2015 Bonds <sup>(5)</sup>	-	-	-	-	-	-	-	-	-
2016 Bonds	-	-	-	657,704	1,559,542	2,217,246	-	1,558,442	1,558,442
Series 2017 Bonds <sup>(3)(6)*</sup>	-	-	-	-	650,219	990,438	332,469	657,469	989,938
<b>Total Subordinate Lien Bonds</b>	<b>346,856</b>	<b>-</b>	<b>346,856</b>	<b>997,923</b>	<b>2,209,761</b>	<b>3,207,684</b>	<b>332,469</b>	<b>2,215,911</b>	<b>2,541,562</b>
<b>Total Bond Debt Service</b>	<b>4,638,586</b>	<b>1,899,070</b>	<b>6,537,656</b>	<b>3,882,038</b>	<b>3,369,934</b>	<b>7,251,972</b>	<b>4,383,557</b>	<b>2,215,911</b>	<b>6,592,650</b>
<b>Amounts Available for Other Obligations<sup>(7)</sup></b>	<b>(153,534)<sup>(8)</sup></b>	<b>4,138,761</b>	<b>3,985,227</b>	<b>1,798,876</b>	<b>2,297,667</b>	<b>4,096,543</b>	<b>51,233</b>	<b>4,756,492</b>	<b>4,814,543</b>

(1) Represents pro rata share of debt service on the 2010 Housing Bonds payable with tax increment revenues from Project Area No. 1. See “– Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues – Pledged Project Area No. 1 Tax Revenues Defined” and “– Existing Bonds.”

(2) Amounts shown equal the funding previously approved or estimated to be requested on the applicable ROPS and not necessarily the amount of debt service paid during the six-month period.

(3) The Successor Agency's obligations to make Debt Service Installment Payments are being refunded by the proposed Series 2017 Bonds.

(4) The Successor Agency did not pay the Debt Service Installment Payment associated with the PFA Bonds in October 2016 as it was disallowed by DOF and paid by the City. The amount shown above under the 2016-17B column excludes the portion of the funding requested by the Successor Agency in the amount of \$641,856 to reimburse the City for such payment. See “SECURITY FOR THE SERIES 2017 BONDS – DOF Settlement Agreement Regarding Installment Payment Contract.”

(5) Debt service on the 2015 Bonds is due from the RPTTF and not an individual project area and is therefore not shown above.

(6) Based on projected debt service for the Series 2017 Bonds as of the date of this Official Statement.

(7) Represents amounts available for payment of administrative costs and other enforceable obligations of the Successor Agency.

(8) Represents reserves for debt service in excess of amounts available for such purpose from the RPTTF deposits of tax increment revenues from Project Area No. 1 on January 2, 2016; debt service in excess of such amounts were paid with revenues distributed to the Successor Agency from the RPTTF representing tax increment revenues from other project areas of the Successor Agency.

\* Preliminary; subject to change.

Source: DHA Consulting, LLC; Piper Jaffray & Co.

## **BONDOWNERS' RISKS**

Investment in the Series 2017 Bonds involves elements of risk. The following section describes certain specific BONDOWNER' RISKS affecting the payment and security of the Series 2017 Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2017 Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Series 2017 Bonds. There can be no assurance that other BONDOWNER' RISKS not discussed under this caption will not become material in the future.

### **Recognized Obligation Payment Schedules**

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, prior to each February 1, the Successor Agency shall submit an Oversight Board approved Recognized Obligation Payment Schedule to DOF and the County Auditor-Controller unless, at the option of the Successor Agency and subject to DOF approval and satisfaction of certain other conditions, a Last and Final Recognized Obligation Payment Schedule is filed in which event no such periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, for each semiannual or annual period, as applicable, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF 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. Consequently, in instances where a Last and Final Recognized Obligation Payment Schedule is not filed, Pledged Project Area No. 1 Tax Revenues and/or RPTTF Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Series 2017 Bonds and to pay other enforceable obligations. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month or twelve-month period, as applicable, the following half of the calendar year or twelve-month period, the availability of Pledged Project Area No. 1 Tax Revenues and/or RPTTF Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedules."

In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month or twelve-month period, as applicable, would be distributed to taxing entities as more fully described in the section of this Official Statement entitled, "SECURITY FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedules."

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis,

and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule as required. Specifically, an oversight approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF no later than each February 1 for the subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a 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 February 1, with respect to the Recognized Obligation Payment Schedule for the subsequent annual period.

### **Challenges to Dissolution Act**

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora is a monoline financial guaranty insurer domiciled in the State of New York, and as such, provides credit enhancement on bonds issued by state and local governments and does not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Series 2017 Bonds.

## **Bonds Are Limited Obligations and Not General Obligations**

The Series 2017 Bonds are not a debt of the City, the State, or any of its political subdivisions (other than the Successor Agency), and neither the City, the State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Series 2017 Bonds be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. Neither the members of the Successor Agency nor any persons executing the Series 2017 Bonds are liable personally for the Series 2017 Bonds. The successor Agency has no taxing power. The Series 2017 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

The Series 2017 Bonds and the interest thereon are limited obligations of the Successor Agency and do not constitute a general obligation of the Successor Agency. See “SECURITY FOR THE SERIES 2017 BONDS” herein. No Owner of the Series 2017 Bonds may compel exercise of the taxing power of the State of California or any of its political subdivisions or agencies to pay the principal of, premium, if any, or interest due on the Series 2017 Bonds.

## **Reduction in Taxable Value**

Pledged Project Area No. 1 Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in Project Area No. 1 and the current rate or rates at which property in Project Area No. 1 is taxed. The reduction of taxable values of property in Project Area No. 1 caused by economic factors beyond the Successor Agency’s control, such as a relocation out of Project Area No. 1 by one or more major property owners, successful appeals by property owners for a reduction in property’s assessed value, blanket reductions in assessed value due to general reductions in property values or the complete or partial destruction of such property caused by, among other eventualities, an earthquake or other natural disaster, could cause a reduction in the Pledged Project Area No. 1 Tax Revenues securing the Series 2017 Bonds. These risks and risks of delinquent payments may generally be exacerbated by the relatively high concentration of ownership in Project Area No. 1. See “REDEVELOPMENT PROJECT AREA NO. 1 – Major Taxpayers.” Such reduction of Pledged Project Area No. 1 Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the Series 2017 Bonds.

## **Reduction in Inflationary Rate and Changes in Legislation; Further Initiatives**

As described in greater detail below (see “PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution”), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Article XIII A of the California Constitution, which significantly affected the rate of property taxation, was adopted pursuant to California’s constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might alter the calculation of tax increment revenues, reduce the property tax rate, or broaden property tax exemptions.

Future legislative reallocation of the 1% basic levy among the affected taxing entities could increase the taxes retained by certain taxing entities with a corresponding reduction in

Pledged Project Area No. 1 Tax Revenues. See “PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution.”

### **Unsecured Property**

Approximately 12% of the net assessed property value in Project Area No. 1 for fiscal year 2016-17 is derived from unsecured property. Unsecured property in Project Area No. 1 is comprised largely of fixture and equipment value for commercial/industrial uses. Such property is a transitory component of total assessed value and may be removed from Project Area No. 1 at any point in time, and accordingly, must be viewed as a volatile component of assessed value in Project Area No. 1. See “APPENDIX D – FISCAL CONSULTANT’S REPORT.” While the Successor Agency has no way of predicting when or if such unsecured fixtures and equipment might be removed from Project Area No. 1, the Successor Agency believes the projection of such unsecured fixtures and equipment value for future fiscal years set forth in the Fiscal Consultant’s Report is reasonable. The removal of such unsecured fixtures and equipment from Project Area No. 1, however, could have a significant adverse impact on Pledged Project Area No. 1 Tax Revenues.

### **Concentration of Ownership**

The top ten largest property taxpayers in Project Area No. 1 account for approximately 26.0% of the total secured and unsecured assessed value of Project Area No. 1 for fiscal year 2016-17. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within Project Area No. 1, a substantial decline in Pledged Project Area No. 1 Tax Revenues could result. See “REDEVELOPMENT PROJECT AREA NO. 1 – Major Taxpayers” herein.

### **Levy and Collection**

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Series 2017 Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency’s ability to make timely debt service payments on the Series 2017 Bonds. The County currently allocates tax increment revenues to the Successor Agency based upon the tax increment actually collected.

The tax increment revenue projections provided in Table 9 and subsidiary Tables present the amount of gross tax increment expected to be allocated from Project Area No. 1 over the term of the projections. Tax increment revenue figures represented in these Tables do not include supplemental tax revenues and have not been reduced for County Administration fee, delinquencies or successful assessment appeals activity, except as stated therein.

### **Bankruptcy and Foreclosure**

The payment of the property taxes from which Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally

affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments with respect to unsecured property taxes not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2017 Bonds.

### **Seismic Risk and Flood Risk**

The City, like all California communities, may be subject to unpredictable seismic activity. There is no evidence that a ground surface rupture will occur in the event of an earthquake, but there is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in Project Area No. 1. As a result, the value of taxable land in Project Area No. 1 could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Pledged Project Area No. 1 Tax Revenues (see "– Property Tax Appeals" below). The City is located in a high impact seismic zone. The nearest active fault is the Newport-Inglewood-Rose Canyon zone, located off shore, but at least three of its tributaries are believed to run through the City. The City has adopted the Uniform Building Code and Uniform Building Code Standards adopted by the State of California.

Project Area No. 1 is subject to very minimal flood risk. The sites in Project Area No. 1 are located in a low risk flood zone. There are no properties in Project Area No. 1 that are within a 100 year flood plain.

### **Property Tax Appeals**

There have been 823 assessment appeals filed by landowners within Project Area No. 1 for the period commencing with fiscal year 2004-05 and continuing to fiscal year 2015-16 (inclusive). Of the 823 appeals filed, 681 have been resolved, some with a reduction in value. There are 142 appeals from this period that are currently pending. See "APPENDIX D – FISCAL CONSULTANT'S REPORT." Reductions in assessed value and estimated tax refunds have been taken into consideration in projecting future gross tax increment revenue.

Any reduction of assessed valuations could result in a reduction of the Pledged Project Area No. 1 Tax Revenues and/or RPTTF Revenues, which in turn could impair the ability of the Successor Agency to make payments of principal of and/or interest on the Series 2017 Bonds when due.

### **Hazardous Substances**

An 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 Project Area No. 1. 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 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 Project Area No. 1 be affected by a hazardous substance would be to reduce the marketability and value of the property by the costs of remedying the condition, causing a reduction of the Pledged Project Area No. 1 Tax Revenues available to pay debt service on the Series 2017 Bonds.

### **Enforceability of Remedies**

The remedies available to the Trustee and the registered owners of the Series 2017 Bonds upon an event of default under the 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 Series 2017 Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Series 2017 Bonds is 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.

### **Investment of Funds**

All funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” All investments, including Permitted Investments, authorized by law from time to time for investments by successor agencies contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture, or the funds and accounts held by the Successor Agency could have a material adverse effect on the security for the Series 2017 Bonds and/or the financial condition of the Successor Agency.

### **Assumptions and Projections**

Any reduction in Pledged Project Area No. 1 Tax Revenues, whether for any of the foregoing reasons or any other reason, could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of, premium, if any, and interest on the Series 2017 Bonds, which are secured by such Pledged Project Area No. 1 Tax Revenues. To estimate the total Pledged Project Area No. 1 Tax Revenues available to pay debt service on the Series 2017 Bonds, the Fiscal Consultant has made certain assumptions with regard to the assessed valuation in Project Area No. 1, future tax rates, the percentage of taxes collected. See “APPENDIX D – FISCAL CONSULTANT’S REPORT” for a full discussion of the assumptions underlying the projections set forth herein with respect to Pledged Project Area No. 1 Tax Revenues. The Successor Agency believes these assumptions to be reasonable, but to the extent that the assessed valuations, the tax rates, the percentage of taxes collected are less than the Successor Agency’s assumptions, the total Pledged Project Area No. 1 Tax Revenues available will, in all likelihood, be less than those projected herein. See “REDEVELOPMENT PROJECT AREA NO. 1 – Projected Taxable Valuation and Pledged Project Area No. 1 Tax Revenues; Debt Service Coverage” herein.



## **Secondary Market**

There can be no assurance that there will be a secondary market for the Series 2017 Bonds, or if a secondary market exists, that such Series 2017 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, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

## **BOND INSURANCE**

*The following information has been furnished by \_\_\_\_ for use in this Official Statement. No representation is made by the Successor Agency, the City or the Underwriters as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to Appendix I for a specimen of the Policy.*

***[to come]***

## PROPERTY TAXATION IN CALIFORNIA

### Property Tax Collection Procedures

**Classification.** In the State, property that is subject to ad valorem taxes is classified as “secured” or “unsecured.” Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. 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 that becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, ad valorem taxes are collected by a county (the “**Taxing Authority**”) for the benefit of the various entities (cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

**Collections.** The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) 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, (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. 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 to the State for the amount of taxes that are delinquent.

**Penalty.** A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

**Delinquencies.** The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

**Supplemental Assessments.** California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments

for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within Project Area No. 1, Pledged Project Area No. 1 Tax Revenues may increase.

**Property Tax 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 in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions that 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 monies are deposited into the Redevelopment Property Tax Trust Fund. For fiscal year 2015-16, the County's administrative charge to the Successor Agency relating to Project Area No. 1, together with the charges relating to the dissolution of the Former Agency, is estimated to be \$238,295.

**Tax Sharing Amounts.** The payment of Tax Sharing Amounts results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "THE REDEVELOPMENT PROJECT AREA – Tax Sharing Statutes" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to Project Area No. 1.

**Recognized Obligation Payment Schedule.** The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, 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. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the Successor Agency's oversight board and DOF 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. Pledged Project Area No. 1 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 Recognized Obligation Payment Schedule approved by DOF obtained in sufficient time prior to the applicable deadline. See "SECURITY FOR THE SERIES 2017 BONDS – Recognized Obligation Payment Schedules or ROPS" and "BONDOWNER' RISKS – Recognized Obligation Payment Schedules."

## **Tax Collection Fees**

Pursuant to legislation enacted by the State Legislature (SB 2557 and AB 1924), the County of Los Angeles collects certain administrative fees for the collection and allocation of tax increment revenue to the Successor Agency. Tax increment projections presented in Table 9 of

this Official Statement are net of anticipated administrative fee charges by the County. See “APPENDIX D – FISCAL CONSULTANT’S REPORT.”

### **Rate of Collections – No Teeter Plan**

The County has not adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds with respect to property taxes (the “**Teeter Plan**”). Consequently, the amount of the levy of property tax revenue that can be allocated to the Successor Agency depends upon the actual collections of taxes within Project Area No. 1. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Pledged Project Area No. 1 Tax Revenues and RPTTF Revenues.

### **Unitary Taxation of Utility Property**

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1. AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year’s unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction’s annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. The County Auditor-Controller remitted \$ 102,296 in unitary revenue to the Successor Agency for Project Area No. 1 during the 2015-16 fiscal year. The Fiscal Consultant has assumed that the utility tax revenue will remain constant in future years.

In recent years, the California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated. The Successor Agency is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation or legislation may affect the State’s method of

assessing utility property and the allocation of assessed value to local taxing agencies and, in turn, the receipt of such taxes by the Successor Agency. The City is served by Southern California Edison for electricity, Southern California Gas for gas, Cal Water and Southern California Water for water and SBC for telephone services.

### **Former Housing Set-Aside**

Sections 33334.2, 33334.2 and 33334.6 of the Redevelopment Law required redevelopment agencies to set-aside twenty percent of all tax increment derived from redevelopment project areas in a low and moderate income housing fund (such amounts are referred to as the "Housing Set-Aside"). The Dissolution Act eliminated the Housing Set-Aside requirement. Accordingly, Pledged Project Area No. 1 Tax Revenues are not subject to such set aside requirement and, except for the Pro Rata Share of Housing Debt Service, amounts formerly required to be set aside for such purpose are included in Pledged Project Area No. 1 Tax Revenues pledged to the payment of debt service on the Series 2017 Bonds. See "SECURITY FOR THE SERIES 2017 BONDS – Pledged Project Area No. 1 Tax Revenues-Pledge of Former Housing Set-Aside."

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

Article XIII A limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIII A defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

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.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIII A, do 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. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the State Legislature's action, the growth of property tax revenues may decline.

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

Each year the SBE announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. During the ten previous fiscal years, the inflation factor has been less than 2% on five occasions. The table below reflects the inflation adjustment factors for the current fiscal year, the 9 prior fiscal years and the adjustment factor for fiscal year 2016-17.

#### **Historical Inflation Adjustment Factors**

<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2006-07	2.000%
2007-08	2.000
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525
2017-18	2.000

#### **Appropriations Limitations: Article XIII B of the California Constitution**

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

The California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of tax increment revenues to a redevelopment agency for the

purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State of California, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Redevelopment Successor Agency of the City of Santa Ana* and *Bell Redevelopment Successor Agency v. Woosley*. The plaintiff in *Brown* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Successor Agency does not believe it is subject to Article XIII B and has not adopted an appropriations limit.



## CONCLUDING INFORMATION

### Tax Matters

**General.** In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the Series 2017 Bonds is exempt from State of California personal income taxes but is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series 2017 Bonds.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to beneficial owners of the Series 2017 Bonds that acquire their Series 2017 Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors who hold their Series 2017 Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, the following discussion does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a beneficial owner of Series 2017 Bonds. In addition, this summary generally is limited to investors who become beneficial owners of Series 2017 Bonds pursuant to this offering for the issue price that is applicable to such Series 2017 Bonds (i.e., the price at which a substantial amount of the Series 2017 Bonds is sold to the public) and who will hold their Series 2017 Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2017 Bonds who for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series 2017 Bonds (other than a partnership) who is not a U.S. Holder. If a partnership is a beneficial owner of Series 2017 Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships that are beneficial owners of Series 2017 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2017 Bonds (including their status as U.S. Holders or Non-U.S. Holders).

**U.S. Holders.** Interest. Interest on the Series 2017 Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. "Original issue discount" will arise for U.S. federal income tax purposes in respect of any Series 2017 Bond if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for tax purposes). For any Series 2017 Bonds issued with original issue discount, the excess of the stated redemption price at maturity of that Series 2017 Bond over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a Series 2017 Bond is the sum of all scheduled amounts payable on that Series 2017 Bond other than qualified stated interest. U.S. Holders of Series 2017 Bonds generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of Series 2017 Bonds issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

"Premium" generally will arise for U.S. federal income tax purposes in respect of any Series 2017 Bond to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Series 2017 Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2017 Bond.

**Disposition of the Series 2017 Bonds** . Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Successor Agency), reissuance or other disposition of a Series 2017 Bonds will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder of a Series 2017 Bond generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2017 Bond which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Series 2017 Bond (generally, the purchase price paid by the U.S. Holder for the Series 2017 Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series 2017 Bond and decreased by any payments previously made on such Series 2017 Bond (other than payments of qualified stated interest) or decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. Defeasance of any Series 2017 Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the defeased Series 2017 Bond generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Series 2017 Bond.

In the case of a non-corporate U.S. Holder of the Series 2017 Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2017 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

**Non-U.S. Holders.** Non-U.S. Holders should consult with their own tax counsel concerning the consequences of purchasing, holding, and disposing of any Series 2017 Bonds.

**Information Reporting and Backup Withholding.** Payments on the Series 2017 Bonds generally will be subject to U.S. information reporting and “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a noncorporate U.S. Holder of Series 2017 Bonds may be subject to backup withholding at the current rate of 28% (subject to future adjustment) with respect to “reportable payments,” which include interest paid on the Series 2017 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2017 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder’s federal income tax liability, if any provided that the required information is timely furnished to the IRS.

**Medicare Contribution Tax.** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the Series 2017 Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Series 2017 Bonds as well as gain on the sale of the Series 2017 Bonds.

**Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders.** Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable Bonds and sales proceeds of Series 2017 Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (iii) certain “pass-thru” payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF 2016 BONDS IN LIGHT OF THE

HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF 2016 BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

## **Ratings**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") is anticipated to assign its rating of "\_\_\_" to the Insured Bonds with the understanding that upon delivery of the Series 2017 Bonds, the Policy will be issued by the Bond Insurer. S&P has also assigned an underlying rating of "\_\_\_" to the Series 2017 Bonds based on its assessment of the Successor Agency's ability to make payments with respect to the Series 2017 Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such 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 Series 2017 Bonds.

## **Underwriting**

The Successor Agency will sell the Series 2017 Bonds to Piper Jaffray & Co. ("**Piper**"), BOK Financial Securities, Inc. and FTN Financial Capital Markets (collectively, the "**Underwriters**"). The Series 2017 Bonds will be sold to the Underwriters pursuant to that a Bond Purchase Agreement, by and between the Successor Agency and the Underwriters. The Underwriters expect to purchase the Series 2017 Bonds at a purchase price of \$\_\_\_\_\_, which includes an Underwriters' discount of \$\_\_\_\_\_. The Underwriters intend to offer the Series 2017 Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2017 Bonds to the public. The Underwriters may offer and sell the Series 2017 Bonds to certain dealers (including dealers depositing Series 2017 Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may re-allow any such discounts on sales to other dealers.

The Underwriters are not banks, and the Series 2017 Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

Piper, an underwriter of the Series 2017 Bonds, has entered into a distribution agreement ("**Distribution Agreement**") with Charles Schwab & Co., Inc. ("**CS&Co**") for the retail distribution of certain securities offerings. Pursuant to the Distribution Agreement, CS&Co. will purchase certain Series 2017 Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Series 2017 Bonds that CS&Co. sells.

FTN Financial Capital Markets is a division of First Tennessee Bank National Association and FTB Advisors, Inc. is a wholly owned subsidiary of First Tennessee Bank National Association. FTN Financial Capital Markets has entered into a distribution agreement with FTB Advisors, Inc. for the distribution of the Series 2017 Bonds at the original issue prices. Such arrangement generally provides that FTN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with FTB Advisors, Inc.

## **No Litigation**

There is no litigation pending or, to the Successor Agency's best knowledge, threatened to restrain or enjoin the issuance, execution or delivery of the Series 2017 Bonds, to contest the validity of the Series 2017 Bonds, the Indenture or any proceedings of the Successor Agency with respect thereto. In the opinion of the Successor Agency, there are no lawsuits or claims pending against the Successor Agency which will materially affect the Successor Agency's finances as to impair the ability to pay principal of an interest on the Series 2017 Bonds when due.

## **Continuing Disclosure**

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended (the "**Rule**"), the Successor Agency has undertaken for the benefit of holders of the Series 2017 Bonds to provide financial information and operating data relating to the Successor Agency by not later than February 1 after the end of each fiscal year, commencing February 1, 2018 (the "**Annual Information**"), and to provide notices of the occurrence of certain enumerated events.

The City and its related entities, including the Former Agency, previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. City staff is responsible for compliance by the responsible entities with their disclosure undertakings. In the previous five years, there have been a significant number of failures by the City and its related entities, including the Successor Agency to materially comply with their existing disclosure undertakings. More specifically:

- a) The entities failed on multiple occasions to file annual reports with the complete information required by the disclosure undertakings. On several instances during the prior five years, the Former Agency or the Successor Agency omitted from its annual report some of the required financial information (including the identity of the applicable top taxpayers, assessed valuation, assessed valuation appeals and tax payment delinquencies) and/or provided such information in a form different than what was required by the continuing disclosure undertaking.
- b) The entities failed to file some annual reports as required. On multiple occasions, there was a failure to file the annual report at all, and in other cases the annual reports were not filed on a timely basis.
- c) The entities failed to file audited financial statements on a timely basis.

The City and its related entities have made remedial filings to address the failures listed above. In order to ensure future compliance with the Rule, City staff developed compliance procedures and policies that have been adopted by the City Council. These policies include the designation of a staff member responsible for overseeing all filing obligations under the Rule, along with other steps to ensure annual compliance with all filing obligations of the City and its related entities, including the Successor Agency. In addition, the Successor Agency has

engaged Digital Assurance Certification, L.L.C (the “**Dissemination Agent**”) to act as dissemination agent with respect to its undertaking under the Rule with respect to the Series 2017 Bonds and DHA Consulting, LLC to assist with City staff with the preparation of documents to be provided by the Dissemination Agent in connection with the Series 2017 Bonds.

The nature of the information to be provided in the Annual Information and the list of enumerated events is appended to this Official Statement in “APPENDIX F — FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

### **Legal Matters**

The validity of the Series 2017 Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel to the Successor Agency. A complete copy of the proposed form of opinion of Bond Counsel is contained in “APPENDIX E.”

### **Miscellaneous**

All of the preceding summaries of the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plan for Project Area No. 1, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

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

The execution and delivery of this Official Statement by the Executive Director of the Successor Agency has been duly authorized the Successor Agency.

**SUCCESSOR AGENCY TO THE CARSON  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Executive Director

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**APPENDIX A**  
**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

**APPENDIX B**  
**SUCCESSOR AGENCY FIDUCIARY FUND**

## APPENDIX C

### GENERAL INFORMATION RELATING TO THE CITY OF CARSON

*The following information concerning the City of Carson (the “City”) and the County of Los Angeles (the “County”) is included only for the purpose of supplying general information regarding the area of the City. The Series 2017 Bonds are not a debt of the City, the County, the State or any of its political subdivisions (other than the Successor Agency), and neither the City, the County, the State nor any of its political subdivisions (other than the Successor Agency) is liable therefor.*

#### General Information

**The City.** The City was part of a Spanish Land Grant known as Rancho San Pedro deeded to Juan Jose Dominguez over 200 years ago. The City was incorporated as a general law city on February 20, 1968.

Located in the South Bay section of the County, the City has grown from a population of 61,000 in 1968 to 93,993 in 2016. Over the years, three annexations have increased the City's size to 19.2 square miles.

The City is well known as an industrial center with access to transportation and the Pacific Rim. The City has more than 120 acres of park land divided into 12 parks, 4 mini-parks and sports/recreational facilities that include 4 swimming pools, a boxing center, a state-of-the-art sports complex and the Carson Community Center. The City's educational needs are served by Los Angeles Unified School District, and the community has access to 47 church organizations.

**The County.** Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties. Almost half of the County is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the County is a semi-dry plateau, the beginning of the vast Mojave Desert.

## Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

**CITY OF CARSON AND LOS ANGELES COUNTY**  
**Population Estimates**  
**Calendar Years 2012 through 2016**

<b>Calendar Year</b>	<b>City of Carson</b>	<b>Los Angeles County</b>	<b>State of California</b>
2012	92,524	9,956,722	37,881,357
2013	92,855	10,023,753	38,239,207
2014	93,162	10,093,053	28,567,459
2015	93,489	10,155,069	38,907,642
2016	93,993	10,241,335	39,255,883

*Source: State Department of Finance estimates.*

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## Employment and Industry

The District is included in the Los Angeles-Long Beach-Glendale Metropolitan District ("MD"). The seasonally adjusted unemployment rate in the County remained unchanged over the month to 5.1 percent in November 2016 from a revised 5.1 percent in October 2016 and was below the rate of 6.1 percent one year ago. Civilian employment remained unchanged to 4,881,000 in November 2016, while unemployment declined by 2,000 to 261,000 over the month. The civilian labor force decreased by 3,000 over the month at 5,141,000 in November 2016. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 4.8 percent in November 2016.

Set forth below is data from calendar years 2011 to 2015 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City. Annual figures for calendar year 2016 are not yet available.

**LOS ANGELES LONG BEACH GLENDALE MD**  
**(Los Angeles County)**  
**Annual Average Civilian Labor Force, Employment and Unemployment,**  
**Employment by Industry Group**  
**(March 2015 Benchmark)**

	2011	2012	2013	2014	2015
Civilian Labor Force	4,929,500	4,914,500	4,982,300	5,025,900	5,011,700
Employment	4,326,100	4,378,800	4,495,700	4,610,800	4,674,800
Unemployment	603,400	535,800	486,600	415,100	336,900
Unemployment Rate	12.2%	10.9%	9.8%	8.3%	6.7%
<u>Wage and Salary Employment:</u> <sup>(1)</sup>					
Agriculture	5,600	5,400	5,500	5,300	5,000
Mining and Logging	4,100	4,300	4,600	4,700	3,900
Construction	105,100	109,200	116,200	120,200	126,100
Manufacturing	366,900	367,400	368,200	364,900	360,800
Wholesale Trade	205,800	211,900	218,700	223,500	227,000
Retail Trade	393,000	401,000	406,000	414,500	420,500
Trans., Warehousing, Utilities	151,800	154,500	157,500	162,700	170,400
Information	192,000	191,500	196,400	195,900	202,700
Financial and Insurance	137,000	138,800	137,100	133,300	134,300
Real Estate, Rental & Leasing	71,600	72,200	74,700	76,400	79,900
Professional and Business Services	544,000	571,600	594,700	609,400	600,300
Educational and Health Services	643,200	674,300	719,600	748,000	742,200
Leisure and Hospitality	394,700	415,400	439,300	464,600	488,100
Other Services	137,000	141,700	145,700	151,700	151,700
Federal Government	49,000	48,100	47,200	46,800	47,400
State Government	82,700	83,100	83,600	85,400	87,400
Local Government <sup>(2)</sup>	433,800	425,600	420,500	424,500	431,600
Total All Industries	3,917,200	4,015,900	4,135,200	4,231,700	4,279,200

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) May not add due to rounding.

Source: State of California, Employment Development Department.

## Principal Employers

The table below shows the major employers in the City.

### CITY OF CARSON Major Employers

<u>Employer Name</u>	<u>No. of Employees</u> <sup>(1)</sup>
Tesoro Fining & Marketing Company LLC	1,081
Prime Wheel Corporation	478
Lakeshore Learning	458
Cedarlane Natural Foods Inc.	435
Select Staffing	425
See's Candy Shops Inc.	400
Huck International Inc.	396
Mag Aerospace Industries	365
The Children's Clinic	323
The Pepsi Bottling Group	278
Total	<u>4,639</u>
Total City Employment <sup>(2)</sup>	<u>41,675</u>

(1) City of Carson.

(2) State of California Employment Development Department (data shown is not seasonally adjusted - 43,200).

Source: City of Carson, Comprehensive Annual Financial Report for fiscal year ending June 30, 2015.

## Major Employers

The following table lists the major employers within the County, in alphabetical order.

### LOS ANGELES COUNTY Major Employers - As of January 2017

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Health Care Management
All Nations Church	Sylmar	Churches
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (whls)
California State-Northridge	Northridge	Schools-Universities & Colleges Academic
Cedar Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Gov Republic of New Lemuria	Not Available	Government Offices-Us
Kaiser Permanente LA Med Ctr	Los Angeles	Hospitals
LAC & USC MEDICAL CTR	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	Government Offices-City, Village & Twp
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Police Dept	Los Angeles	Police Departments
Miller Children's Hospital	Long Beach	Hospitals
Nestle USA Inc	Glendale	Food Facilities (whls)
Paramount Petroleum Corp	Paramount	Asphalt & Asphalt Products-Manufacturers
Ronald Reagan UCLA Medical Ctr	Los Angeles	Hospitals
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags-Magic Mountain Inc	Valencia	Amusement & Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
Torrid	City Of Industry	Women's Apparel-Retail
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Physicians & Surgeons
Vxi Global Solutions	Los Angeles	Call Centers
Walt Disney Co	Burbank	Motion Picture Producers & Studios
Warner Bros Studio	Burbank	Television Program Producers

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2017 1st Edition.*

## Median Effective Buying Income

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

The following table summarizes the total effective buying income for the City, County, the State and the United States for the period 2011 through 2015. Annual figures for calendar year 2016 are not yet available.

### CITY OF CARSON, LOS ANGELES COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES EFFECTIVE BUYING INCOME 2011 through 2015

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2011	City of Carson	\$1,562,685	\$52,384
	Los Angeles County	197,831,465	43,083
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Carson	\$1,597,055	\$52,505
	Los Angeles County	210,048,048	44,384
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Carson	\$1,681,913	\$56,036
	Los Angeles County	205,133,995	45,013
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Carson	\$1,729,765	\$57,610
	Los Angeles County	214,247,274	46,449
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Carson	\$1,832,700	\$60,328
	Los Angeles County	231,719,110	48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

*Source: The Nielsen Company (US), Inc.*



## Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures for calendar years 2015 and 2016 are not yet available.

Total taxable sales during the first quarter of calendar year 2015 in the City were reported to be \$475,123,829, a 3.31% increase over the total taxable sales of \$459,915,000 reported during the first quarter of calendar year 2014.

**CITY OF CARSON**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2010	1,197	\$1,008,859	2,202	\$1,471,240
2011	1,128	1,155,034	2,128	1,677,560
2012	1,169	1,288,688	2,137	1,914,741
2013	1,193	1,405,733	2,179	1,999,477
2014	1,281	1,310,850	2,250	1,929,459

Source: State of California, Board of Equalization.

Total taxable sales during the first quarter of calendar year 2015 in the County were reported to be \$35,287,935,368, a 3.47% increase over the total taxable sales of \$34,104,059,000 reported during the first quarter of calendar year 2014.

**LOS ANGELES COUNTY**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

<b>Year</b>	<b>Retail Stores</b>		<b>Total Outlets</b>	
	<b>Retail Permits on July 1</b>	<b>Taxable Transactions</b>	<b>Total Permits on July 1</b>	<b>Taxable Transactions</b>
2010	182,491	\$82,175,416	271,293	\$116,942,334
2011	179,872	89,251,447	266,868	126,440,737
2012	180,359	95,318,603	266,414	135,295,582
2013	179,370	99,641,174	263,792	140,079,708
2014	187,408	104,189,819	272,733	147,446,927

Source: State of California, Board of Equalization.

## Building Activity

The tables below summarize the building activity in the City and the County from calendar years 2011 through 2015. Annual figures for calendar year 2016 are not yet available.

### CITY OF CARSON Building Permit Activity (Dollars in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Permit Valuation</u>					
New Single-family	\$781.0	\$5,671.5	\$960.3	\$11,857.5	\$12,402.3
New Multi-family	10,400.0	0.0	6,800.0	0.0	920.0
Res. Alterations/Additions	<u>13,433.9</u>	<u>9,034.7</u>	<u>6,673.2</u>	<u>8,200.1</u>	<u>7,895.8</u>
Total Residential	24,614.9	14,706.2	14,433.4	20,057.6	21,218.1
New Commercial	31,400.0	14,879.9	11,923.7	12,260.0	2,134.9
New Industrial	0.0	0.0	0.0	146.5	6,507.7
New Other	0.0	4,600.0	0.0	16,851.6	5,407.1
Com. Alterations/Additions	<u>21,213.7</u>	<u>63,435.0</u>	<u>22,331.9</u>	<u>38,173.3</u>	<u>21,558.5</u>
Total Nonresidential	52,613.7	82,914.9	34,255.5	67,431.4	35,608.2
<u>New Dwelling Units</u>					
Single Family	3	27	4	28	29
Multiple Family	<u>65</u>	<u>0</u>	<u>40</u>	<u>0</u>	<u>10</u>
TOTAL	68	27	44	28	39

Source: Construction Industry Research Board, Building Permit Summary.

### LOS ANGELES COUNTY Building Permit Activity (Dollars in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Permit Valuation</u>					
New Single-family	\$1,026,679.4	\$1,127,916.8	\$1,523,457.5	\$1,744,290.3	\$1,897,829.7
New Multi-family	1,225,553.4	1,484,648.9	1,953,088.6	2,290,197.4	2,843,749.1
Res. Alterations/Additions	<u>1,431,581.5</u>	<u>1,208,758.1</u>	<u>1,267,408.4</u>	<u>1,474,930.2</u>	<u>1,641,457.3</u>
Total Residential	3,683,814.3	3,821,323.8	4,743,954.5	5,509,417.9	6,383,036.1
New Commercial	612,800.9	1,364,188.7	1,788,462.0	1,041,249.7	1,695,869.8
New Industrial	135,976.2	202,882.5	155,035.2	120,740.5	85,937.1
New Other	286,119.7	107,608.9	338,223.4	2,229,307.8	1,157,838.0
Com. Alterations/Additions	<u>1,774,207.9</u>	<u>2,199,249.7</u>	<u>2,171,248.4</u>	<u>3,266,273.2</u>	<u>2,705,727.4</u>
Total Nonresidential	2,809,104.7	3,873,929.8	4,452,969.0	6,657,571.2	5,645,372.3
<u>New Dwelling Units</u>					
Single Family	2,338	2,820	3,607	4,358	4,487
Multiple Family	<u>8,052</u>	<u>8,895</u>	<u>13,243</u>	<u>14,349</u>	<u>18,405</u>
TOTAL	10,390	11,715	16,850	18,707	22,892

Source: Construction Industry Research Board, Building Permit Summary.

**APPENDIX D**  
**FISCAL CONSULTANT'S REPORT**

**APPENDIX E**  
**FORM OF BOND COUNSEL OPINION**

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE CARSON REDEVELOPMENT AGENCY**  
**Tax Allocation Refunding Bonds, Series 2017A**  
**(Project Area No. 1 Second Lien; RPTTF Secured) (Taxable)**

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) 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, 2017 (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 Certificate. This Disclosure Certificate 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 Certificate 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 Certificate.

“*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 Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

*“Participating Underwriter”* means Piper Jaffray & Co., BOK Financial Securities, Inc. and FTN Financial Capital Markets, 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, 2018, with the report for the 2016-17 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 Certificate. 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 Certificate; 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 Certificate, 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 with respect to the current fiscal year of the information in Table 1 and Table 4 of the Official Statement;

(ii) An update for the preceding fiscal year only, of the financial information in Table 9 of the Official Statement using the actual "Net Tax Revenue" amount, calculated for such prior fiscal year in the same manner as the last column of Table 9 of the Official Statement; and

(iii) An update of the information set forth in tabular form under the heading "SECURITY FOR THE SERIES 2017 BONDS - Recognized Obligation Payment Schedules or ROPS" relating to the timely filing of Recognized Obligation Payment Schedules and a description of any changes in the law that affects the manner of the filing of Recognized Obligation Payment Schedules.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, 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.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, 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 subsections (a)(8) and (9) 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), and (a)(14) 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 Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the 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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate 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 Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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 Certificate, 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 Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting 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 Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the 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 Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the 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 Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate 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 Certificate, 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 Certificate 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 Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2017

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 Refunding Bonds, Series 2017A (Project Area No. 1 Second Lien; RPTTF Secured) (Taxable)

Date of Issuance: \_\_\_\_\_, 2017

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 Certificate dated as of March 1, 2017, 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 G

### BOOK-ENTRY ONLY SYSTEM

The information in this Appendix G concerning The Depository Trust Company (“**DTC**”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances 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 Series 2017 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2017 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2017 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.

The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing Successor 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](http://www.dtcc.com). The information set forth on such website is not incorporated herein by reference.

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015B Bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Series 2017 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2017 Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Series 2017 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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

## **APPENDIX H**

### **STATE DEPARTMENT OF FINANCE APPROVAL LETTER**



**APPENDIX I**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**